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Dragon Crown Group Holdings Limited
龍翔集團控股有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 935)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors (the “**Board**”) of Dragon Crown Group Holdings Limited (the “**Company**”) is pleased to present the consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**” or “**Dragon Crown**”) for the year ended 31 December 2021, together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	<i>Notes</i>	2021 HK\$’000	2020 HK\$’000
REVENUE	5	255,896	238,148
Cost of services provided		<u>(122,046)</u>	<u>(114,104)</u>
Gross profit		133,850	124,044
Other income	6	24,305	30,959
Administrative expenses		(48,626)	(37,576)
Finance costs	7	(3,553)	(6,242)
Share of profits and losses of:			
Associate		(189)	(304)
Joint ventures		<u>(4,308)</u>	<u>12,585</u>
PROFIT BEFORE TAX	8	101,479	123,466
Income tax	9	<u>(31,086)</u>	<u>(31,724)</u>
PROFIT FOR THE YEAR		<u>70,393</u>	<u>91,742</u>
Attributable to:			
Owners of the Company		62,302	83,916
Non-controlling interests		<u>8,091</u>	<u>7,826</u>
		<u>70,393</u>	<u>91,742</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (HK cents)			
Basic and diluted	11	<u>5.10</u>	<u>6.87</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
PROFIT FOR THE YEAR	<u>70,393</u>	<u>91,742</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income of an associate	598	1,057
Share of other comprehensive income of joint ventures	17,126	30,314
Exchange differences related to foreign operations	<u>17,998</u>	<u>32,973</u>
	<u>35,722</u>	<u>64,344</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>106,115</u></u>	<u><u>156,086</u></u>
Attributable to:		
Owners of the Company	96,330	145,448
Non-controlling interests	<u>9,785</u>	<u>10,638</u>
	<u><u>106,115</u></u>	<u><u>156,086</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		449,231	469,867
Right-of-use assets		46,925	48,776
Goodwill		1,210	1,210
Investment in an associate		18,398	17,983
Investments in joint ventures		606,150	525,089
Other receivables		47,339	336
Deferred tax assets		6,063	6,784
		<hr/>	<hr/>
Total non-current assets		1,175,316	1,070,045
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		3,789	3,175
Accounts and bills receivables	<i>12</i>	31,419	31,593
Prepayments, deposits and other receivables		9,331	40,907
Cash and cash equivalents		179,024	288,400
		<hr/>	<hr/>
Total current assets		223,563	364,075
		<hr/>	<hr/>
CURRENT LIABILITIES			
Other payables, accruals and contract liabilities		23,994	19,856
Interest-bearing bank borrowings and lease liabilities	<i>13</i>	112,509	85,922
Tax payable		5,883	7,685
		<hr/>	<hr/>
Total current liabilities		142,386	113,463
		<hr/>	<hr/>
NET CURRENT ASSETS		81,177	250,612
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,256,493	1,320,657
		<hr/>	<hr/>

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings and lease liabilities	<i>13</i>	–	100,455
Contract liabilities		20,472	23,667
Deferred tax liabilities		4,627	4,615
		<hr/>	<hr/>
Total non-current liabilities		25,099	128,737
		<hr/>	<hr/>
NET ASSETS			
		1,231,394	1,191,920
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>14</i>	122,063	122,063
Reserves		1,057,680	1,020,020
		<hr/>	<hr/>
		1,179,743	1,142,083
		<hr/>	<hr/>
Non-controlling interests		51,651	49,837
		<hr/>	<hr/>
TOTAL EQUITY			
		1,231,394	1,191,920
		<hr/> <hr/>	<hr/> <hr/>

NOTES:

1. CORPORATE INFORMATION

Dragon Crown Group Holdings Limited (the “**Company**”) was incorporated on 16 July 2010 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business in Hong Kong is Unit No.3, 18th Floor, Convention Plaza, Office Tower, No.1 Harbour Road, Hong Kong. The Group is principally engaged in terminal storage and the handling of liquid petrochemicals.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

4. OPERATING SEGMENT INFORMATION

No separate analysis of segment information is presented by the Group as over 90% of the Group’s revenue, results and assets are related to the terminal storage and handling of liquid petrochemicals business in Mainland China.

Revenue from a major customer with revenue in aggregate amounting to 10% or more of the Group’s revenue, is set out below:

	2021	2020
	HK\$’000	HK\$’000
Customer A	227,837	205,043

5. REVENUE

An analysis of revenue is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers	<u>255,896</u>	<u>238,148</u>

All the revenue from contracts with customers is derived from Mainland China and recognised over time.

Disaggregated revenue information from revenue from contracts with customers

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Business activities		
Terminal storage services	140,956	133,438
Handling services	<u>114,940</u>	<u>104,710</u>
Total revenue from contracts with customers	<u>255,896</u>	<u>238,148</u>

Revenue recognised in the current reporting period that was included in contract liabilities at the beginning of the reporting period is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Provision of the terminal storage and handling services of liquid chemicals	<u>5,003</u>	<u>4,674</u>

6. OTHER INCOME

An analysis of other income is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	3,846	4,058
Gross rental income	939	854
Loan interest income from a joint venture	10,648	9,790
Government grants	–	1,169
Foreign exchange gains, net	6,265	12,628
Others	2,607	2,460
	<u>24,305</u>	<u>30,959</u>

7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank loans	3,152	5,960
Interest on lease liabilities	401	282
	<u>3,553</u>	<u>6,242</u>

8. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of services provided*	122,046	114,104
Depreciation of property, plant and equipment	52,935	50,750
Depreciation of right-of-use assets	15,182	6,314
Lease payments not included in the measurement of lease liabilities	67	8,278
Auditor's remuneration	1,580	1,480
Directors' remuneration	5,096	4,601
Staff costs (excluding directors' remuneration)*:		
Wages, salaries and other benefits	30,875	25,436
Pension scheme contributions**	5,452	2,652
	<u>36,327</u>	<u>28,088</u>
Gross rental income [#]	(939)	(854)
Less: Outgoings	47	43
	<u>(892)</u>	<u>(811)</u>
Loss on disposal of items of property, plant and equipment	2,363	644
Foreign exchange gains, net [#]	<u>(6,265)</u>	<u>(12,628)</u>

* Included in depreciation of property, plant and equipment and right-of-use assets above were amounts charged to cost of services provided of HK\$51,950,000 (2020: HK\$49,681,000) and HK\$12,325,000 (2020: HK\$3,543,000), respectively. Included in staff costs above were amounts charged to cost of services provided of HK\$14,702,000 (2020: HK\$11,244,000).

** As at 31 December 2021 the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2020: Nil).

There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

[#] Gross rental income and foreign exchange gains, net are included in "other income" in the consolidated statement of profit or loss.

9. INCOME TAX

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	52	98
Overprovision in prior years	(83)	(48)
Current – Elsewhere		
Charge for the year	26,438	26,590
Underprovision in prior years	–	250
Deferred	4,679	4,834
	<hr/>	<hr/>
Total tax charge for the year	31,086	31,724
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%).

Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

10. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interim dividend – HK1.8 cents (2020: HK1.8 cents) per ordinary share	21,971	21,971
Proposed final dividend – Nil (2020: HK3.0 cents) per ordinary share	–	36,619
	<hr/>	<hr/>
	21,971	58,590
	<hr/> <hr/>	<hr/> <hr/>

The Board does not recommend the payment of final dividend for the year ended 31 December 2021.

11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings		
Profit attributable to owners of the Company, used in the basic earnings per share calculation	<u>62,302</u>	<u>83,916</u>
	Number of shares	
	2021	2020
Shares		
Number of ordinary shares of the Company in issue, used in the basic earnings per share calculation	<u>1,220,628,000</u>	<u>1,220,628,000</u>

The Group had no potentially dilutive ordinary shares in issue for the years ended 31 December 2021 and 2020.

12. ACCOUNTS AND BILLS RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Accounts receivable	31,419	26,859
Bills receivable	<u>–</u>	<u>4,734</u>
	<u>31,419</u>	<u>31,593</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days, extending to up to 60 days for major customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group did not hold any collateral or other credit enhancement over its accounts receivable balance. Accounts receivable are non-interest-bearing.

An ageing analysis of the accounts receivable at the end of the reporting period, based on the invoice date, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current to 30 days	30,642	25,816
31 to 60 days	732	9
61 to 90 days	45	–
Over 90 days	<u>–</u>	<u>1,034</u>
	<u>31,419</u>	<u>26,859</u>

13. INTEREST-BEARING BANK BORROWINGS AND LEASE LIABILITIES

	Effective interest rate	Maturity	2021 HK\$'000	2020 HK\$'000
Current				
Lease liabilities	4.35% – 4.75% (2020: 3.73% – 4.75%)	2022 (2020: 2021)	12,884	14,172
Bank loan – unsecured	Hong Kong Interbank Offer Rate (“HIBOR”), plus 1.4%	2022 (2020: 2021)	99,625	49,250
Bank loan – unsecured	HIBOR, plus 1.9%	Nil (2020: 2021)	–	22,500
Total current			112,509	85,922
Non-current				
Lease liabilities	Nil (2020: 4.75%)	Nil (2020: 2022)	–	830
Bank loan – unsecured	HIBOR, plus 1.4%	Nil (2020: 2022)	–	99,625
Total non-current			–	100,455
Total			112,509	186,377
Analysed into:				
Bank loans repayable:				
Within one year			99,625	71,750
In the second year			–	99,625
			99,625	171,375
Lease liabilities repayable:				
Within one year			12,884	14,172
In the second year			–	830
			12,884	15,002
			112,509	186,377

Notes:

As at 31 December 2021, except for the lease liabilities of HK\$12,884,000 (2020: HK\$13,061,000) which are denominated in Renminbi, all borrowings are denominated in Hong Kong dollars.

14. SHARE CAPITAL

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Authorised:		
4,000,000,000 ordinary shares of HK\$0.10 each	<u><u>400,000</u></u>	<u><u>400,000</u></u>
Issued and fully paid:		
1,220,628,000 ordinary shares of HK\$0.10 each	<u><u>122,063</u></u>	<u><u>122,063</u></u>

BUSINESS REVIEW

Dragon Crown is one of China's leading integrated service providers that specialized in the storage and handling of liquid petrochemical products, operating three terminals located in Nanjing, Ningbo, and Weifang. Strategically situated in China's major petrochemical industry hubs, the Group has set up jetties and tank farms (together, the "Terminals") along the coastline to capture increasing demand from the petroleum and chemical industries. Dragon Crown offers customers a range of high quality and comprehensive liquid petrochemical terminal and storage services through its own jetties, storage tanks, and dedicated pipelines.

During the year ended 31 December 2021, the throughput volume of liquid petrochemical products at the Group's Nanjing, Ningbo, and Weifang terminals reached 1,734,000 metric tonnes, 365,000 metric tonnes, and 4,357,000 metric tonnes, respectively (2020: 1,515,000 metric tonnes, 397,000 metric tonnes, and 5,282,000 metric tonnes, respectively), with a combined throughput volume of 6,456,000 metric tonnes (2020: 7,194,000 metric tonnes).

The following table provides an overview of the Terminals as at 31 December 2021:

Terminals	Nanjing	Ningbo	Weifang	Total
Number of tanks	32	12	63	107
Storage capacity (m ³)	210,000	29,000	497,000	736,000
Number of berths	3	1 *	2	6
Berthing capacity (dwt)	45,000 **	3,000 *	60,000 ***	
Jetty designed throughput capacity (metric tonnes)	4,000,000	100,000	4,000,000	8,100,000

* Jetty of Ningbo terminal has been closed during the year ended 31 December 2019. The business and throughput of Ningbo terminal is conducted and recorded via public jetties.

** Comprises three berths with capacity of 20,000 dwt, 20,000 dwt and 5,000 dwt, respectively.

*** Comprises two berths with capacity of 30,000 dwt and 30,000 dwt, respectively.

The Group's main source of revenue and profits come from its flagship terminal, located in the Nanjing Jiangbei New Materials High-tech Park (formerly known as Nanjing Chemical Industry Park). The Group's largest customer, Celanese Corporation (NYSE: CE), a world leading producer of acetyl products, also located in the same high-tech park, contributed HK\$227.8 million (2020: HK\$205.0 million) to the Group's revenue, equivalent to 89.0% (2020: 86.1%) of total revenue during the year. Dragon Crown's Nanjing business operations continue to contribute stable revenue derived from established, long-term customer relationships. Additionally, during the year ended 31 December 2020, the Nanjing terminal entered a new 10-year service contract, which will take effect seamlessly in 2022 and 2023 after the respective expiration of the previous contracts, with Celanese (Nanjing) Chemical Company Limited ("Celanese Nanjing"), a subsidiary of Celanese Corporation and a world class producer of acetic acid, vinyl acetate monomer, acetic anhydride, and other chemical products, for the continuous provision of bulk terminal, storage, and other related services for various liquid chemical products to Celanese Nanjing in Nanjing, creating a new and stable revenue stream to the Group.

The Group regards its Weifang Liquid Terminal as a significant development milestone and one of the key drivers to the Group's business expansion since the commencement of Weifang Liquid Terminal's Phase I and II Projects. Weifang Liquid Terminal is located in the Bohai Economic Basin and Northeast Asia which is a major logistics hub for national and foreign vessels. The port provides effective storage and handling services of liquid petrochemical products for local refineries.

The completion progress of Weifang Liquid Terminal Phase III is being continuously refined and optimized in accordance with the Group's business needs to boost its comprehensive capabilities and enhance its influence in the region. The Group will closely monitor the completion progress of Phase III in 2022 and will press ahead at full steam with the commencement of operation of a world-class leading terminal.

Weifang Liquid Terminal is the primary driving force for Dragon Crown's longer-term growth. With the expansion strategy of Weifang Liquid Terminal, the Group believe the operating scale and profitability of the terminal will further increase and will consolidate the leading position of Dragon Crown in China's liquid petrochemical industry.

Due to the resurgence of the COVID-19, the oil price fluctuations, the tension between China and US and the military conflict in and around Ukraine, the global economy still faced multiple uncertainties and downside risks. Despite all these uncertainties, Dragon Crown remained focused on the Group's business stability with our visionary management team and the solid client relationships. The Group will continue to deepen the development of its businesses in order to capture the next economic rebound.

As at 31 December 2021, Dragon Crown is in a strong financial position, with total assets of HK\$1,398.9 million (2020: HK\$1,434.1million) and total equity of HK\$1,231.4 million (2020: HK\$1,191.9 million). As at 31 December 2021, the Group has HK\$179.0 million (2020: HK\$288.4 million) cash on hand and in a net cash position. This healthy financial position will help to ensure the Group's long-term sustainability.

BUSINESS OUTLOOK

The global economic recovery remains uncertain due to the outbreak of new variant of the COVID-19 pandemic. Nonetheless, as vaccination coverage has increased, more business activities gradually start returning to normal due to the policy of “coexisting with COVID-19” promotion, and the world generally expects that new variant of the COVID-19 pandemic would not cause strong negative economic impact as previous COVID-19 waves. In the meantime, the Ukraine-Russia tensions will disrupt oil supplies, which will lead surges of oil price. Despite all these uncertainties, demand for oil and other liquid petrochemical products is expected to remain stable in the coming year.

As Weifang Liquid Terminal Phase I and II commenced operation, the completion progress of Weifang Liquid Terminal Phase III will continue to refine and optimize and consider to commence in 2022, it is expected the market share in domestic and international markets will grow further in view of expansion of the storage capacity of the Group. With the geographical and logistic advantages of Weifang Port, the opening of Weifang Liquid Terminal Phase III will allow the Group to capture regional business and develop business in the Northeast China and Northeast Asia regions.

Dragon Crown is one of the storage and integrated terminal service providers in China and Asia that specialized in the handling and storage of liquid petrochemicals. With the long-term relationship with Celanese Corporation and further development of Weifang Liquid Terminal, the Group is positive about the prospect of the industry and layout of its business and will continue to pay close attention to the industry profile and make flexible counter-measures to tackle the challenging economic environment.

FINANCIAL PERFORMANCE REVIEW

Revenue

For the year ended 31 December 2021, the Group’s revenue increased by 7.5% from HK\$238.1 million in 2020 to HK\$255.9 million. The increase was mainly due to the increase in revenue in respect of methanol and acetic acid.

Gross profit

For the year ended 31 December 2021, gross profit increased by 7.9% from HK\$124.0 million in 2020 to HK\$133.9 million. The increase was mainly due to the increase in revenue as mentioned above. The gross profit ratio increased by 0.2%, from 52.1% in 2020 to 52.3% for the year.

Other income

Other income decreased HK\$6.7 million from HK\$31.0 million in 2020 to 24.3 million, which was mainly due to the decrease in net foreign exchange gains recorded for the year.

Administrative expenses

Administrative expenses increased by 29.4% from HK\$37.6 million in 2020 to HK\$48.6 million. The increase was mainly due to the higher staff costs and professional fees incurred for the project in relation to voluntary general cash offer as announced by the Company on 8 October 2021.

Finance costs

Finance costs for the year decreased to HK\$3.6 million from HK\$6.2 million in 2020, mainly attributable to the decrease in interest rates and the repayment of certain bank loans by the Group during the year.

Share of profit and loss of an associate

The associate in Tianjin was going through the liquidation process since 2016 and the loss of HK\$0.2 million for the year (2020: HK\$0.3 million) was due to the administrative expenses in relation to the liquidation.

Share of profits and losses of joint ventures

There was no significant change in the share of profits of the joint ventures in Ningbo compared with that of 2020. The results of the joint venture in Weifang recorded loss for the year mainly due to a provision for a pending litigation. Accordingly, the Group recorded share of losses of its joint ventures of HK\$4.3 million for the year ended 31 December 2021, as compared to share of profits of its joint ventures of HK\$12.6 million in 2020.

Tax expense

The tax expense for the year decreased slightly to HK\$31.1 million from HK\$31.7 million in 2020. The decrease was due to the decrease in profit before tax for the year.

Investment in Weifang Sime Darby Liquid Terminal Co., Ltd. (“WSDL”)

The acquisition of 50% equity interest in WSDL at a consideration of RMB60.9 million was completed on 23 May 2016 and WSDL becomes a joint venture of the Group since then. Afterwards, the Group injected RMB225.0 million in capital into WSDL in proportion to its shareholding interest in WSDL up to 31 December 2021.

The Group also provided shareholder’s loans to WSDL. As at 31 December 2021, WSDL was indebted to the Group in an aggregate amount of RMB143.1 million and USD9.4 million.

USE OF NET PROCEEDS FROM LISTING

The Group has received approximately HK\$281.1 million net proceeds, after deducting underwriting fees and other related expenses, from listing of the Company's shares in 2011.

These net proceeds were applied up to 31 December 2021 in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the Company's prospectus dated 30 May 2011 and the Company's announcements dated 6 February 2013 headed "Change of use of proceeds", dated 20 December 2017 headed "Change in use of proceeds from the global offering", and dated 22 December 2017 headed "Clarification announcement", as follows:

	Net proceeds (HK\$ million)		
	Available	Utilised	Unutilised
Construction of second cryogenic ethylene tank	133.1	133.1	–
Construction of our third jetty	46.6	46.6	–
Investing into existing projects	15.0	15.0	–
Investing into future business development opportunities	5.0	–	5.0
Construction of nine general purpose storage tanks	33.3	33.3	–
General working capital	48.1	48.1	–
	<u>281.1</u>	<u>276.1</u>	<u>5.0</u>

The Group held the unutilised net proceeds in short-term deposits or time deposits with banks in Hong Kong as at 31 December 2021. In respect of the unutilised net proceeds reserved for the purpose of investing into future business development opportunities, the Group has been actively looking for suitable investment opportunities and it is currently estimated that the unutilised net proceeds would be fully utilised by 31 December 2023.

CAPITAL STRUCTURE, LIQUIDITY AND GEARING

As at 31 December 2021, the Group's total bank loans amounted to HK\$99.6 million (2020: HK\$171.4 million), all of which are Hong Kong dollar bank loans. The Group's cash and cash equivalents amounted to HK\$179.0 million (2020: HK\$288.4 million). The Group maintained net cash position at 31 December 2021 and 2020. The gearing structure was as follows:

	2021 HK\$'000	2020 HK\$'000
Net cash	79,399	117,025
Equity attributable to owners of the Company	1,179,743	1,142,083
Gearing ratio	N/A	N/A

As at 31 December 2021, the Group’s current assets and current liabilities amounted to HK\$223.6 million (2020: HK\$364.1 million) and HK\$142.4 million (2020: HK\$113.5 million), respectively. As at 31 December 2021, the Group’s current ratio was 1.6 (2020: 3.2).

The Group strives to efficiently use its financial resources and adopts a prudent financial policy in order to maintain a healthy capital ratio and support its business expansion requirements.

DEBT MATURITY PROFILE

The maturity profile of the Group’s bank loans is set out below:

	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
Repayable:		
Within one year	99,625	71,750
In the second year	—	99,625
	<u>99,625</u>	<u>171,375</u>

Note: All bank loans as at 31 December 2021 are denominated in Hong Kong dollars.

FOREIGN CURRENCY AND INTEREST RATE RISKS

The Group’s cash and bank balances were primarily denominated in Renminbi and Hong Kong dollars. Its operating cash inflows and outflows were primarily denominated in Renminbi and Hong Kong dollars. During the year, the Group did not have any material foreign exchange exposure and had not used any financial instruments for hedging purpose.

All bank borrowings of the Group were denominated in Hong Kong dollars, the interest rates of these bank borrowings are calculated in Hong Kong Interbank Offer Rate plus a particular percentage. The Group will closely monitor the interest rate movements and regularly review its banking facilities so as to mitigate the expected interest rate risk.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any significant contingent liabilities.

CONDITIONAL VOLUNTARY GENERAL CASH OFFER

Reference is made to (1) the announcement jointly published by Great River Smarter Logistics (Hong Kong) Limited (the “**Offeror**”), an indirect subsidiary of 廣東宏川智慧物流股份有限公司 (Guangdong Great River Smarter Logistics Co., Ltd.*), a joint stock company incorporated in the PRC with limited liability and the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 00293), and the Company on 8 October 2021 (the “**Joint Announcement**”); and (2) the composite offer and response document jointly published by the Offeror and the Company on 9 March 2022 (the “**Composite Document**”). Unless the context otherwise requires, capitalized terms used in this section shall have the same meaning as those defined in the Composite Document.

* for identification purpose only

As detailed in the Composite Document, a conditional voluntary general cash offer has been made by CICC on behalf of the Offeror to acquire all of the issued Shares from the Shareholders at the Offer Price of HK\$1.28 per Offer Share in accordance with the terms and conditions set out in the Composite Document (the “**Offer**”).

The Offeror announced that the Offer has become unconditional in all respects on 17 March 2022. For the latest progress and updates in relation to the Offer, please refer to the announcements of the Company published on the Company’s website at <http://www.dragoncrown.com> and the website of The Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk>.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the paragraph headed “**CONDITIONAL VOLUNTARY GENERAL CASH OFFER**” relating to the Offer, there is no significant event after 31 December 2021 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION

As at 31 December 2021, the Group had a total of 332 full time employees (2020: 339). The Group provides competitive remuneration package to retain its employees including salaries, discretionary bonus, medical insurance, other allowance and benefits in kind as well as mandatory provident fund schemes for employees in Hong Kong and state-managed retirement benefit schemes for employees in the People’s Republic of China.

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2021.

CORPORATE GOVERNANCE CODE

The Group is committed to achieving high standards of corporate governance to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (version up to 31 December 2021) (the “**CG Code**”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) as the basis of the Company’s corporate governance practices.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board’s ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

In the opinion of the directors, throughout the year, the Company has complied with all the code provisions as set out in the CG Code, except for code provision A.2.1 (which has been re-numbered as CG Code provision C.2.1 since 1 January 2022) which stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of Chairman and Chief Executive Officer of the Company are held by Mr. NG Wai Man who is the founder of the Company and has extensive experience in the industry. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person is beneficial to the business prospects and management and provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. The Board considers that the current structure of vesting the roles of both Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company. The Board shall review its structure from time to time to ensure appropriate and timely action to meet changing circumstances.

The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2021.

The Company has also established written guidelines no less exacting terms than the Model Code (the “**Employees Written Guidelines**”) for securities transactions by employees who are likely to be in possession of inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the year.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group for the year ended 31 December 2021.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Company's independent auditor to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's independent auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's independent auditor on the preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

The AGM of the Company is scheduled on Thursday, 23 June 2022. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 20 June 2022 to Thursday, 23 June 2022, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 17 June 2022.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at <http://www.hkexnews.hk> and the website of the Company at <http://www.dragoncrown.com>.

The 2021 annual report will be despatched to the shareholders of the Company and published on the above websites in due course.

By Order of the Board
DRAGON CROWN GROUP HOLDINGS LIMITED
Ng Wai Man
Chairman & Chief Executive Officer

Hong Kong, 30 March 2022

As at the date of this announcement, the executive directors are Mr. NG Wai Man, Mr. CHONG Yat Chin and Ms. CHAN Wan Ming and the independent non-executive directors are Mr. FENG Jianping, Mr. HOU Xiaoming and Mr. LAU Sik Yuen.