

[Press Release]



Dragon Crown Group Holdings Limited

龍翔集團控股有限公司

(Stock Code: 00935.HK)

Dragon Crown Announces 2017 Annual Results

Exploring Market and Improving Business Layout To Enhance The Leading Position

(Hong Kong, 20 March 2018) **Dragon Crown Group Holdings Limited** (“Dragon Crown” or the “Company”) (Stock Code: 935), a leading integrated terminal service provider in China, specializing in the handling and storage of liquid petrochemical products, announces the annual results of the Company and its subsidiaries (collectively referred as the “Group”) for the year ended 31 December 2017 (the “Reporting Year”).

During the Reporting Year, the Group recorded a revenue of HK\$241.5 million (2016: HK\$249.9 million). However, if the actual amount is expressed in Renminbi, the revenue of the Group decreased slightly by 2.1% only, from RMB213.8 million in 2016 to RMB209.4 million. The decrease was mainly due to the decrease in revenue in respect of spot and individual ethylene customers. Gross profit was HK\$125.5 million (2016: HK\$134.5 million), the decrease was mainly due to the decrease in revenue; The gross profit ratio was 52.0% (2016: 53.8%); Profit before tax was HK\$87.1 million (2016: HK\$98.6 million); Profit attributable to owners of the Company was HK\$50.3 million (2016: HK\$70.6 million) and earnings per share was HK4.12 cents (2016: HK6.26 cents). The decrease was mainly due to decline in revenue during the year, significant increase in tax expenditure due to the expiry of tax incentive and share of loss of newly commenced Weifang Joint Venture.

An interim dividend of HK1.5 cents (2016: HK2.0 cents) per share was declared and paid during the year. In addition, the Board has proposed a final dividend of HK1.5 cents (2016: HK2.3 cents) per share. During the Reporting Year, Dragon Crown continued to maintain a stable financial position, cash and cash equivalents amounted to HK\$127.2 million (2016: HK\$208.1 million) and a gearing ratio of 9.3% (2016: 1.9%).

During the Reporting Year, the throughput volume of liquid petrochemical products handled by the Nanjing, Ningbo and Weifang terminals reached 1,502,000 metric tonnes, 367,000 metric tonnes and

1,358,000 metric tonnes, respectively (2016: 1,493,200 metric tonnes, 337,000 metric tonnes and nil metric tonnes, respectively), with a combined throughput volume of 3,227,000 metric tonnes (2016: 1,830,200 metric tonnes).

The China government has promulgated favourable policies to liberalise crude oil import and usage in China and has therefore boosted the growth of the Shandong teapot refinery and petrochemical industries, resulting in a surge in demand for oil and chemicals terminal and storage. The Group has planned and developed in North-eastern China in advance, as Weifang Liquid Terminal Phase 1 and 2, invested and developed in 2016, commenced operation, providing approximately 406,000 m³ and 91,000 m³ of storage capacity respectively, the Group has officially opened the gate towards the market of Bohai Bay regions and even North-eastern Asia. Together with Phase 3 Project under ground breaking process, with planned construction scale up to 164,000 m³, several potential customers are in negotiation for renting the tank capacity in Phase 3 already. Weifang Liquid Terminal will become the largest terminal of the group after the completion of construction, providing storage capacity up to a total of 661,000 m³ and acts as an important strategical stronghold in North-eastern region for the Group.

With the most stringent safety requirements and acting as a state-of-the-art terminal project with its geographical advantage in North-eastern, the Group believes Weifang Liquid Terminal will bring unlimited business opportunities to the Group in the coming years absolutely. Therefore, the Group, together with another shareholder of Weifang Joint Venture have decided to increase both capital injection and shareholder loans into Weifang Joint Venture in Mid-2017, providing necessary funding for the expansion and development of the terminal. With the enormous scale and geographical advantage, together with the facilitation of government policy, the Group is confident that Weifang Liquid Terminal will become new driving power of profit and growth for the Group in the future and maintain our leading position in the industry. It also strengthens Dragon Crown's ambition in developing its business in Bohai Bay regions, enhancing the Group's confidence in consolidating its leading position in the coastal regions of China.

Mr. Ng Wai Man, Chairman and Chief Executive Officer of Dragon Crown, concluded, "As Weifang Liquid Terminal Phase 1 and 2 commenced operation, with Phase 3 under ground breaking process, it will enhance the total throughput capacity of our business and become a new growing point for the Group's business. Looking forward, Weifang Liquid Terminal possesses great strategical and

geographical advantage, allowing the entrance of vessels with higher Dead Weight Tonnage and providing services for surrounding oil refineries and chemical production plants. With the completion and operation of the surrounding railway in 2019, achieving the transportation network of pipeline and railway, it will further enhance the flexibility and reliability of Weifang Liquid Terminal, thus making it the new strategical point in North-eastern region. With the beneficial policy, Dragon Crown will proactively seize the business development opportunities brought by the “One Belt, One Road” and other national policies to improve the business layout of the Group, as well as enhancing the operation ability and influence of the existing terminals in order to strengthen our leading position in the coastal regions of China, particularly along the Yangtze River Delta and Bohai Bay regions, so as to enhance the continuous growth momentum of business, and delivering greater value to our shareholders.”

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About Dragon Crown Group Holdings Limited (Stock Code: 935)

Founded in 1990, Dragon Crown Group Holdings Limited is one of the leading integrated terminal service providers in China, specializing in the handling and storage of liquid petrochemical products. Currently operating the terminals in Nanjing, Ningbo and Weifang, respectively. The Group offers a comprehensive range of high quality liquid petrochemical services ranging from the loading and discharging of liquid petrochemical products at its jetties to the storage of liquid petrochemical products at its tank farm, as well as the delivery of such products by utilizing its dedicated pipelines and other terminal infrastructure.

More information about Dragon Crown Group can be found at <http://www.dragoncrown.com>

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