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## **Dafeng Port Heshun Technology Company Limited**

**大豐港和順科技股份有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8310)**

### **DISCLOSEABLE TRANSACTION — DISPOSAL OF 51% OF THE ISSUED SHARE CAPITAL IN GAMMA LOGISTICS (B.V.I.) CORPORATION**

#### **DISPOSAL**

The Board is pleased to announce that on 28 December 2018 (after trading hours), the Company and the Purchaser entered into the Disposal Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares at the Consideration of HK\$4,150,000. The Sale Shares represent 51% of the issued share capital and all of the Company's stake in the Target Company.

The Target Group is principally engaged in provision of integrated logistics freight services, with a primary focus on logistics services between Hong Kong and the Pearl River Delta region and the supporting services.

As at the date of the Disposal Agreement, the Company holds 51% of the issued share capital of the Target Company. Immediately after Completion, the Company will not hold any equity interest of the Target Company.

#### **GEM LISTING RULES IMPLICATIONS**

As certain applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Disposal calculated according to Rule 19.07 of the GEM Listing Rules are more than 5% but all are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements but exempt from the circular and Shareholders approval requirements under Chapter 19 of the GEM Listing Rules.

**Completion is subject to the satisfaction of the conditions precedent set out in the Disposal Agreement and therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **THE DISPOSAL AGREEMENT**

The Board is pleased to announce that on 28 December 2018 (after trading hours), the Company and the Purchaser entered into the Disposal Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares at a total Consideration of HK\$4,150,000.

## **DISPOSAL AGREEMENT**

The principal terms of the Disposal Agreement are set out as below:

### **Date**

28 December 2018

### **Parties**

Purchaser: Great Panorama International Limited

Vendor: The Company

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries and so far as the Directors are aware, the Purchaser and its beneficial owner is an Independent Third Party.

### **Assets to be disposed of**

The Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares. The Sale Shares represent 51% of the issued share capital of the Target Company.

## **CONSIDERATION**

The Consideration for the sale and purchase of the Sale Shares payable by the Purchaser to the Company shall be HK\$4,150,000. The Consideration shall be satisfied by the Purchaser by way of delivery of a banker's draft drawn on a prime bank in Hong Kong or a cheque for the Consideration to the Company or its designated person on the Completion Date.

The Consideration is a discount of 66.65% to the proportionate 51% of the net asset value of HK\$24,402,537 for the Target Group as at 31 December 2017 and a discount of 56.71% to the proportionate 51% of the net asset value of HK\$18,795,828 for the Target Group as at 30 September 2018. The Consideration was arrived at after arm's length negotiations between the Purchaser and the Company. In view of the above and the reasons stated in the Reasons for the Disposal, the Directors consider that the Consideration is fair and is in the interests of the Company and the Shareholders as a whole.

## **Conditions precedent**

The Completion shall be conditional upon the fulfillment of the following conditions:

- (a) the Purchaser being satisfied with the results of the legal and financial due diligence conducted by the Purchaser over the Target Group, including but not limited to the affairs, business, assets, liabilities, operations, records, financial position, value of assets, accounts, results, legal and financial structure of the Target Group;
- (b) the passing of necessary resolution(s) by the Shareholder(s) or the Director(s) in respect of the Disposal Agreement and the transactions contemplated thereunder in accordance with the requirements of the GEM Listing Rules;
- (c) the obtaining of all consents from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Disposal Agreement and the transactions contemplated thereunder; and
- (d) the Company's warranties shall remain to be true and correct in all material respects and there has not been any material breach of the Company's warranties.

## **LONG STOP DATE**

If the conditions mentioned above have not been fulfilled or waived on or before the Long Stop Date for whatever reason, the Disposal Agreement shall cease and determine, and in such event, neither the Company nor the Purchaser shall have any rights, obligations and liability towards each other thereunder save for any antecedent breaches of the terms thereof.

## **COMPLETION**

Completion shall take place on or before 4.00 p.m. on the Completion Date at such place in Hong Kong as may be agreed by the Company and the Purchaser.

## **INFORMATION ON THE GROUP**

The Group is principally engaged in trading business, the provision of integrated logistics freight services and the relevant supporting services, and petrochemical products storage business.

## **INFORMATION ON THE TARGET GROUP**

The Target Company is a company incorporated in British Virgin Islands. The Company owns 51% of the equity interest of the Target Company as at the date of this announcement and prior to Completion.

The Target Group is principally engaged in the provision of integrated logistics freight services with a primary focus on logistics services between Hong Kong and the Pearl River Delta region and the supporting services.

The following is the audited financial information of the Target Group for the two financial years ended 31 December 2016 and 31 December 2017:

	<b>For the year ended 31 December 2016</b>	<b>For the year ended 31 December 2017</b>
	<i>HK\$ (audited)</i>	<i>HK\$ (audited)</i>
Net loss before tax	11,381,000	1,784,000
Net loss after tax	12,419,000	3,530,000

The net asset of the Target Group as at 31 December 2017 was HK\$24,402,537. As per the latest consolidated unaudited management account of the Target Group, the net asset of the Target Group was HK\$18,795,828 as at 30 September 2018 and the loss before tax for the nine months ended 30 September 2018 was HK\$5,623,492.

After the Completion of the Disposal, the Company will not hold any of the issued share capital of the Target Company. Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial information of the Target Company will no longer be consolidated into the accounts of the Company.

#### **REASONS FOR THE DISPOSAL**

The Consideration is a discount of 56.71% to the proportionate 51% of the net asset value of HK\$18,795,828 for the Target Group as at 30 September 2018.

The Target Group has continued to cause substantial losses to the Group in the past few years. Barring an unlikely improvement in commerce in the region in the near terms, the Directors believe that the Target Group's business will continue to shrink. Therefore, to preserve value and to better streamline the Group's integrated logistics freight services, trading business and petrochemical products storage business, the Board is of the view that the Disposal will alleviate losses and benefit the Group to strengthen its principal business.

The Purchaser is generally engaged in investment holding.

The terms of the Disposal were determined after arm's length negotiations between the Company and the Purchaser. Having considered the reasons of and benefits for the Disposal as mentioned above, the Directors are of the view that the terms of the Disposal are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Group intends to use the net proceeds from the Disposal as additional working capital for the Group and to fund the Group's future investments if and when suitable opportunities arise.

## **GEM LISTING RULES IMPLICATION**

As certain relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal calculated according to Rule 19.07 of the GEM Listing Rules are more than 5% but all are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the GEM Listing Rules and is subject to the notification and announcement requirements but exempt from the circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Board”	The board of Directors
“Business Day”	a day (other than a Saturday, Sunday or a public holiday) on which banks are open for business in Hong Kong
“Company”	Dafeng Port Heshun Technology Company Limited (Stock Code: 8310), a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the GEM board of the Stock Exchange
“Completion”	completion of the Disposal pursuant to the Disposal Agreement
“Completion Date”	on or before the seventh Business Day following the satisfaction of the conditions precedent to the Disposal Agreement or any other day as may be agreed by the parties in writing
“Consideration”	the consideration of HK\$4,150,000 payable by the Purchaser to the Company for the Sale Shares pursuant to the terms and conditions of the Disposal Agreement
“Directors”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares pursuant to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement dated 28 December 2018 entered into between the Company and the Purchaser in relation to the Disposal
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the rules governing the listing of securities on GEM
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party independent of and not connected with the Company or any of its connected persons
“Long Stop Date”	4 calendar months after the date of the Disposal Agreement or such other later date as shall be agreed by the Company and the Purchaser in writing
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Great Panorama International Limited a company incorporation in the British Virgin Islands
“Sale Shares”	51% of the issued share capital of the Target Company as at Completion
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Gamma Logistics (B.V.I.) Corporation
“Target Group”	Target Company and its subsidiaries
“Vendor”	the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Dafeng Port Heshun Technology Company Limited**  
**Ni Xiangrong**  
*Chairman*

Hong Kong, 30 December 2018

*As at the date of this announcement, the Board comprises the following members:*

*Executive Directors*

Mr. Ni Xiangrong (*Chairman*)  
Mr. Shum Kan Kim  
Mr. Pan Jian  
Mr. Miao Zhibin

*Non-executive Directors*

Mr. Ji Longtao  
Mr. Yang Yue Xia  
Mr. Sun Lin

*Independent Non-executive  
Directors*

Dr. Bian Zhaoxiang  
Mr. Lau Hon Kee  
Mr. Yu Xugang  
Mr. Zhang Fangmao

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information concerning the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its posting and on the Company’s website at [www.dfport.com.hk](http://www.dfport.com.hk).*