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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Growth Enterprise Market ("GEM") has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "**Directors**") of Dafeng Port Heshun Technology Company Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to 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.

FINANCIAL HIGHLIGHTS

— The Group's revenue declined by approximately 29.2% to approximately HK$260.4 million for the Financial Year (2014: HK$367.6 million). The decrease in revenue was mainly attributable to the decline of the Group's business in integrated logistics freight services.

— The Group's cost of sales decreased by 29.1% to approximately HK$222.3 million for the Financial Year (2014: HK$313.6 million), mainly driven by the decline in revenue from integrated logistics freight services but the fixed cost remained relatively stable.

— With the combined effects of revenue and cost of sales, the Group's gross profit margin slightly decreased to 14.6% for the Financial Year from 14.7% for the last year.

— The Group's finance costs amounted to approximately HK$469,000 for the Financial Year (2014: HK$1.3 million), the finance costs consist of interest on other borrowings as well as the finance charge on obligation under finance lease.

— The Group recorded the loss for the Financial Year of approximately HK$31.3 million (2014: HK$18.6 million).

— The Board does not recommend the payment of a dividend for the Financial Year (2014: Nil).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	4	**260,395**	367,620
Cost of sales		**(222,339)**	(313,644)
Gross profit		**38,056**	53,976
Other income	5	**13,284**	6,268
Administrative expenses		**(78,827)**	(75,918)
Finance costs		**(469)**	(1,280)
Share of results of associates		**(2,415)**	115
Loss before taxation	6	**(30,371)**	(16,839)
Taxation	7	**(902)**	(1,738)
Loss for the year		**(31,273)**	(18,577)
Other comprehensive (loss) income			
Item that may be reclassified to profit or loss in subsequent periods:			
Exchange difference arising from translation of foreign operations		**(469)**	28
Total comprehensive loss for the year		**(31,742)**	(18,549)
Loss attributable to:			
Equity holders of the Company		**(24,108)**	(19,275)
Non-controlling interests		**(7,165)**	698
		(31,273)	(18,577)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(24,577)**	(19,247)
Non-controlling interests		**(7,165)**	698
		(31,742)	(18,549)
Loss per share attributable to equity holders of the Company			
Basic and diluted	8	**(2.15) HK cents**	(1.98) HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**13,408**	17,095
Interests in associates		**8,728**	11,460
		22,136	28,555
Current assets			
Trade and other receivables	*10*	**61,452**	80,433
Pledged bank deposits		**3,150**	155
Bank balances and cash		**73,579**	92,380
		138,181	172,968
Current liabilities			
Trade and other payables	*11*	**47,911**	57,336
Current portion of interest-bearing borrowings		**2,834**	6,909
Taxation		**2,150**	1,992
		52,895	66,237
Net current assets		**85,286**	106,731
Total assets less current liabilities		**107,422**	135,286
Non-current liabilities			
Non-current portion of interest-bearing borrowings		**2,197**	2,942
Deferred tax liabilities		**483**	634
		2,680	3,576
NET ASSETS		**104,742**	131,710
Capital and reserves			
Share capital	*12*	**11,200**	11,200
Reserves		**93,207**	117,784
Total equity attributable to equity holders of the Company		**104,407**	128,984
Non-controlling interests		**335**	2,726
TOTAL EQUITY		**104,742**	131,710

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Attributable to equity holders of the Company									
	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Exchange reserve *HK$'000*	Statutory reserve *HK$'000*	Other reserve *HK$'000*	Accumulated profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2014	8,000	28,090	(7,337)	1,332	170	(6,857)	43,552	66,950	2,028	68,978
Loss for the year	–	–	–	–	–	–	(19,275)	(19,275)	698	(18,577)
Other comprehensive income										
Exchange difference arising from translation of foreign operations	–	–	–	28	–	–	–	28	–	28
Total comprehensive loss	–	–	–	28	–	–	(19,275)	(19,247)	698	(18,549)
Transactions with owners										
Contributions and distributions										
Placing of shares on 16 May 2014	1,600	41,920	–	–	–	–	–	43,520	–	43,520
Placing of shares on 17 July 2014	1,600	38,400	–	–	–	–	–	40,000	–	40,000
Share placement expenses on 16 May 2014	–	(1,164)	–	–	–	–	–	(1,164)	–	(1,164)
Share placement expenses on 17 July 2014	–	(1,075)	–	–	–	–	–	(1,075)	–	(1,075)
Total transactions with owners	3,200	78,081	–	–	–	–	–	81,281	–	81,281
At 31 December 2014 and 1 January 2015	**11,200**	**106,171**	**(7,337)**	**1,360**	**170**	**(6,857)**	**24,277**	**128,984**	**2,726**	**131,710**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(24,108)**	**(24,108)**	**(7,165)**	**(31,273)**
Other comprehensive loss										
Exchange difference arising from translation of foreign operations	**–**	**–**	**–**	**(469)**	**–**	**–**	**–**	**(469)**	**–**	**(469)**
Total comprehensive loss	**–**	**–**	**–**	**(469)**	**–**	**–**	**(24,108)**	**(24,577)**	**(7,165)**	**(31,742)**
Transaction with owners										
Changes in ownership interests										
Release upon derecognition of a subsidiary *(Note 13)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,774**	**4,774**
At 31 December 2015	**11,200**	**106,171**	**(7,337)**	**891**	**170**	**(6,857)**	**169**	**104,407**	**335**	**104,742**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**Listing Rules**").

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2014 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as detailed in note 2 below.

Impact of the Hong Kong Companies Ordinance (Cap.622)

In accordance with the Listing Rules, the disclosure requirements of the Ordinance apply to the preparation of these consolidated financial statements and as a result, there are changes to the presentation and disclosures of certain information as compared with the 2014 consolidated financial statements. Where appropriate, the comparative information has been amended to achieve a consistent presentation.

2. ADOPTION OF NEW/REVISED HKFRSs

The HKICPA has issued a number of new/revised HKFRSs that are first effective for the current accounting period of the Group. Of these, the changes in accounting policy relevant to the consolidated financial statements are as follows:

Annual Improvements Project: 2010–2012 Cycle

The amendments relevant to the Group include the followings:

(1) HKFRS 2 Share-based Payment

The amendments add definitions for "performance condition" and "service condition" which were previously part of the definition of "vesting condition" and update the definitions of "vesting condition" and "market condition". It specifies in the definition of performance condition that a vesting condition requires specified performance target(s) to be met. A performance target can be defined not only by reference to the operations (or activities) of the entity or the price (or value) of its equity instruments, but also the operations (activities) of another entity in the same group or the price (or value) of the equity instruments of that entity. Further, the performance target can also be related to the performance of the entity as a whole or a part of it or the group, including a division or an individual employee. The period for achieving the performance target shall not extend beyond the end of the service period but may start before (provided not substantially before the commencement of) the service period.

The application of the amendments has no impact on the Company's consolidated financial statements.

(2) HKFRS 8 Operating Segments

HKFRS 8 is updated as follows:

(a) Judgements made by management in aggregating two or more operating segments exhibiting similar long-term financial performance and economic characteristics are required to be disclosed. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

(b) It is clarified that the reconciliation of the total reportable segments' assets to the entity's assets is only required to be disclosed if the segment assets are regularly reported to the chief operating decision maker.

The application of the amendments has no impact on the Company's consolidated financial statements.

(3) HKFRS 13 Fair Value Measurement

The basis for conclusions is amended to clarify that the issuance of HKFRS 13 and the consequential amendments to HKFRS 9 and HKAS 39 did not remove the entity's ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, when the effect of not discounting is immaterial. The application of the amendments does not have an impact on the amount recognised.

(4) HKAS 24 Related Party Disclosures

HKAS 24 is amended to clarify that an entity, or any member of a group of which it is a part, providing key management personnel services (the "management entity") to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The reporting entity shall disclose the amounts incurred for key management personnel services that are provided by the management entity. However, the compensation paid or payable by the management entity to its employees or directors is not required to be disclosed. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

Annual Improvements Project: 2011–2013 Cycle

The amendment relevant to the Group includes the following:

(1) HKFRS 13 Fair Value Measurement

These amendments clarify that all contracts within the scope of HKAS 39 or HKFRS 9 are included in the scope of the exception as set out in HKFRS 13 for measuring the fair value of a group of financial assets and financial liabilities on a net basis, even if those contracts do not meet the definitions of financial assets or financial liabilities in HKAS 32. These amendments do not have an impact on these consolidated financial statements.

3. SEGMENT INFORMATION

The chief operating decision maker has been identified collectively as the executive directors of the Company. An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's executive directors in order to allocate resources and assess performance of the segment.

For management purposes, the Group is currently organised into the following operating segments:

Operating segments	Principal activities
— Integrated logistics freight services	— Provision of ocean freight and land transportation and container drayage services — Provision of ocean freight forwarding services — Provision of air freight forwarding services — Provision of feeder container storage facilities and hiring services of barges and vehicles
— Provision of fuel cards	— Provision of fuel cards
— Tractors repairs and maintenance services and insurance agency services	— Tractors repairs and maintenance — Provision of insurance agency services

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segments assets include all property, plant and equipment, receivables, bank deposits and cash and cash equivalents other than interests in associates and corporate assets which are managed on a group basis. All liabilities are allocated to reportable segment liabilities other than unallocated head office and corporate liabilities which are managed on a group basis and certain other payables and accrued charges.

Revenues and expenses are allocated to the reporting segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments. The measure used for reporting segment results is profit/loss before taxation without allocation of share of results of associates and other unallocated corporate expenses and income. For the purpose of assessing the performance of the operating segments and allocation of resources between segments, the Group's results are further adjusted for items not specifically attributed to individual segments and other head office or corporate administration costs.

Inter-segment sales transactions are charged at prevailing market prices.

Operating segments

Segment information is presented below:

For the year ended 31 December 2015

	Integrated logistics freight services *HK$'000*	Provision of fuel cards *HK$'000*	Tractor repair and maintenance services and insurance agency services *HK$'000*	Inter-segment elimination *HK$'000*	Total *HK$'000*
Revenue (from external customers)	**235,748**	**24,103**	**544**	**–**	**260,395**
— Inter-segment revenue	**37,837**	**3,627**	**2,861**	**(44,325)**	**–**
Total revenue	**273,585**	**27,730**	**3,405**	**(44,325)**	**260,395**
Results					
Segment result	**(20,312)**	**(350)**	**(561)**	**–**	**(21,223)**
Share of results of associates					**(2,415)**
Other unallocated corporate income					**285**
Other unallocated corporate expenses					**(13,438)**
Gain on derecognition of a subsidiary *(Note 13)*					**5,021**
Gain on disposal of associates					**1,399**
Loss before taxation					**(30,371)**
Taxation					**(902)**
Loss for the year					**(31,273)**

For the year ended 31 December 2014

	Integrated logistics freight services *HK$'000*	Provision of fuel cards *HK$'000*	Tractor repair and maintenance services and insurance agency services *HK$'000*	Inter-segment elimination *HK$'000*	Total *HK$'000*
Revenue (from external customers)	336,648	29,975	997	–	367,620
— Inter-segment revenue	49,678	3,153	2,877	(55,708)	–
Total revenue	386,326	33,128	3,874	(55,708)	367,620
Results					
Segment result	(8,515)	406	(288)	–	(8,397)
Share of results of associates					115
Other unallocated corporate income					264
Other unallocated corporate expenses					(8,821)
Loss before taxation					(16,839)
Taxation					(1,738)
Loss for the year					(18,577)

As at 31 December 2015

	Integrated logistics freight services ***HK$'000***	**Provision of fuel cards** ***HK$'000***	**Tractor repair and maintenance services and insurance agency services** ***HK$'000***	**Total** ***HK$'000***
ASSETS				
Segment assets	**71,157**	**9,770**	**2,831**	**83,758**
Unallocated corporate assets				**76,559**
Consolidated total assets				**160,317**
LIABILITIES				
Segment liabilities	**(48,776)**	**(2,569)**	**(2,054)**	**(53,399)**
Unallocated corporate liabilities				**(2,176)**
Consolidated total liabilities				**(55,575)**
OTHER INFORMATION				
Capital additions	**3,527**	**108**	**11**	**3,646**
Depreciation	**6,116**	**18**	**3**	**6,137**
Depreciation (unallocated)	**–**	**–**	**–**	**6**
Finance costs	**469**	**–**	**–**	**469**
Interest income	**32**	**–**	**–**	**32**
Interest income (unallocated)	**–**	**–**	**–**	**278**

As at 31 December 2014

	Integrated logistics freight services *HK$'000*	Provision of fuel cards *HK$'000*	Tractor repair and maintenance services and insurance agency services *HK$'000*	Total *HK$'000*
ASSETS				
Segment assets	102,322	9,868	3,036	115,226
Unallocated corporate assets				86,297
Consolidated total assets				201,523
LIABILITIES				
Segment liabilities	(63,857)	(2,404)	(2,178)	(68,439)
Unallocated corporate liabilities				(1,374)
Consolidated total liabilities				(69,813)
OTHER INFORMATION				
Capital additions	3,374	–	79	3,453
Capital additions (unallocated)	–	–	–	28
Depreciation	7,836	–	9	7,845
Depreciation (unallocated)	–	–	–	5
Finance costs	1,280	–	–	1,280
Interest income	16	–	–	16
Interest income (unallocated)	–	–	–	264

Geographical information

Geographical segment

The Group operates and derives revenue in two principal geographical areas: Hong Kong and Mainland China.

The following table sets out the revenue derived from geographical areas which are based on the geographical location of the customers:

	2015 ***HK$'000***	2014 *HK$'000*
Revenue from external customers:		
Hong Kong	**193,770**	282,101
Mainland China	**62,330**	77,695
Others *(Note)*	**4,295**	7,824
	260,395	367,620

**Note:* The locations of others include Europe, U.S.A., Asia (other than Hong Kong and Mainland China), South Africa and others.

The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, and the location of the operation, in the case of interests in associates. The analysis of the Group's non-current assets by geographical location is as follows:

	2015	2014
	HK$'000	*HK$'000*
Property, plant and equipment		
Hong Kong	**5,286**	7,311
Mainland China	**8,122**	9,784
	13,408	17,095
Interests in associates		
Hong Kong	**7,634**	10,260
Mainland China	**1,094**	1,200
	8,728	11,460
Total specified non-current assets	**22,136**	28,555

Information about major customers

No customer of the Group has individually accounted for 10% or more of the Group's total revenue during the year ended 31 December 2015, therefore, no information about major customers is presented.

During the year ended 31 December 2014, revenue of approximately HK$40,388,000, contributing over 10% of the total revenue of the Group, was derived from a single customer attributable to integrated logistics freight services segment.

4. REVENUE

	2015	2014
	HK$'000	*HK$'000*
Income from provision of integrated logistics freight services	**235,748**	336,648
Income from provision of fuel cards	**24,103**	29,975
Tractor repair and maintenance services and insurance agency fee	**544**	997
	260,395	367,620

5. OTHER INCOME

	2015 *HK$'000*	2014 *HK$'000*
Bank interest income	**310**	280
Exchange gain	**433**	51
Gain on disposal of property, plant and equipment	**4,694**	4,294
Gain on derecognition of a subsidiary *(Note 13)*	**5,021**	–
Gain on disposal of associates	**1,399**	–
Management fee income	**348**	398
Sundry income	**1,079**	1,245
	13,284	6,268

6. LOSS BEFORE TAXATION

	2015 *HK$'000*	2014 *HK$'000*
This is stated after charging (crediting):		
Staff costs		
Salaries, allowances and the other short-term employee benefits including directors' emoluments	**58,022**	60,267
Contributions to defined contribution plans	**3,123**	3,227
	61,145	63,494
Other items		
Auditors' remuneration	**1,020**	1,000
Depreciation	**6,143**	7,850
Equipment rental income (included in revenue)	**(4,088)**	(1,890)
Operating lease payments on premises	**11,070**	13,410
Gain on disposal of property, plant and equipment	**(4,694)**	(4,294)
Provision for committed minimum tonnage arrangement *(Note 13)*	**6,380**	–

7. TAXATION

	2015	2014
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax		
— Current year	**905**	1,446
— Over-provision in prior year	**(244)**	(287)
	661	1,159
PRC Enterprise Income Tax		
— Current year	**285**	456
— Under-provision in prior year	**75**	154
	360	610
Deferred tax credit	**(119)**	(31)
Total income tax expenses recognised in profit or loss	**902**	1,738

(i) Hong Kong Profits Tax

Hong Kong Profits Tax has been provided at the rate of 16.5% (2014: 16.5%) on the Group's estimated assessable profits arising from Hong Kong during the year.

(ii) Income taxes outside Hong Kong

The Company's subsidiaries in the PRC are subject to Enterprise Income Tax. PRC Enterprise Income Tax is calculated at the prevailing tax rate at 25% on taxable income determined in accordance with the relevant laws and regulations in the PRC.

Pursuant to the rules and regulations of the British Virgin Islands ("**BVI**") and the Cayman Islands, the Group is not subject to any taxation under jurisdictions of the BVI and the Cayman Islands.

(iii) PRC taxes of Golden Fame Delta Shipping Limited ("GFDS")

For safeguard reasons, GFDS had, through a tax advisor, sought a view from the relevant PRC tax authority on the potential tax exposure of a company operating in the scenario as GFDS carries on its business in the PRC on a no-name basis. The view given was that such company would not be eligible for the PRC tax exemption even if it is normally managed or controlled in Hong Kong with its profit assessed under Hong Kong tax.

During the year ended 31 December 2012, in order to avoid delay, GFDS has reached an agreement with the relevant local tax authorities on the bases of computation of the PRC tax liabilities and paid an amount of approximately RMB742,000, including Business Tax and Enterprise Income Tax, in respect of the 3 years from 2009 to 2011 and surcharge for late payment of approximately RMB249,000 under the self-reporting system of the PRC tax rules.

Having settled the aforesaid PRC tax liabilities and surcharge, the management has reassessed the adequacy of provision for tax and related payments made in the past years and determined that the said payments should not have caused a significant financial impact on the Group's results and financial positions throughout the year.

Reconciliation of tax expenses

The tax charge for the year can be reconciled to the loss per the consolidated statement of comprehensive income as follows:

	2015	2014
	HK$'000	*HK$'000*
Loss before taxation	**(30,371)**	(16,839)
Income tax at applicable tax rate of 16.5%	**(5,011)**	(2,779)
Effects of different tax rates of subsidiaries operating in other jurisdictions	**288**	163
Non-deductible expenses	**2,627**	2,336
Tax exempt revenue	**(1,692)**	(489)
Tax effect of share of results of associates	**398**	(19)
Utilisation of previously unrecognised tax losses	**(354)**	(158)
Unrecognised temporary differences	**108**	398
Over provision in prior year, net	**(169)**	(133)
Tax effect of tax loss not recognised	**4,677**	2,435
Others	**30**	(16)
Tax expense for the year	**902**	1,738

Tax exempt revenue mainly included profits not taxed in Hong Kong under S.23B of the Inland Revenue Ordinance for being carriage shipped outside Hong Kong, gain on derecognition of a subsidiary and disposal of associates and bank interest income. Non-deductible expenses mainly included bank loan and overdraft interest incurred for non-producing assets, loss not allowable in Hong Kong under S.23B of the Inland Revenue Ordinance for being carriage shipped outside Hong Kong.

8. LOSS PER SHARE

Basic loss per share for the years ended 31 December 2015 and 2014 are calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue.

	2015	2014
	HK$'000	*HK$'000*
Loss attributable to equity holders of the Company	**(24,108)**	(19,275)
Weighted average number of ordinary shares in issue	**1,120,000,000**	974,465,753
Basic loss per share	**(2.15) HK cents**	(1.98) HK cents

Basic and diluted loss per share are the same as the Company did not have any dilutive potential ordinary shares during the years ended 31 December 2015 and 2014.

9. DIVIDENDS

The board does not recommend the payment of a dividend for the year ended 31 December 2015 (2014: NIL).

10. TRADE AND OTHER RECEIVABLES

	2015 *HK$'000*	2014 *HK$'000*
Trade receivables	**43,994**	59,400
Other receivables		
Deposits, prepayments and other debtors	**16,054**	19,007
Due from associates	**1,404**	2,026
	17,458	21,033
	61,452	80,433

The ageing analysis of trade receivables, based on the invoice date, is as follows:

	2015 *HK$'000*	2014 *HK$'000*
Outstanding balances which aged:		
90 days or below	**40,313**	54,783
91–180 days	**3,540**	4,191
181–365 days	**1**	282
More than 365 days	**140**	144
	43,994	59,400

The Group allows a credit period of 60 to 90 days to its trade debtors.

11. TRADE AND OTHER PAYABLES

	2015 *HK$'000*	2014 *HK$'000*
Trade payables	**26,348**	34,412
Other payables		
Accrued charges and other creditors	**13,557**	13,777
Due to associates	**8,006**	9,147
	21,563	22,924
	47,911	57,336

The ageing analysis of trade payables, based on invoice date, is as follows:

	2015	2014
	HK$'000	*HK$'000*
90 days or below	**22,664**	32,300
91–180 days	**3,684**	1,958
181–365 days	**–**	154
	26,348	34,412

12. SHARE CAPITAL

	2015 Number of shares	**Nominal value**	2014 Number of shares	Nominal value
		HK$'000		*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**10,000,000,000**	**100,000**	10,000,000,000	100,000
Issued and fully paid:				
At beginning of year	**1,120,000,000**	**11,200**	800,000,000	8,000
Placing of new shares	**–**	**–**	320,000,000	3,200
At end of year	**1,120,000,000**	**11,200**	1,120,000,000	11,200

13. DERECOGNITION OF A SUBSIDIARY

On 24 September 2015 and 4 December 2015, a winding up petition was respectively filed and re-filed with the High Court of Hong Kong against Global Cargo International Limited ("**Global Cargo**") by Golden Fame Insurance Services Limited, a wholly owned subsidiary of the Company. The winding up process commenced on 9 December 2015 and Messrs. Huen Ho Yin and Huen Yuen Fun have been appointed as the joint and several provisional liquidators of Global Cargo by the Official Receiver.

The directors, based on the above facts and circumstances, consider that the Group has lost its control over Global Cargo. Accordingly, the net liabilities of Global Cargo were derecognised in the consolidated financial statements upon the appointment of liquidators.

	HK$'000
Net liabilities derecognised:	
Trade and other receivables	**1,197**
Cash and cash equivalents	**413**
Trade and other payables	**(4,854)**
Provision for committed minimum tonnage arrangement *(note)*	**(6,380)**
Tax payable	**(139)**
Deferred taxation	**(32)**
	(9,795)
Non-controlling interests	**4,774**
Gain on derecognition	**5,021**
Total consideration	**–**
Analysis of net outflow of cash and cash equivalents in respect of derecognition of a subsidiary:	
Cash consideration received	**–**
Cash and cash equivalent	**(413)**
Net cash outflow arising on derecognition of a subsidiary	**(413)**

Note: The amount represented the liabilities in relation to the early termination of the service agreement between Global Cargo and a flight service provider. The amount is calculated based on the terms stipulated in the service agreement.

BUSINESS REVIEW

For the year ended 31 December 2015 (the "**Financial Year**"), the 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 ("**PRD**") region and has the following major business activities during the Financial Year under review.

Our integrated logistics freight services can be divided into below categories during the Financial Year under review:

1. Integrated logistics freight services

(a) Land and ocean freight services

The land and ocean freight services composed as the core business of the Group. During the Financial Year under review, the Group's containers throughput (to and from Hong Kong and PRD region) decreased by 28.6% to approximately 175,000 Twenty-foot Equivalent Units ("**TEU**") for the Financial Year from approximately 245,000 TEUs in the last year. The Group recorded a decrease of 24.1% of revenue in the land and ocean freight services to approximately HK$226.8 million (2014: HK$298.9 million).

During the Financial Year, the Group had disposed certain redundant and old facilities and recognized a gain of approximately HK$4.7 million (2014: HK$4.3 million) to mitigate the negative impact on the decline in revenue.

(b) Air freight forwarding services

During the Financial Year, the Group engaged in air freight forwarding services within the East Asia region. The air freight forwarding services income decreased to approximately HK$4.8 million for the Financial Year (2014: HK$35.8 million). The air freight forwarding services were adversely affected by weak air cargo demand, the Group will continue to keep track of the economic environment and review the future allocation of resources as and when required. As disclosed in the Company's announcement dated 21 January 2016, Global Cargo International Limited ("**Global Cargo**"), a non-wholly owned subsidiary of the Company, was wound up by the High court of Hong Kong in December 2015, Global Cargo is mainly engaged in the Group's air freight forwarding services, as further disclosed in the section headed "Winding Up Petition" in this announcement.

(c) Operation equipment rental services

During the Financial Year, the Group recorded an income from operation equipment rental services of approximately HK$4.1 million (2014: approximately HK$1.9 million). The Group will continue lease out the unutilized equipment to increase source of income.

2. Supporting services

The Group's income from supporting services comprising of provision of fuel cards and tractor repair and maintenance services and insurance agency services. The relevant income decreased from approximately HK$31.0 million for the year ended 31 December 2014 to approximately HK$24.6 million for the Financial Year.

(a) Provision of fuel cards

During the Financial Year, the decrease in the Group's supporting services income was mainly driven by the decrease in income from provision of fuel cards of approximately 19.6%. The Group will continue to increase marketing efforts for the promotion discount offered to our clients.

(b) Tractor repair and maintenance services and insurance agency services

Tractor repair and maintenance services and insurance agency services, albeit their contribution to our Group's revenue being relatively insignificant, served as major types of value-added-services to our land and ocean freight clients during the Financial Year. The relevant revenue decreased by approximately 45.4% during the Financial Year as compared with the last year.

OUTLOOKS

Looking forward, the Group will continue to engage in the integrated logistics freight service. The Group will also continue to enhance the core business in land and ocean freight services and explore other business and investment opportunities. In this regard, the Group intends to develop and extend into the trading business, with a view to diversifying the revenue stream and business portfolios to enhance the interest of the shareholders of the Company.

Reference is made to the composite document issued by Dafeng Port Overseas Investment Holdings Limited ("**Dafeng Port Overseas**") and the Company (formerly known as Gamma Logistics Corporation) on 18 February 2015. After completion of the acquisition of the controlling interest in the Shares, Dafeng Port Overseas has conducted a detailed review of the operations of the Group with a view of developing suitable business strategy to enhance the growth of its business and asset base as well as to broaden its income scheme. Based on such review, the Group decided to implement the strategy of expanding its scope of business and diversifying its core business by providing a more integrated logistics freight services and enhancing its capacity in providing such services. Such expansion will be done by relying on Dafeng Port Overseas' expertise and knowledge which included the injection of assets and businesses into the Group by Dafeng Port Overseas.

As disclosed in the Company's announcement dated 22 February 2016, the Group has entered into strategic purchase agreement in relation to the acquisition of 大豐海港港口物流有限公司 (Dafeng Harbour Port Logistics Company Limited*) (the "**Target Company**"), as further disclosed in the section headed "Potential discloseable and connected transaction" in this announcement. The Target Company is principally engaged in, amongst others, providing land freight services for the customers in Dafeng port and its business and financials have benefited from the development of Dafeng port, its wharfs and other facilities, which have significantly increased the cargo-handling capacity and container throughput of Dafeng port in the recent years. The Board believes that the acquisition can enable the Group to strategically expand its services coverage from the Pearl River Delta region to the Yangtze River Delta region and the Target Company is a suitable entity to be acquired for the expansion of the Group's business, which is also in line with the business strategy of the Group.

FINANCIAL REVIEW

The Group's revenue declined by approximately 29.2% to approximately HK$260.4 million for the Financial Year (2014: HK$367.6 million). The decrease in revenue was mainly attributable to the decline of the Group's business in integrated logistics freight services.

The Group's cost of sales decreased by 29.1% to approximately HK$222.3 million for the Financial Year (2014: HK$313.6 million), mainly driven by the decline in revenue from integrated logistics freight services.

With the combined effects of revenue and cost of sales, the Group's gross profit margin slightly decreased to 14.6% for the Financial Year from 14.7% for the last year.

The Group's finance costs amounted to approximately HK$469,000 for the Financial Year (2014: HK$1.3 million), the finance costs consist of interests on other borrowings as well as the finance charge on obligation under finance lease.

The Group recorded the loss for the Financial Year of approximately HK$31.3 million (2014: HK$18.6 million). The loss attributable to the equity holders of the Company was approximately HK$24.1 million (2014: HK$19.3 million) and the loss per share was 2.15 HK cents (2014: 1.98 HK cents).

Liquidity and financial resources

The Group continued to adopt a prudent financial management policy and has a healthy financial position.

As at 31 December 2015, the Group had net current assets of approximately HK$85.3 million (2014: approximately HK$106.7 million) including bank balances and cash equivalents of approximately HK$73.6 million (2014: approximately HK$92.4 million).

The Group's equity capital and other borrowings have been applied to fund its working capital and other operational needs. The Group's current ratio as at 31 December 2015 was 2.61 (2014: 2.61).

As at 31 December 2015, the Group's gearing ratio (defined as the ratio of total debts to total equity) was 4.8% (2014: 7.5%).

Capital structure

As at 31 December 2015, the Group's total equity attributable to equity holders of the Company amounted to HK$104,407,000 (2014: HK$128,984,000). The capital of the Company mainly comprises ordinary shares and capital reserves.

Dividend

The Board does not recommend the payment of a dividend in respect of the Financial Year (2014: Nil).

Change of company name

On 15 May 2015, the English name of the Company was changed to "Dafeng Port Heshun Technology Company Limited" and "大豐港和順科技股份有限公司" was adopted as the dual foreign name in Chinese of the Company.

Change of controlling shareholder and mandatory conditional cash offer

On 22 January 2015, Dafeng Port Overseas (the "**Offeror**") and Golden Fame International Investments Group Limited entered into a sale and purchase agreement (the "**SP Agreement**") in respect of the acquisition by the Offeror of the 520,000,000 shares of the Company (the "**Sale Shares**") for a consideration of HK$197,600,000 (being HK$0.38 per Sale Share). The Sale Shares represented approximately 46.43% of the entire issued share capital of the Company. Completion of the SP Agreement took place on 23 January 2015. Immediately after the completion of the SP Agreement, the Offeror was interested in 520,000,000 Sale Shares, representing approximately 46.43% of the existing issued share capital of the Company.

On 30 January 2015, Somerley Capital Limited and Kingston Securities Limited, on behalf of Dafeng Port Overseas, made mandatory conditional cash offer (the "**Share Offer**") to acquire all the outstanding issued shares of the Company (the "**Offer Shares**") (other than those shares already owned by Dafeng Port Overseas and parties acting in concert with it) in accordance with the Hong Kong Code on Takeovers and Mergers.

On 25 March 2015 being the final closing date, the Offeror had received valid acceptances of 220,040,000 Offer Shares, representing approximately 19.65% of the existing issued share capital of the Company. Valid acceptances of the Share Offer together with 520,000,000 shares already held by the Offeror and the parties acting in concert with it, they are interested in an aggregate of 740,040,000 shares, representing approximately 66.08% of the issued share capital of the Company.

For details of the SP Agreement and the Share Offer, please refer to the joint announcements of Dafeng Port Overseas and the Company dated 30 January 2015, 18 February 2015, 27 February 2015, 11 March 2015 and 25 March 2015 and the composite offer and response document dated 18 February 2015 jointly issued by the Offeror and the Company.

Significant investment

Save as disclosed in this announcement, the Group did not have any significant investment as at 31 December 2015.

Future plans for material investments or capital assets

Save as disclosed in this announcement, there was no specific plan for material investments or capital assets as at 31 December 2015.

Material acquisitions and disposals of subsidiaries and associated companies

Save as disclosed in this announcement, the Group has no material acquisitions and disposals of subsidiaries and associated companies during the Financial Year.

Winding Up Petition

As disclosed in the Company's announcement dated 21 January 2016, on 24 September 2015 and 4 December 2015, a winding up petition (the "**Winding Up Petition**") was respectively filed and re-filed with the High Court of Hong Kong (the "**Court**") against Global Cargo by Golden Fame Insurance Services Limited ("**Petitioner**"), a wholly owned subsidiary of the Company. The Winding Up Petition was based on a claim by the Petitioner in the sum of HK$20,780.14 for services provided by the Petitioner to Global Cargo.

Global Cargo was subsequently wound up by the Court on 9 December 2015, and Messrs. Huen Ho Yin and Huen Yuen Fun have been appointed as the joint and several provisional liquidators of Global Cargo by the Official Receiver. As a result of the winding up petition, the net liabilities of Global Cargo were derecognised in the consolidated financial statement.

Pledge of assets

The Group used other borrowings to finance its expansion of its business. Secured borrowings are secured by the Group's property, plant and equipment, having carrying amounts of approximately HK$4.0 million as at 31 December 2015 (2014: HK$4.0 million), and pledged bank deposits of approximately HK$3.2 million as at 31 December 2015 (2014: HK$0.2 million).

Foreign currency exposure

The Directors considered the Group's foreign exchange risk to be insignificant. During the Financial Year, the Group did not use any financial instruments for hedging purposes.

Employees and emolument policy

As at 31 December 2015, the Group employed a total of 257 employees (2014: 321 employees) based in Hong Kong and the PRC. Total staff costs, including Directors' emoluments, amounted to approximately HK$61.1 million (2014: HK$63.5 million).

The Group reviews the emoluments of its directors and staff based on the qualification, experience, performance and the market rates so as to maintain the remunerations of its directors and staff at a competitive level.

Contingent liabilities

As at 31 December 2015, the Group had no material contingent liabilities (2014: Nil).

EVENT AFTER THE REPORTING PERIOD

Potential discloseable and connected transaction

On 13 November 2015, 鹽城大豐和順國際貿易有限公司 (Yancheng Dafeng Heshun International Trading Company Limited*) (formerly known as 大豐和順物流有限公司 (Dafeng Hehun Logistics Company Limited*)), a company established in the PRC and is an indirect wholly-owned subsidiary of the Company (the "**Purchaser**") and 大豐海港港口有限責任公司 (Dafeng Harbour Port Limited Liability Company*) (the "**Seller**"), a company established in the PRC and is a wholly-owned subsidiary of Jiangsu Dafeng entered into the conditional strategic purchase agreement (the "**Previous Strategic Purchase Agreement**"), pursuant to which the Purchaser and the Seller would enter into an agreement in the same terms and conditions as the equity transfer agreement annexed to the Previous Strategic Purchase Agreement conditional upon the fulfillment of the conditions precedents stated therein. In the extraordinary general meeting of the Company held on 23 December 2015, the Company has failed to obtain the approval of the independent shareholders of the Previous Strategic Purchase Agreement and the equity transfer agreement and the transactions contemplated thereunder in relation to the potential acquisition of the entire equity interest in the Target Company, a company established in the PRC, by the Purchaser from the Seller (the "**Lapsed Acquisition**"). As a result, the aforesaid conditions precedent under the Previous Strategic Purchase Agreement were not fulfilled and accordingly the Lapsed Acquisition was lapsed on 23 December 2015. Despite the lapse of the Lapsed Acquisition, the Board considers that it is in the best interest of the Group to continue pursue the acquisition of the entire equity interest in the Target Company (the "**Acquisition**") as the Board considers that the Acquisition would enable the Group to further implement its expansion strategy of strengthening the Group's core business of providing integrated logistics freight services and increase and expand the Group's capacity in providing logistics freight services. In that regard, the Directors have re-considered the terms of, including the consideration agreed to be paid in and the payment terms, the Lapsed Acquisition with the view to secure the approval of the independent shareholders so as to pursue to the acquisition of the entire equity interest in the Target Company. After further negotiation between the Purchaser and the Seller, the consideration of the Acquisition has been reduced to RMB52 million with better payment terms.

On 22 February 2016, the Purchaser and the Seller entered into the conditional strategic purchase agreement dated 22 February 2016 in relation to the Acquisition (the "**Strategic Purchase Agreement**"), pursuant to which the Purchaser has conditionally agreed to purchase and the Seller has conditionally agreed to sell the entire equity interest in the Target Company at the consideration of RMB52 million, subject to (i) the approval of the independent shareholders of the Strategic Purchase Agreement and the conditional equity transfer agreement (the "**Equity Transfer Agreement**") annexed to the Strategic Purchase Agreement and to be entered into between the Purchaser and the Seller in relation to the Acquisition and the transactions contemplated thereunder at the EGM; and (ii) the Purchaser has completed the relevant equity exchange procedures for the sale of state-owned assets and being confirmed as the buyer of the equity interest in the Target Company by the relevant equity exchange in the PRC. Upon the fulfillment of the above conditions (i) and (ii), the Purchaser and the Seller will enter into the Equity Transfer Agreement.

The Seller is a wholly-owned subsidiary of Jiangsu Dafeng, the Controlling Shareholder. Therefore, the Acquisition constitutes a connected transaction of the Company under the GEM Listing Rules. Accordingly, the Strategic Purchase Agreement, the Equity Transfer Agreement and the transactions contemplated thereunder are subject to the requirements of reporting, announcement and independent shareholders' approval under the GEM Listing Rules.

The extraordinary general meeting of the Company to be held and convened on 11 April 2016 to consider and, if thought fit, approve the Strategic Purchase Agreement, the Equity Transfer Agreement and the transactions contemplated thereunder.

For details, please refer to (1) the announcement of the Company dated 13 November 2015 in relation to the Lapsed Acquisition; (2) the circular of the Company dated 8 December 2015 in relation to the Lapsed Acquisition; (3) the announcement of the Company dated 23 December 2015 in relation to the poll results of the extraordinary general meeting held on 23 December 2015; (4) the announcement of the Company dated 28 December 2015 in relation to the lapse of the Lapsed Acquisition; (5) the announcement of the Company dated 22 February 2016 in relation to the Acquisition; and (6) the circular of the Company dated 22 March 2016 in relation to the Acquisition.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2015, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Scheme**") for the purpose of providing incentives and to recognise and acknowledge the contributions that eligible persons had made or may make to our Group. The Scheme has been adopted pursuant to the written resolutions of the sole shareholder of the Company passed on 3 August 2013. Since the Scheme came into effect after the Company was listed on GEM of the Stock Exchange, no share options were granted, exercised or cancelled by the Company under the Scheme during the Financial Year and there were no outstanding share options under the Scheme as at 31 December 2015 and at the date of this announcement.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2015, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholders	Capacity/Nature of interests	Number of shares held *(Note 1)*	% of the Company's issued share capital (Approximate)
Dafeng Port Overseas *(Note 2)*	Beneficial owner	740,040,000 (L)	66.08%
江蘇大豐海港控股集團有限公司 (Jiangsu Dafeng Harbour Holdings Limited*) ("**Jiangsu Dafeng**") *(Note 3)*	Interest of controlled corporation	740,040,000 (L)	66.08%
大豐區人民政府 (the People's Government of Dafeng District*) ("**PGDD**") *(Note 3)*	Interest of controlled corporation	740,040,000 (L)	66.08%

Notes:

1. The letter "L" denotes a long position in the interest in the issued share capital of the Company.

2. Dafeng Port Overseas, a company incorporated in Hong Kong with limited liability, and is owned as to 40% by Jiangsu Dafeng, which in turn is wholly owned by PGDD.

3. Jiangsu Dafeng and PGDD are deemed to be interested in the shares held by Dafeng Port Overseas under the SFO.

Save as disclosed above, as at 31 December 2015, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Financial Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by Asian Capital (Corporate Finance) Limited ("**Asian Capital**"), the compliance adviser of the Company, neither Asian Capital nor its directors or employees or associates had any interests in any class of securities of the Company or any other company in the Group (including options or rights to subscribe for such securities) as at 31 December 2015, except as disclosed in the Prospectus.

Asian Capital received and will receive fees for acting as the compliance adviser of the Company.

COMPETING INTERESTS

None of the Directors and controlling shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interest in any other companies as at 31 December 2015 which may, directly or indirectly, compete with the Group's business.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries to all the Directors, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors for the Financial Year.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied all the code provision as set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules for the Financial Year except the followings:

In compliance with CG Code Provision I(f), Rules 5.05(1) and (2), and 5.05A of the GEM Listing Rules and for the Financial Year, the number of independent non-executive Directors at all times exceeded one-third of the Board membership. As announced by the Company on 18 February 2015, the appointments of Mr. Ni Xiangrong, Mr. Wang Yijun and Mr. Shum Kan Kim as executive Directors, and Mr. Ji Longtao as a non-executive Director, with effect from 23 February 2015, the Board consisted of twelve Directors, among which only three of them were independent non-executive Directors. The number of independent non-executive Directors fell below one-third of the Board members as required under Rule 5.05A of the GEM Listing Rules. Following the resignations of Mr. Lo Wong Fung and Mr. Jiang Tan Shan as executive Directors and Mr. Ho Chi Ho as a non-executive Director on 12 March 2015, the Company had complied with Rules 5.05(1) and (2) of the GEM Listing Rules.

As disclosed in the Company's announcement dated 4 March 2016, Mr. Luk Chi Shing resigned as an independent non-executive Director with effect from 7 March 2016. Following the resignation of Mr. Luk, the Company is not in compliance with Rules 5.05(2), 5.05A and 5.28 of the GEM Listing Rules. The Company will make its best endeavours to identify suitable candidates to fill the vacancies of the independent non-executive Director with appropriate professional qualification or accounting or related financial management expertise as soon as possible within three months from the date of resignation of Mr. Luk pursuant to Rule 5.06 of the GEM Listing Rules.

Pursuant to Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings. However, certain non-executive Directors were unable to attend the general meetings due to their other prior engagements.

AUDIT COMMITTEE

An audit committee has been established on 3 August 2013 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules and code provision C.3.3. During the Financial Year, the members of the audit committee comprised Mr. Luk Chi Shing, Dr. Bian Zhaoxiang and Mr. Zhang Fangmao, all of whom are independent non-executive Directors. The chairman of the audit committee was Mr. Luk Chi Shing. The primary duties of the Audit Committee are mainly to make recommendations to our Board on the appointment and removal of the external auditor, review the financial statements and related materials and provide advice in respect of the financial reporting process and oversee the internal control procedures of our Group. As disclosed in the Company's announcement dated 4 March 2016, Mr. Luk Chi Shing resigned as an independent non-executive Director and ceased to be the chairman and member of the audit committee. Dr. Pang Jianming has been appointed as the chairman and member of the audit committee.

REVIEW OF RESULTS

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 December 2015.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been agreed by the Group's auditor, Mazars CPA Limited ("**Mazars**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Mazars 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 Mazars on the preliminary announcement.

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

Hong Kong, 22 March 2016

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

Executive Directors	*Non-executive Directors*	*Independent Non-executive Directors*
Mr. Ni Xiangrong *(Chairman)*	Mr. Ji Longtao	Dr. Bian Zhaoxiang
Mr. Wang Yijun	Mr. Yang Yue Xia	Dr. Pang Jianming
Mr. Shum Kan Kim		Mr. Zhang Fangmao
Mr. Wang Zhi Qiang		
Mr. Lo Ka Man		

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company's website at www.dfport.com.hk.

* *For identification purposes only*