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D&G Technology Holding Company Limited
德基科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1301)

DISCLOSEABLE TRANSACTION
DISPOSAL AND DEEMED DISPOSAL OF EQUITY INTERESTS IN
A WHOLLY-OWNED SUBSIDIARY

THE TRANSFER AND SUBSCRIPTION

The Board is pleased to announce that on 4 May 2018 (after trading hours), the Vendor, Kerry Logistics and the Target Company entered into an Investment Agreement, pursuant to which (1) the Vendor agreed to transfer approximately 28.57% of the equity interests in the Target Company to Kerry Logistics in consideration for a cash payment of RMB1.37 million and the assumption by Kerry Logistics of the obligation to contribute the registered capital attributable to such 28.57% equity interests in the amount of RMB20 million (the “**Transfer**”), and (2) Kerry Logistics agreed to subscribe for the entire amount of a proposed increase in the registered capital of the Target Company of RMB80 million in two tranches of RMB30 million and RMB50 million respectively (the “**Subscription**”).

Upon completion of the Transfer and the Subscription, the Target Company will be held as to approximately 33.33% by the Vendor and approximately 66.67% by Kerry Logistics, and the Target Company will cease to be a subsidiary of the Company.

On 4 May 2018 (after trading hours), the Vendor and Kerry Logistics also entered into the Shareholders’ Agreement to regulate their respective rights in the Target Company.

LISTING RULES IMPLICATIONS

The Transfer is a disposal of interest in the Target Company by the Company, and the Subscription is a deemed disposal of interest in the Target Company by the Company. As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Transfer and the Subscription, on an aggregated basis, is more than 5% but less than 25%, the Transfer and the Subscription constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and are subject to the reporting and announcement requirements but are exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 4 May 2018 (after trading hours), the Vendor, Kerry Logistics and the Target Company entered into an Investment Agreement, pursuant to which (1) the Vendor agreed to transfer approximately 28.57% of the equity interests in the Target Company to Kerry Logistics in consideration for a cash payment of RMB1.37 million and the assumption by Kerry Logistics of the obligation to contribute the registered capital attributable to such 28.57% equity interests in the amount of RMB20 million, and (2) Kerry Logistics agreed to subscribe for the entire amount of a proposed increase in the registered capital of the Target Company of RMB80 million in two tranches of RMB30 million and RMB50 million respectively.

THE INVESTMENT AGREEMENT

Date

4 May 2018

Parties

- (i) The Vendor (as seller)
- (ii) Kerry Logistics (as buyer and investor)
- (iii) The Target Company

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, Kerry Logistics and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

The Transfer and Subscription

As at the date of this announcement, the Target Company is a wholly-owned subsidiary of the Vendor with a registered capital of RMB70 million, of which RMB50 million has been paid up. The unpaid registered capital of RMB20 million (the “**Unpaid Capital**”) represents approximately 28.57% of the registered capital of the Target Company. Pursuant to the Investment Agreement, the Vendor agreed to transfer approximately 28.57% of the equity interests in the Target Company to Kerry Logistics in consideration for a cash payment of RMB1.37 million, and the assumption by Kerry Logistics of the obligation to contribute the Unpaid Capital.

Furthermore, pursuant to the Investment Agreement, Kerry Logistics agreed to subscribe for the entire amount of a proposed increase in the registered capital of the Target Company of RMB80 million in two tranches of RMB30 million and RMB50 million respectively, and the Vendor agreed to waive its pre-emptive right to subscribe for such increase in the registered capital.

Following completion of the Transfer and the Subscription:

- (a) the registered capital of the Target Company will be increased from RMB70 million to RMB150 million;
- (b) the Target Company will be held as to approximately 33.33% by the Vendor and approximately 66.67% by Kerry Logistics; and
- (c) the Target Company will cease to be a subsidiary of the Company.

Completion procedures

The Vendor shall procure the Target Company to attend to the following governmental procedures in respect of the Transfer and the Subscription:

- (a) Submission of the relevant transaction documents to MOFCOM for the latter's preliminary review (the “**Preliminary Review**”) within 5 working days of the signing of the Investment Agreement;
- (b) completion of the procedures for notification of enterprise alteration (the “**Notification Procedures**”) within 5 working days of the completion of the Preliminary Review; and

- (c) completion of the registration procedures at the AIC and obtaining a new business license of the Target Company (“**New Business License**”) within 30 days of the completion of the Notification Procedures.

Completion of the Transfer and of the first tranche of the Subscription is deemed to take place on the date on which the New Business License is issued by the AIC.

Completion of the second tranche of the Subscription shall take place on or before 31 December 2018 when Kerry Logistics deposits RMB50 million into the bank account designated by the Target Company.

In the event that the New Business License is not issued by the AIC within 120 days after the signing of the Investment Agreement, the agreement shall terminate and all payments made by Kerry Logistics to the Vendor and/or the Target Company in respect of the Transfer and/or Subscription prior to such date shall be returned to Kerry Logistics without prejudice to any other rights which any of the parties may have against the other parties for breach of contract.

Payment by Kerry Logistics

Kerry Logistics shall pay the consideration for the Transfer and the Subscription in the following manner:

- (a) Within 10 working days after completion of the Notification Procedures and the required SAFE/bank registration procedures, deposit RMB1.37 million into the bank account designated by the Vendor;
- (b) within 10 working days after completion of the Notification Procedures and the required bank account opening procedures, deposit: (i) RMB20 million into the bank account designated by the Target Company as contribution towards the Unpaid Capital; and (ii) RMB30 million into the bank account designated by the Target Company as the first tranche of capital contribution to the increase in registered capital of the Target Company under the Subscription; and
- (c) on or before 31 December 2018, deposit RMB50 million into the bank account designated by the Target Company as the second tranche of capital contribution to the increase in registered capital of the Target Company under the Subscription.

The consideration for the Transfer and Subscription was arrived at after arm's length negotiations between the parties to the Investment Agreement and was determined with reference to the net asset value of the Target Company as at 31 March 2018, the Unpaid Capital, the future business prospects of the Target Company and the benefit and synergy to be derived from the transaction as described in this announcement.

The net proceeds of the Transfer will be used by the Vendor as general working capital and the registered capital to be contributed by Kerry Logistics is expected to be applied towards the operations and development of the business of the Target Company.

Investment Agreement coming into effect

The Investment Agreement shall come into effect upon the satisfaction of the following conditions:

- (i) the due execution of the Investment Agreement by the respective legal representatives or authorised representatives of the Vendor, Kerry Logistics and the Target Company;
- (ii) the Vendor, as the Target Company's sole equity holder, having approved the Transfer, Subscription and the amended articles of association of the Target Company, and the amended articles of association having been signed by the Vendor and Kerry Logistics; and
- (iii) MOFCOM having completed the Preliminary Review.

SHAREHOLDERS' AGREEMENT

On 4 May 2018 (after trading hours), the Vendor and Kerry Logistics also entered into the Shareholders' Agreement to regulate the respective rights of the Vendor and Kerry Logistics in the Target Company. The major terms of the Shareholders' Agreement are as follows:

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| Date | 4 May 2018 |
| Parties | (i) The Vendor (ii) Kerry Logistics |

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| Scope of business | Finance leasing, purchase of finance leasing asset, the disposal and maintenance of finance leasing asset, commercial factoring in relation to finance leasing, provision of consulting and guarantee services in relation to finance leasing. |
| Board of directors | The board of directors of the Target Company shall comprise three directors, of whom two shall be appointed by Kerry Logistics (including the chairman of the board of directors) and one shall be appointed by the Vendor. |
| Right of first refusal | In the event either of the equity holders of the Target Company wishes to sell, transfer or otherwise dispose of any or all of its equity interest in the Target Company, the other equity holder shall have first priority to purchase such equity interest in the Target Company. If an equity holder transfers any equity interest in the Target Company to its holding company or a subsidiary of its holding company, then the non-transferring equity holder will waive its right of first refusal. |
| Tag along right | If Kerry Logistics transfers its equity interest in the Target Company to an independent third party after the Vendor has waived its right of first refusal, the Vendor shall have the right to sell its equity interest to the independent third party on the same terms and price in priority to Kerry Logistics. |
| Drag along right | If Kerry Logistics transfers 51% or more of its equity interest in the Target Company to an independent third party and the Vendor has waived its right of first refusal and right to sell in priority to Kerry Logistics, Kerry Logistics shall have the right to require the Vendor to sell its pro-rata share of equity interest in the Target Company on the same terms and price, to the independent third party. |
| Unanimous consent | The unanimous consent of the shareholders is required for certain material changes to the corporate structure, capital structure, constitution, business and/or financial condition of the Target Company. |

Shareholders Agreement
coming into effect

The Shareholders' Agreement shall come into effect upon the satisfaction of the following conditions:

- (i) the due execution of the Shareholders' Agreement by the legal representatives or authorised representatives of the Vendor and Kerry Logistics;
- (ii) the Vendor, as the Target Company's sole equity holder, having approved the Transfer, Subscription and the amended articles of association of the Target Company, and the amended articles of association having been signed by the Vendor and Kerry Logistics; and
- (iii) MOFCOM having completed the Preliminary Review.

Basic information on the Target Company

The Target Company is a company established in the China (Shanghai) Pilot Free Trade Zone* (中國(上海)自由貿易試驗區) primarily engaged in the business of finance leasing of road construction equipment.

The financial information of the Target Company, based on the audited financial statements of Target Company for the two financial years ended 31 December 2016 and 31 December 2017 prepared in accordance with PRC Generally Accepted Accounting Principles, is set out below:

| | For the year ended 31 December 2016 Audited RMB | For the year ended 31 December 2017 Audited RMB |
|------------------------------|--|--|
| Net profit/(loss) before tax | (756,083) | 2,833,334 |
| Net profit/(loss) after tax | (756,083) | 2,310,321 |

The audited net asset value of the Target Company was RMB51,554,238 as at 31 December 2017.

Basic information on the Group

The Company, together with its subsidiaries, is principally engaged in the manufacturing, distribution, research and development, and leasing, of asphalt mixing plants and the provision of road construction support services, mainly to the PRC, Australia, Russia, South and Southeast Asia, the Middle East and some countries in Africa.

Basic information on Kerry Logistics

Kerry Logistics, together with its subsidiaries, is principally engaged in the provision of integrated logistics services, international freight forwarding services and supply chain solution services, and has operations in the PRC, Asia, the Americas, the Oceania and Europe.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Both Kerry Logistics and the Group consider the Belt and Road Initiative as an important strategic focus of their respective businesses and have been establishing and expanding their presence in the Belt and Road countries in recent years. Through the strategic cooperation, the Group expects to generate significant business synergy with Kerry Logistics and enhance the development of its operations in the Belt and Road countries. Kerry Logistics' investment in the Target Company will not only strengthen the capital position of the Group in the development of the finance leasing business, but will also serve as a first step for the two parties to further explore collaboration opportunities under the Belt and Road initiative.

As the consideration for the Transfer and Subscription was determined primarily with reference to the net asset value of the Target Company and capital to be contributed by Kerry Logistics, the Group expects that no significant gain or loss will arise from the transaction.

The Directors consider the terms of the Investment Agreement and Shareholders' Agreement to be fair and reasonable and in the interests of the shareholders of the Company as a whole.

LISTING RULES

The Transfer is a disposal of interest in the Target Company by the Company, and the Subscription is a deemed disposal of interest in the Target Company by the Company. As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Transfer and the Subscription, on an aggregated basis, is more than 5% but less than 25%, the Transfer and the Subscription constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and are subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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| “AIC” | the authorised local branch of the PRC State Administration for Industry and Commerce; |
| “Board” | the board of Directors; |
| “Company” | D&G Technology Holding Company Limited, a company incorporated under the laws of the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange; |
| “connected persons” | has the meaning ascribed thereto in the Listing Rules; |
| “Director(s)” | the director(s) of the Company; |
| “Group” | the Company and its subsidiaries; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “Investment Agreement” | the investment agreement dated 4 May 2018 entered into between the Vendor, Kerry Logistics and the Project Company in relation to the Transfer and Subscription; |
| “Kerry Logistics” | Kerry Logistics (China) Investment Company Limited* (嘉里物流(中國)投資有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of Kerry Logistics Network Limited, a company incorporated in the British Virgin Islands and continued into Bermuda as an exempted company with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 636); |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time; |
| “MOFCOM” | the authorised local branch of the PRC Ministry of Commerce; |

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| “Notification Procedures” | procedures for the notification of enterprise alteration with MOFCOM; |
| “PRC” | the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan area; |
| “Preliminary Review” | preliminary review of the relevant transaction documents by MOFCOM; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “SAFE” | PRC State Administration of Foreign Exchange or its competent local counterparts; |
| “Shareholders’ Agreement” | the shareholder’s agreement entered between the Vendor and Kerry Logistics on 4 May 2018; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Subscription” | the subscription for the proposed RMB80 million increase in the registered capital of the Target Company in two tranches of RMB30 million and RMB50 million respectively by Kerry Logistics; |
| “Target Company” | Topp Financial Leasing (Shanghai) Co., Ltd* (拓普融資租賃(上海)有限公司), a company established in the PRC and a direct wholly-owned subsidiary of the Vendor and an indirect wholly-owned subsidiary of the Company; |
| “Transfer” | the transfer by the Vendor of 28.57% equity interests in the Target Company to Kerry Logistics; |
| “Unpaid Capital” | RMB20 million, being the current unpaid registered capital amount of the Target Company; and |

“Vendor”

Topp Financial Services Holdings Company Limited (拓善金融服務控股有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company.

* The relevant Chinese name is the official name and the English name is the translation for identification purpose only.

By order of the Board
D&G Technology Holding Company Limited
Choi Hung Nang
Chairman

Hong Kong, 4 May 2018

As at the date of this announcement, the executive directors of the Company are Mr. Choi Hung Nang, Ms. Choi Kwan Li, Glendy, Mr. Choi Hon Ting, Derek, Mr. Liu Tom Jing-zhi and Mr. Lao Kam Chi; the non-executive directors of the Company are Mr. Chan Lewis and Mr. Alain Vincent Fontaine; and the independent non-executive directors of the Company are Mr. Law Wang Chak, Waltery, Mr. Li Zongjin, Mr. Lee Wai Yat, Paco and Mr. Fok Wai Shun, Wilson.