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 2022

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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 of the Company collectively and individually accept full responsibility, includes particulars given in compliance with 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 is no other matter the omission of which would make any statement herein or this announcement misleading.

DEFINITIONS

Term	Definition
Audit Committee	The audit committee of the Company
Board	The board of the Directors
Company	Dafeng Port Heshun Technology Company Limited
Companies Ordinance	Companies Ordinance (Chapter 622 of the laws of Hong Kong)
CG Code	The Corporate Governance Code contained in Appendix 15 of The GEM Listing Rules
Dafeng Port Development Group	江蘇鹽城港大豐港開發集團有限公司 (Jiangsu Yancheng Port Dafeng Port Development Group Co., Ltd.*), formerly known as 江蘇大豐海港控股集團有限公司 (Jiangsu Dafeng Harbour Holdings Limited*)
Dafeng Port Overseas	Dafeng Port Overseas Investment Holdings Limited
Director(s)	The directors of the Company
Year	1 January 2022 to 31 December 2022
GEM Listing Rules	The Rules Governing the Listing of Securities on GEM of the Stock Exchange
Group	The Company and its subsidiaries
Hong Kong	The Hong Kong Special Administrative Region of the PRC
HK$/HKD	Hong Kong dollars
Jiangsu Yancheng	江蘇鹽城港控股集團有限公司 (Jiangsu Yancheng Port Holding Group Co., Ltd.*)
Port Shipping International	江蘇鹽城港港航國際貿易有限公司 (Jiangsu Yancheng Port Port Shipping International Trade Co., Limited*), formerly known as 鹽城大豐和順國際貿易有限公司 (Yancheng Dafeng Heshun International Trading Company Limited*)

Term	**Definition**
Port Storage Petrochemical	江蘇鹽城港港儲石化有限公司 (Jiangsu Yancheng Port Port Storage Petrochemical Co., Ltd.*), formerly known as 江蘇中南滙石化倉儲有限公司 (Jiangsu Zhongnanhui Petrochemical Storage Company Limited*)
Jiangsu Hairong	江蘇鹽城港海融石化碼頭有限公司 (Jiangsu Yancheng Port Hairong Petrochemical Terminal Co. Ltd.*), formerly known as 江蘇海融大豐港油品化工碼頭有限公司 (Jiangsu Hairong Dafeng Port Petrochemical Product Terminal Company Limited*)
PRC/Mainland China	The People's Republic of China, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
RMB	Renminbi Yuan
SFO	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
Share(s)	Ordinary shares of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
USD	United States dollars

* *Note:*

For the purpose of this announcement and unless otherwise specified, the English translation of the name of the companies incorporated in the PRC are used for identification purpose only.

FINANCIAL HIGHLIGHTS

The Group's revenue decreased by approximately 12.4% to approximately HK$796.0 million for the Year (corresponding period in 2021: approximately HK$908.4 million). Regarding reason of the decrease in revenue, please refer to the paragraph headed "Business Review" in this announcement for details.

The Group's cost of revenue decreased by approximately 13.3% to approximately HK$781.1 million for the Year (corresponding period in 2021: approximately HK$901.2 million). The decrease in cost of revenue was mainly driven by the effect of decrease in revenue of the Group's trading business.

With the combined effects of revenue and cost of revenue, the Group recorded a gross profit margin of approximately 1.9% for the Year (corresponding period in 2021: approximately 0.8%). The increase in gross profit margin was mainly because the Group had taken risk management measures and terminated the trading of some products which were loss-making or with higher operational risks.

The Group's finance costs amounted to approximately HK$39.6 million for the Year (2021: approximately HK$36.9 million). Finance costs mainly include interest on bank loans, listed credit-enhanced guaranteed bonds and amounts due to related companies. The increase in finance costs was mainly attributable to the loan agreement entered into between Port Shipping International and Dafeng Port Development Group on 7 September 2022, in respect of a loan of approximately RMB131.2 million (equivalent to approximately HK$148.5 million) which is unsecured, interest-bearing at 7% per annum and repayable on 8 September 2025.

The Group recorded loss for the Year of approximately HK$64.2 million (2021: approximately HK$70.7 million). The decrease in the loss was mainly due to the stricter cost control measures the Group have taken in the Year and a reversal of impairment loss on property, plant and equipment during the Year. The loss attributable to the equity holders of the Company was approximately HK$62.0 million (2021: approximately HK$73.5 million) and the basic loss per share was 4.81 HK cents (2021: 5.70 HK cents).

The Board did not recommend the payment of any final dividend for the Year (2021: Nil).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	Note	**2022** ***HK$'000***	2021 *HK$'000*
Revenue	4	**795,967**	908,411
Cost of revenue		**(781,147)**	(901,216)
Gross profit		**14,820**	7,195
Other income	5	**955**	8,577
Administrative expenses		**(41,900)**	(36,829)
Finance costs	6	**(39,616)**	(36,938)
Reversal of impairment loss (Impairment loss) on property, plant and equipment, net	11	**7,334**	(12,676)
Impairment of goodwill	12	**(956)**	—
Provision for inventories		**(4,799)**	—
Loss before taxation	7	**(64,162)**	(70,671)
Taxation	8	**(79)**	(67)
Loss for the year		**(64,241)**	(70,738)
Other comprehensive income			
Items that are reclassified or may be reclassified to profit or loss in subsequent periods:			
Exchange difference arising from translation of foreign operations		**2,795**	12,935
		2,795	12,935
Total comprehensive loss for the year		**(61,446)**	(57,803)
Loss attributable to:			
Owners of the Company		**(61,967)**	(73,472)
Non-controlling interests		**(2,274)**	2,734
		(64,241)	(70,738)

	Note	**2022** *HK$'000*	2021 *HK$'000*
Total comprehensive loss attributable to:			
Owners of the Company		**(56,506)**	(61,497)
Non-controlling interests		**(4,940)**	3,694
		(61,446)	(57,803)
Loss per share attributable to equity holders of the Company			
Basic and diluted	10	**(4.81) HK cents**	(5.70) HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	11	**122,678**	129,546
Goodwill	12	**340**	1,296
Interest in an associate		**—**	—
Right-of-use assets		**38,873**	43,167
Prepayments in relation to property, plant and equipment		**4,993**	5,296
		166,884	179,305
Current assets			
Inventories		**977**	9,760
Trade and other receivables	13	**573,585**	210,656
Bank balances and cash		**17,863**	25,493
		592,425	245,909
Current liabilities			
Trade and other payables	14	**592,240**	379,128
Current portion of bank and other borrowings		**606**	23,287
Amount due to an associate	14(e)	**34,179**	—
		627,025	402,415
Net current liabilities		**(34,600)**	(156,506)
Total assets less current liabilities		**132,284**	22,799
Non-current liabilities			
Amount due to an associate	14(e)	**—**	37,259
Amount due to a connected company	14(c)	**7,900**	—
Non-current portion of bank and other borrowings		**624,700**	424,290
Deferred tax liabilities		**1,477**	1,597
		634,077	463,146

	Note	2022 HK$'000	2021 HK$'000
NET LIABILITIES		**(501,793)**	(440,347)
Capital and reserves			
Share capital	15	**12,880**	12,880
Reserves		**(536,370)**	(479,864)
Total equity attributable to equity holders of the Company		**(523,490)**	(466,984)
Non-controlling interests		**21,697**	26,637
TOTAL DEFICITS		**(501,793)**	(440,347)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to equity holders of the Company									
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total deficits
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2021	12,880	201,419	(7,337)	(28,857)	1,582	(9,151)	(576,023)	(405,487)	22,943	(382,544)
Loss for the year	–	–	–	–	–	–	(73,472)	(73,472)	2,734	(70,738)
Other comprehensive income										
Exchange difference arising from translation of foreign operations	–	–	–	11,975	–	–	–	11,975	960	12,935
	–	–	–	11,975	–	–	–	11,975	960	12,935
Total comprehensive income (loss)	–	–	–	11,975	–	–	(73,472)	(61,497)	3,694	(57,803)
Transactions with owners										
Contributions and distributions										
Appropriation to statutory reserve	–	–	–	–	138	–	(138)	–	–	–
At 31 December 2021	12,880	201,419	(7,337)	(16,882)	1,720	(9,151)	(649,633)	(466,984)	26,637	(440,347)

	Attributable to equity holders of the Company									
	Share capital	**Share premium**	**Capital reserve**	**Exchange reserve**	**Statutory reserve**	**Other reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total deficits**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
At 1 January 2022	**12,880**	**201,419**	**(7,337)**	**(16,882)**	**1,720**	**(9,151)**	**(649,633)**	**(466,984)**	**26,637**	**(440,347)**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(61,967)**	**(61,967)**	**(2,274)**	**(64,241)**
Other comprehensive income (loss)										
Exchange difference arising from translation of foreign operations	**–**	**–**	**–**	**5,461**	**–**	**–**	**–**	**5,461**	**(2,666)**	**2,795**
	–	**–**	**–**	**5,461**	**–**	**–**	**–**	**5,461**	**(2,666)**	**2,795**
Total comprehensive income (loss)	**–**	**–**	**–**	**5,461**	**–**	**–**	**(61,967)**	**(56,506)**	**(4,940)**	**(61,446)**
At 31 December 2022	**12,880**	**201,419**	**(7,337)**	**(11,421)**	**1,720**	**(9,151)**	**(711,600)**	**(523,490)**	**21,697**	**(501,793)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

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 Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the GEM 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 2021 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.

Going concern basis

As at 31 December 2022, the Group had net current liabilities of approximately HK$34,600,000 (2021: approximately HK$156,506,000) and net liabilities of approximately HK$501,793,000 (2021: approximately HK$440,347,000) respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group is able to operate as a going concern for the foreseeable future. In the opinion of the directors of the Company, the Group can meet its financial obligations as and when they fall due within the next twelve months, after taking into consideration of the measures and arrangements made by the Group as detailed below:

(i) the Group is in negotiation with financial institutions or connected parties for the renewals of the Group's bank and other borrowings upon expiry, obtaining new borrowings and applying for future credit facilities;

(ii) the Company has obtained a RMB1 billion financial support (equivalent to HK$1,131,900,000) in formal writing from Dafeng Port Development Group, a connected company which has 40% equity interests in Dafeng Port Overseas; and

(iii) the Group is expected to generate adequate cash flows to maintain its operations.

The directors have prepared a cash flow forecast covering a period up to 31 December 2023 on the basis that negotiation with financial institutions and connected parties for the renewals of the Group's borrowings and credit facilities would be successful, and are satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the twelve months from 31 December 2022. Accordingly, the directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the directors of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in the near future, and to obtain the continuous financial support from its connected parties.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their estimated recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

2. ADOPTION OF NEW/REVISED HKFRSs

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021
Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRSs	2018–2020 Cycle

Amendments to HKFRS 16: Covid-19-Related Rent Concessions Beyond 30 June 2021

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2022. The amendments do not affect lessors.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 16: Proceeds before Intended Use

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of HKAS 2.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 37: Cost of Fulfilling a Contract

The amendments clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 3: Reference to the Conceptual Framework

The amendments update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to HKFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying HKFRS 3 should instead refer to HKAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Annual Improvements Project − 2018-2020 Cycle

HKFRS 1: Subsidiary as a First-time Adopter

This amendment simplifies the application of HKFRS 1 for a subsidiary that becomes a first-time adopter of HKFRSs later than its parent — i.e. if a subsidiary adopts HKFRSs later than its parent and applies HKFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to HKFRSs.

HKFRS 9: Fees in the "10 per cent" Test for Derecognition of Financial Liabilities

This amendment clarifies that — for the purpose of performing the "10 per cent test" for derecognition of financial liabilities — in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

HKFRS 16: Lease Incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, Example 13 is not clear as to why such payments are not a lease incentive.

HKAS 41: Taxation in Fair Value Measurements

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in HKAS 41 with those in HKFRS 13.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

3. SEGMENT INFORMATION

The executive directors of the Company are identified collectively as the chief operating decision maker. 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 Company'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**
— Trading business	— Trading of electronic products, petrochemical products, medical treatment, textile and food disinfection products etc. — Provision of supply chain management services
— Petrochemical products storage business	— Provision of storage services for petrochemical products

For the purposes of assessing segment performance and allocating resources between segments, the Company's executive directors monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Segments assets include all assets except for 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 operating 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 purposes 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 2022

	Trading business *HK$'000*	Petrochemical products storage business *HK$'000*	Total *HK$'000*
Revenue (from external customers)	**787,206**	**8,761**	**795,967**
Results			
Segment results	**(18,392)**	**(11,559)**	**(29,951)**
Other unallocated corporate income			**1**
Other unallocated corporate expenses			**(34,212)**
Loss before taxation			**(64,162)**
Taxation			**(79)**
Loss for the year			**(64,241)**

For the year ended 31 December 2021

	Trading business HK$'000	Petrochemical products storage business HK$'000	Total HK$'000
Revenue (from external customers)	882,505	25,906	908,411
Results			
Segment results	(1,174)	(28,145)	(29,319)
Other unallocated corporate income			5,399
Other unallocated corporate expenses			(46,751)
Loss before taxation			(70,671)
Taxation			(67)
Loss for the year			(70,738)

As at 31 December 2022

	Trading business *HK$'000*	Petrochemical products storage business *HK$'000*	Total *HK$'000*
ASSETS			
Segment assets	**554,685**	**169,214**	**723,899**
Unallocated corporate assets	**–**	**–**	**35,410**
Consolidated total assets			**759,309**
LIABILITIES			
Segment liabilities	**(735,098)**	**(117,269)**	**(852,367)**
Unallocated corporate liabilities	**–**	**–**	**(408,735)**
Consolidated total liabilities			**(1,261,102)**

For the year ended 31 December 2022

	Trading business *HK$'000*	Petrochemical products storage business *HK$'000*	Total *HK$'000*
OTHER INFORMATION			
Capital additions	–	6,019	6,019
Depreciation of property, plant and equipment	135	9,675	9,810
Depreciation of property, plant and equipment (unallocated)	–	–	70
Depreciation of right-of-use assets	115	1,008	1,123
Depreciation of right-of-use assets (unallocated)	–	–	416
Finance costs	6,999	3,318	10,317
Finance costs (unallocated)	–	–	29,299
Impairment loss on goodwill	956	–	956
Reversal of impairment loss on property, plant and equipment, net	–	(7,334)	(7,334)
Provision for inventories	4,799	–	4,799
Interest income	(210)	(4)	(214)
Interest income (unallocated)	–	–	(8)

As at 31 December 2021

	Trading business *HK$'000*	Petrochemical products storage business *HK$'000*	Total *HK$'000*
ASSETS			
Segment assets	201,600	186,935	388,535
Unallocated corporate assets	–	–	36,679
Consolidated total assets			425,214
LIABILITIES			
Segment liabilities	(358,353)	(117,345)	(475,698)
Unallocated corporate liabilities	–	–	(389,863)
Consolidated total liabilities			(865,561)

For the year ended 31 December 2021

	Trading business *HK$'000*	Petrochemical products storage business *HK$'000*	Total *HK$'000*
OTHER INFORMATION			
Capital additions	–	30,810	30,810
Depreciation of property, plant and equipment	177	12,633	12,810
Depreciation of property, plant and equipment (unallocated)	–	–	165
Depreciation of right-of-use assets	112	1,151	1,263
Depreciation of right-of-use assets (unallocated)	–	–	452
Finance costs	2,038	2,561	4,599
Finance costs (unallocated)	–	–	32,339
Impairment loss on property, plant and equipment, net	–	12,676	12,676
Interest income	(2,911)	(3)	(2,914)
Interest income (unallocated)	–	–	(7)

Geographical information

Geographical segment

The Group operates and derives revenue in two principal geographical areas: Hong Kong and the PRC. The following table sets out the revenue derived from geographical areas which are based on the geographical location of the customers:

	2022 ***HK$'000***	2021 *HK$'000*
Revenue from external customers:		
Hong Kong	**129,620**	542,900
The PRC	**663,784**	345,922
Others *(Note)*	**2,563**	19,589
	795,967	908,411

Note: The locations of others include Dubai, Asia (other than Hong Kong and the PRC) and others.

The geographical location of non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, prepayments in relation to property, plant and equipment, right-of-use assets, and the location of the operation, in the case of goodwill. The analysis of the Group's non-current assets by geographical location is as follows:

	2022	2021
	HK$'000	*HK$'000*
Property, plant and equipment		
The PRC	**122,678**	129,546
Prepayments in relation to property, plant and equipment		
The PRC	**4,993**	5,296
Goodwill		
The PRC	**340**	1,296
Right-of-use assets		
Hong Kong	**743**	1,159
The PRC	**38,130**	42,008
	38,873	43,167
Total non-current assets	**166,884**	179,305

Information about major customers

Revenue from customers contributing individually over 10% or more of the Group's revenue are as follows:

	2022	2021
	HK$'000	*HK$'000*
Customer A	**370,082**	N/A
Customer B	**107,021**	N/A
Customer C	**N/A**	153,632

All above customers are from trading segment. The revenue from Customer C was less than 10% of the Group's revenue for the year ended 31 December 2022. The revenue from Customer A and B were less than 10% of the Group's revenue for the year ended 31 December 2021.

4. REVENUE

	2022	2021
	HK$'000	*HK$'000*
Revenue from contracts with customers within HKFRS 15		
Trading business	**787,206**	882,505
Petrochemical products storage service	**8,761**	25,906
	795,967	908,411
Timing of revenue recognition		
At a point in time	**787,206**	882,505
Over time	**8,761**	25,906
	795,967	908,411

The revenue from contracts with customers within HKFRS 15 is based on fixed price.

5. OTHER INCOME

	2022	2021
	HK$'000	*HK$'000*
Bank interest income	**222**	2,921
Exchange gain, net	**190**	5,334
Sundry income	**543**	322
	955	8,577

6. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Interest on borrowings wholly repayable within five years	**2,460**	2,561
Effective interest on unlisted secured bonds	**–**	8,108
Effective interest on listed credit enhanced guaranteed bonds	**29,274**	20,907
Interest on amounts due to connected companies	**2,848**	1,836
Interest on loan from a connected company	**4,992**	3,492
Interest on lease liabilities	**42**	34
	39,616	36,938

7. LOSS BEFORE TAXATION

This is stated after charging:

	2022	2021
	HK$'000	*HK$'000*
Staff costs		
Salaries, allowances and other short-term employee benefits including directors' emoluments	**14,479**	18,559
Contributions to defined contribution plans	**3,152**	3,194
	17,631	21,753
Other items		
Auditors' remuneration		
— Audit-related assurance services	**1,450**	1,350
— Other services	**59**	46
Cost of inventories	**773,830**	868,575
Depreciation of property, plant and equipment	**9,880**	12,975
Depreciation of right-of-use assets	**1,539**	1,715
Lease charge — short term lease	**379**	749

8. TAXATION

	2022	2021
	HK$'000	*HK$'000*
Current tax:		
Current year	**–**	–
Under provision in prior year	**79**	67
	79	67
Deferred tax	**–**	–
Total income tax expenses recognised in profit or loss	**79**	67

(i) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the profits tax rate for the first HK$2 million of estimated assessable profits of the qualifying group entity is lowered to 8.25% while the estimated assessable profits above HK$2 million continue to be subject to the rate of 16.5% for corporations. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been made as the Group's entities either had no estimated assessable profits or incurred tax losses for the years ended 31 December 2021 and 2022.

(ii) Income taxes outside Hong Kong

The Company's subsidiaries in the PRC are subject to Enterprise Income Tax ("**EIT**"). PRC EIT 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 (the "**BVI**") and the Cayman Islands, the Group is not subject to any taxation under those jurisdictions.

9. DIVIDENDS

The board does not recommend the payment of a dividend for the year ended 31 December 2022 (2021: Nil).

10. LOSS PER SHARE

Basic loss per share for the years ended 31 December 2022 and 2021 are calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue.

	2022	2021
Loss attributable to owners of the Company *(HK$'000)*	**(61,967)**	(73,472)
Weighted average number of ordinary shares in issue	**1,288,000,000**	1,288,000,000
Basic loss per share *(HK cents)*	**(4.81)**	(5.70)

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 2022 and 2021.

11. PROPERTY, PLANT AND EQUIPMENT

The directors of the Company have reviewed the carrying value of property, plant and equipment (storage facilities and construction in progress) and right-of-use assets of petrochemical products storage business as at 31 December 2022 after considered that the economic activities are gradually resumed from the lockdown brought by the stringent COVID measures imposed by the local government. The directors of the Company expect that the economies would be recovered and determined that the recoverable amount from the use or sale of certain of these assets would be improved.

The recoverable amounts of the cash-generating unit ("**CGU**"), including property, plant and equipment and right-of-use assets of petrochemical products storage business (collectively known as the "**Assets**") as at 31 December 2022 were higher than their respective carrying amounts. The recoverable amounts are determined by the management, with assistance from an independent professional valuer, based on fair value less costs of disposal for the Assets, which are significantly higher than that using value-in-use calculation.

The recoverable amounts of the property, plant and equipment and right-of-use assets of petrochemical products storage business were HK$130,361,000 and HK$61,046,000 respectively (2021: HK$140,446,000 and HK$57,590,000 respectively). Accordingly, net reversal of impairment losses of HK$7,334,000 (2021: net impairment losses of HK$12,676,000) and no impairment losses were provided for property, plant and equipment and right-of-use assets in relation to this CGU respectively.

The key assumptions used in estimating the fair value of the Assets under depreciation replacement cost approach include estimation of construction as if building the similar structures, adjusting for physical deterioration, obsolescence and optimisation or referring to current market price of the similar assets. The valuation was categorised as Level 3 fair value measurement.

12. GOODWILL

	2022	2021
	HK$'000	*HK$'000*
Reconciliation of carrying amount		
At beginning of reporting period	**1,296**	1,296
Impairment loss	**(956)**	–
At the end of the reporting period	**340**	1,296
At 31 December		
Cost	**16,140**	16,140
Accumulated impairment loss	**(15,800)**	(14,844)
	340	1,296

Goodwill arose because the consideration paid for the acquisitions effectively included amount in relation to the benefits originated from future market development and the assembled workforce of the acquired business. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

The carrying amount of goodwill was allocated to the Group's CGU as follows:

	2022	2021
	HK$'000	*HK$'000*
Petrochemical Products Trading Business		
珠海恒豐和順石化有限公司 (Zhuhai Heng Feng Heshun Petrochemical Company Limited*, "**Zhuhai Heng Feng**")	**340**	340
深圳市泛海控股有限公司 (Shenzhen Fanhai Holdings Company Limited*, ("**Shenzhen Fanhai**")	**–**	956
	340	1,296

The goodwill in relation to petrochemical products storage business of HK$14,844,000 has been fully impaired in previous years.

The directors of the Company reviewed the goodwill of Petrochemical Products Trading Business of Shenzhen Fanhai as the economic performance is worse than expected and no revenue has been recognised during the year. Based on the results of assessment, a full impairment on goodwill of HK$956,000 was recognised during the year.

The recoverable amounts of the Petrochemical Products Trading Business of Zhuhai Heng Feng as at 31 December 2022 and 31 December 2021 have been determined on the basis of value in use. These recoverable amounts are based on certain key assumptions. The value-in-use calculation uses cash flow projection based on financial budgets approved by management covering a 5-year period by applying certain key assumptions below:

	Petrochemical Products Trading Business of Zhuhai Heng Feng	
	2022	2021
Pre-tax discount rate	**11%**	7%
Average growth rate	**2%**	2%
Perpetual growth rate	**1%**	1%

13. TRADE AND OTHER RECEIVABLES

		2022	2021
	Note	***HK$'000***	*HK$'000*
Trade receivables			
– Third parties	(a)	**419,580**	27,993
– Less: Loss allowance	(b)	**(3,514)**	(3,514)
		416,066	24,479
Other receivables			
Deposits, prepayments and other debtors		**41,525**	49,586
Advanced payments to suppliers		**108,160**	94,669
Value added tax refundable		**7,599**	41,668
Interest receivable		**224**	242
Due from a connected company	(c)	**11**	12
		157,519	186,177
		573,585	210,656

Note:

(a) Trade receivables

An ageing analysis of the trade receivables as at the reporting period, based on the invoice date is as follows:

	2022	2021
	HK$'000	*HK$'000*
Non-credit impaired		
Within 90 days	**406,910**	24,435
91–180 days	**5,771**	44
More than 365 days	**3,385**	–
	416,066	24,479
Credit impaired		
More than 365 days	**3,514**	3,514
	3,514	3,514
	419,580	27,993

(b) Loss allowance

As at 31 December 2022, the Group recognised loss allowance of HK$3,514,000 (2021: HK$3,514,000) on the trade receivables. The movements in the loss allowance for trade receivables during the year are summarised below.

	2022	2021
	HK$'000	*HK$'000*
At beginning of year and at end of the reporting period	**3,514**	3,514

(c) Due from a connected company

	Note	2022 *HK$'000*	2021 *HK$'000*
大豐海港港口有限責任公司 (Dafeng Port Harbour Limited Liability Company*, "**Dafeng Harbour**")	(i)	**11**	12

(i) The company is controlled by a substantial shareholder and the amount is unsecured, interest-free and has no fixed term of repayment.

14. TRADE AND OTHER PAYABLES

	Note	2022 *HK$'000*	2021 *HK$'000*
Trade payables	(a)	**415,047**	36,940
Other payables			
Accrued charges and other creditors		**63,246**	57,904
Construction cost payables	(b)	**22,398**	29,487
Contract liabilities	(d)	**52,361**	51,900
Salaries and bonus payable		**935**	929
Amount due to a director	(f)	**660**	440
Amounts due to connected companies	(c)	**37,593**	201,528
		177,193	342,188
		592,240	379,128

(a) Trade payables

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

	2022 *HK$'000*	2021 *HK$'000*
90 days or below	**407,905**	31,449
More than 365 days	**7,142**	5,491
	415,047	36,940

The Group was allowed a credit period of up to 90 days by its trade creditors. The trade payables are interest-free and are normally settled on terms of one to six months.

(b) Construction cost payables

The amounts due are interest-free and repayable upon the receipt of the invoices issued by the constructors.

(c) Amounts due to connected companies

	Note	**2022** *HK$'000*	2021 *HK$'000*
Current portion			
Dafeng Port Development Group	(i)	**37,593**	43,932
江蘇華海投資有限公司(Jingsu Huahai Investments Limited*, "**Jiangsu Huahai**")	(ii)	**–**	157,596
		37,593	201,528
Non-current portion			
Dafeng Port Development Group	(iii)	**7,900**	–
		45,493	201,528

(i) Dafeng Port Development Group has 40% equity interests in Dafeng Port Overseas. The amount is unsecured, repayable on demand and interest-free.

(ii) Jiangsu Huahai has 10% equity interests in Dafeng Port Overseas. The amount due represents the principal portion in relation to the consideration on the acquisition of Jiangsu Hairong in 2018 and the associated accrued interest. As at 31 December 2021, the balance of RMB113,652,000 (equivalent to HK$128,643,000) was unsecured, bore interest at a rate of 4.35% per annum and repayable on 1 November 2022. The remaining balance was unsecured, interest-free and repayable on demand. The whole balance has been fully settled during the year.

(iii) The amount represents the interest payable for loans from the Dafeng Port Development Group. The amount is unsecured and interest-free. With reference to relevant loan agreements, the interest payables of RMB4,199,000 (equivalent to HK$4,753,000), RMB2,041,000 (equivalent to HK$2,310,000), RMB739,000 (equivalent to HK$837,000) are repayable on 31 October 2024, 8 September 2025 and 17 January 2024 respectively.

(d) Contract liabilities

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	2022	2021
	HK$'000	*HK$'000*
At the beginning of the reporting period	**51,900**	50,440
Recognised as revenue	**(12,541)**	(50,440)
Receipt of advances of undelivered goods	**13,002**	51,900
At end of the reporting period	**52,361**	51,900

At 31 December 2022, the advance payments from customers are expected to be recognised as revenue within one year.

(e) Amount due to an associate

The amount due is unsecured, interest-free and repayable on 31 December 2023.

(f) Amount due to a director

The amount due is unsecured, interest-free and has no fixed repayment term.

15. SHARE CAPITAL

	2022		2021	
	Number of shares	**Nominal value**	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 (HK$0.01 each):				
At beginning of year and at end of the year	**1,288,000,000**	**12,880**	1,288,000,000	12,880

BUSINESS REVIEW

During the Year, the Group is principally engaged in trading business and the provision of petrochemical products storage business.

Our major business activities can be divided into the below segments during the Year:

1. **Trading Business**

   The Group is engaged in the trading and import and export businesses of electronic products, petrochemical products and various other products. During the Year, the Group's trading business recorded revenue of approximately HK$787.2 million (2021: approximately HK$882.5 million). The decrease in revenue in this segment was mainly attributable to (i) the fifth wave of community outbreaks caused by the Omicron variant of the coronavirus and the sharp increase in COVID-19 confirmed cases in Hong Kong in 2022, which had a significant adverse impact on cross-border transport and logistics, and a decrease in trade volume due to weak market conditions; and (ii) the Group had taken risk management measures and terminated the trading of some products which were loss-making or with higher operational risks.

2. **Petrochemical Products Storage Business**

   The Group is engaged in petrochemical products storage business through Port Storage Petrochemical. During the year, the Group's petrochemical products storage business recorded a decrease in revenue by approximately 66.0% to approximately HK$8.8 million (2021: approximately HK$25.9 million). The decrease in revenue was mainly due to the impact of the surge in COVID-19 confirmed cases in the Yangtze River Delta region, and the strict control of various transportations such as dangerous chemicals vehicles and outbound oil tankers, which seriously hindered the development of petrochemical products storage business.

OUTLOOKS

The PRC economy is expected to gradually recover from the COVID-19. Going forward, the Company will adopt a prudent approach to run the Group's existing business and also actively to seize the opportunity of integrated development of Jiangsu Yancheng, the Group will rationally reorganise and optimise the resources of the Company, simplify and restructure to conserve resources and prudently identify investment opportunities.

FINANCIAL REVIEW

The Group's revenue decreased by approximately 12.4% to approximately HK$796.0 million for the Year (corresponding period in 2021: approximately HK$908.4 million). Regarding reason of the decrease in revenue, please refer to the paragraph headed "Business Review" above for details.

The Group's cost of revenue decreased by approximately 13.3% to approximately HK$781.1 million for the Year (corresponding period in 2021: approximately HK$901.2 million). The decrease in cost of revenue was mainly driven by the effect of decrease in revenue of the Group's trading business.

The Group recorded a gross profit margin of approximately 1.9% for the Year (corresponding period in 2021: approximately 0.8%). The increase in gross profit margin was mainly because the Group had taken risk management measures and terminated the trading of some products which were loss-making or with higher operational risks.

The Group's finance costs amounted to approximately HK$39.6 million for the Year (2021: approximately HK$36.9 million). Finance costs mainly include interest on bank loans, listed credit-enhanced guaranteed bonds and amounts due to related companies. The increase in finance costs was mainly attributable to the loan agreement entered into between Port Shipping International and Dafeng Port Development Group on 7 September 2022, in respect of a loan of approximately RMB131.2 million (equivalent to approximately HK$148.5 million) which is unsecured, interest-bearing at 7% per annum and repayable on 8 September 2025.

The Group recorded loss for the Year of approximately HK$64.2 million (2021: approximately HK$70.7 million). The decrease in the loss was mainly due to the stricter cost control measures the Group have taken in the Year and a reversal of impairment loss on property, plant and equipment during the Year. The loss attributable to the equity holders of the Company was approximately HK$62.0 million (2021: approximately HK$73.5 million) and the basic loss per share was 4.81 HK cents (2021: 5.70 HK cents).

Liquidity and financial resources

As at 31 December 2022, the Group had net current liabilities of approximately HK$34.6 million (2021: approximately HK$156.5 million), including net amounts due to connected companies of approximately HK$37.6 million (2021: approximately HK$224.4 million).

The Group's equity capital and bank and other borrowings have been applied to fund its working capital and other operational needs. The Group's current ratio as at 31 December 2022 was approximately 0.94 (2021: approximately 0.61).

As at 31 December 2022, the Group's gearing ratio (defined as the ratio of total interest-bearing borrowings to total equity) was approximately negative 124.6% (2021: approximately negative 101.6%).

In order to meet its financial obligations as and when they fall due within the next twelve months and improve the Group's current ratio. The Group has taken and will continue to take a series of measures and arrangements, which include but not limited to the following:

(i) Negotiating with financial institutions or connected parties for the renewals of the Group's bank and other borrowings upon expiry, obtaining new borrowings and applying for future credit facilities;

(ii) The Company has obtained a RMB1 billion (equivalent to HK$1,131,900,000) financial support in formal writing from Dafeng Port Development Group, a connected company which has 40% equity interests in Dafeng Port Overseas; and

(iii) Improving sales and strictly controlling costs to generate adequate cash flows to maintain its operations.

Capital structure

As at 31 December 2022, the Group's total deficits attributable to equity holders of the Company amounted to approximately HK$523.5 million (2021: approximately HK$467.0 million). The capital of the Company only comprised of the ordinary share. There was no movement in the issued share capital of the Company during the Year.

Issuance of US$55,000,000 credit-enhanced guaranteed bonds to be purchased by professional investors only and to be listed on the Stock Exchange

On 17 March 2021, the Company, as issuer, Dafeng Port Development Group, as guarantor, and Tensant Securities Co., Ltd., Haitong International Securities Co., Ltd., BOSC International Company Limited, Shanghai Pudong Development Bank Co., Ltd. Hong Kong Branch, CEB International Capital Corporation Limited, China Everbright Securities (HK) Limited, Huarong International Securities Limited and China Industrial Securities International Brokerage Limited (together, the "**Placing Agents**"), entered into a placing agreement pursuant to which the Company agreed to appoint the Placing Agents as placing agents for the purpose of procuring, and to use its best efforts, the subscription of the bonds of up to an aggregate principal amount of US$55,000,000 (the "**Placing**").

The Placing was completed on 24 March 2021. Pursuant to the results of a book building exercise, the bonds in the principal amount of US$55 million has been placed to bondholders at a coupon rate of 2.4% per annum and for a term of 3 years.

The net proceeds from the Placing, after deducting the commission to be charged by the Placing Agents and other fees payable in connection with this offering, was approximately US$52.7 million. The net proceeds have been used in repayment of the principal of US$50 million and interest of approximately US$1.9 million of the unlisted secured bonds due on 28 March 2021, and the balance of approximately US$0.8 million has been used to satisfy the Group's normal working capital requirements.

For further details in relation to the Placing, please refer to the announcements of the Company dated 24 March 2021.

Dividend

The Board did not recommend the payment of any dividend in respect of the Year (2021: Nil).

Significant investment, material acquisitions and disposals

As at 31 December 2022, we were interested in approximately RMB100 million registered capital in Jiangsu Hairong, a company providing integrated logistics handling services in the PRC market, representing approximately 40% of its total registered capital.

Jiangsu Hairong is a private company and there is no quoted market price available for the investment. The carrying amount of the investment is nil as at 31 December 2022 (2021: Nil). The Group has not recognised further losses as the Group's share of losses of Jiangsu Hairong exceeds the carrying amount of its interest in Jiangsu Hairong. The unrecognised share of loss of Jiangsu Hairong for the Year and cumulative up to the end of the Year amounted to approximately HK$7.7 million (2021: approximately HK$5.0 million) and approximately HK$24.6 million (2021: approximately HK$16.9 million), respectively.

We hold the investment with the primary objective to maintain to the synergy effect between integrated logistics handling services with our petrochemical trading business and petrochemical products storage business, and the investment may allow the Group to benefit from the potential upside of the integrated logistics handling business in the future when the operational environment of the integrated logistics handling business improves.

Save for the 40% equity interests in Jiangsu Hairong held by us, the Group had made no significant investment, no material acquisition and disposal of subsidiaries and associates during the Year.

Pledge of assets

The Group used bank facilities and other borrowings to finance its business expansion. As at 31 December 2022, the loan from a connected party of approximately RMB13.4 million (equivalent to HK$15.2 million) is secured by prepaid lease payment of approximately HK$37.8 million (31 December 2021: Nil).

Restricted bank balances

On 12 January 2021, an independent third party (the "**Plaintiff**") lodged a petition in The Primary People's Court of QianHai Cooperation Zone of Shenzhen City of Guangdong Province ("**QianHai Court**") for the dispute on the sales and purchase contract entered between 前海明天供應鏈（深圳）有限公司 (Qianhai Mingtian Supply Chain (Shenzhen) Company Limited*) ("**Qianhai Mingtian**") and the Plaintiff. The Plaintiff has claimed for the refund of the contract sum, amounting to RMB9,500,000 and other costs, including the cost of delivery of the alleged refunded inventory, amounting to RMB186,000, insurance cost of RMB24,000, legal fee of RMB800,000, breach penalty of RMB1,900,000 and other associated costs. On 6 September 2021, the QianHai Court has dismissed the claim from the Plaintiff other than the breach penalty of RMB186,000, which was determined by the QianHai Court. During 2022, the Plaintiff has lodged an appeal in Shenzhen Intermediate People's Court of Guangdong Province (the "**Intermediate Court**"), claiming to withdraw the verdict issued by the QianHai Court and to amend the judgement or remand for a retrial. The Plaintiff also applied to freeze the bank balances of Qianhai Mingtian, amounting to RMB4,083,000 (equivalent to HK$4,622,000). On 29 November 2022, the Intermediate Court upheld the verdict issued by the QianHai Court. Subsequent to the year end, on 4 January 2023, Qianhai Mingtian has applied for the discharge of the freeze.

Foreign currency exposure

The income and expenditure of the Group are mainly carried in HKD, RMB and USD. Exposures to foreign currency risk arise from certain of the Group's trade and other receivables, trade and other payables and cash and bank balances denominated in RMB and USD. The Group mainly adopts measures such as adjusting the time of foreign exchange receipt and payment, matching the balance of foreign exchange receipts and payments, and signing foreign exchange lock agreements with banks to control foreign exchange risks. The Group does not use derivative financial instruments to hedge its foreign currency risk. The management team of the Group reviews the foreign currency exposures regularly.

Employees and emolument policy

As at 31 December 2022, the Group employed a total of 95 employees (2021: 122 employees) based in Hong Kong and the PRC. During the Year, the total staff costs, including Directors' emoluments, amounted to approximately HK$17.6 million (2021: approximately HK$21.8 million).

Remuneration of employees is determined with reference to the market terms and commensurate with the level of pay for similar positions within the industry. Discretionary year-end bonuses are payable to employees based on individual performance. The Group provides benefits in accordance with the relevant laws and regulations.

Pension Schemes

The Group operates a defined contribution retirement benefit plan under the Mandatory Provident Fund Schemes Ordinance Chapter 485 of the laws of Hong Kong for all of its employees in Hong Kong who are eligible to participate in the Mandatory Provident Fund Scheme (the "**MPF Scheme**"). The Group and its employees in Hong Kong are each required to make contributions to the MPF Scheme at 5% of the employees' relevant income.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in the central pension schemes operated by the local municipal governments (the "**Central Pension Schemes**"). According to the relevant regulations, contributions that should be borne by the companies within the Group are principally determined based on percentages of the basic salaries of employees, subject to certain ceilings imposed. The applicable percentages for the Central Pension Schemes for the years ended 31 December 2022 and 2021 are listed below:

	Percentage
Pension insurance	12.0–20.0%
Medical insurance	5.2–10.5%
Unemployment insurance	0.32–1.5%
Housing fund	5.0–12.0%

Event After the Year

Save as disclosed in this announcement, no other event has occurred after 31 December 2022 and up to the date of this announcement which would have a material effect on the Group.

CLOSURE OF THE REGISTER OF MEMBERS

The 2023 AGM will be held on Thursday, 18 May 2023 at 3: 00 p.m. In order to ascertain the entitlement of Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 13 May 2023 to Monday, 18 May 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre 16 Harcourt Road, Hong Kong, for registration not later than 4: 30 p.m. on Friday,12 May 2023.

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

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

The Company and its subsidiaries did not redeem, purchase or cancel any of their redeemable securities either.

CORPORATE GOVERNANCE CODE PRACTICE

The Company is committed to maintaining a high standard of corporate governance The Company has adopted a set of corporate governance practices which aligns with the code provisions of the "CG Code".

The Company has implemented a number of Group-wide governance policies and systems, which are subject to regular review, to support its commitment to high standards of business, professional, and ethical conduct, and to ensure best practices across the organisation. The Company has also established whistleblowing channels for external parties to raise concerns inrelation to possible misconduct of the Group, its employees or directors in a confidential or anonymous manner, or both. The Board has delegated authority to the Audit Committee to review the Group Anti-Bribery and Anti-Corruption Policy and the Group Whistleblowing Policy periodically and receive updates on matters concerning breaches of the Group Anti-Bribery and Anti-Corruption Policy and whistleblowing disclosures.

In the opinion of the Directors, the Company has complied with all the code provisions set out in the CG Code during the Year. The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, comply with regulatory requirements and meet the growing expectations of shareholders and investors.

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

As at 31 December 2022, none of the Directors or the chief executive 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 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, CONVERTIBLE SECURITIES, WARRANTS OR SIMILAR RIGHTS

The Company operates a share option scheme (the "**Scheme**") for the purpose of providing incentives, recognising and acknowledging the contributions that eligible persons had made or may make to the Group. The Scheme was adopted pursuant to the written resolution passed by the sole shareholder of the Company on 3 August 2013. The expiry date of the Scheme is 2 August 2023. Since the Scheme came into effect after the Company was listed on GEM of the Stock Exchange, no share options have been granted, exercised or cancelled by the Company under the Scheme and there were no outstanding share options under the Scheme as at 31 December 2022 and as at the date of this announcement.

Up to 31 December 2022, the Company and its subsidiaries have not issued or granted any convertible securities, warrants or other similar rights.

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

As at 31 December 2022, so far as the Directors are aware, the following persons/entities (other than the Directors or chief executive 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)	57.46%
Dafeng Port Development Group *(Note 3)*	Interest of controlled corporation	740,040,000 (L)	57.46%
Jiangsu Yancheng *(Note 3)*	Interest of controlled corporation	740,040,000 (L)	57.46%
鹽城市人民政府(the People's Government of Yancheng City*) ("**PGYC**") *(Note 3)*	Interest of controlled corporation	740,040,000 (L)	57.46%
Mr. Jiang Wen *(Note 4)*	Beneficial owner, interest of controlled corporation and interest of spouse	75,470,000 (L)	5.86%
Ms. Li Qiu Hua *(Note 5)*	Beneficial owner and interest of spouse	75,470,000 (L)	5.86%

Notes:

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

2. Dafeng Port Overseas is a company incorporated in Hong Kong with limited liability, and is owned as to 40% by Dafeng Port Development Group, which in turn is wholly owned by Jiangsu Yancheng, 40.2% of which is owned by PGYC.

3. Dafeng Port Development Group, Jiangsu Yancheng and PGYC are deemed to be interested in the Shares of the Company held by Dafeng Port Overseas under the SFO.

4. Mr. Jiang Wen, the director, the general manager and the legal representative of QianHai Mingtian which is an indirect subsidiary of the Company, directly and beneficially owns 51,350,000 Shares. Ms. Li Qiu Hua, the spouse of Mr. Jiang Wen, directly and beneficially owns 10,520,000 Shares. Jing Ji (Holdings) Co., Limited, a company wholly-owned by Mr. Jiang Wen, directly and beneficially owns 13,600,000 Shares. As such, under the SFO, Mr. Jiang Wen is deemed, or taken to be, interested in 75,470,000 Shares.

5. Ms. Li Qiu Hua directly and beneficially owns 10,520,000 Shares. As Mr. Jiang Wen's spouse, she is, under the SFO, deemed to be, or taken to be, interested in the same number of Shares in which Mr. Jiang Wen is interested.

Save as disclosed above, as at 31 December 2022, the Directors were not aware of any other persons or entities (other than the Directors and chief executive 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.

COMPETING INTERESTS

Dafeng Port Development Group, a controlling shareholder of the Company, has a direct wholly-owned subsidiary, namely 江蘇鹽城港供應鏈科技集團有限公司 (Jiangsu Yancheng Port Supply Chain Technology Group Co., Ltd.*) ("**Yancheng Port Supply Chain**"), and has a direct non wholly-owned subsidiary, namely 江蘇悦達港口物流發展有限公司 (Jiangsu Yueda Harbour Logistics Development Company Limited*) ("**Yueda Logistics**") which are engaged in trading of various goods including coals, metal ores, non-metallic ores, non-ferrous metal, chemical products, non-metal construction materials, scrap steel and wood. In addition, the Group is also developing the trading businesses of electronic products, petrochemical products and various other products. Accordingly, the businesses of Dafeng Port Development Group and its subsidiaries may be construed as businesses which compete with or are likely to compete with one of the core principal activities of the Group. Other than Mr. Tao Ying who was a director of Dafeng Port Development Group until 18 February 2022, a director of Yueda Logistics until 8 February 2022 and an executive Director of the Company until 25 February 2022, there is no overlap in the directorships among the Company, Dafeng Port Development Group, Jiangsu Hairong, Yancheng Port Supply Chain and Yueda Logistics.

The Directors consider that the Board can operate independently from Dafeng Port Development Group, because (i) pursuant to the Articles, a Director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which such Director or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting; and (ii) the Directors are fully aware of their fiduciary duties owing to the shareholders of the respective companies and their duty to avoid conflicts to the shareholders of the respective companies and their duty to avoid conflicts of interests in carrying out their respective duties as directors of the relevant companies.

Save as disclosed above, as at 31 December 2022, none of the Directors, controlling shareholders of the Company or their respective close associates had any interests in a business, which competes or is likely to compete either directly or indirectly with the business of the Group which would be required to be disclosed under Rule 11.04 of the GEM Listing Rules.

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 the Directors during the Year.

AUDIT COMMITTEE

The Audit Committee was 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 D.3.3 of the CG Code. The Audit Committee is currently comprised of three independent non-executive Directors, namely Mr. Lau Hon Kee (chairman), Dr. Bian Zhaoxiang and Mr. Yu Xugang. The primary duties of the Audit Committee are to make recommendations to the 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 financial reporting system, the internal control and risk management system of the Group.

During the Year, the Audit Committee reviewed the quarterly, interim and annual results of the Group and reviewed, with both the auditor and management, the audit approach and methodology applies, and in particular to those key audit matters included in the annual auditor's report. The Audit Committee also reviewed the internal control procedures of the Group, including financial, operational and compliance controls, and risk management functions as well as the findings reports from the internal audit department of the Company.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the Company's consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor, Mazars CPA Limited ("**Mazars**"), to the amounts set out in the Company'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 this announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the Year. The report includes particulars of the material uncertainty related to going concern without qualified opinion:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to the "**Going concern basis**" section in note 2 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The Group incurred loss of HK$64,241,000 for the year ended 31 December 2022 and, as at that date, the Group had net current liabilities and net liabilities of approximately HK$34,600,000 and HK$501,793,000 respectively. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors, having considered the measures being taken by the Group as disclosed in note 2 to the consolidated financial statements, are of the opinion that the Group would be able to continue as a going concern. Accordingly, the directors have prepared the consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments that would result from a failure of achieving the measures. We consider appropriate disclosures have been made in this respect. Our opinion is not modified in respect of this matter.

The aforesaid "note 2 to the consolidated financial statements" in the extract from the independent auditor's report is disclosed as note 1 in this results announcement.

REVIEW OF RESULTS

The Audit Committee has reviewed, with both the auditor and management, the accounting principles and practices adopted by the Group and the consolidated financial statements for the Year. The Audit Committee was satisfied that the consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the Year.

PUBLICATION OF 2022 ANNUAL REPORT

The annual report of the Group for the Year will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.dfport.com.hk and will be dispatched to the Company's shareholders in due course.

By order of the Board
Dafeng Port Heshun Technology Company Limited
Zhao Liang
Chairman

Hong Kong, 23 March 2023

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

Executive Directors	*Non-executive Directors*	*Independent Non-executive Directors*
Mr. Zhao Liang *(Chairman)*	Mr. Ji Longtao	Dr. Bian Zhaoxiang
	Mr. Yang Yue Xia	Mr. Lau Hon Kee
	Mr. Zhang Shukai	Mr. Yu Xugang