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)

PROFIT WARNING

This announcement is made by Dafeng Port Heshun Technology Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "**SFO**").

The board (the "**Board**") of directors (the "**Directors**") of the Company would like to inform the shareholders (the "**Shareholders**") and potential investors of the Company that, based on the information currently available and the preliminary assessment of the unaudited consolidated financial statements of the Group for the year ended 31 December 2019 (the "**2019 Annual Results**"), the Group is expected to record an increase in the loss after taxation of approximately HK$151.0 million to approximately HK$325.0 million for the year ended 31 December 2019, comparing to a loss of approximately HK$174.0 million for the year ended 31 December 2018. Such loss has taken into account the impairment loss of goodwill and assets of approximately HK$230.0 million during the year ended 31 December 2019, representing an increase of approximately HK$186.3 million from HK$43.7 million for the year ended 31 December 2018.

The loss was mainly due to (i) the Group's trading business being negatively affected by the termination of some products trading business which had high operating risks or recorded gross losses in the last financial year and the impact of the China-USA trade war; (ii) the decrease in the revenue of the Group's petrochemical products storage business resulting from the prolonged suspension of operation of some petrochemical storage tanks that are affected by the construction of new petrochemical storage tanks, the repairing and upgrading of the existing fire services and a decline in business volume due to the explosion accident in the chemical industry park; (iii) the increase in finance costs incurred in relation to the placing of the unlisted secured bonds of US$50.0 million which was completed on 29 March 2018; (iv) the Group completed the acquisition of the entire equity interest in 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*) on 21 December 2018, and it is still in the period of resource restructuring and has not yet achieved synergistic benefits, which caused an increase in loss of the Group's integrated logistics handling and relevant supporting services for the year ended 31 December 2019 as compared to the corresponding period in 2018; and (v) due to the impact of novel coronavirus pneumonia and the explosion accident in the chemical industry park, the Group's cash flow forecast is significantly lower than that at the time of acquisition, resulting in the impairment of goodwill and assets.

The Company is in the process of finalising the 2019 Annual Results. The information contained in this announcement is only based on a preliminary assessment by the management of the Company based on the information currently available and such information has not been reviewed by the audit committee of the Board, and is subject to any adjustments if necessary. The 2019 Annual Results are expected to be published in due course.

Shareholders and potential investors of the Company are advised to exercise caution in dealing in the securities of the Company.

By order of the Board
Dafeng Port Heshun Technology Company Limited
Tao Ying
Chairman

Hong Kong, 27 February 2020

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

Executive Directors	*Non-executive Directors*	*Independent Non-executive Directors*
Mr. Tao Ying *(Chairman)*	Mr. Ji Longtao	Dr. Bian Zhaoxiang
Mr. Miao Zhibin	Mr. Yang Yue Xia	Mr. Lau Hon Kee
Mr. Chen Wenxiang		Mr. Yu Xugang
Ms. Leng Panpan		Mr. Zhang Fangmao

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information 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.

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.