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Dafeng Port Heshun Technology Company Limited

大豐港和順科技股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8310)

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 six months ended 30 June 2021 (the “**2021 interim Results**”), the Group’s revenue decreased by HK\$760.2 million, approximately 60.2% compared with the corresponding period in 2020, while the gross profit decreased by HK\$3.5 million, approximately 45.5%. The Group’s finance costs decreased by HK\$14.5 million, approximately 53.7% compared with the corresponding period in 2020. The Group is expected to record a loss of approximately HK\$27.2 million, representation an increase in loss of approximately HK\$2.6 million, comparing to a loss of approximately HK\$24.6 million for the six months ended 30 June 2020.

Some of the key items in relation to the 2021 Interim Results are set out below:

(I) REVENUE

The Group recorded a significant decrease of HK\$760.2 million in the revenue from HK\$1,262.0 million to HK\$501.8 million comparing the six months ended 30 June 2021 against the same period in 2020. The gross profit decreased from HK\$7.7 million to HK\$4.2 million for the periods as mentioned above.

The significant decrease in revenue was due to the Group's trading business segment. The Group had taken risk management measures and terminated the trading of some products which were loss-making or with higher operational risks. It was coupled with the fact that for the six months ended 30 June 2021, the Group no longer had the opportunity from the COVID-19 outbreak last year to trade medical and food disinfection related products at a significant level.

Although the revenue of the Group had decreased significantly, the Group saw an improvement in gross profit margin from 0.61% for the six months ended 30 June 2020 to 0.84% for the six months ended 30 June 2021, mainly due to the increase in capacity of petrochemical storage tanks and the increase in petrochemical products storage business volume.

(II) FINANCE COSTS

The finance costs of the Group decreased significantly for the six months ended 30 June 2021 compared with the same period in 2020, from HK\$27.0 million to HK\$12.5 million, representing a decrease of HK\$14.5 million.

It was mainly due to (i) the repayment of the US\$50 million three-year unlisted bond which carried a coupon rate of 7.5% per annum in March 2021 and the issuance of US\$55 million three-year credit enhanced guaranteed bonds with a coupon rate of 2.4% per annum on 24 March 2021; and (ii) disposal of 60% equity interest in Jiangsu Hairong on 27 August 2020 which the sale consideration partly offset the balance of the consideration and interest on consideration occurred from the acquisition of 100% equity interest in Jiangsu Hairong on 21 December 2018 and partly offset the amounts due to connected companies.

The Company is in the process of finalising the 2021 Interim 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 2021 Interim 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, 30 July 2021

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

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

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