



# 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)**

## THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

### 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.**

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This announcement, for which the directors (the "**Directors**") of Dafeng Port Heshun Technology Company Limited (the "**Company**", together with its subsidiaries the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

## FINANCIAL SUMMARY

The Group's total revenue for the nine months ended 30 September 2023 (the "**Period**") was approximately HK\$656.9 million, representing an increase of approximately 113.48% as compared with the total revenue of approximately HK\$307.7 million for the corresponding period in 2022.

Loss before taxation for the Period was approximately HK\$45.3 million, representing a decrease of approximately 23.53% as compared with the loss before taxation of approximately HK\$59.2 million for the corresponding period in 2022.

Loss attributable to the equity holders of the Company for the Period was approximately HK\$45.0 million, representing a decrease of approximately 22.51% as compared with the loss attributable to the equity holders of the Company of approximately HK\$58.1 million for the corresponding period in 2022.

Loss per share for the Period was approximately HK3.49 cents (the corresponding period in 2022: approximately HK4.51 cents).

The board of Directors (the “**Board**”) presents the unaudited condensed consolidated financial results of the Group for the three months and nine months ended 30 September 2023 (the “**Third Quarterly Financial Statements**”) together with the comparative figures for the corresponding periods in 2022 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2023

	Note	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<b>Revenue</b>	3	<b>237,305</b>	32,871	<b>656,933</b>	307,731
Cost of revenue		<b>(237,050)</b>	(32,388)	<b>(656,315)</b>	(305,879)
<b>Gross profit</b>		<b>255</b>	483	<b>618</b>	1,852
Other (loss)/income		<b>428</b>	(4,474)	<b>235</b>	(9,892)
Administrative expenses		<b>(8,986)</b>	(12,398)	<b>(29,468)</b>	(35,706)
Finance costs		<b>(3,058)</b>	(4,667)	<b>(16,710)</b>	(15,452)
<b>Loss before taxation</b>	4	<b>(11,361)</b>	(21,056)	<b>(45,325)</b>	(59,198)
Taxation	5	<b>2</b>	(3)	<b>(7)</b>	(81)
<b>Loss for the period</b>		<b>(11,359)</b>	(21,059)	<b>(45,332)</b>	(59,279)
<b>Other comprehensive income:</b>					
Item that may be reclassified to profit or loss in subsequent periods:					
Exchange difference arising from translation of foreign operations		<b>491</b>	594	<b>1,846</b>	115
<b>Total comprehensive loss for the period</b>		<b>(10,868)</b>	(20,465)	<b>(43,486)</b>	(59,164)

	Note	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<b>Loss attributable to:</b>					
Equity holders of the Company		<b>(10,776)</b>	(19,085)	<b>(45,002)</b>	(58,077)
Non-controlling interests		<b>(583)</b>	(1,974)	<b>(330)</b>	(1,202)
		<b>(11,359)</b>	(21,059)	<b>(45,332)</b>	(59,279)
<b>Total comprehensive loss attributable to:</b>					
Equity holders of the Company		<b>(10,086)</b>	(16,562)	<b>(41,235)</b>	(55,002)
Non-controlling interests		<b>(782)</b>	(3,903)	<b>(2,251)</b>	(4,162)
		<b>(10,868)</b>	(20,465)	<b>(43,486)</b>	(59,164)
<b>Loss per share attributable to equity holders of the Company</b>					
Basic and diluted (HK cents)	7	<b>(0.83)</b>	(1.48)	<b>(3.49)</b>	(4.51)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2023

	Attributable to equity holders of the Company								Non-controlling interests	Total deficits
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserve	Other reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
<b>At 1 January 2022 (audited)</b>	12,880	201,419	(7,337)	(16,882)	1,720	(9,151)	(649,633)	(466,984)	26,637	(440,347)
<b>(Loss)/Profit for the period</b>	-	-	-	-	-	-	(58,077)	(58,077)	(1,202)	(59,279)
<b>Exchange difference arising from translation of foreign operations</b>	-	-	-	3,075	-	-	-	3,075	(2,960)	115
<b>Total comprehensive (loss)/income for the period</b>	-	-	-	3,075	-	-	(58,077)	(55,002)	(4,162)	(59,164)
<b>At 30 September 2022 (unaudited)</b>	12,880	201,419	(7,337)	(13,807)	1,720	(9,151)	(707,710)	(521,986)	22,475	(499,511)

	Attributable to equity holders of the Company								Non-controlling interests	Total deficits
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserve	Other reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
<b>At 1 January 2023 (audited)</b>	12,880	201,419	(7,337)	(11,422)	1,720	(9,151)	(711,599)	(523,490)	(21,697)	(501,793)
<b>(Loss)/Profit for the period</b>	-	-	-	-	-	-	(45,002)	(45,002)	(330)	(45,332)
<b>Exchange difference arising from translation of foreign operations</b>	-	-	-	3,767	-	-	-	3,767	(1,921)	1,846
<b>Total comprehensive (loss)/income for the period</b>	-	-	-	3,767	-	-	(45,002)	(41,235)	(2,251)	(43,486)
<b>Withdrawal by minority shareholders for the period</b>	-	-	-	-	-	-	-	-	(1,122)	(1,122)
<b>At 30 September 2023 (unaudited)</b>	12,880	201,419	(7,337)	(7,655)	1,720	(9,151)	(756,601)	(564,725)	18,324	(546,401)

# NOTES TO THE UNAUDITED THIRD QUARTERLY FINANCIAL STATEMENTS

For the three months and nine months ended 30 September 2023

## 1. CORPORATION INFORMATION

The Company was incorporated in the Cayman Islands on 13 September 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

## 2. BASIS OF PREPARATION

The Third Quarterly Financial Statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**"), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards ("**HKAS**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "**Companies Ordinance**"). The Third Quarterly Financial Statements also complies with the applicable disclosure requirements under the GEM Listing Rules.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards, the accounting policies and methods of computation used in the Third Quarterly Financial Statements are the same as those presented in the Group's audited annual financial statements for the year ended 31 December 2022.

### **Adoption of new/revised HKFRS**

The adoption of the new/revised HKFRS that are relevant to the Group and effective from the current period did not have any significant effect on the results and financial position of the Group for the current and prior accounting periods.

The Group has not early adopted any new/revised HKFRS that have been issued but are not yet effective for the current period. The Directors have already commenced an assessment of the impact of these new and revised HKFRS but are not yet in a position to reasonably estimate whether these new and revised HKFRS would have a significant impact on the Group's results of operations and financial position.

### 3. REVENUE

Revenue, which represents income from provision of trading business and petrochemical products storage business is analysed by category as follows:

	Unaudited Three months ended 30 September 2023		Unaudited Nine months ended 30 September 2023	
	HK\$'000	2022 HK\$'000	HK\$'000	2022 HK\$'000
Income from trading business	<b>232,915</b>	26,248	<b>644,887</b>	295,819
Income from provision of petrochemical products storage business	<b>4,390</b>	6,623	<b>12,046</b>	11,912
	<b>237,305</b>	32,871	<b>656,933</b>	307,731

#### 4. LOSS BEFORE TAXATION

	Unaudited Three months ended 30 September 2023		Unaudited Nine months ended 30 September 2023	
	HK\$'000	2022 HK\$'000	HK\$'000	2022 HK\$'000
This is stated after charging:				
<b>Finance costs</b>				
Interest on bank loans, other borrowings and lease liabilities	<b>3,059</b>	4,667	<b>16,711</b>	15,452
	<b>3,059</b>	4,667	<b>16,711</b>	15,452
<b>Other items</b>				
Cost of inventories	<b>232,697</b>	29,208	<b>644,932</b>	292,565
Depreciation of property, plant and equipment	<b>2,872</b>	2,959	<b>9,034</b>	9,257
Depreciation of right-of-use assets	<b>111</b>	246	<b>342</b>	769
<b>Staff costs</b>				
Salaries, allowance and the other short- term employee benefits including directors' emoluments	<b>2,967</b>	3,997	<b>9,164</b>	11,559
Contributions to defined contribution plans	<b>685</b>	472	<b>1,961</b>	1,885
	<b>3,652</b>	4,469	<b>11,125</b>	13,444



## 5. TAXATION

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 will continue to be subject to the rate of 16.5% for corporations. Neither the Company nor its subsidiaries in Hong Kong have obtained taxable profits and no income tax has been accrued.

The People's Republic of China (the "PRC") Enterprise Income Tax is calculated at the prevailing tax rate at 25% (2022: 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 and the Cayman Islands, the Group is not subject to any taxation under those jurisdictions.

	Unaudited Three months ended 30 September 2023		Unaudited Nine months ended 30 September 2023	
	HK\$'000	2022 HK\$'000	HK\$'000	2022 HK\$'000
Current tax				
PRC EIT				
— Under-provision in prior period	(2)	3	7	81
<b>Total income tax</b>	<b>(2)</b>	<b>3</b>	<b>7</b>	<b>81</b>
<b>Total income tax recognised in profit or loss</b>	<b>(2)</b>	<b>3</b>	<b>7</b>	<b>81</b>

## 6. DIVIDEND

The Board did not recommend the payment of any interim dividend for the Period (2022: Nil).

## 7. LOSS PER SHARE

Basic loss per share for the three months and nine months ended 30 September 2023 and 2022 are calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue.

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2023	2022	2023	2022
Loss attributable to equity holders of the Company (HK\$'000)	<b>(10,776)</b>	(19,085)	<b>(45,002)</b>	(580,777)
Weighted average number of ordinary shares in issue	<b>1,288,000,000</b>	1,288,000,000	<b>1,288,000,000</b>	1,288,000,000
Basic loss per share (HK cents)	<b>(0.83)</b>	(1.48)	<b>(3.49)</b>	(4.51)

Basic and diluted loss per share are the same as the Company did not have any dilutive potential ordinary shares during the nine months ended 30 September 2023 and 2022.

## 8. APPROVAL OF THE THIRD QUARTERLY FINANCIAL STATEMENTS

The Third Quarterly Financial Statements were approved and authorised for issue by the Board on 9 November 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

## MACRO SITUATION REVIEW

During the Period, the stalemate in the Russia-Ukraine war, geopolitical uncertainty, the Federal Reserve's interest rate hikes and global trade friction create uncertainties on the recovery of the world economy. The Company will continue to closely monitor the global economic situation and do its best to minimise its impact on the Group and maintain stable operations during this downturn.

## BUSINESS REVIEW

For the Period, the Group was principally engaged in trading business and the provision of petrochemical products storage business.

### 1. Trading Business

The Group is engaged in the trading and import and export businesses of soybean products and electronic products. During the Period, the Group's trading business recorded revenue of approximately HK\$644.9 million (the corresponding period in 2022: approximately HK\$295.8 million). The increase in revenue in this segment was mainly attributable to the increase in sales volume of the Group's trading business.

### 2. Petrochemical Products Storage Business

The Group is engaged in petrochemical products storage business through 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\*). During the Period, revenue generated from the Group's petrochemical products storage business increased by approximately 1.13% to approximately HK\$12.0 million (the corresponding period in 2022: approximately HK\$11.9 million).

## FINANCIAL REVIEW

The Group's revenue increased by approximately 113.48% to approximately HK\$656.9 million for the Period (the corresponding period in 2022: approximately HK\$307.7 million). For reasons of the increase in revenue, please refer to the paragraph headed "Business Review" above for details.

The Group's cost of revenue increased by approximately 114.57% to approximately HK\$656.3 million for the Period (the corresponding period in 2022: approximately HK\$305.9 million). The increase in cost was mainly driven by the effect of increase 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 0.09% for the Period (the corresponding period in 2022: approximately 0.6%). The decrease in gross profit margin was due to the decrease in gross profit by approximately 66.61% from approximately HK\$618,000 for the Period (the corresponding period in 2022: HK\$1.85 million). During the Period, the global economic environment was complex. In order to prevent default by customers, the Company terminated products and services with high operational risks, and therefore, the gross profit of the Group's trading business decreased.

The Group's finance costs amounted to approximately HK\$16.7 million for the Period (the corresponding period in 2022: approximately HK\$15.5 million).

The Group recorded loss for the Period of approximately HK\$45.3 million (the corresponding period in 2022: loss of approximately HK\$59.3 million). Loss attributable to the equity holders of the Company was approximately HK\$45.0 million (the corresponding period in 2022: loss of approximately HK\$58.1 million) and loss per share was approximately 3.49 HK cents (the corresponding period in 2022: approximately 4.51 HK cents).

## **CAPITAL STRUCTURE**

As at 30 September 2023, the Group's total deficit attributable to equity holders of the Company amounted to approximately HK\$564.7 million (31 December 2022: approximately HK\$523.5 million). The capital of the Company comprised of issued share capital. There was no movement in the issued share capital of the Company during the Period.

## **DIVIDEND**

The Board did not recommend the payment of any interim dividend in respect of the Period (2022: Nil).

## **PLEDGE OF ASSETS**

The Group used bank facilities and other borrowings to finance the expansion of its business. As at 30 September 2023, the Group did not have any secured borrowings (31 December 2022: Nil).

## **ISSUE US\$55 MILLION OF CREDIT ENHANCED GUARANTEED BONDS INTENDED FOR PURCHASE BY PROFESSIONAL INVESTORS ONLY AND LISTED ON THE HONG KONG STOCK EXCHANGE**

On 17 March 2021, the Company, as issuer, 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 Development Group**”), as guarantor, and Tensant Securities Limited, Haitong International Securities Company Limited, 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 (collectively, 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 terms of 3 years.

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

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

## **SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS**

As at 30 September 2023, the Group was interested in the registered capital of approximately RMB100 million of 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\*)(“**Jiangsu Hairong**”), a company providing integrated logistics handling services in the PRC market, accounting for approximately 40% of its total registered capital.

Jiangsu Hairong is a private company and there is no quoted market price available for investment. The carrying amount of the investment was nil as at 30 September 2023 (31 December 2022: 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 Period and cumulative up to the end of the Period amounted to approximately HK\$5.08 million (for the period from 1 January 2022 to 31 December 2022: approximately HK\$7.7 million) and HK\$29.68 million (31 December 2022: approximately HK\$24.6 million), respectively.

Save as disclosed in this announcement, there were no significant investments, material acquisitions or disposal of subsidiaries and associated companies by the Company during the Period.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND EXPECTED SOURCES OF FUNDING**

The Group had no future plans for material investments or capital assets as at 30 September 2023. The Group will continue to monitor the industry closely and review its business expansion plans regularly, so as to take necessary measures in the Group's best interests.

## **OUTLOOKS**

The Group expects that China is still facing the arduous tasks of stabilising economic growth, restructuring and promoting reform. Looking ahead, the Company will operate the existing businesses of the Group in a prudent manner and actively seize the opportunities from the integrated development of Yancheng, Jiangsu Province. The Group will rationally reorganise and optimise the resources of the Company, simplify and restructure to conserve resources and prudently identify investment opportunities.

## **CONTINGENT LIABILITIES**

As at 30 September 2023, the Group had no material contingent liabilities (31 December 2022: Nil).

## **EVENT AFTER THE PERIOD**

Save as disclosed herein, the Group does not have any important events after the Period and up to the date of this announcement.

## **OTHER INFORMATION**

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

As at 30 September 2023, 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 Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (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 resolutions of the sole shareholder of the Company passed on 3 August 2013. The Scheme expired on 2 August 2023 and no further share option may be granted under the Scheme. 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 during the Period and there were no outstanding share options under the Scheme as at 30 September 2023 and as at the date of this announcement.

Up to 30 September 2023, the Group 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 30 September 2023, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

<b>Name of shareholders</b>	<b>Capacity/ Nature of interests</b>	<b>Number of shares held (Note 1)</b>	<b>% of the Company's issued share capital (Approximate)</b>
Dafeng Port Overseas Investment Holdings Limited (" <b>Dafeng Port Overseas</b> ") (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%
江蘇鹽城港控股集團有限公司 (Jiangsu Yancheng Port Holding Group Co., Ltd.*) (" <b>Jiangsu Yancheng</b> ") (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*) (" <b>PGYC</b> ") (Note 3)	Interest of controlled corporation	740,040,000 (L)	57.46%



Notes:

1. The letter "L" denotes a long position in the interest in the issued share capital of the Company.
2. Dafeng Port Overseas, a company incorporated in Hong Kong with limited liability, and is owned as to 40% by 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 and Jiangsu Yancheng and PGYC are deemed to be interested in the shares of the Company held by Dafeng Port Overseas under the SFO.

Save as disclosed above, as at 30 September 2023, the Directors were not aware of any other persons or entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

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

## **COMPETING INTERESTS**

Dafeng Port Development Group, the controlling shareholder of the Company, has a direct wholly-owned subsidiary, namely Jiangsu Yancheng Port Supply Chain Technology Group Co., Ltd.\* (江蘇鹽城港供應鏈科技集團有限公司) ("**Yancheng Port Supply Chain**"), and has a direct non wholly-owned subsidiary, namely Jiangsu Yueda Harbour Logistics Development Company Limited\* (江蘇悅達港口物流發展有限公司) ("**Yueda Logistics**"), which are engaged in the trading of various goods, including coals, metal ores, non-metallic ores, non-ferrous metal, chemical products, non-metal building materials, scrap steel and wood logs. In addition, the Group is also developing the trading businesses of electronic products, petrochemical products and various other products. Therefore, the businesses of Dafeng Port Development Group and its subsidiaries (collectively, "**Dafeng Port Development Group Company**") may be construed as businesses that compete with or are likely to compete with one of the core principal activities of the Group. The Board is of the view that the businesses of Dafeng Port Development Group Company do not pose material competitive threat to the Group because the Group and Dafeng Port Development Group Company have different focuses on the type of products offered which target at different customers in the market.

There is no overlap in the directorships among the Company, Dafeng Port Development Group, Yancheng Port Supply Chain, and Yueda Logistics. The Directors consider that the Board can operate independently from Dafeng Port Development Group in the best interest of the Company and its shareholders as the whole.

Save as disclosed above, as at 30 September 2023, 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 Directors for the Period.

## **CORPORATE GOVERNANCE CODE**

The Company is committed to maintain a high standard of corporate governance. In the opinion of the Directors, the Company has complied with all the code provisions set out in the Corporate Governance Code during the Period. 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.

## **AUDIT COMMITTEE**

The audit committee of the Company (the "**Audit Committee**") has been established on 3 August 2013 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules and code provision D.3.3 of the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules (the "**CG Code**"). The Audit Committee currently consists of Mr. Lau Hon Kee (Chairman), Dr. Bian Zhaoxiang and Mr. Yu Xugang, all of whom are independent non-executive Directors. 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 internal control procedures and the risk management system of the Group.

The Third Quarterly Financial Statements have not been audited by the Company's auditor, but have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the Third Quarterly Financial Statements complied with the applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosures have been made.

## **APPRECIATION**

On behalf of the Directors, I would like to extend our gratitude and sincere appreciation to all management and staff members for their diligence and dedication, the continuing support of our business partners, customers and the shareholders.

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

Hong Kong, 9 November 2023

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

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

\* *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.*