



**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



2022

**THIRD QUARTERLY
REPORT**

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

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This report, 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 report 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 report misleading.

FINANCIAL SUMMARY

The Group's total revenue for the nine months ended 30 September 2022 (the "**Period**") was approximately HK\$307.7 million, representing a decrease of approximately 56.9% as compared with the total revenue of approximately HK\$714.4 million for the corresponding period in 2021.

Loss before taxation for the Period was approximately HK\$59.2 million, representing an increase of approximately 31.6% as compared with the loss before taxation of approximately HK\$45.0 million for the corresponding period in 2021.

Loss attributable to the equity holders of the Company for the Period was approximately HK\$58.1 million, representing an increase of approximately 25.2% as compared with the loss attributable to the equity holders of the Company of approximately HK\$46.4 million for the corresponding period in 2021.

Loss per share for the Period was approximately HK4.51 cents (the corresponding period in 2021: approximately HK3.60 cents).

The board of Directors of the Company (the “**Board**”) presents the unaudited condensed consolidated financial results of the Group for the three months and nine months ended 30 September 2022 (the “**Third Quarterly Financial Statements**”) together with the comparative figures for the corresponding periods in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2022

| | Note | Unaudited Three months ended 30 September | | Unaudited Nine months ended 30 September | |
|--|------|---|------------------|--|------------------|
| | | 2022 HK\$'000 | 2021 HK\$'000 | 2022 HK\$'000 | 2021 HK\$'000 |
| Revenue | 3 | 32,871 | 212,557 | 307,731 | 714,365 |
| Cost of revenue | | (32,388) | (212,867) | (305,879) | (710,454) |
| Gross profit | | 483 | (310) | 1,852 | 3,911 |
| Other loss | | (4,474) | (1,982) | (9,892) | (1,481) |
| Administrative expenses | | (12,398) | (10,461) | (35,706) | (29,852) |
| Finance costs | | (4,667) | (5,021) | (15,452) | (17,532) |
| Loss before taxation | 4 | (21,056) | (17,774) | (59,198) | (44,954) |
| Taxation | 5 | (3) | (21) | (81) | (67) |
| Loss for the period | | (21,059) | (17,795) | (59,279) | (45,021) |
| Other comprehensive income: | | | | | |
| Item that may be reclassified to profit or loss in subsequent periods: | | | | | |
| Exchange difference arising from translation of foreign operations | | 594 | 1,671 | 115 | 6,543 |
| Total comprehensive loss for the period | | (20,465) | (16,124) | (59,164) | (38,478) |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2022

| | Note | Unaudited Three months ended 30 September | | Unaudited Nine months ended 30 September | |
|---|------|---|----------|--|----------|
| | | 2022 | 2021 | 2022 | 2021 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| (Loss)/Profit attributable to: | | | | | |
| Equity holders of the Company | | (19,085) | (17,862) | (58,077) | (46,419) |
| Non-controlling interests | | (1,974) | 67 | (1,202) | 1,398 |
| | | (21,059) | (17,795) | (59,279) | (45,021) |
| Total comprehensive (loss)/income attributable to: | | | | | |
| Equity holders of the Company | | (16,562) | (16,253) | (55,002) | (40,183) |
| Non-controlling interests | | (3,903) | 129 | (4,162) | 1,705 |
| | | (20,465) | (16,124) | (59,164) | (38,478) |
| Loss per share attributable to equity holders of the Company | | | | | |
| Basic and diluted (HK cents) | 7 | (1.48) | (1.38) | (4.51) | (3.60) |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2022

| | 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 | | |
| At 1 January 2021 (audited) | 12,880 | 201,419 | (7,337) | (28,857) | 1,582 | (9,151) | (576,023) | (405,487) | 22,943 | (382,544) |
| (Loss)/Profit for the period | - | - | - | - | - | - | (46,419) | (46,419) | 1,398 | (45,021) |
| Exchange difference arising from translation of foreign operations | - | - | - | 6,236 | - | - | - | 6,236 | 307 | 6,543 |
| Total comprehensive (loss)/income for the period | - | - | - | 6,236 | - | - | (46,419) | (40,183) | 1,705 | (38,478) |
| At 30 September 2021 (unaudited) | 12,880 | 201,419 | (7,337) | (22,621) | 1,582 | (9,151) | (622,442) | (445,670) | 24,648 | (421,022) |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2022

| | 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 | | |
| At 1 January 2022 (audited) | 12,880 | 201,419 | (7,337) | (16,882) | 1,720 | (9,151) | (649,633) | (466,984) | 26,637 | (440,347) |
| (Loss)/Profit for the period | - | - | - | - | - | - | (58,077) | (58,077) | (1,202) | (59,279) |
| Exchange difference arising from translation of foreign operations | - | - | - | 3,075 | - | - | - | 3,075 | (2,960) | 115 |
| Total comprehensive (loss)/income for the period | - | - | - | 3,075 | - | - | (58,077) | (55,002) | (4,162) | (59,164) |
| At 30 September 2022 (unaudited) | 12,880 | 201,419 | (7,337) | (13,807) | 1,720 | (9,151) | (707,710) | (521,986) | 22,475 | (499,511) |

NOTES TO THE UNAUDITED THIRD QUARTERLY FINANCIAL STATEMENTS

For the three months and nine months ended 30 September 2022

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 (Cap 622 of the Laws of Hong Kong). 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 (“**HKFRSs**”), 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 2021.

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.

NOTES TO THE UNAUDITED THIRD QUARTERLY FINANCIAL STATEMENTS

For the three months and nine months ended 30 September 2022

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 2022 | | Unaudited Nine months ended 30 September 2022 | |
|--|---|------------------|--|------------------|
| | 2021 HK\$'000 | 2021 HK\$'000 | 2021 HK\$'000 | 2021 HK\$'000 |
| Income from trading business | 26,248 | 206,303 | 295,819 | 693,246 |
| Income from provision of petrochemical products storage business | 6,623 | 6,254 | 11,912 | 21,119 |
| | 32,871 | 212,557 | 307,731 | 714,365 |

4. LOSS BEFORE TAXATION

| | Unaudited Three months ended 30 September 2022 | | Unaudited Nine months ended 30 September 2022 | |
|--|---|------------------|--|------------------|
| | 2021 HK\$'000 | 2021 HK\$'000 | 2021 HK\$'000 | 2021 HK\$'000 |
| This is stated after charging: | | | | |
| Finance costs | | | | |
| Interest on bank loans, other borrowings and lease liabilities | 4,667 | 5,021 | 15,452 | 17,532 |
| | 4,667 | 5,021 | 15,452 | 17,532 |
| Other items | | | | |
| Cost of inventories | 29,208 | 206,081 | 292,565 | 690,404 |
| Depreciation of property, plant and equipment | 2,959 | 3,064 | 9,257 | 8,820 |
| Depreciation of right-of-use assets | 246 | 173 | 769 | 919 |
| Staff costs | | | | |
| Salaries, allowance and the other short-term employee benefits including directors' emoluments | 3,997 | 3,687 | 11,559 | 11,855 |
| Contributions to defined contribution plans | 472 | 755 | 1,885 | 2,093 |
| | 4,469 | 4,442 | 13,444 | 13,948 |

NOTES TO THE UNAUDITED THIRD QUARTERLY FINANCIAL STATEMENTS

For the three months and nine months ended 30 September 2022

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 PRC Enterprise Income Tax (“EIT”) is calculated at the prevailing tax rate at 25% (2021: 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.

| | Unaudited | | Unaudited | |
|--|--------------------|-----------|-------------------|-----------|
| | Three months ended | | Nine months ended | |
| | 30 September | | 30 September | |
| | 2022 | 2021 | 2022 | 2021 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Current tax | | | | |
| PRC EIT | | | | |
| — Under-provision in prior period | 3 | 21 | 81 | 67 |
| Total income tax | 3 | 21 | 81 | 67 |
| Total income tax recognised in profit or loss | 3 | 21 | 81 | 67 |

6. DIVIDEND

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

NOTES TO THE UNAUDITED THIRD QUARTERLY FINANCIAL STATEMENTS

For the three months and nine months ended 30 September 2022

7. LOSS PER SHARE

Basic loss per share for the three months and nine months ended 30 September 2022 and 2021 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 | |
|---|---|---------------|--|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| Loss attributable to equity holders of the Company (HK\$'000) | (19,085) | (17,862) | (58,077) | (46,419) |
| Weighted average number of ordinary shares in issue | 1,288,000,000 | 1,288,000,000 | 1,288,000,000 | 1,288,000,000 |
| Basic loss per share (HK cents) | (1.48) | (1.38) | (4.51) | (3.60) |

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 2022 and 2021.

8. APPROVAL OF THE THIRD QUARTERLY FINANCIAL STATEMENTS

The Third Quarterly Financial Statements were approved and authorised for issue by the Board on 10 November 2022.

MACRO SITUATION REVIEW

During the Period, the global outbreak continued to spread, the increase of geopolitical uncertainty, the international supply chain environment and the international trade and financial system were greatly impacted and damaged, the sharp rise in global bulk costs, the accelerated tightening of monetary policies in developed economies and other external risk factors led to a further slowdown in global economic growth. 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 electronic products, petrochemical products and various other products. During the Period, the Group's trading business recorded revenue of approximately HK\$295.8 million (the corresponding period in 2021: approximately HK\$693.2 million). The decrease in revenue in this segment was mainly attributable to the fifth wave of community outbreak precipitated by the Omicron variant and a rapid surge of infected cases in Hong Kong in 2022, which had a material negative impact on cross-border transport and logistics, and the poor market conditions led to a decrease in trading business volume.

2. Petrochemical Products Storage Business

The Group is engaged in petrochemical products storage business through 江蘇中南滙石化倉儲有限公司 (Jiangsu Zhongnanhui Petrochemical Storage Company Limited*) ("**Zhongnanhui**"). During the Period, the liquid bulk throughput reached approximately 316,700 tons. Revenue generated from the Group's petrochemical products storage business decreased by approximately 43.6% to approximately HK\$11.9 million (the corresponding period in 2021: approximately HK\$21.1 million). The decrease in revenue was mainly attributable to the fact that the Yangtze River Delta region had been affected by the surge of COVID-19 cases, and all kinds of transportation such as hazardous chemical vehicles and foreign oil vessels had been strictly controlled, which had seriously hindered the development of petrochemical products storage business.

FINANCIAL REVIEW

The Group's revenue decreased by approximately 56.9% to approximately HK\$307.7 million for the Period (the corresponding period in 2021: approximately HK\$714.4 million). For reasons of the decrease in revenue, please refer to the paragraph headed "Business Review" above for details.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's cost of revenue decreased by approximately 56.9% to approximately HK\$305.9 million for the Period (the corresponding period in 2021: approximately HK\$710.5 million). The decrease in cost 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 0.6% for the Period (the corresponding period in 2021: approximately 0.6%).

The Group's finance costs amounted to approximately HK\$15.5 million for the Period (the corresponding period in 2021: approximately HK\$17.5 million). The finance costs mainly consist of the interests on bank loans, listed credit enhanced guaranteed bonds and amount due to connected companies. The decrease in finance costs was mainly attributable to 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.

The Group recorded loss for the Period of approximately HK\$59.3 million (the corresponding period in 2021: loss of approximately HK\$45.0 million). Loss attributable to the equity holders of the Company was approximately HK\$58.1 million (the corresponding period in 2021: loss of approximately HK\$46.4 million) and loss per share was approximately 4.51 HK cents (the corresponding period in 2021: approximately 3.60 HK cents).

CAPITAL STRUCTURE

As at 30 September 2022, the Group's total deficit attributable to equity holders of the Company amounted to approximately HK\$522.0 million (31 December 2021: approximately HK\$467.0 million). The capital of the Company comprised 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 (2021: Nil).

PLEDGE OF ASSETS

The Group used bank facilities and other borrowings to finance the expansion of its business. As at 30 September 2022, the Group did not have any secured borrowings (31 December 2021: 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, 江蘇大豐海港控股集團有限公司 (Jiangsu Dafeng Harbour Holdings Limited*) ("**Jiangsu Dafeng**"), 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 (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 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 2022, the Group was interested in approximately RMB100 million registered capital 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*) ("**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 was nil as at 30 September 2022 (31 December 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The unrecognised share of loss of Jiangsu Hairong for the Period and cumulative up to the end of the Period amounted to approximately HK\$2.2 million (for the period from 1 January 2021 to 31 December 2021: approximately HK\$3.0 million) and HK\$14.0 million (2021: approximately HK\$11.8 million), respectively.

Save as disclosed in this report, 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 2022. 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 the increased risk of global inflation and interest rate hikes, the ongoing COVID-19 pandemic and geopolitical risks will continue to bring uncertainties to the global economy and cast negative impacts on the Group's business activities. The Group will actively respond to the adverse impact brought by the pandemic, and the management will continue to monitor the global trading environment and further develop and strengthen its core business, (ii) while seizing the opportunity of integrated development of 江蘇鹽城港控股集團有限公司 (Jiangsu Yancheng Port Holding Group Co., Ltd*) ("**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.

CONTINGENT LIABILITIES

As at 30 September 2022, the Group had no material contingent liabilities (31 December 2021: 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 report.

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 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 Securities and Futures Ordinance (Cap. 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 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 during the Period and there were no outstanding share options under the Scheme as at 30 September 2022 and as at the date of this report.

Up to 30 September 2022, the Company and its subsidiaries have not issued or granted any convertible securities, warrants or other similar rights.

OTHER INFORMATION

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

As at 30 September 2022, 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:

| Name of shareholders | Capacity/ Nature of interests | Number of shares held (Note 1) | % of the Company's issued share capital (Approximate) |
|---|---|--------------------------------------|--|
| Dafeng Port Overseas Investment Holdings Limited (" Dafeng Port Overseas ") (Note 2) | Beneficial owner | 740,040,000 (L) | 57.46% |
| Jiangsu Dafeng (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, a company incorporated in Hong Kong with limited liability, and is owned as to 40% by Jiangsu Dafeng, which in turn is wholly owned by Jiangsu Yancheng, 40.2% of which is owned by PGYC.
3. Jiangsu Dafeng and 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 前海明天供應鏈（深圳）有限公司 (Qianhai Mingtian Supply Chain (Shenzhen) Company Limited*) (“**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 (Holding) 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 30 September 2022, 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.

OTHER INFORMATION

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

Jiangsu Dafeng, 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 a direct non wholly-owned subsidiary, namely 江蘇悅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. Whereas the Group has also developed the business of trading of electronic products, petrochemical products and various other products. Accordingly, the businesses of Jiangsu Dafeng and its subsidiaries (the "**Jiangsu Dafeng Group**") may be construed as businesses which compete with or are likely to compete with one of the core principal activities of the Group. The Board considered that the businesses of the Jiangsu Dafeng Group do not pose material competitive threat to the Group because the Group and Jiangsu Dafeng Group 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, Jiangsu Dafeng, Yancheng Port Supply Chain, and Yueda Logistics. The Directors consider that the Board can operate independently from Jiangsu Dafeng in the best interest of the Company and its shareholders as the whole.

Save as disclosed above, as at 30 September 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 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 (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules 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

An 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 CG Code. The Audit Committee currently consists of Mr. Lau Hon Kee (Chairman), Dr. Bian Zhaoxiang and Mr. Zhang Fangmao, 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.

OTHER INFORMATION

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, 10 November 2022

As at the date of this report, 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 Yuexia Mr. Miao Zhibin | Dr. Bian Zhaoxiang Mr. Lau Hon Kee Mr. Yu Xugang Mr. Zhang Fangmao |

* *For identification purpose only*