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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)

SUPPLEMENTAL ANNOUNCEMENT

Reference is made to the announcement of the Company dated 30 November 2023 (the “**Announcement**”) in relation to the proposed disposal of 40% equity interests in 江蘇鹽城港海融石化碼頭有限公司 (Jiangsu Yancheng Port Hairong Petrochemical Terminal Co. Ltd*). Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

In addition to the information disclosed in the Announcement, the Company would like to provide the following additional information regarding the Disposal.

DETAILS OF THE ADJUSTMENT MADE FOR THE PURPOSE OF EQUITY ACCOUNTING

As disclosed in the Company’s circular dated 24 July 2020 and Company’s announcement dated 27 August 2020, upon completion of the disposal of 60% of equity interests in the Target Company on 27 August 2020, the Group retained 40% equity interests in the Target Company and ceased to have control over the Target Company. As the Group had significant influence on the Target Company, the investment of the remaining 40% equity interests in the Target Company was classified as interests in associate of the Group since 27 August 2020. The management engaged an independent professional valuer to assess the fair value of the 40% equity interests in the Target Company when control is lost. As at 27 August 2020, the fair value of the 40% equity interests in the Target Company was HK\$Nil, which is deemed as investment costs of interests in associate in accordance with the requirements of the Hong Kong Financial Reporting Standards.

In accordance with the Hong Kong Financial Reporting Standards, the Group's remaining interest in the Target Company is accounted for under the equity method of accounting since 27 August 2020. Under the equity method of accounting, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

As the Target Company had been generating losses since 27 August 2020 and the Group has no legal or constructive obligations or has not made payments on behalf of the Target Company, the carrying amount of the remaining interest in the Target Company remained at HK\$Nil at 30 October 2023.

The Board has assessed and considered the relevant accounting policy and discussed with the Company's auditors. After due and careful consideration, Directors are of the view that the accounting treatment for the purpose of equity accounting is fair and reasonable.

INTENDED APPLICATION FROM THE NET PROCEEDS

The Disposal enables the Group to allocate resources to develop and strengthen the other existing businesses of the Group. The Group intends to use the net proceeds from the Disposal for general working capital including but not limited to settlement of certain trade payables and construction costs payables, and partial repayment of the loans from 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.*). It is expected that the net proceeds from the Disposal will be utilised on or before 30 March 2024.

This announcement is supplemental to and should be read in conjunction with the Announcement. Save as specified herein, the above supplemental information does not affect other information and contents set out in the Announcement.

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

Hong Kong, 12 December 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 (Chairman) | 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

This announcement, for which the Directors 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 of Hong Kong Limited 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 document misleading.

This announcement will remain on the “Latest Company Announcements” page of the Stock Exchange’s website at www.hkexnews.hk for at least seven days from the date of its publication and on the Company’s website at www.dfport.com.hk.