



Dafeng Port Heshun Technology Company Limited

大豐港和順科技股份有限公司

(於開曼群島註冊成立之有限公司)

(股份代號：8310)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

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This announcement, for which the Directors of the Company 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 is no other matter the omission of which would make any statement herein or this announcement misleading.

DEFINITIONS

Term	Definition
Audit Committee	The audit committee of the Company
Board	The board of the Directors
Company	Dafeng Port Heshun Technology Company Limited
Companies Ordinance	Companies Ordinance (Chapter 622 of the laws of Hong Kong)
CG Code	The Corporate Governance Code contained in Appendix C1 of the GEM Listing Rules
Dafeng Port Development Group	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.*)
Director(s)	The directors of the Company
GEM Listing Rules	The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited
Group	The Company and its subsidiaries
Hong Kong	The Hong Kong Special Administrative Region of the People's Republic of China
HK\$/HKD	Hong Kong dollars
Jiangsu Yancheng	江蘇鹽城港控股集團有限公司 (Jiangsu Yancheng Port Holding Group Co., Ltd.*)
Legal Committee	The legal committee of the Company

Nomination Committee	The nomination committee of the Company
Port Shipping International	江蘇鹽城港港航國際貿易有限公司 (Jiangsu Yancheng Port Port Shipping International Trade Co., Limited*)
Port Storage Petrochemical	江蘇鹽城港港儲石化有限公司 (Jiangsu Yancheng Port Port Storage Petrochemical Co., Ltd.*)
PRC/China	The People's Republic of China, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
Remuneration Committee	The remuneration committee of the Company
RMB	Renminbi Yuan
SFO	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
Share(s)	Ordinary shares of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
US\$/USD	United States dollars
Yancheng Port Overseas	Yancheng Port Overseas Investment Holdings Limited (formerly known as Dafeng Port Overseas Investment Holdings Limited), which has 57.46% interests in the Company
Year	1 January 2024 to 31 December 2024

* *Note:*

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.

FINANCIAL HIGHLIGHTS

The Group's revenue decreased by approximately 32.5% to approximately HK\$781.7 million for the Year (corresponding period in 2023: approximately HK\$1,158.0 million). Regarding reason of the decrease in revenue, please refer to the paragraph headed "Business Review" in this announcement for details.

The Group's cost of revenue decreased by approximately 32.6% to approximately HK\$774.1 million for the Year (corresponding period in 2023: approximately HK\$1,148.9 million). The decrease in cost of revenue was mainly driven by the decrease in revenue of the Group's trading business.

The Group recorded a gross profit margin of approximately 1.0% for the Year (corresponding period in 2023: approximately 0.8%). The gross profit margin was almost flat compared with the corresponding period of last year.

The Group's finance costs amounted to approximately HK\$21.7 million for the Year (2023: approximately HK\$33.9 million). Financing costs mainly include interest on bank borrowings and listed credit enhancement guaranteed bonds. The decrease in financing costs was because the amortisation of the issuance fee of the USD bonds decreased compared with the corresponding period of last year.

The Group recorded losses for the Year of approximately HK\$46.2 million (2023: profit of approximately HK\$53.5 million). Loss attributable to owners of the Company was approximately HK\$45.1 million (2023: profit of approximately HK\$54.7 million), while basic losses per share was HK\$3.5 cents (2023: earnings per share of HK\$4.25 cents). This turnaround from profit to loss for the Year was mainly attributable to the Group recognised a one-off gain on disposal of 40% equity interest in Jiangsu Yancheng Port Hairong Petrochemical Terminal Co., Ltd. of approximately HK\$108.9 million in 2023 while no such gain on disposal recognised for the Year.

The Board did not recommend the payment of any final dividend for the Year (2023: Nil).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

		2024	2023
	Note	HK\$'000	HK\$'000
Revenue	4	781,743	1,158,042
Cost of revenue		(774,053)	(1,148,906)
Gross profit		7,690	9,136
Other income	5	2,957	1,452
Administrative expenses		(33,232)	(30,410)
Finance costs	6	(21,731)	(33,874)
Gain on disposal of an associate		–	108,909
Impairment loss on property, plant and equipment, net		(1,892)	(1,440)
Provision for inventories		–	(284)
(Loss) Profit before taxation	7	(46,208)	53,489
Taxation	8	–	(7)
(Loss) Profit for the year		(46,208)	53,482
Other comprehensive (loss) income:			
<i>Items that are reclassified or may be reclassified to profit or loss in subsequent periods:</i>			
Exchange difference arising from translation of foreign operations		(958)	1,838
Realisation of translation reserve upon deregistration of a subsidiary		–	265
		(958)	2,103
Total comprehensive (loss) income for the year		(47,166)	55,585

		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss) Profit attributable to:			
Owners of the Company		(45,090)	54,715
Non-controlling interests		(1,118)	(1,233)
		<u>(46,208)</u>	<u>53,482</u>
Total comprehensive (loss) income attributable to:			
Owners of the Company		(45,128)	57,907
Non-controlling interests		(2,038)	(2,322)
		<u>(47,166)</u>	<u>55,585</u>
(Loss) Earnings per share attributable to			
equity holders of the Company			
		HK cents	HK cents
Basic and diluted	<i>10</i>	<u>(3.50)</u>	<u>4.25</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

		2024	2023
	Note	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment	11	102,310	114,028
Goodwill		340	340
Right-of-use assets		34,719	36,437
Prepayments in relation to property, plant and equipment		5,653	6,086
		<u>143,022</u>	<u>156,891</u>
Current assets			
Inventories		–	–
Trade and other receivables	12	169,518	255,530
Bank balances and cash		4,968	158,274
		<u>174,486</u>	<u>413,804</u>
Current liabilities			
Trade and other payables	13	365,829	297,867
Current portion of bank and other borrowings		151,946	473,409
Amount due to a former associate	13(e)	1,466	33,216
		<u>519,241</u>	<u>804,492</u>
Net current liabilities		<u>(344,755)</u>	<u>(390,688)</u>
Total assets less current liabilities		<u>(201,733)</u>	<u>(233,797)</u>
Non-current liabilities			
Amount due to a connected company	13(c)	–	2,273
Non-current portion of bank and other borrowings		291,029	209,477
Deferred tax liabilities		1,387	1,436
		<u>292,416</u>	<u>213,186</u>
NET LIABILITIES		<u>(494,149)</u>	<u>(446,983)</u>

		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and reserves			
Share capital	14	12,880	12,880
Reserves		<u>(523,591)</u>	<u>(478,463)</u>
Total deficits attributable to equity holders of the			
Company		(510,711)	(465,583)
Non-controlling interests		<u>16,562</u>	<u>18,600</u>
TOTAL DEFICITS		<u>(494,149)</u>	<u>(446,983)</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the Company								Non-	
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	controlling interests HK\$'000	Total HK\$'000
At 1 January 2023	12,880	201,419	(7,337)	(11,421)	1,720	(9,151)	(711,600)	(523,490)	21,697	(501,793)
Profit (Loss) for the year	-	-	-	-	-	-	54,715	54,715	(1,233)	53,482
Other comprehensive income (loss): Items that are reclassified or may be reclassified to profit or loss in subsequent periods:										
Exchange difference arising from translation of foreign operations	-	-	-	2,927	-	-	-	2,927	(1,089)	1,838
Realisation of translation reserve upon deregistration of a subsidiary	-	-	-	265	-	-	-	265	-	265
	-	-	-	3,192	-	-	-	3,192	(1,089)	2,103
Total comprehensive income (loss)	-	-	-	3,192	-	-	54,715	57,907	(2,322)	55,585
Transactions with owners										
Changes in ownership interests										
Deregistration of a non-wholly owned subsidiary	-	-	-	-	-	-	-	-	(775)	(775)
Total transactions with owners	-	-	-	-	-	-	-	-	(775)	(775)
At 31 December 2023	12,880	201,419	(7,337)	(8,229)	1,720	(9,151)	(656,885)	(465,583)	18,600	(446,983)
At 1 January 2024	12,880	201,419	(7,337)	(8,229)	1,720	(9,151)	(656,885)	(465,583)	18,600	(446,983)
Loss for the year	-	-	-	-	-	-	(45,090)	(45,090)	(1,118)	(46,208)
Other comprehensive loss:										
Item that is reclassified or may be reclassified to profit or loss in subsequent periods:										
Exchange difference arising from translation of foreign operations	-	-	-	(38)	-	-	-	(38)	(920)	(958)
	-	-	-	(38)	-	-	-	(38)	(920)	(958)
Total comprehensive loss	-	-	-	(38)	-	-	(45,090)	(45,128)	(2,038)	(47,166)
At 31 December 2024	12,880	201,419	(7,337)	(8,267)	1,720	(9,151)	(701,975)	(510,711)	16,562	(494,149)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

1. BASIS OF PRESENTATION

Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as detailed in note 2 below.

Going concern basis

As at 31 December 2024, the Group had net current liabilities of approximately HK\$344,755,000 (2023: approximately HK\$390,688,000) and net liabilities of approximately HK\$494,149,000 (2023: approximately HK\$446,983,000) respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group is able to operate as a going concern for the foreseeable future. In the opinion of the Directors, the Group can meet its financial obligations as and when they fall due within the next twelve months, after taking into consideration of the measures and arrangements made by the Group as detailed below:

- (i) the Group is in negotiation with financial institutions and connected parties for the renewal of the Group's bank and other borrowings upon expiry, obtaining new borrowings and applying for future credit facilities;
- (ii) the Company has obtained a RMB1 billion financial support (equivalent to approximately HK\$1,063,200,000) in formal writing from Dafeng Port Development Group; and
- (iii) the Group is expected to generate adequate cash flows to maintain its operations.

The Directors have prepared a cash flow forecast covering a period up to 30 June 2026 on the basis that negotiation with financial institutions and connected parties for the renewal of the Group's borrowings and credit facilities would be successful, and the Directors are satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the eighteen months from 31 December 2024. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Directors will be able to achieve their plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in the near future, and to obtain the continuous financial support from its connected parties.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their estimated recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

2. ADOPTION OF NEW/REVISED HKFRSs

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

Amendments to HKAS 1: Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the consolidated statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 1: Non-current Liabilities with Covenants

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HK Interpretation 5: Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

This interpretation is revised as a consequence of Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

The adoption of the amendments on this Interpretation does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 7 and HKFRS 7: Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 16: Lease Liability in a Sale and Leaseback

The amendments require a seller-lessee to subsequently determine lease payments arising from a sale and leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

3. SEGMENT INFORMATION

The executive directors of the Company are identified collectively as the chief operating decision maker. An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Company's executive directors in order to allocate resources and assess performance of the segment.

For management purposes, the Group is currently organised into the following operating segments:

Operating segments	Principal activities
— Trading business	— Trading of electronic products, petrochemical products, soybean products etc. — Provision of supply chain management services
— Petrochemical products storage business	— Provision of storage services for petrochemical products

For the purposes of assessing segment performance and allocating resources between segments, the Company's executive directors monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Segments assets include all assets except for corporate assets which are managed on a group basis. All liabilities are allocated to reportable segment liabilities other than unallocated head office and corporate liabilities which are managed on a group basis and certain other payables and accrued charges.

Revenues and expenses are allocated to the operating segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments. The measure used for reporting segment results is profit/loss before taxation without allocation of share of results of associates and other unallocated corporate expenses and income.

For the purposes of assessing the performance of the operating segments and allocation of resources between segments, the Group's results are further adjusted for items not specifically attributed to individual segments and other head office or corporate administration costs.

Inter-segment sales transactions are charged at prevailing market prices.

Operating segments

Segment information is presented below:

For the year ended 31 December 2024

	Trading business <i>HK\$'000</i>	Petrochemical products storage business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue (from external customers)	<u>769,032</u>	<u>12,711</u>	<u>781,743</u>
Results			
Segment results	<u>(4,702)</u>	<u>(19,539)</u>	(24,241)
Other unallocated corporate income			2,766
Other unallocated corporate expenses			<u>(24,733)</u>
Loss before taxation			(46,208)
Taxation			<u>–</u>
Loss for the year			<u><u>(46,208)</u></u>

For the year ended 31 December 2023

	Trading business <i>HK\$'000</i>	Petrochemical products storage business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue (from external customers)	<u>1,141,933</u>	<u>16,109</u>	<u>1,158,042</u>
Results			
Segment results	<u>(5,385)</u>	<u>(11,905)</u>	(17,290)
Other unallocated corporate income			28
Gain on disposal of an associate			108,909
Other unallocated corporate expenses			<u>(38,158)</u>
Profit before taxation			53,489
Taxation			<u>(7)</u>
Profit for the year			<u><u>53,482</u></u>

As at 31 December 2024

	Petrochemical products		
	Trading business	storage business	Total
	HK\$'000	HK\$'000	HK\$'000
ASSETS			
Segment assets	170,546	143,137	313,683
Unallocated corporate assets			3,825
Consolidated total assets			<u>317,508</u>
LIABILITIES			
Segment liabilities	(219,436)	(132,180)	(351,616)
Unallocated corporate liabilities			(460,041)
Consolidated total liabilities			<u>(811,657)</u>

For the year ended 31 December 2024

	Petrochemical products		
	Trading business	storage business	Total
	HK\$'000	HK\$'000	HK\$'000
OTHER INFORMATION			
Capital additions	–	2,865	2,865
Depreciation of property, plant and equipment	212	8,394	8,606
Depreciation of right-of-use assets	129	941	1,070
Depreciation of right-of-use assets (unallocated)	–	–	418
Finance costs	5	6,114	6,119
Finance costs (unallocated)	–	–	15,612
Gain on disposal of property, plant and equipment	–	(76)	(76)
Impairment loss on property, plant and equipment, net	–	1,892	1,892
Interest income	(45)	(2)	(47)
Interest income (unallocated)	–	–	(13)
Loss on early termination of lease	10	–	10

As at 31 December 2023

	Trading business <i>HK\$'000</i>	Petrochemical products storage business <i>HK\$'000</i>	Total <i>HK\$'000</i>
ASSETS			
Segment assets	410,961	158,434	569,395
Unallocated corporate assets			<u>1,300</u>
Consolidated total assets			<u><u>570,695</u></u>
LIABILITIES			
Segment liabilities	(430,958)	(148,878)	(579,836)
Unallocated corporate liabilities			<u>(437,842)</u>
Consolidated total liabilities			<u><u>(1,017,678)</u></u>

For the year ended 31 December 2023

	Trading business <i>HK\$'000</i>	Petrochemical products storage business <i>HK\$'000</i>	Total <i>HK\$'000</i>
OTHER INFORMATION			
Capital additions	–	5,365	5,365
Depreciation of property, plant and equipment	210	8,682	8,892
Depreciation of right-of-use assets	204	960	1,164
Depreciation of right-of-use assets (unallocated)	–	–	416
Finance costs	50	3,094	3,144
Finance costs (unallocated)	–	–	30,730
Impairment loss on property, plant and equipment, net	–	1,440	1,440
Provision for inventories	284	–	284
Interest income	(75)	(7)	(82)
Interest income (unallocated)	<u>–</u>	<u>–</u>	<u>(2)</u>

Geographical information

Geographical segment

The Group operates and derives revenue in two principal geographical areas: Hong Kong and the PRC. The following table sets out the revenue derived from geographical areas which are based on the geographical location of the customers:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from external customers:		
Hong Kong	–	24,641
The PRC	<u>781,743</u>	<u>1,133,401</u>
	<u>781,743</u>	<u>1,158,042</u>

The geographical location of non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, prepayments in relation to property, plant and equipment, right-of-use assets, and the location of the operation, in the case of goodwill. The analysis of the Group's non-current assets by geographical location is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Property, plant and equipment		
The PRC	<u>102,310</u>	<u>114,028</u>
Prepayments in relation to property, plant and equipment		
The PRC	<u>5,653</u>	<u>6,086</u>
Goodwill		
The PRC	<u>340</u>	<u>340</u>
Right-of-use assets		
Hong Kong	1,000	327
The PRC	<u>33,719</u>	<u>36,110</u>
	<u>34,719</u>	<u>36,437</u>
Total non-current assets	<u>143,022</u>	<u>156,891</u>

Information about major customers

Revenue from customers contributing individually over 10% or more of the Group's revenue are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	155,620	N/A
Customer B	148,184	N/A
Customer C	101,438	N/A
Customer D	100,204	N/A
Customer E	85,158	N/A
Customer F	N/A	394,642
Customer G	N/A	174,995
Customer H	N/A	159,327
Customer I	N/A	144,996

All the above customers are from trading segment. The revenue from Customer A, B, C, D and E were less than 10% of the Group's revenue for the year ended 31 December 2023. The revenue from Customer F, G, H and I were less than 10% of the Group's revenue for the year ended 31 December 2024.

4. REVENUE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers within HKFRS 15		
Trading business	769,032	1,141,933
Petrochemical products storage service	12,711	16,109
	<u>781,743</u>	<u>1,158,042</u>
Timing of revenue recognition		
At a point in time	769,032	1,141,933
Over time	12,711	16,109
	<u>781,743</u>	<u>1,158,042</u>

The revenue from contracts with customers within HKFRS 15 is based on fixed price.

5. OTHER INCOME

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest income	60	84
Exchange gain, net	2,492	381
Gain on disposal of property, plant and equipment	76	–
Sundry income	329	987
	<u>2,957</u>	<u>1,452</u>

6. FINANCE COSTS

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on borrowings wholly repayable within five years	4,620	3,091
Effective interest on listed credit enhanced guaranteed bonds	15,593	30,716
Interest on loan from a former associate	1,494	–
Interest on loan from a connected company	–	36
Interest on lease liabilities	24	31
	<u>21,731</u>	<u>33,874</u>

7 (LOSS) PROFIT BEFORE TAXATION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Staff costs		
Salaries, allowances and other short-term employee benefits including directors' emoluments	12,776	12,019
Contributions to defined contribution plans	2,831	2,556
	<u>15,607</u>	<u>14,575</u>
 Auditor's remuneration		
— Audit-related assurance services	1,450	1,450
— Other services	199	59
Cost of inventories	767,696	1,140,972
Depreciation of property, plant and equipment	8,606	8,892
Depreciation of right-of-use assets	1,488	1,580
Loss on early termination of lease	10	—
Loss on written off of property, plant and equipment	—	3
Lease charge — short term lease	254	326

8. TAXATION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax:		
Under provision in prior year	—	7
Total income tax expenses recognised in profit or loss	<u>—</u>	<u>7</u>

(i) Hong Kong Profits Tax

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 continue to be subject to the rate of 16.5% for corporations. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been made as the Group's entities either had no estimated assessable profits or incurred tax losses for the years ended 31 December 2024 and 2023.

(ii) Income taxes outside Hong Kong

The Company's subsidiaries in the PRC are subject to Enterprise Income Tax ("EIT"). PRC EIT is calculated at the prevailing tax rate at 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.

9. DIVIDENDS

The Board does not recommend the payment of a dividend for the year ended 31 December 2024 (2023: Nil).

10. (LOSS) EARNINGS PER SHARE

Basic (loss) earnings per share for the years ended 31 December 2024 and 2023 are calculated by dividing the (loss) profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue.

	2024	2023
(Loss) Profit attributable to the owners of the Company (<i>HK\$'000</i>)	<u>(45,090)</u>	<u>54,715</u>
Weighted average number of ordinary shares in issue	<u>1,288,000,000</u>	<u>1,288,000,000</u>
Basic (loss) earnings per share (<i>HK cents</i>)	<u>(3.50)</u>	<u>4.25</u>

Basic and diluted (loss) earnings per share are the same as the Company did not have any dilutive potential ordinary shares during the years ended 31 December 2024 and 2023.

11. PROPERTY, PLANT AND EQUIPMENT

The Directors have reviewed the carrying value of property, plant and equipment (storage facilities and construction in progress) and right-of-use assets of petrochemical products storage business as at 31 December 2024, as their overall performance is worse than expected and determined that the recoverable amount from the use or sale of certain of these assets has declined below their carrying amounts.

The recoverable amounts of the cash-generating unit (“CGU”), including property, plant and equipment and right-of-use assets of petrochemical products storage business (collectively known as the “Assets”) as at 31 December 2024 were lower than their respective carrying amounts. The recoverable amounts are determined by the management, with assistance from an independent professional valuer, based on fair value less costs of disposal for the Assets, which are higher than that using value-in-use calculation.

The recoverable amounts of the property, plant and equipment and right-of-use assets of petrochemical products storage business were HK\$113,127,000 and HK\$49,058,000 respectively (2023: HK\$117,045,000 and HK\$51,247,000 respectively). Accordingly, impairment losses of HK\$1,892,000 (2023: HK\$1,440,000) was provided for property, plant and equipment and no impairment losses were provided for right-of-use assets in relation to this CGU respectively.

The key assumptions used in estimating the fair value of the Assets under depreciation replacement cost approach include estimation of construction as if building the similar structures, adjusting for physical deterioration, obsolescence and optimisation or referring to current market price of the similar assets. The valuation was categorised as Level 3 fair value measurement.

12. TRADE AND OTHER RECEIVABLES

		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables			
Third parties	(a)	117,029	197,796
Less: Loss allowance	(b)	<u>(3,514)</u>	<u>(3,514)</u>
		113,515	194,282
Other receivables			
Deposits, prepayments and other debtors		4,715	3,935
Advanced payments to suppliers		29,038	51,080
Value added tax refundable		3,989	6,222
Loans to third parties	(c)	18,250	–
Amount due from a connected company	(d)	<u>11</u>	<u>11</u>
		56,003	61,248
		169,518	255,530

Note:

(a) Trade receivables

An ageing analysis of the trade receivables as at the reporting period, based on the invoice date is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-credit impaired		
Within 90 days	107,727	176,300
91–180 days	–	–
More than 365 days	5,788	17,982
	<u>113,515</u>	<u>194,282</u>
Credit impaired		
More than 365 days	3,514	3,514
	<u>3,514</u>	<u>3,514</u>
	<u>117,029</u>	<u>197,796</u>

(b) Loss allowance

As at 31 December 2024, the Group recognised loss allowance of HK\$3,514,000 (2023: HK\$3,514,000) on the trade receivables. The movements in the loss allowance for trade receivables during the year are summarised below.

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of year and end of the reporting period	<u>3,514</u>	<u>3,514</u>

(c) Loans to third parties

The amounts due are unsecured, interest-bearing at rates ranging from 5% to 7.2% per annum and repayable within 1 year.

(d) Amount due from a connected company

		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Jiangsu Yancheng Port Smart Port Co., Ltd. *	(i)	<u>11</u>	<u>11</u>

- (i) The company is controlled by a substantial shareholder and the amount is unsecured, interest-free and has no fixed term of repayment.

* The official name is in Chinese and the English name is translated for identification purpose only.

13. TRADE AND OTHER PAYABLES

		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	(a)	<u>10,200</u>	<u>194,289</u>
Other payables			
Accrued charges and other creditors		13,450	18,556
Construction cost payables	(b)	17,855	17,955
Contract liabilities	(d)	6,914	14,358
Salaries and bonus payable		1,290	1,472
Amount due to a director	(f)	1,160	920
Amounts due to connected companies-current portion	(c)	<u>314,960</u>	<u>50,317</u>
		<u>355,629</u>	<u>103,578</u>
		<u>365,829</u>	<u>297,867</u>

Note:

(a) Trade payables

The ageing analysis of trade payables, based on invoice date, is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
90 days or below	40	175,297
More than 365 days	<u>10,160</u>	<u>18,992</u>
	<u>10,200</u>	<u>194,289</u>

The Group was allowed a credit period of up to 90 (2023: 90) days by its trade creditors. The trade payables are interest-free and are normally settled on terms of one to six months (2023: one to six months).

(b) Construction cost payables

The amounts due are interest-free and repayable upon the receipt of the invoices issued by the constructors.

(c) Amounts due to connected companies

		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current portion			
Dafeng Port Development Group	(i)	101,767	42,537
New Fortune International Development Limited ("New Fortune")	(ii)	790	780
Dafeng Port (HK) Development Limited ("Dafeng Port (HK)")	(iii)	212,403	7,000
		314,960	50,317
Non-current portion			
Dafeng Port Development Group	(i)	–	2,273
		314,960	52,590

- (i) The amount of RMB93,651,000 (equivalent to HK\$99,570,000) (2023: RMB34,469,000 (equivalent to HK\$37,913,000)) is unsecured, repayable on demand and interest-free. With reference to loan agreement dated 7 September 2022 (2023: 16 March 2022 and 7 September 2022), the interest payables of RMB2,067,000 (equivalent to HK\$2,197,000) are repayable on 8 September 2025 (2023: RMB4,203,000 (equivalent to HK\$4,624,000) and RMB2,067,000 (equivalent to HK\$2,273,000) were repayable on 31 October 2024 and 8 September 2025 respectively). The interest payables are unsecured and interest-free.
- (ii) Dafeng Port Development Group has 100% equity interest in New Fortune. The amount is unsecured, repayable on demand and interest-free.
- (iii) Dafeng Port Development Group has 100% equity interests in Dafeng Port (HK). The amount is unsecured, repayable on demand and interest-free. The balance of HK\$209,804,000 (2023: Nil) was denominated in US\$ and the remaining balance was denominated in HK\$.

(d) Contract liabilities

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the reporting period	14,358	52,361
Refunded	(13,887)	(34,948)
Recognised as revenue	–	(3,062)
Receipt of advances of undelivered goods	6,443	7
	<hr/>	<hr/>
At end of the reporting period	<u>6,914</u>	<u>14,358</u>

At 31 December 2024 and 2023, the advance payments from customers are expected to be recognised as revenue within one year.

(e) Amount due to a former associate

The amount due is unsecured, interest-free and repayable on demand.

(f) Amount due to a director

The amount due is unsecured, interest-free and has no fixed repayment term (*2023: the same*).

14. SHARE CAPITAL

	2024		2023	
	Number of shares	Nominal value <i>HK\$'000</i>	Number of shares	Nominal value <i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.01 each	<u>10,000,000,000</u>	<u>100,000</u>	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid				
(HK\$0.01 each):				
At beginning of year and at end of the year	<u>1,288,000,000</u>	<u>12,880</u>	<u>1,288,000,000</u>	<u>12,880</u>

BUSINESS REVIEW

During the Year, the Group is principally engaged in trading business and the provision of petrochemical products storage business.

Our major business activities can be divided into the below segments during the Year:

1. Trading Business

The Group is engaged in the trading and import and export businesses of electronic products, petrochemical products and soybean products. During the Year, the Group's trading business recorded revenue of approximately HK\$769.0 million (2023: approximately HK\$1,141.9 million). The decrease in revenue was mainly due to the overall revenue has not significantly improved as the operating revenue of soybean recorded year-on-year decrease and size of the newly expanded business is relatively small under the influence of the international environment.

2. Petrochemical Products Storage Business

The Group is engaged in petrochemical products storage business through Port Storage Petrochemical. During the Year, the Group's petrochemical products storage business recorded a decrease in revenue by approximately 21.1% to approximately HK\$12.7 million (2023: approximately HK\$16.1 million). The decrease in revenue was due to the fact that the market fluctuated greatly and the export of oil products in foreign trade dropped sharply. As the turnover of storage enterprises is closely related to the upstream chemical manufacturing industry, the decrease of orders from upstream enterprises directly led to the decrease of the Group's revenue.

OUTLOOKS

Petrochemical products are expected to achieve a sustainable recovery and maintain moderate growth, but corporates still need to actively seek new market driving momentum to balance short-term benefits with long-term development. Additionally, the global macroeconomic environment, policy changes, technological innovation barriers, and geopolitical risks continue to present uncertainties and challenges for the industry's development. Despite an increasingly uncertain external environment, the development of China's foreign trade is anticipated to demonstrate strong resilience. The recovery of the global economy is expected to drive growth in external demand, creating new development opportunities for China's foreign trade. Going forward, the Group will adopt a prudent approach to run the Group's existing business and also actively seize the opportunity of integrated development of Jiangsu Yancheng. In this regard, the Group will rationally reorganise, simplify and optimise its resources and prudently identify investment opportunities.

FINANCIAL REVIEW

The Group's revenue decreased by approximately 32.5% to approximately HK\$781.7 million for the Year (corresponding period in 2023: approximately HK\$1,158.0 million). Regarding reason of the decrease in revenue, please refer to the paragraph headed "Business Review" above in this announcement for details.

The Group's cost of revenue decreased by approximately 32.6% to approximately HK\$774.1 million for the Year (corresponding period in 2023: approximately HK\$1,148.9 million). The decrease in cost of revenue was mainly driven by the decrease in revenue of the Group's trading business.

The Group recorded a gross profit margin of approximately 1.0% for the Year (corresponding period in 2023: approximately 0.8%). The gross profit margin was almost flat compared with the corresponding period of last year.

The Group's finance costs amounted to approximately HK\$21.7 million for the Year (2023: approximately HK\$33.9 million). Financing costs mainly include interest on bank borrowings and listed credit enhancement guaranteed bonds. The decrease in financing costs was because the amortisation of the issuance fee of the USD bonds decreased compared with the corresponding period of last year.

The Group recorded losses for the Year of approximately HK\$46.2 million (2023: profit of approximately HK\$53.5 million). Loss attributable to owners of the Company was approximately HK\$45.1 million (2023: profit of approximately HK\$54.7 million), while basic losses per share were HK\$3.5 cents (2023: earnings per share of HK\$4.25 cents). This turnaround from profit to loss for the Year was mainly attributable to the Group recognised a one-off gain on disposal of 40% equity interest in Jiangsu Yancheng Port Hairong Petrochemical Terminal Co., Ltd. of approximately HK\$108.9 million in 2023 while no such gain on disposal recognised for the Year.

Capital structure

As at 31 December 2024, the Group's total deficits attributable to equity holders of the Company amounted to approximately HK\$510.7 million (2023: approximately HK\$465.6 million). The capital of the Company only comprised of the ordinary share. There was no movement in the issued share capital of the Company during the Year.

Issuance of US\$31,000,000 credit-enhanced guaranteed bonds to be purchased by professional investors only and listed on the Stock Exchange

On 4 March 2024, the Company, as issuer, Dafeng Port Development Group, as guarantor, and BOSC International Securities Limited, Soochow Securities International Brokerage Limited, Industrial Bank Co., Ltd., Hong Kong Branch, CNCB (Hong Kong) Capital Limited, Shenwan Hongyuan Securities (H.K.) Limited, Huatai Financial Holdings (Hong Kong) Limited, Changjiang Securities Brokerage (HK) Limited, Essence International Securities (Hong Kong) Limited, Sigma Capital Management Limited and JA Securities Limited (collectively, the “**Bond Placing Agents**”), entered into a placing agreement pursuant to which the Company agreed to appoint the Bond Placing Agents as placing agents for the purpose of procuring, the subscription of the bonds of up to an aggregate principal amount of US\$31,000,000 (the “**Bond Placing**”) on a best effort basis.

The Bond Placing was completed on 7 March 2024. Pursuant to the results of a book building exercise, the bonds in the principal amount of US\$31,000,000 have been placed to bondholders at a coupon rate of 5.45% per annum with a term of 3 years.

The commission to be charged by the Bond Placing Agents and other fees payable in connection with this offer were paid from the Company's own funds and the net proceeds from the Bond Placing were approximately US\$31,000,000. The net proceeds were used to repay the principal of US\$55,000,000 and interest of approximately US\$660,000 of certain listed credit enhanced guaranteed bonds due on 23 March 2024, with the balance of US\$24,660,000 being repaid from the Company's own funds. As at the date of this announcement, the net proceeds from the Bond Placing have been fully utilised.

For further details about the Bond Placing, please refer to the announcements of the Company dated 7 March 2024 and 8 March 2024.

Dividend

The Board did not recommend the payment of any dividend in respect of the Year (2023: Nil).

Significant investment, material acquisitions and disposals

The Group had no significant investment, material acquisitions and disposals of subsidiaries and associates during the Year.

Pledge of assets

The Group used bank facilities and other borrowings to finance its business expansion. As at 31 December 2024, a loan from a third party of approximately RMB24.3 million (equivalent to approximately HK\$25.9 million) (2023: approximately RMB37.0 million (equivalent to approximately HK\$40.7 million)) was secured by petrochemical products storage equipment of approximately RMB30.8 million (equivalent to approximately HK\$32.7 million) (2023: approximately RMB33.1 million (equivalent to approximately HK\$32.7 million)).

Foreign currency exposure

The income and expenditure of the Group are mainly carried in HKD, RMB and USD. Exposures to foreign currency risk arise from certain of the Group's trade and other receivables, trade and other payables and cash and bank balances denominated in RMB and USD. The Group mainly adopts measures such as adjusting the time of foreign exchange receipt and payment, matching the balance of foreign exchange receipts and payments, and signing foreign exchange lock agreements with banks to control foreign exchange risks. The Group does not use derivative financial instruments to hedge its foreign currency risk. The management team of the Group reviews the foreign currency exposures regularly.

Employees and emolument policy

As at 31 December 2024, the Group employed a total of 90 employees (2023: 93 employees) based in Hong Kong and the PRC. During the Year, the total staff costs, including Directors' emoluments, amounted to approximately HK\$15.6 million (2023: approximately HK\$14.6 million).

Remuneration of employees is determined with reference to the market terms and commensurate with the level of pay for similar positions within the industry. Discretionary year-end bonuses are payable to employees based on individual performance. The Group provides benefits in accordance with the relevant laws and regulations.

Pension Schemes

The Group operates a defined contribution retirement benefit plan under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) for all of its employees in Hong Kong who are eligible to participate in the Mandatory Provident Fund Scheme (the “**MPF Scheme**”). The Group and its employees in Hong Kong are each required to make contributions to the MPF Scheme at 5% of the employees' relevant income.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in the central pension schemes operated by the local municipal governments (the “**Central Pension Schemes**”). According to the relevant regulations, contributions that should be borne by the companies within the Group are principally determined based on percentages of the basic salaries of employees, subject to certain ceilings imposed. The applicable percentages for the Central Pension Schemes for the years ended 31 December 2024 and 2023 are listed below:

	Percentage
Pension insurance	24%
Medical insurance	10%
Unemployment insurance	1%
Housing fund	12%

The Group's contributions to the MPF Scheme and the Central Pension Schemes vest fully and immediately with the employees. During the years ended 31 December 2024 and 2023, there were neither contributions forfeited by the Group nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at 31 December 2024 and 2023, there were no forfeited contributions which were available for utilisation by the Group to reduce the existing level of contributions to the MPF Scheme and the Central Pension Schemes.

The Group reviews the emoluments of the Directors and staff based on their respective qualification, experience, performance and the market rates so as to maintain the remunerations of the Directors and staff at a competitive level.

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

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

The Company and its subsidiaries did not redeem, purchase or cancel any of their redeemable securities either.

CORPORATE GOVERNANCE CODE PRACTICE

The Company is committed to maintaining a high standard of corporate governance. The Company has adopted a set of corporate governance practices which aligns with the code provisions of the CG Code.

The Company has implemented a number of Group-wide governance policies and systems, which are subject to regular review, to support its commitment to high standards of business, professional, and ethical conduct, and to ensure best practices across the organisation. The Company has also established whistleblowing channels for external parties to raise concerns in relation to possible misconduct of the Group, its employees or directors in a confidential or anonymous manner, or both. The Board has delegated authority to the Audit Committee to review the Group's Anti-Bribery and Anti-Corruption Policy and the Group's Whistleblowing Policy periodically and receive updates on matters concerning breaches of the Group's Anti-Bribery and Anti-Corruption Policy and whistleblowing disclosures.

In the opinion of the Directors, the Company has complied with all the code provisions set out in the CG Code during the Year. 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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2024, 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 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.

CONVERTIBLE SECURITIES, WARRANTS OR SIMILAR RIGHTS

Up to 31 December 2024, the Company and its subsidiaries 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 31 December 2024, so far as the Directors are aware, the following persons/entities (other than the Directors or chief executive 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)
Yancheng Port Overseas (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%
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%

Notes:

1. The letter “L” denotes a long position in the interest in the issued share capital of the Company.
2. Yancheng Port Overseas is 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, approximately 40.8% of which is owned by PGYC.
3. Dafeng Port Development Group, 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 31 December 2024, the Directors were not aware of any other persons or entities (other than the Directors and chief executive 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.

COMPETING INTERESTS

Dafeng Port Development Group, 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 has 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. In addition, the Group is also developing the trading businesses of electronic products, petrochemical products and other various products. Therefore, one of the activities of Dafeng Port Development Group constitutes or is likely to constitute a competitive business. The Board is of the view that the businesses of Dafeng Port Development Group do not pose material competitive threat to the Group because the Group and Dafeng Port Development 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, Dafeng Port Development Group, Yancheng Port Supply Chain and Yueda Logistics. The Directors are of the view that the Board can operate independently of Dafeng Port Development Group in the best interests of the Company and its shareholders as a whole.

The Directors consider that the Board can operate independently from Dafeng Port Development Group, because (i) pursuant to the Articles, a Director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates has a material interest nor shall he be counted in the quorum present at the meeting; and (ii) the Directors are fully aware of their fiduciary duties owing to the shareholders of the respective companies and their duty to avoid conflicts to the shareholders of the respective companies and their duty to avoid conflicts of interests in carrying out their respective duties as directors of the relevant companies.

Save as disclosed above, as at 31 December 2024, 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.

EVENTS AFTER THE YEAR

MANDATORY UNCONDITIONAL CASH OFFER

Reference is made to the joint announcement dated 31 December 2024 (the “**Offer Announcement 1**”), the joint announcement dated 15 January 2025 (the “**Offer Announcement 2**”), the composite offer and response document dated 28 February 2025 (the “**Composite Document**”), and the joint announcement dated 21 March 2025 (the “**Offer Announcement 3**”), jointly issued by Dafeng Port (HK) Development Limited as offeror (the “**Offeror**”) and the Company in relation to, among other things, (i) the acquisition of an aggregate of 60,000,000 shares of Yancheng Port Overseas by the Offeror from Top Bright Surplus Limited, Success Pacific Investment Limited and Jiangsu Huahai Investment Co., Ltd., representing approximately 60% of the then total issued share capital of Yancheng Port Overseas, at a total consideration of US\$60,000,000 (equivalent to HK\$471,000,000), which is equivalent to HK\$0.42 per sale share; and (ii) the mandatory unconditional cash offer to acquire all issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with him) (the “**Offer**”). Huatai Financial Limited, on behalf of the Offeror, made the Offer pursuant to Rule 26.1 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong. The Offer price for each offer share was HK\$0.48 in cash and the Offer was unconditional in all respects. During the offer period, there were valid acceptances in respect of a total of 314,815,000 offer shares under the Offer, representing approximately 24.44% of the then issued share capital of the Company. For further details of the Offer, please refer to the Offer Announcement 1, Offer Announcement 2, Offer Announcement 3 and the Composite Document.

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 the Directors during the Year.

AUDIT COMMITTEE

The Audit Committee was 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 is currently comprised of three independent non-executive Directors, namely Mr. Lau Hon Kee (chairman), Mr. Yu Xugang and Ms. Hui Alice. 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 financial reporting system, the internal control and risk management system of the Group.

During the Year, the Audit Committee reviewed the interim and annual results of the Group and reviewed, with both the auditor and management, the audit approach and methodology applied, in particular those key audit matters included in the annual auditor's report. The Audit Committee also reviewed the internal control procedures of the Group, including financial, operational and compliance controls, and risk management functions as well as the findings reports from the internal audit department of the Company.

SCOPE OF WORK OF FORVIS MAZARS CPA LIMITED

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor, Forvis Mazars CPA Limited ("**Forvis Mazars**"), to the amounts set out in the Group's drafted consolidated financial statements for the Year. The work performed by Forvis Mazars in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Forvis Mazars in this announcement.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the Year. The report includes particulars of the material uncertainty related to going concern without qualified opinion:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to the “Going concern basis” section in note 2 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. As at 31 December 2024, the Group had net current liabilities and net liabilities of approximately HK\$344,755,000 and HK\$494,149,000 respectively. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors, having considered the measures being taken by the Group as disclosed in note 2 to the consolidated financial statements, are of the opinion that the Group would be able to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments that would result in a failure of achieving the measures. We consider appropriate disclosures have been made in this respect. Our opinion is not modified in respect of this matter.

The aforesaid “note 2 to the consolidated financial statements” in the extract from the independent auditor’s report is disclosed as note 1 in this announcement.

REVIEW OF RESULTS

The Audit Committee has reviewed, with both the auditor and management, the accounting principles and practices adopted by the Group and the consolidated financial statements for the Year. The Audit Committee was satisfied that the consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the Year.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The Company’s annual general meeting (the “AGM”) will be held on Thursday, 22 May 2025 at 3:00 p.m. In order to ascertain the entitlement of shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 19 May 2025 to Thursday, 22 May 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 16 May 2025.

PUBLICATION OF 2024 ANNUAL REPORT

The annual report of the Group for the Year will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at <http://dfport.com.hk> and will be dispatched to the Company's shareholders who requested for printed copy in due course.

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

Hong Kong, 26 March 2025

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

Executive Director

Mr. Zhao Liang (*Chairman*)

Mr. Ji Yaosheng

Independent Non-executive Directors

Mr. Lau Hon Kee

Mr. Yu Xugang

Ms. Hui Alice