



**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



2024

Interim Report



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This report, 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 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.

DEFINITIONS

Term	Definition
Audit Committee	The audit committee of the Company
Board	The board of the Directors
Company	Dafeng Port Heshun Technology Company Limited
CG Code	The Corporate Governance Code contained in Appendix C1 to 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.*)
Dafeng Port (HK)	Dafeng Port (HK) Development Limited
Dafeng Port Overseas	Dafeng Port Overseas Investment Holdings Limited
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.*)

Period	1 January 2024 to 30 June 2024
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/Mainland China	The People's Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this report
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
Smart Port	江蘇鹽城港智慧港口有限公司 (Jiangsu Yancheng Port Smart Port Co., Ltd*)
Stock Exchange	The Stock Exchange of Hong Kong Limited
US\$/US dollars	United States dollars

***Note:**

For the purpose of this report and unless otherwise specified, the English translation of the names of the companies incorporated in the PRC are used for identification purpose only.

FINANCIAL SUMMARY

The Group's total revenue for the Period was approximately HK\$690.5 million, representing an increase of approximately 64.55% as compared with the total revenue of approximately HK\$419.6 million for the corresponding period in 2023.

Loss before taxation for the Period was approximately HK\$18.1 million, representing a decrease of approximately 46.73% as compared with the loss before taxation of approximately HK\$34.0 million for the corresponding period in 2023.

Loss attributable to the equity holders of the Company for the Period was approximately HK\$17.8 million, representing a decrease of approximately 48.11% as compared with the loss attributable to the equity holders of the Company of approximately HK\$34.2 million for the corresponding period in 2023.

Loss per share for the Period was approximately HK1.38 cents (the corresponding period in 2023: approximately HK2.66 cents).

The Board presents the unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2024 (the “**Interim Financial Statements**”) together with the comparative figures for the corresponding periods in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Note	Unaudited Six months ended 30 June 2024 HK\$'000	2023 HK\$'000
Revenue	4	690,507	419,628
Cost of revenue		(689,223)	(419,265)
Gross profit		1,284	363
Other (loss)/income	5	1,802	(193)
Administrative expenses		(9,929)	(20,482)
Finance costs	6	(11,251)	(13,652)
Loss before taxation	6	(18,094)	(33,964)
Taxation	7	–	(9)
Loss for the period		(18,094)	(33,973)
Other comprehensive income/(loss):			
Item that may be reclassified to profit or loss in subsequent periods:			
Exchange difference arising from translation of foreign operations		(4,484)	1,355
Total comprehensive loss for the period		(22,578)	(32,618)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Unaudited Six months ended 30 June 2024 HK\$'000	2023 HK\$'000
	Note		
(Loss)/Profit attributable to:			
Equity holders of the Company		(17,758)	(34,226)
Non-controlling interest		(336)	253
		(18,094)	(33,973)
Total comprehensive loss attributable to:			
Equity holders of the Company		(21,582)	(31,149)
Non-controlling interests		(996)	(1,469)
		(22,578)	(32,618)
Loss per share attributable to equity holders of the Company			
Basic and diluted (HK cents)	9	(1.38)	(2.66)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
	Note		
Non-current assets			
Property, plant and equipment	10	103,523	114,028
Goodwill		340	340
Right-of-use assets		35,054	36,437
Prepayments in relation to property, plant and equipment		5,889	6,086
		144,806	156,891
Current assets			
Trade and other receivables	11	436,204	255,530
Bank balances and cash		21,838	158,274
		458,042	413,804

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
Current liabilities			
Trade and other payables	12	615,516	297,867
Current portion of bank and other borrowings	13	57,109	473,409
Amount due to a former associate		32,434	33,216
		705,059	804,492
Net current liabilities		(247,017)	(390,688)
Total assets less current liabilities		(102,211)	(233,797)
Non-current liabilities			
Amount due to a connected company	12(a)	2,220	2,273
Non-current portion of bank and other borrowings	13	363,728	209,477
Deferred tax liabilities		1,402	1,436
		367,350	213,186
NET LIABILITIES		(469,561)	(446,983)
Capital and reserves			
Share capital	14	12,880	12,880
Reserves		(500,045)	(478,463)
Total equity attributable to equity holders of the Company		(487,165)	(465,583)
Non-controlling interests		17,604	18,600
TOTAL DEFICITS		(469,561)	(446,983)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to equity holders of the Company							Total	Non-controlling interests	Total deficits
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserve	Other reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023 (audited)	12,880	201,419	(7,337)	(11,422)	1,720	(9,151)	(711,599)	(523,490)	21,697	(501,793)
(Loss)/Profit for the period	-	-	-	-	-	-	(34,226)	(34,226)	253	(33,973)
Exchange difference arising from translation of foreign operations	-	-	-	3,077	-	-	-	3,077	(1,722)	1,355
Total comprehensive (loss)/ income for the period	-	-	-	3,077	-	-	(34,226)	(31,149)	(1,469)	(32,618)
Capital withdrawal by minority shareholders for the period	-	-	-	-	-	-	-	-	(1,122)	(1,122)
At 30 June 2023 (unaudited)	12,880	201,419	(7,337)	(8,345)	1,720	(9,151)	(745,825)	(554,639)	19,106	(535,533)

	Attributable to equity holders of the Company							Total	Non-controlling interests	Total deficits
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserve	Other reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024 (audited)	12,880	201,419	(7,337)	(8,229)	1,720	(9,151)	(656,885)	(465,583)	18,600	(446,983)
(Loss)/Profit for the period	-	-	-	-	-	-	(17,758)	(17,758)	(336)	(18,094)
Exchange difference arising from translation of foreign operations	-	-	-	(3,824)	-	-	-	(3,824)	(660)	(4,484)
Total comprehensive (loss)/ income for the period	-	-	-	(3,824)	-	-	(17,758)	(21,582)	(996)	(22,578)
At 30 June 2024 (unaudited)	12,880	201,419	(7,337)	(12,053)	1,720	(9,151)	(674,643)	(487,165)	17,604	(469,561)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Unaudited Six months ended 30 June 2024 HK\$'000	2023 HK\$'000
Cash generated from (used in) operations	(34,094)	(10,441)
Interest paid	(6,315)	(1,189)
Tax paid	–	(9)
Net cash from (used in) operating activities	(40,409)	(11,639)
INVESTING ACTIVITIES		
Interest received	46	48
Purchase of property, plant and equipment	(2,036)	(6,464)
Net cash (used in) from investing activities	(1,990)	(6,416)
FINANCING ACTIVITIES		
Increase/(decrease) in amount due from related companies	211,370	–
New loans from a connected company	–	29,522
Net proceeds from placing of listed credit enhanced guaranteed bonds	239,850	–
Repayment of listed credit enhanced guaranteed bonds	(430,568)	–
Repayment of lease liabilities	(332)	(265)
Repayment of bank borrowings	(22)	–
Repayment of loans from third parties	(8,059)	–
Repayment of loans from a connected company	(103,920)	–
Net cash from financing activities	(91,681)	29,257
Net increase in cash and cash equivalents	(134,080)	11,202
Cash and cash equivalents at beginning of the period	158,274	17,863
Effect on exchange rate changes	(2,356)	(498)
Cash and cash equivalents at end of the period, representing by bank balances and cash	21,838	28,567

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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. The principal place of business is located at Unit 1009, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.

2. BASIS OF PREPARATION

The Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “**Interim financial reporting**” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as 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 Interim Financial Statements are the same as those presented in the Group’s audited annual financial statements for the year ended 31 December 2023.

Adoption of new/revised HKFRSs

The adoption of the new/revised HKFRSs 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 HKFRSs 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 HKFRSs but are not yet in a position to reasonably estimate whether these new and revised HKFRSs would have a significant impact on the Group’s results of operations and financial position.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 soybean products — 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 senior executive management monitors 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 reporting segments with reference to the 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 other unallocated corporate expenses and income.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

For the purpose 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 segment information is presented below:

For the six months ended 30 June 2024

	Petrochemical products			
	Trading business	storage business	Inter-segment elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue (from external customers)	681,724	8,783	-	690,507
— Inter-segment revenue	-	296	(296)	-
Total revenue	681,724	9,079	(296)	690,507
Results				
Segment result	(1,435)	(6,554)	-	(7,989)
Other unallocated corporate loss				1,461
Other unallocated corporate expenses				(11,566)
Loss before taxation				(18,094)
Taxation				-
Loss for the period				(18,094)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

For the six months ended 30 June 2023

	Trading business HK\$'000	Petrochemical products storage business HK\$'000	Inter-segment elimination HK\$'000	Total HK\$'000
Revenue (from external customers)	411,972	7,656	–	419,628
— Inter-segment revenue	–	–	–	–
Total revenue	411,972	7,656	–	419,628
Results				
Segment result	(14,005)	(6,625)	–	(20,630)
Other unallocated corporate loss				(2,951)
Other unallocated corporate expenses				(10,383)
Loss before taxation				(33,964)
Taxation				(9)
Loss for the period				(33,973)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

As at 30 June 2024

	Trading business HK\$'000	Petrochemical products storage business HK\$'000	Total HK\$'000
ASSETS			
Segment assets	406,955	147,321	554,276
Unallocated corporate assets	–	–	48,572
Consolidated total assets			602,848
LIABILITIES			
Segment liabilities	471,481	136,427	607,908
Unallocated corporate liabilities	–	–	464,501
Consolidated total liabilities			1,072,409

As at 31 December 2023

	Trading business HK\$'000	Petrochemical products storage business HK\$'000	Total HK\$'000
ASSETS			
Segment assets	378,994	158,434	537,428
Unallocated corporate assets	–	–	33,267
Consolidated total assets			570,695
LIABILITIES			
Segment liabilities	(430,958)	(148,878)	(579,836)
Unallocated corporate liabilities	–	–	(437,842)
Consolidated total liabilities			(1,017,678)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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:

	Unaudited 30 June 2024 HK\$'000	Unaudited 30 June 2023 HK\$'000
Revenue from external customers		
Hong Kong	-	6,125
The PRC	690,507	413,503
	690,507	419,628

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

4. REVENUE

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

	Unaudited Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Income from trading business	681,724	411,972
Income from provision of petrochemical products storage business	8,783	7,656
	690,507	419,628

5. OTHER (LOSS)/INCOME

	Unaudited Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Bank interest income	46	48
Exchange gain/(loss)	1,753	(268)
Sundry income	3	27
	1,802	(193)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

6. LOSS BEFORE TAXATION

	Unaudited Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
This is stated after charging:		
Finance costs		
Interest on borrowings wholly repayable within five years	2,368	1,189
Interest on listed credit enhanced guaranteed bonds	8,876	5,173
Interest on lease liabilities	7	–
Interest on loans from connected companies	–	7,290
	11,251	13,652
Other items		
Cost of inventories	681,436	412,235
Depreciation of property, plant and equipment	6,044	6,162
Depreciation of right-of-use assets	534	231
Staff costs		
Salaries, allowance and the other short-term employee benefits including directors' emoluments	5,802	6,197
Contribution to defined contribution plans	1,457	1,276
	7,259	7,473

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

7. 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% (2023: 25%) on taxable income determined in accordance with the relevant laws and regulations in the PRC.

Pursuant to the rules and regulations of the British Virgin Islands and the Cayman Islands, the Group is not subject to any taxation under those jurisdictions.

	Unaudited Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current tax		
PRC EIT		
— Under-provision in prior period	—	9
Total income tax	—	9
Total income tax recognised in profit or loss	—	9

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

8. DIVIDEND

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

9. LOSS PER SHARE

Basic loss per share for the six months ended 30 June 2024 and 2023 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 Six months ended 30 June	
	2024	2023
Loss attributable to equity holders of the Company (HK\$'000)	(17,758)	(34,226)
Weighted average number of ordinary shares in issue	1,288,000,000	1,288,000,000
Basic loss per share (HK cents)	(1.38)	(2.66)

Basic and diluted loss per share are the same as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2024 and 2023.

10. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired items of property, plant and equipment (the "PPE") with a cost of approximately HK\$300,000 (the corresponding period in 2023: approximately HK\$0.85 million). The Group did not dispose any PPE during the Period and the corresponding period in 2023.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

11. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Note		
Trade receivables		
— Third parties	387,997	197,796
— Less: Loss allowance	(3,514)	(3,514)
	384,483	194,282
Other receivables		
Deposits, prepayments and other debtors	17,379	3,935
Advanced payment to suppliers	28,793	51,080
Value added tax refundable	5,538	6,222
Amount due from a connected company 11(a)	11	11
	51,721	61,248
	436,204	255,530

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Non-credit impaired		
Within 90 days	371,827	176,300
181–365 days	4,369	–
More than 365 days	8,287	17,982
	384,483	194,282
Credit impaired		
More than 365 days	3,514	3,514
	3,514	3,514
	387,997	197,796

The Group allows a credit period of up to 90 days to its trade debtors.

The information about the exposure to credit risk for trade receivable as at 30 June 2024 is summarised below:

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Non-credit impaired		
Not past due	371,827	176,300
181–365 days past due	10,685	–
Over 365 days past due	1,971	17,982
	384,483	194,282
Credit impaired		
Over 365 days past due	3,514	3,514
	3,514	3,514
	387,997	197,796

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

Included in the Group's trade receivables balance are debtors with carrying amounts of approximately HK\$12.656 million as at 30 June 2024 (31 December 2023: approximately HK\$17.982 million) which are past due at the end of the Period but which the Group has not impaired as there have not been any significant changes in credit quality and the Directors believe that amounts are fully receivable. The management has reviewed the subsequent status and repayment history of these customers and no provision for doubtful debt is considered necessary. The Group does not hold any collateral over these balances.

Receivables that were neither past due nor impaired as at 30 June 2024 and 31 December 2023 relate to a wide range of customers for whom there was no history of default.

11(a) Amount due from a connected company

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Smart Port	11	11
	11	11

The amounts due are unsecured, interest-free and have no fixed term of repayment.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

12. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Note		
Trade payables		
Trade payables	365,169	194,289
Other payables		
Accrued charges and other creditors	6,573	18,556
Construction costs payable	17,477	17,955
Contract liabilities	812	14,358
Salaries and bonus payable	906	1,472
Amount due to a director	1,020	920
Amount due to connected companies 12(a)	223,559	50,317
	250,347	103,578
	615,516	297,867

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

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
90 days or below	352,167	175,297
181–365 days	4,939	–
More than 365 days	8,063	18,992
	365,169	194,289

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

12(a) Amount due to connected companies

	Note	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Current portion			
Dafeng Port Development Group	12a(i)	4,832	42,537
New Fortune International Development Limited	12a(ii)	790	780
Dafeng Port (HK)	12a(iii)	217,937	7,000
		223,559	50,317
Non-current portion			
Dafeng Port Development Group	12a(i)	2,220	2,273
		225,779	52,590

- (i) Dafeng Port Development Group has 40% equity interests in Dafeng Port Overseas. The amount of RMB296,000 (equivalent to HK\$318,000) is unsecured, repayable on demand and interest-free. With reference to loan agreements dated 16 March 2022 and 7 September 2022, the interest payables of RMB4,203,000 (equivalent to HK\$4,514,000) and RMB2,067,000 (equivalent to HK\$2,220,000) are repayable on 31 October 2024 and on 8 September 2025 respectively. The interest payables are unsecured and interest-free.
- (ii) Dafeng Port Development Group has 100% equity interests in New Fortune International Development Limited. 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

13. BANK AND OTHER BORROWINGS

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Interest-bearing		
Bank loans	42,771	43,824
Loans from a connected company	100,672	171,066
Lease liabilities	284	644
Listed credit enhanced guaranteed bonds	244,069	426,681
Loan from a third party	33,041	40,671
Total bank and other borrowings	420,837	682,886
Current portion		
— Bank loans	42,771	11,000
— Loan from a connected company	—	21,239
— Lease liabilities	284	584
— Listed credit enhanced guaranteed bonds	—	426,681
— Loan from a third party	14,054	13,905
	57,109	473,409
Non-current portion		
— Bank loans	—	32,824
— Loans from a connected company	100,672	149,827
— Lease Liabilities	—	60
— Listed credit enhanced guaranteed bonds	244,069	—
— Loan from a third party	18,987	26,766
	363,728	209,477
Total bank and other borrowings	420,837	682,886
Analysed as follows:		
Secured and guaranteed	33,041	40,671
Unsecured	100,956	171,710
Unsecured but guaranteed	286,840	470,505
	420,837	682,886

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

14. SHARE CAPITAL

	30 June 2024		31 December 2023	
	Number of shares	Nominal value HK\$'000	Number of shares	Nominal value HK\$'000
Ordinary shares of HK\$0.01 each				
Authorised				
At 1 January 2023, 31 December 2023, 1 January 2024 (audited) and 30 June 2024 (unaudited)	10,000,000,000	100,000	10,000,000,000	100,000
Issued and fully paid:				
At 1 January 2023, 31 December 2023, 1 January 2024 (audited) and 30 June 2024 (unaudited)	1,288,000,000	12,880	1,288,000,000	12,880

15. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2024, the Group had the following transactions with related parties:

	Unaudited 30 June 2024 HK\$'000	Unaudited 30 June 2023 HK\$'000
Interest expenses paid/payable to:		
Dafeng Port Development Group	–	7,290
Disposal:		
Yancheng Dafeng Port Refined Oil Company Limited	9,985	–
Rental fee:		
Dafeng Port Development Group	105	109

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

16. KEY MANAGEMENT PERSONNEL REMUNERATION

The remuneration of Directors, who are also identified as key management personnel of the Group, and senior management during the Period is as follows:

	Unaudited Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Salaries, allowance and the other short-term employee benefits	690	700
Contribution to defined contribution plans	12	12
	702	712

17. PLEDGE OF ASSETS/BANKING AND OTHER FACILITIES

As at 30 June 2024 and 31 December 2023, banking and other facilities granted to and utilised by the Group are summarised as follows:

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Total banking and other facilities granted to the Group	42,964	44,000
Total utilised banking and other facilities	42,771	43,824

The Group utilized banking facilities and other borrowings to finance its business expansion. As at 30 June 2024, a loan from a third party of approximately RMB30.7 million (equivalent to approximately HK\$33.0 million) was pledged by petrochemical storage equipment of approximately RMB33.1 million (equivalent to approximately HK\$35.6 million).

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

18. COMMITMENTS

Capital expenditure commitments

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Contracted but not provided net of deposit paid for construction of property, plant and equipment	199,868	198,775

19. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board on 29 August 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO SITUATION REVIEW

The global economic recovery has been sluggish due to factors such as pressures from persistent global inflation, regional conflicts (e.g. the Russia-Ukraine War, the Israeli-Hamas War) and intensified geopolitical volatility between the PRC and the United States. The endogenous momentum of the domestic economy was weak with non-sustained recovery. The Company will continue to closely monitor the global economic situation, keep an eye on and stay vigilant against the global development and its impact, make every effort to minimise the impact on the Group, and maintain stable operations during the downturn.

BUSINESS REVIEW

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

1. Trading Business

The Group is engaged in the trading and import and export businesses of soybean products. During the Period, the Group's trading business recorded revenue of approximately HK\$681.7 million (the corresponding period in 2023: approximately HK\$412.0 million). The increase in revenue in this segment was mainly due to the expansion of the trading business and the Group's proactive efforts in exploring new market channels and customer base, which effectively enhanced the scale of business and revenue.

2. Petrochemical Products Storage Business

The Group is engaged in petrochemical products storage business through Port Storage Petrochemical. Revenue generated from the Group's petrochemical products storage business increased by approximately 14.73% to approximately HK\$8.8 million (the corresponding period in 2023: approximately HK\$7.6 million). The increase in revenue was mainly due to the increase in the volume of the Company's business as the Group stepped up its efforts in expanding new customers and optimising its business model, and improving the service level and competitiveness of its storage business.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's revenue increased by approximately 64.55% to approximately HK\$690.5 million for the Period (the corresponding period in 2023: approximately HK\$419.6 million). For reasons of the increase in revenue, please refer to the paragraph headed "Business Review" above for details.

The Group's cost of revenue increased by approximately 64.39% to approximately HK\$689.2 million for the Period (the corresponding period in 2023: approximately HK\$419.3 million). The increase in cost was mainly driven by the effect of increase in revenue of the Group's trading business.

With the combined effects of revenue and cost of sales, the Group recorded a gross profit margin of approximately 0.19% for the Period (the corresponding period in 2023: gross profit margin of approximately 0.09%). The increase in gross profit margin was mainly due to the Group's active development of new sales channels and markets, as well as the optimisation of the existing channel structure to enhance its bargaining power and increase gross profit margin through multi-channel sales.

The Group's finance costs amounted to approximately HK\$11.3 million for the Period (the corresponding period in 2023: approximately HK\$13.7 million). Financing costs mainly include bank loans and interest on listed credit enhanced guaranteed bonds. The decrease in finance costs was mainly due to the waiver of interest on the loan owed by the Group to Dafeng Port Development Group.

For the Period, the Group recorded loss for the Period of approximately HK\$18.1 million (the corresponding period in 2023: approximately HK\$34.0 million). The loss attributable to the equity holders of the Company was approximately HK\$17.8 million (the corresponding period in 2023: approximately HK\$34.2 million) and the loss per share was HK1.38 cents (the corresponding period in 2023: HK2.66 cents).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group had net current liabilities of approximately HK\$247.0 million (31 December 2023: approximately HK\$390.7 million) including amounts due to connected companies of approximately HK\$223.6 million (31 December 2023: approximately HK\$50.3 million).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's equity capital, bank and other borrowings have been applied to fund its working capital and other operational needs. The Group's current ratio as at 30 June 2024 was approximately 0.65 (31 December 2023: approximately 0.51).

The Group's gearing ratio (defined as the ratio of total interest-bearing borrowings to total equity) was approximately negative 89.62% for the Period (31 December 2023: approximately negative 152.8%).

CAPITAL STRUCTURE

As at 30 June 2024, the Group's total deficit attributable to equity holders of the Company amounted to approximately HK\$487.2 million (31 December 2023: approximately HK\$465.6 million). The capital of the Company comprised of issued share capital. There was no movement in the issued share capital of the Company during the Period.

DIVIDEND

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

PLEDGE OF ASSETS

The Group used bank facilities and other borrowings to finance the expansion of its business. Pursuant to a loan agreement dated 23 September 2023 signed between Port Storage Petrochemical and an independent third party, a loan facility of RMB40.0 million (equivalent to HK\$42.96 million) was made available to the Group and was secured by petrochemical storage equipment with an aggregate carrying amount of RMB33.1 million (equivalent to HK\$35.6 million). As at 30 June 2024, the balance of the loan was approximately RMB30.7 million (equivalent to approximately HK\$33.0 million).

ISSUANCE OF US\$31 MILLION OF CREDIT ENHANCED GUARANTEED BONDS INTENDED FOR PURCHASE 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 **"US\$31,000,000 Bond Placing Agents"**), entered into a placing agreement pursuant to which the Company agreed to appoint the US\$31,000,000 Bond Placing Agents as placing agents to use its best efforts to procure the subscription of the bonds of up to an aggregate principal amount of US\$31,000,000 (the **"US\$31,000,000 Bond Placing"**).

MANAGEMENT DISCUSSION AND ANALYSIS

The US\$31,000,000 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 has 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 US\$31,000,000 Bond Placing Agents and other fees payable in connection with this offer are paid from the Company's own funds and the net proceeds from the US\$31,000,000 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.

For further details, please refer to the announcements of the Company dated 7 March 2024 and 8 March 2024 in relation to the US\$31,000,000 Bond Placing.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

There was no significant investments, material acquisitions or disposal of subsidiaries, associates or joint ventures 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 June 2024. 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 economy will show a slow and steady growth in the second half of 2024 in anticipation of the continuously easing global inflation. Looking ahead, the Company will operate the existing businesses of the Group in a prudent manner, and actively seize the opportunities from the integrated development of Yancheng, Jiangsu Province. The Group will rationally reorganise and optimise the resources of the Company, simplify and restructure resources and prudently identify investment opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN CURRENCY EXPOSURE

The income and expenditure of the Group are mainly carried in Hong Kong dollars, Renminbi and US dollars. Exposures to foreign currency risk arise from certain of the Group's trade and other receivables, trade and other payables, listed credit enhanced bonds and cash and bank balances denominated in Renminbi and US dollars. 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 and does not expect significant exposure to foreign currency risk.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2024, the Group had a total of 91 employees (31 December 2023: 93 employees) based in Hong Kong and the PRC. During the Period, the total staff costs, including Directors' emoluments, amounted to approximately HK\$7.3 million (the corresponding period in 2023: approximately HK\$7.5 million).

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

CAPITAL COMMITMENT

As at 30 June 2024, the Group had capital expenditure commitments contracted but not provided, net of deposit paid of approximately HK\$199.868 million (31 December 2023: approximately HK\$198.775 million). The capital commitment was mainly related to the construction of property, plant and equipment.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no material contingent liabilities (31 December 2023: 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 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 Securities and Futures Ordinance) 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 then sole shareholder of the Company passed on 3 August 2013. The Scheme expired on 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 June 2024 and as at the date of this report.

Up to 30 June 2024, the Group has not issued or granted any convertible securities, warrants or other similar rights.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2024, 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 (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%

CORPORATE GOVERNANCE AND OTHER INFORMATION

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, is owned as to 40% by Dafeng Port Development Group, which in turn is wholly owned by Jiangsu Yancheng, which in turn is owned as to 40.8% by PGYC.
3. Each of 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 30 June 2024, the Directors were not aware of any other persons or entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

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

COMPETING INTERESTS

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 of association of the Company, a Director shall not vote on any board resolutions approving any contract or arrangement or any other proposal in which such Director or any of his 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 with 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, during the Period, none of the Directors, controlling shareholders of the Company or their respective close associates had any interests in a business, which competes or may 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 as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of 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 AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

Code provision C.2.1 of the CG Code provides that the role of the chairman and the chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing.

The chairman of the Board is responsible for overall strategic planning, development, decision making and management of senior executives of the Group and providing leadership to the Board, monitoring Board effectiveness, fostering constructive relationships among Directors. The chairman of the Board is also responsible for taking the primary responsibility for ensuring that good corporate governance practices and procedures are established.

As at the date of this report, the Company did not appoint any chief executive officer. The daily operations and management of the Company is monitored by the executive Directors and the senior management. The balance of power and authority of the Company is ensured by the operations of the Board which comprises experienced and competent individuals, with three of them being independent non-executive Directors. The Group believes that the existing management structure and decision-making procedures are adequate and serve the best interests of the Group.

Save as disclosed above, the Company has complied with all the code provisions set out in the CG Code during the Period. The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, comply with regulatory requirements and meet the growing expectations of shareholders and investors.

CHANGE OF PARTICULARS OF THE DIRECTORS

Dr. Bian Zhaoxiang has resigned as an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee; Ms. Hui Alice has been appointed as an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee with effect from 28 March 2024.

For details, please refer to the announcement of the Company dated 28 March 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

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), Mr. Yu Xugang and Ms. Hui Alice, 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 Interim 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 Interim Financial Statements complied with the applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosures have been made.

APPRECIATION

On behalf of the Directors, I would like to extend our gratitude and sincere appreciation to all management and staff members for their diligence and dedication, as well as 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, 29 August 2024

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 Yue Xia Mr. Zhang Shukai	Mr. Lau Hon Kee Mr. Yu Xugang Ms. Hui Alice