遠航港口發展有限公司
OCEAN LINE PORT DEVELOPMENT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8502)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2019	2018	
	RMB'000	*RMB'000*	% Changes
	(Unaudited)	(Unaudited)	
Revenue	**77,721**	39,699	+95.8
Profit for the period attributable to the owners of the Company	**24,900**	4,222	+489.8
Basic earnings per share	**RMB3.11 cents**	RMB0.70 cent	+344.3

INTERIM RESULTS

The board (the "**Board**") of Directors announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2019 together with the unaudited comparative figures for the corresponding period in 2018. The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2019 has not been audited, but has been reviewed by the audit committee of the Board ("**Audit Committee**").

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2019

		Three months ended 30 June		**Six months ended 30 June**	
		2019	2018	**2019**	2018
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	*4*	**45,447**	21,529	**77,721**	39,699
Cost of services rendered		**(14,697)**	(13,097)	**(29,147)**	(24,504)
Gross profit		**30,750**	8,432	**48,574**	15,195
Other income and gains		**970**	573	**2,068**	1,364
Selling and distribution expenses		**(224)**	(130)	**(345)**	(227)
Administrative expenses		**(2,336)**	(1,806)	**(5,155)**	(3,450)
Finance costs		**(306)**	(641)	**(737)**	(1,181)
Listing expenses		**–**	(622)	**–**	(2,482)
Other expenses		**(3)**	–	**(3)**	–
Share of loss of an associate		**(121)**	(121)	**(243)**	(362)
Profit before income tax	*5*	**28,730**	5,685	**44,159**	8,857
Income tax expense	*6*	**(5,750)**	(1,220)	**(9,962)**	(2,319)
Profit for the period and total comprehensive income for the period, net of tax		**22,980**	4,465	**34,197**	6,538

	Notes	Three months ended 30 June		Six months ended 30 June	
		2019	2018	**2019**	2018
		RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit for the period attributable to:					
Owners of the Company		**16,811**	3,185	**24,900**	4,222
Non-controlling interests		**6,169**	1,280	**9,297**	2,316
		22,980	4,465	**34,197**	6,538
Total comprehensive income for the period attributable to:					
Owners of the Company		**16,811**	3,185	**24,900**	4,222
Non-controlling interests		**6,169**	1,280	**9,297**	2,316
		22,980	4,465	**34,197**	6,538
Earnings per share attributable to owners of the Company					
Basic and diluted earnings per share	*7*	**RMB2.10 cents**	RMB0.53 cent	**RMB3.11 cents**	RMB0.70 cent

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	**30 June 2019** **RMB'000** **(Unaudited)**	31 December 2018 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**353,358**	314,494
Investment properties		**33,010**	33,010
Interests in an associate		**2,035**	2,278
Payments for leasehold land held for own use under operating leases		**53,723**	54,362
Deposits		**4,895**	716
Deferred tax assets		**2,486**	2,618
		449,507	407,478
Current assets			
Inventories		**1,617**	1,451
Trade receivables	*9*	**5,411**	2,350
Debt instruments at fair value through other comprehensive income		**10,063**	5,129
Deposits, prepayments and other receivables		**6,804**	10,073
Cash and cash equivalents		**61,560**	65,276
		85,455	84,279
Current liabilities			
Trade payables	*10*	**6,129**	5,012
Contract liabilities		**8,151**	3,286
Other payables, accruals and receipt in advance		**57,470**	56,711
Bank borrowings		**24,000**	40,000
Due to a related company		**6**	6
Due to an associate		**183**	183
Deferred government grant		**890**	890
Income tax payable		**6,854**	3,142
		103,683	109,230
Net current liabilities		**(18,228)**	(24,951)
Total assets less current liabilities		**431,279**	382,527

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Non-current liabilities		
Bank borrowings	**15,000**	–
Deferred government grant	**34,759**	35,204
Deferred tax liabilities	**683**	683
	50,442	35,887
Net assets	**380,837**	346,640
EQUITY		
Share capital	**6,758**	6,758
Reserves	**280,734**	255,834
Equity attributable to owners of the Company	**287,492**	262,592
Non-controlling interests	**93,345**	84,048
Total equity	**380,837**	346,640

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 30 October 2017. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at Room 2715–16, 27th Floor, Hong Kong Plaza, 188 Connaught Road West, Hong Kong. The Company was listed on GEM of the Stock Exchange of Hong Kong Limited on 10 July 2018 (the "**Listing**").

The principal activity of the Company is investment holding while its subsidiaries are principally engaged in port operation in Chizhou City, Anhui Province, the People's Republic of China (the "**PRC**").

The controlling shareholders of the Company are Mr. Kwai Sze Hoi ("**Mr. Kwai**"), Ms. Cheung Wai Fung ("**Ms. Cheung**") and Vital Force Developments Limited ("**Vital Force**"), parent company of the Company incorporated in the British Virgin Islands with limited liability.

The unaudited condensed consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

The unaudited condensed consolidated financial statements have not been reviewed by the Company's auditor, but have been reviewed by the Company's audit committee.

2. BASIS OF PREPARATION

This unaudited condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with Hong Kong Accounting Standard 34, 'Interim financial reporting' issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure provisions of the GEM Listing Rules. The unaudited condensed consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with HKFRSs issued by the HKICPA.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the standards, amendments and interpretation issued by the HKICPA mandatory for the annual periods beginning of 1 January 2019.

In the current period, the Group has applied all the new and amended HKFRSs which are first effective for the reporting period and relevant to the Group. Upon adoption of Hong Kong Financial Reporting Standard 16: Leases ("**HKFRS 16**"), a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classify cash repayments of the lease liability into a principal portion and an interest portion and present them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. As at 30 June 2019, the Group, as the lessee, has non-cancellable operating lease commitments of approximately RMB70,000. The adoption of HKFRS 16 does not have material impact on the Group's financial performance and financial position.

The adoption of other new and amended HKFRSs do not have material impact on the Group's results of operations or financial position.

The Group has not applied any new or amended HKFRSs that are not yet effective for the current accounting period.

3. SEGMENT INFORMATION

Operating segment information

The Group has identified its operating segment and prepared segment information based on the regular internal financial information reported to the Group's executive Directors for their decisions about resources allocation to the Group's business components and review of these components' performance. There is only one business component in the internal reporting to the executive Directors, which is the provision of port services, and it is within the scope of HKFRS 15.

Geographical information

The geographical location of revenue allocated is based on the location at which services are provided. The Group renders port services in the PRC. The geographical location of non-current assets is based on the physical location of the assets. The Group's non-current assets are based in the PRC.

4. REVENUE

Revenue represents the income from provision of service and sales excluding related tax, where applicable.

Revenue recognised during the period is as follows:

	Three months ended 30 June		**Six months ended 30 June**	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Port service income	**45,447**	21,529	**77,721**	39,699

5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Costs of inventories recognised as an expense (included under cost of service rendered)	**1,528**	1,564	**2,759**	2,729
Employee benefit expenses (including directors' emoluments)				
— Wages, salaries and other benefits	**5,040**	5,714	**9,796**	9,546
— Defined contributions	**802**	447	**1,326**	894
	5,842	6,161	**11,122**	10,440
Direct operating expenses arising from investment properties that generated rental income	**452**	329	**485**	658
Depreciation of property, plant and equipment	**4,105**	3,709	**8,321**	7,264
Lease payments under operating leases	**104**	98	**207**	196
Amortisation of payments for leasehold land held for own use under operating leases	**316**	419	**639**	858
Amortisation of deferred government grant	**(222)**	(124)	**(445)**	(445)
Loss on disposal of property, plant and equipment	**3**	–	**3**	–
Listing expenses	**–**	622	**–**	2,482

6. INCOME TAX EXPENSE

(a) Income tax

The amount of taxation in the unaudited condensed consolidated statement of comprehensive income during the period represents:

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current tax				
— PRC enterprise income tax	**5,734**	1,191	**9,830**	2,261
Deferred tax charged to profit or loss	**16**	29	**132**	58
	5,750	1,220	**9,962**	2,319

The Group's subsidiaries in the PRC are subject to the PRC enterprise income tax ("**EIT**") at the standard rate of 25% on the estimated assessable profits.

Pursuant to the PRC tax law, its rules and regulations, enterprises that invest in qualifying public infrastructure projects are eligible for certain tax benefits. In accordance with the relevant income tax laws in the PRC, Chizhou Ocean Line Niutoushan Limited ("**Chizhou Niutoushan**"), a subsidiary of the Company, engaging in qualifying public infrastructures, is entitled to exemption from PRC enterprise income tax for three years (the "**3-Year Exemption Entitlement**") and a 50% reduction for three years thereafter (the "**3-Year 50% Tax Reduction Entitlement**"). The 3-Year Exemption Entitlement commenced for the financial year beginning on 1 January 2013 up to 31 December 2015 irrespective of whether Chizhou Niutoushan is profit-making during this period and the 3-Year 50% Tax Reduction Entitlement has commenced from the financial year beginning on 1 January 2016 to 31 December 2018. Besides, one of the infrastructure projects (the "**Qualifying Project**") of Chizhou Port Ocean Line Holdings Limited ("**Chizhou Port Holdings**"), a subsidiary of the Company, is also entitled to the 3-Year Exemption Entitlement and the 3-Year 50% Tax Reduction Entitlement. The 3-Year Exemption Entitlement commenced for the financial year beginning on 1 January 2019 up to 31 December 2021 irrespective of whether the Qualifying Project is profit-making during this period and the 3-Year 50% Tax Reduction Entitlement will commence from the financial year beginning on 1 January 2022 to 31 December 2024.

7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following information:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to the owners of the Company	**24,900**	4,222

	Number of shares	
Weighted average number of ordinary shares in issue during the period	**800,000,000**	600,000,000

The calculation of basic earnings per share for the period ended 30 June 2019 is based on profit attributable to owners of the Company of approximately RMB24,900,000 (six months ended 30 June 2018: RMB4,222,000) and on the weighted average number of 800,000,000 (six months ended 30 June 2018: 600,000,000) ordinary shares in issue during the six months period.

The weighted average number of 600,000,000 ordinary shares derived for calculation of basic earnings per share for the six months ended 30 June 2018 represents the number of ordinary shares of the Company in issue and issuable, in which assuming that 600,000,000 ordinary shares were in issue pursuant to the capitalisation issue throughout the six months ended 30 June 2018.

Diluted earnings per share is the same as the basic earnings per share because the Group had no potentially dilutive shares in issue during the respective periods.

8. INTERIM DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

9. TRADE RECEIVABLES

	As at 30 June 2019	As at 31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**6,373**	3,312
Less: Provision for impairment	**(962)**	(962)
	5,411	2,350

The credit period for trade receivables is generally ranging from 10 to 55 days.

Based on invoices date, ageing analysis of the Group's trade receivables as at the reporting dates is as follows:

	As at 30 June 2019 *RMB'000* **(Unaudited)**	As at 31 December 2018 *RMB'000* (Audited)
0 to 30 days	**4,998**	1,828
31 to 90 days	**192**	478
91 to 120 days	**105**	–
121 to 365 days	**72**	–
Over 1 year	**44**	44
	5,411	2,350

10. TRADE PAYABLES

The credit period is generally 30 days.

Based on invoices date, ageing analysis of the Group's trade payable as at the reporting dates is as follows:

	As at 30 June 2019 *RMB'000* **(Unaudited)**	As at 31 December 2018 *RMB'000* (Audited)
0 to 30 days	**1,698**	3,033
31 to 90 days	**1,570**	789
91 to 120 days	**1,504**	56
121 to 365 days	**1,305**	613
Over 1 year	**52**	521
	6,129	5,012

11. EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period and on 2 July 2019, one of the Group's wholly owned subsidiaries, Chizhou Qianjing Chemical Port Terminal Limited, a company established in the PRC, was deregistered.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an inland port operator in the PRC and is principally engaged in the provision of port logistic services (including loading and unloading of cargo, bulk cargoes handling, container handling, storage and other services). The Group operates two ports, namely, Jiangkou Port and Niutoushan Port, both of which are situated in Chizhou City, Anhui Province, the PRC. Chizhou City is located in the upper downstream section along the Yangtze River and it is an important port city in the southwestern region of Anhui Province. It is also a crucial member of the integrated development of the Yangtze River delta. With abundant mining resources as its biggest strength, Chizhou City is an integral non-metallic mining base in Eastern China. There are 7 berths in the two ports of the Group, 4 more berths will be provided in the new phase of Jiangkou Terminal, rendering them the largest public port in Chizhou City, as well as important drivers of the opening up and investment promotion of Chizhou City.

For the six months ended 30 June 2019, total throughput volume of bulk cargo, break bulk cargo and containers of the Group were approximately 12.5 million tonnes (for the six months ended 30 June 2018: approximately 5.9 million tonnes) and 8,824 TEUs (for the six months ended 30 June 2018: approximately 8,361 TEUs), respectively, representing an increase of 111.3% and 5.5% respectively over the corresponding period last year. We have achieved significant economic improvement, accelerated project construction, safeguarded a stable and safe terminal workplace and complied with environmental protection standards and production objectives, with various economic indices reaching record highs.

The increase of the Group's revenue is heavily dependent on the rapid growth in cargo loading and unloading throughput volume, which is mainly attributable to:

Firstly, the macro-economy continues to improve. Driven by a series of steady growth and construction of ecological civilisation policies of the local government in the PRC, the business environment has been improved, investment in infrastructure has been increased, and numerous key infrastructure construction projects have been accelerated. With a high demand for raw materials in steelworks and construction materials in the middle and lower reaches of the Yangtze River, it propels the rapid growth in the non-metallic mining industry.

Secondly, the operating environment has been significantly improved. With the promotion of the large-scale policies of shoreline resources protection along the Yangtze River, the operational qualifications and operating environment of the port terminals along the Yangtze River have been systematically improved, with a significant reduction in improper competitive practices. The advantage and leading position of large-scale qualified public terminals in providing water transportation services to the local economy have gradually become apparent.

Thirdly, the construction work of the new phase of Jiangkou Terminal is being expedited, expanding the production capacity of the port. The new phase of the Jiangkou Terminal has advanced rapidly. One new berth has commenced trial operation. For the six months ended 30 June 2019, the new phase has contributed 2.16 million tonnes throughput volume of the Group.

Fourthly, internal management has been strengthened and productivity has been improved. The Group has reduced ship berthing time through better internal management and scientific adjustments. Operational efficiency has been enhanced through coordination work with customers on timing and volume arrangement of transport vehicles. The goods positioning of storage has been improved to shorten transport distance. By adopting such measures, port throughput has been significantly boosted with input of labour and equipment remaining unchanged.

OUTLOOK

According to market analysis, in the second half of 2019, the throughput volume of the terminals of the Group is expected to improve continuously.

Firstly, Chizhou City currently regards the full compliance with the national strategy of the Yangtze River Delta integration as its strategic priority to promote high-quality development of Chizhou City, while the Chizhou City municipal government adheres to the philosophy of "integrating into the great strategy and invigorating the city (融入大戰略、帶活一座城)". The Chizhou City municipal government strives to create a central hub for industrial transfers in the Yangtze River Delta;

Secondly, given the robust demand for non-metallic mining products arising from the key infrastructure projects in China and expanded production capacity of mining companies, the shipment volume of non-metallic raw materials in Chizhou City is expected to further increase;

Thirdly, the Group will boost its productivity by refined management. The Group will maximise benefits by broadening sources of income, reducing expenditure, improving efficiency and improving internal management.

We believe that the cargo loading and unloading throughput volume of the Group will continue to grow in 2019. In the second half of the year, we will attach more importance to safe production and environmental protection work and formulate the next development direction for the Group. We will capture opportunities, expand and move forward with even greater enthusiasm and professionalism.

FINANCIAL REVIEW

Revenue

	Six months ended 30 June			
	2019	2018	Increase/(decrease)	
	RMB'000	*RMB'000*	*RMB'000*	%
	(Unaudited)	(Unaudited)		
Revenue from provision of uploading and unloading services				
Bulk cargo and break bulk cargo	**70,225**	33,018	37,207	112.7
Container	**1,273**	1,465	(192)	(13.1)
Subtotal	**71,498**	34,483	37,015	107.3
Revenue from provision of ancillary port services	**6,223**	5,216	1,007	19.3
Total revenue	**77,721**	39,699	38,022	95.8

	Six months ended 30 June			
	2019	2018	Increase	
	(Unaudited)	(Unaudited)		%
Total cargo throughput (thousand tonnes)	**12,522**	5,926	6,596	111.3
Container throughput (TEUs)	**8,824**	8,361	463	5.5

Our revenue which is principally generated from the provision of uploading and unloading services and ancillary port services was approximately RMB77.7 million for the six months ended 30 June 2019 and RMB39.7 million for the same period in 2018. The increase in revenue was mainly due to the increase in cargo handling revenue since the throughput of cargo was increased by approximately 6.6 million tonnes as compared to the same period of last year. The increase in throughput volume of cargo was mainly due to the increased demand from customers that was driven by the stringent environment requirements, increased operation capacity of customers and steady growth of mining and processing industry in Chizhou City.

Cost of services

Our cost of services primarily consists of depreciation of property, plant and equipment, staff cost, subcontracting fee, amortisation of land use rights, fuel and oil, consumables, electricity and others.

For six months ended 30 June 2019, our cost of services was approximately RMB29.1 million (six months ended 30 June 2018: RMB24.5 million), representing an increase of RMB4.6 million or approximately 18.8% as compared to the same period of last year. The increase in cost of services was mainly attributable to (i) the increase in staff cost of approximately RMB3.0 million due to the increase in revenue as staff cost is partially linked to the financial performance of our port, and (ii) the increase in subcontracting fee of approximately RMB1.5 million which was driven by the increase in transportation and handling services as throughput volume rose due to the increase in throughput volume of cargo by 111.3% in terms of tonnes.

Gross profit and gross profit margin

	Six months ended 30 June			
	2019	2018	Increase	
	(Unaudited)	(Unaudited)		%
Gross profit (RMB'000)	**48,574**	15,195	33,379	219.7
Gross profit margin (%)	**62.5**	38.3	24.2	N/A

For the six months ended 30 June 2019, our gross profit and gross profit margin increased to approximately RMB48.6 million and 62.5%, respectively. The increase was mainly attributable to the increase in revenue generated from our terminals and partially offset by the higher variable cost incurred, including transportation costs, fuel and oils, as result of the higher throughput volume for period of six months ended 30 June 2019.

Administrative expenses

For the six months ended 30 June 2019, our administrative expenses increased by approximately RMB1.7 million or 48.6% which was primarily due to increases in administrative staff costs and legal and professional fee of approximately RMB1.3 million and RMB0.1 million, respectively. The increase in administrative staff costs was mainly due to the growth of our business and increase in number of staff during the six months ended 30 June 2019.

Income tax expenses

For the six months ended 30 June 2019, the Group's income tax expense amounted to approximately RMB10.0 million (six months ended 30 June 2018: RMB2.3 million), representing an increase of RMB7.7 million or approximately 335% as compared to the same period of last year. The increase was mainly due to the increase in Group's profits before tax. For the six months ended 30 June 2019, the effective tax rate is approximately 22.6% (six months ended 30 June 2018: 26.2%). The lower effective tax rate for the six months ended 30 June 2019 as compared to the same period last year was mainly due to the absence of non-deductible expenses such as listing expenses of approximately RMB2.5 million which was incurred in the six months ended 30 June 2018. Should the listing expenses for the six months ended 30 June 2018 of approximately RMB2.5 million be taken into account, the effective tax rate would have been approximately 20.5%. Our effective tax rates for the six months ended 30 June 2018 was lower than that of the PRC EIT standard rate of 25% mainly because of the representing 50% reduction for three years for Chizhou Niutoushan on PRC EIT from 2016 to 2018. Besides, our effective tax rates for the six months ended 30 June 2019 was lower than that of the PRC EIT standard rate of 25% mainly because of full tax exemption for three years for one of the infrastructure projects of Chizhou Port Holdings from 2019 to 2021.

Profit for the period

As a result of the foregoing, we recorded profit for the six months ended 30 June 2019 of approximately RMB34.2 million (six months ended 30 June 2018: RMB6.5 million). Our net profit margin was approximately 44.0%, (six months ended 30 June 2018: 16.5%). Had listing expenses been excluded, our net profit margin for six months ended 30 June 2018 would have been approximately 22.7%.

USE OF PROCEEDS FROM THE PUBLIC OFFER

The final offer price for the listing was HK$0.38 per share, and the actual net proceeds from the listing were approximately HK$49.9 million. This amount was lower than the estimated net proceeds of approximately HK$54.4 million, which was based on a mid-point offer price of HK$0.40 per share, as disclosed in the prospectus dated 27 June 2018 (the "**Prospectus**"). In light of the difference between the actual and estimated amount of the net proceeds, the Group has adjusted the use of proceeds as shown in the Prospectus. Nevertheless, the said difference does not result in significant impact on the implementation of our business plan as shown in the Prospectus. Up to 31 December 2018, the Group had fully utilised the proceeds from the public offer and applied the proceeds according to the future plan and use of proceeds as disclosed in the Prospectus.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The shares of the Company were successfully listed on GEM of the Stock Exchange on 10 July 2018 (the "Listing Date"). There has been no change in the capital structure of the Group since then. The capital of the Company only comprises ordinary shares.

The Group finances its liquidity and capital requirements primarily through cash generated from operations, bank borrowings and equity contribution from shareholders.

As at 30 June 2019, the Group had bank and cash balances of approximately RMB61.6 million (31 December 2018: RMB65.3 million).

As at 30 June 2019, the Group's total equity attributable to owners of the Company amounted to approximately RMB287.5 million (31 December 2018: RMB262.6 million). As of the same date, the Group's total debts, comprising amounts due to a related company and an associate and bank borrowings, amounted to approximately RMB39.2 million (31 December 2018: RMB40.2 million).

On the Listing Date, the Company was listed on GEM by way of public offer and completed the share offer of 200,000,000 shares by offer price of HK$0.38 per offer share of the Company. The actual net proceeds from the listing were approximately HK$49.9 million. The Directors believe that the Group is in a healthy financial position to expand its business and achieve its business objectives.

BORROWINGS AND GEARING RATIO

As at 30 June 2019, the Group had total debts of approximately RMB39.2 million (31 December 2018: RMB40.2 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 30 June 2019, the gearing ratio of the Group, calculated as the total debts divided by the total equity, was approximately 10.3% (31 December 2018: 11.6%).

FOREIGN CURRENCY RISK

The Group has foreign currency exposures that mainly arise from the balance of assets and liabilities in currencies other than in RMB, the Group's functional currency. The Group's policy requires the management monitors foreign exchange exposure by monitoring the movement of foreign currency rates and may enter into foreign currency options or forward contracts, when and where appropriate.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and had maintained a healthy liquidity position throughout the reporting period. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements from time to time.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group did not have any contingent liabilities (31 December 2018: Nil).

CAPITAL COMMITMENT

As at 30 June 2019, the Group has capital commitments contracted but not provided for amounting to RMB43.2 million (31 December 2018: RMB44.2 million) in respect of construction of port facilities.

PLEDGE OF ASSETS

As at 30 June 2019, the Group has pledged its property, plant and equipment with an aggregate net book value of approximately RMB107.3 million (31 December 2018: RMB110.0 million), investment properties with aggregate net book value of approximately RMB14.4 million (31 December 2018: RMB14.4 million) and payments for leasehold land held for own use under operating lease of approximately RMB49.0 million (31 December 2018: RMB49.6 million).

EVENTS AFTER THE REPORTING PERIOD

Significant events affecting the Group that have occurred since the end of the reporting period and up to the date of this announcement, are as disclosed in note 11 to the unaudited condensed consolidated financial statements in this announcement.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2019.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2019.

COMPETING INTERESTS

The Directors confirm that none of the Controlling Shareholders or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by our Group which competes or is likely to compete, directly or indirectly, with our Group's business during the six months ended 30 June 2019.

INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, our Group has appointed Alliance Capital Partners Limited as our compliance adviser, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal controls. Except for the compliance adviser agreement entered into between the Company and our compliance adviser dated on 15 December 2017, neither our compliance advisor nor its Directors, employees or close associates had any interests in relation to the Company which is required to be notified to our Group pursuant to Rule 6A.32 of the GEM Listing Rules.

CORPORATE GOVERNANCE CODE

The Corporate Governance Code ("**the Code**") in Appendix 15 to the GEM Listing Rules sets out the principles of good corporate governance, code provisions and recommended best practices. Issuers are expected to comply with the code provisions or devise their own code on corporate governance on the terms they consider appropriate provided that considered reasons are given. Throughout the reporting period, the Company had complied with the applicable code provisions of the Code and there had been no deviation from the Code by the Company.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company (the "**Code of Conduct**"). Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct during the reporting period.

AUDIT COMMITTEE

An audit committee of the Board (the "**Audit Committee**") has been established with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and paragraphs C.3.3 and C.3.7 of the CG Code. The Audit Committee consists of three members, namely Mr. Wong Chin Hung, Mr. Nie Rui and Dr. Li Weidong, all being independent non-executive Directors. Mr. Wong Chin Hung currently serves as the chairman of the Audit Committee. The Audit Committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of our Group. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2019 and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board
Ocean Line Port Development Limited
Kwai Sze Hoi
Chairman and executive Director

Hong Kong, 13 August 2019

As at the date of this announcement, the executive Directors are Mr. Kwai Sze Hoi and Mr. Huang Xueliang, the non-executive Director is Ms. Cheung Wai Fung and the independent non-executive Directors are Mr. Nie Rui, Mr. Wong Chin Hung and Dr. Li Weidong.

This announcement will remain on the Stock Exchange's website at www.hkexnews.hk, on the "Latest Company Announcements" page for at least 7 days from the date of its publication and on the website of the Company at www.oceanlineport.com.