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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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.

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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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2019

	Notes	Three months ended 30 September 2019 RMB'000 (Unaudited)	Three months ended 30 September 2018 RMB'000 (Unaudited)	Nine months ended 30 September 2019 RMB'000 (Unaudited)	Nine months ended 30 September 2018 RMB'000 (Unaudited)
Revenue	4	**39,876**	30,059	**117,597**	69,758
Cost of services rendered		**(15,291)**	(13,198)	**(44,438)**	(37,702)
Gross profit		**24,585**	16,861	**73,159**	32,056
Other income and gains		**1,577**	1,959	**3,645**	3,323
Selling and distribution expenses		**(179)**	(172)	**(524)**	(399)
Administrative expenses		**(2,278)**	(1,325)	**(7,433)**	(4,775)
Finance costs		**(249)**	(705)	**(986)**	(1,886)
Listing expenses		**–**	(1,117)	**–**	(3,599)
Other expenses		**–**	(20)	**(3)**	(20)
Share of loss of an associate		**(307)**	(36)	**(550)**	(398)
Profit before income tax	5	**23,149**	15,445	**67,308**	24,302
Income tax expense	6	**(3,391)**	(3,047)	**(13,353)**	(5,366)
Profit for the period and total comprehensive income for the period, net of tax		**19,758**	12,398	**53,955**	18,936

		Three months ended 30 September		Nine months ended 30 September	
		2019	2018	**2019**	2018
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit for the period attributable to:					
Owners of the Company		**14,494**	9,089	**39,394**	13,311
Non-controlling interests		**5,264**	3,309	**14,561**	5,625
		19,758	12,398	**53,955**	18,936
Total comprehensive income for the period attributable to:					
Owners of the Company		**14,494**	9,089	**39,394**	13,311
Non-controlling interests		**5,264**	3,309	**14,561**	5,625
		19,758	12,398	**53,955**	18,936
Earnings per share attributable to owners of the Company					
Basic and diluted earnings per share	7	**RMB1.81 cents**	RMB1.16 cents	**RMB4.92 cents**	RMB2.01 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2019

	Attributable to owners of the Company										
	Share capital *RMB'000*	**Share premium** *RMB'000*	**Capital reserve** *RMB'000*	**Special reserve** *RMB'000*	**Statutory reserve** *RMB'000*	**Other reserve** *RMB'000*	**Assets revaluation reserve** *RMB'000*	**Retained profits/ (accumulated loss)** *RMB'000*	**Subtotal** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total** *RMB'000*
At 1 January 2019 (audited)	**6,758**	**50,277**	**369**	**4,094**	**36,691**	**172,860**	**376**	**(8,833)**	**262,592**	**84,048**	**346,640**
Profit for the period and total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**39,394**	**39,394**	**14,561**	**53,955**
Transfer to statutory reserve	**–**	**–**	**–**	**–**	**16**	**–**	**–**	**(16)**	**–**	**–**	**–**
Appropriation and utilisation of reserve	**–**	**–**	**–**	**673**	**–**	**–**	**–**	**(673)**	**–**	**–**	**–**
Dividends declared to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,201)**	**(1,201)**
As at 30 September 2019 (unaudited)	**6,758**	**50,277**	**369**	**4,767**	**36,707**	**172,860**	**376**	**29,872**	**301,986**	**97,408**	**399,394**
At 1 January 2018 (audited)	–	–	–	3,491	31,891	172,860	376	(12,503)	196,115	66,449	262,564
Profit for the period and total comprehensive income for the period	–	–	–	–	–	–	–	13,311	13,311	5,625	18,936
Appropriation and utilisation of reserve	–	–	–	449	–	–	–	(449)	–	–	–
Dividend paid	–	–	–	–	–	–	–	(8,692)	(8,692)	–	(8,692)
Share issued pursuant to initial public offering	1,689	55,345	–	–	–	–	–	–	57,034	–	57,034
As at 30 September 2018 (unaudited)	1,689	55,345	–	3,940	31,891	172,860	376	(8,333)	257,768	72,074	329,842

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 nine months ended 30 September 2019 have been prepared in accordance with Hong Kong Financial Reporting' Standard ("HKFRSs") 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 September 2019, the Group, as the lessee, has non-cancellable operating lease commitments of approximately RMB73,000. 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 September		**Nine months ended 30 September**	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Port service income	**39,876**	30,059	**117,597**	69,758

5. PROFIT BEFORE INCOME TAX

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

	Three months ended 30 September		Nine months ended 30 September	
	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)	**1,744**	1,589	**4,503**	4,318
Employee benefit expenses (including directors' emoluments)				
— Wages, salaries and other benefits	**6,963**	6,597	**16,759**	16,143
— Defined contributions	**657**	480	**1,983**	1,374
	7,620	7,077	**18,742**	17,517
Direct operating expenses arising from investment properties that generated rental income	**150**	26	**635**	684
Depreciation of property, plant and equipment	**4,425**	4,130	**12,746**	11,394
Lease payments under operating leases	**108**	99	**315**	295
Amortisation of payments for leasehold land held for own use under operating leases	**421**	418	**1,262**	1,276
Amortisation of deferred government grant	**(223)**	(223)	**(668)**	(668)
Loss on disposal of property, plant and equipment	**–**	–	**3**	–
Listing expenses	**–**	1,117	**–**	3,599

6. INCOME TAX EXPENSE

Income tax

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

	Three months ended 30 September		**Nine months ended 30 September**	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current tax				
— PRC enterprise income tax	**3,322**	3,018	**13,152**	5,279
Deferred tax charged to profit or loss	**69**	29	**201**	87
	3,391	3,047	**13,353**	5,366

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.

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising in or derived from Hong Kong for the nine months ended 30 September 2019 (nine months ended 30 September 2018: nil).

7. EARNINGS PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit for the period attributable to the owners of the Company	**14,494**	9,089	**39,394**	13,311
	Number of shares			
Weighted average number of ordinary shares in issue during the period	800,000,000	780,434,783	800,000,000	660,805,861

The calculation of basic earnings per share for the period ended 30 September 2019 is based on profit attributable to owners of the Company of approximately RMB39,394,000 (nine months ended 30 September 2018: RMB13,311,000) and on the weighted average number of 800,000,000 (nine months ended 30 September 2018: 660,805,861) ordinary shares in issue during the nine months period.

The calculation of the weighted average number of ordinary shares for the purposes of calculating the basic and diluted earnings per share for the three months and nine months ended 30 September 2018 has been determined based on the assumption that the ordinary shares of 600,000,000 in issue, comprising 1 ordinary share issued on 30 October 2017, 99 ordinary shares issued on 1 June 2018 and 599,999,900 ordinary shares issued on 10 July 2018 pursuant to the capitalisation issue, as if the respective shares were outstanding throughout the periods.

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

8. DIVIDENDS

The Directors do not recommend the payment of dividend for the nine months ended 30 September 2019 (nine months ended 30 September 2018: nil).

9. RELATED PARTY TRANSACTIONS

(a) The Group had the following material related party transactions during the period:

		Nine months ended 30 September	
		2019	2018
		RMB'000	*RMB'000*
	Note	**(Unaudited)**	(Unaudited)
Rental expenses paid to a related company	*(i)*	**315**	295

Note:

(i) In November 2017, Ocean Line Port Development (Hong Kong) Limited ("Ocean Line (Hong Kong)") and a related company, of which Mr. Kwai and Ms. Cheung are the beneficial owners, entered into a tenancy agreement pursuant to which the related company as the landlord agreed to lease certain premises to Ocean Line (Hong Kong) as the tenant. The annual rental under the tenancy agreement amounted to approximately of HK$480,000 from 1 January 2018 and expiring on 31 December 2020.

The above transaction with the related company were negotiated and carried out in the ordinary course of business and at terms agreed between the Group and the related company.

(b) Key management personnel compensation

The remuneration of directors and other members of key management during the periods were as follow:

	Nine months ended 30 September	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Fee	**833**	–
Salaries, allowances and benefits in kinds	**184**	956
Defined contributions	**49**	53
	1,066	1,009

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an inland port operator in the People's Republic of China ("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, and 4 more berths will be provided in the new phase of Jiangkou Terminal, rendering the Group as the largest public port operator in Chizhou City. This development is an important driver of the opening up and promoting investment and business in Chizhou City.

For the nine months ended 30 September 2019, total throughput volume of bulk cargo, break bulk cargo and containers of the Group were approximately 18.9 million tonnes (for the nine months ended 30 September 2018: approximately 10.6 million tonnes) and 12,722 TEUs (for the nine months ended 30 September 2018: approximately 12,805 TEUs), respectively, representing an increase of 79.5% and a slight decrease of 0.6%, respectively over the corresponding period in 2018.

With accelerated project construction and further enhancement of internal management, we strive to ensure a stable and safe terminal workplace and comply 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, government policies have shown good results. In order to promote high-quality development in Chizhou City, the local government had put forward a series of policies for steady growth. These trade-friendly policies have led to an improved business environment. Under this backdrop, large-scale environmental friendly shoreline along the Yangtze River have been enhanced and investments in infrastructure have been increased, contributing to the Group's improved profitability.

Secondly, the approval procedures of operation of green mines proceeded smoothly. Within the PRC mining sector, it is often said that "the whole nation depends on East China, East China depends on Chizhou City" ("全國看華東，華東看池州"). This is because of the high quality and richness of its non-metallic mining resources such as limestone, dolomite and calcite in Chizhou City. Green mine represents a mining operation in compliance with the economic cycle based on the principles of green industry, which formulates a mining plan that protects the environment. Exploitation technology used by green mines aims to achieve the goal of "low production, high efficiency, low emissions". Since 2018, mining companies have been actively engaged in integration of resources. In 2019, the approval procedures of operation of most of green mines were completed, resulting in improved facilities of the mining companies and their increased production capacities accordingly.

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 been substantially completed. Two new berths have commenced trial operation. For the nine months ended 30 September 2019, the new phase has contributed approximately 5.34 million tonnes throughput volume of the Group.

OUTLOOK

According to market analysis, in the fourth quarter of 2019, the throughput volume of the terminals of the Group is expected to improve but the growth rate will experience a gradual decline.

Currently, both domestic and global economic situations remain complicated and challenging. A number of uncertainties and volatilities may get in the way of economic development. As the global economic growth continues to slow down, the port business will inevitably be affected by the changes in domestic and global economic environments.

We believe that the cargo loading and unloading throughput volume of the Group will continue to grow in 2019. In the fourth quarter, we will attach more importance to internal control, safe production and environmental protection work and the formulation of our development plans for the upcoming year. We aim to capture opportunities, expand and move forward with even greater enthusiasm and professionalism.

FINANCIAL REVIEW

Revenue

	Nine months ended 30 September 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)	Increase/(decrease) RMB'000	%
Revenue from provision of uploading and unloading services				
Bulk cargo and break bulk cargo	**106,075**	59,159	46,916	79.3
Container	**1,873**	2,135	(262)	(12.3)
Subtotal	**107,948**	61,294	46,654	76.1
Revenue from provision of ancillary port services	**9,649**	8,464	1,185	14.0
Total revenue	**117,597**	69,758	47,839	68.6

	Nine months ended 30 September 2019 (Unaudited)	2018 (Unaudited)	Increase/(decrease)	%
Total cargo throughput (thousand tonnes)	**18,940**	10,554	8,386	79.5
Container throughput (TEUs)	**12,722**	12,805	(83)	0.6

Our revenue which is principally generated from the provision of uploading and unloading services and ancillary port services was approximately RMB117.6 million for the nine months ended 30 September 2019 and RMB69.8 million for the corresponding period in 2018. The increase in revenue was mainly due to the increase in cargo handling revenue since (i) the throughput of cargo increased by approximately 8.4 million tonnes as compared with the corresponding period in 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 nine months ended 30 September 2019, our cost of services was approximately RMB44.4 million (nine months ended 30 September 2018: RMB37.7 million), representing an increase of RMB6.7 million or approximately 17.8% as compared to the same period in 2018. The increase in cost of services was mainly attributable to (i) the increase in staff cost of approximately RMB5.7 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 RMB0.3 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 79.5% in terms of tonnes.

Gross profit and gross profit margin

	Nine months ended 30 September			
	2019	2018	Increase	
	(Unaudited)	(Unaudited)		%
Gross profit (RMB'000)	**73,159**	32,056	41,103	128.2
Gross profit margin (%)	**62.2**	46.0	16.2	N/A

For the nine months ended 2019, our gross profit and gross profit margin increased to approximately RMB73.2 million and 62.2%, respectively. The increase was primarily due to the increased throughput volume of cargo by 79.5% in terms of tonnes for the nine months ended 30 September 2019 as compared to the same period of last year and our business achieved economies of scale through greater utilisation of our operating capacity.

Administrative expenses

For the nine months ended 30 September 2019, our administrative expenses increased by approximately RMB2.7 million or 55.7% which was primarily due to net effect of (i) increase in administrative staff costs and legal and professional fees of approximately RMB1.2 million and RMB0.2 million, respectively, and (ii) decrease in the gain of foreign exchange difference, net of RMB1.1 million. The increase in administrative staff costs was mainly due to the growth of our business and increase in number of staffs during the nine months ended 30 September 2019.

Income tax expenses

For the nine months ended 30 September 2019, the Group's income tax expense amounted to approximately RMB13.4 million (nine months ended 30 September 2018: RMB5.4 million), representing an increase of RMB8.0 million or approximately 148.1% as compared to the corresponding period in 2018. The increase was mainly due to the increase in Group's profits before tax. For the nine months ended 30 September 2019, the effective tax rate is approximately 19.8% (nine months ended 30 September 2018: 22.1%) which was mainly due to the absence of non-deductible expenses such as listing expenses of approximately RMB3.6 million which was incurred in the nine months ended 30 September 2018. Should the listing expenses for the nine months ended 30 September 2018 of approximately RMB3.6 million be taken into account, the effective tax rate would have been approximately 19.2%. Our effective tax rates for the nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2019

As a result of the foregoing, we recorded profit for the nine months ended 30 September 2019 of approximately RMB54.0 million (nine months ended 30 September 2018: RMB18.9 million). Our net profit margin was approximately 45.9%, (nine months ended 30 September 2018: 27.1%). Had the listing expenses been excluded, our net profit margin for the nine months ended 30 September 2018 would have been approximately 32.3%.

DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 30 September 2019.

BUSINESS UPDATE

1. The local government in the PRC has been conducting a compensation plan (池州市主城區長江岸線老港區濱江生態修復環境整治補償處置方案) with 池州市貴池港埠有限責任公司 (for transliteration purpose only, Chizhou Guichi Port Limited) ("Chizhou Guichi"). The compensation plan has been finalised and the compensation amount attributable to Chizhou Port Holdings was approximately RMB8.5 million, representing 40% of total compensation amount of approximately RMB21.3 million.

   As at the date of this announcement, Chizhou Guichi has received RMB10.1 million of the compensation from the local government in the PRC. Upon receiving full amount of the compensation, arrangement will be made for the deregistration of Chizhou Guichi.

2. On 20 September 2019, Chizhou Port Holdings has successfully renewed the Licence for Port Operations (港口經營許可證) for four berths of Jiangkou Terminal for providing port logistic services. The period of validity of the renewed Licence for Port Operation is 3 years.

3. On 25 September 2019, Chizhou Port Holdings has obtained the temporary License for Port Operations (臨時港口經營許可證) for a berth of the new phase of Jiangkou Terminal for providing port logistic services. As at 30 September 2019, Chizhou Port Holdings has obtained the temporary License for Port Operations for two berths of the new phase of Jiangkou Terminal.

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 nine months ended 30 September 2019.

COMPETING INTERESTS

The Directors confirm that none of the controlling shareholders of the Company or the directors and their respective close associates (as defined in the GEM Listing Rules) are interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with our Group's business during the nine months ended 30 September 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 the compliance adviser of the Group, which will provide advice and guidance to the 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 nine months ended 30 September 2019, 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 nine months ended 30 September 2019.

SHARE OPTION SCHEME

The share option scheme of the Company (the "Share Option Scheme") has been conditionally adopted by way of shareholder's written resolution passed on 1 June 2018. The Share Option Scheme has become unconditional on the 10 July 2018 (i.e. the listing date of the Company) and, unless otherwise cancelled or amended, will remain in force for 10 years from 10 July 2018. There is no option outstanding, granted, exercised, cancelled and lapsed under the Share Option Scheme during the nine months ended 30 September 2019. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

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 code provisions of the Code of Corporate Governance Practises and Corporate Governance Report . 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 the Group. The Audit Committee has reviewed the unaudited consolidated financial statements of the Group for the nine months ended 30 September 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, 8 November 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.*