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

2019 FIRST QUARTERLY REPORT

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

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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 report, 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 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.

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Unaudited Condensed Consolidated Statement of Comprehensive Income

For the three months ended 31 March 2019

	Notes	Three months ended 31 March 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue	4	**32,274**	18,170
Cost of services rendered		**(14,450)**	(11,407)
Gross profit		**17,824**	6,763
Other income and gains		**1,098**	791
Selling and distribution expenses		**(121)**	(97)
Administrative expenses, net		**(2,819)**	(1,644)
Finance costs		**(431)**	(540)
Listing expenses		**–**	(1,860)
Share of loss of an associate		**(122)**	(241)
Profit before income tax	5	**15,429**	3,172
Income tax expense	6	**(4,212)**	(1,099)
Profit for the period and total comprehensive income for the period, net of tax		**11,217**	2,073
Profit for the period attributable to:			
Owners of the Company		**8,089**	1,037
Non-controlling interests		**3,128**	1,036
		11,217	2,073
Total comprehensive income for the period attributable to:			
Owners of the Company		**8,089**	1,037
Non-controlling interests		**3,128**	1,036
		11,217	2,073
Earnings per share attributable to owners of the Company			
Basic and diluted earnings per share	7	**RMB1.01 cents**	RMB0.17 cent

Unaudited Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 March 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	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	–	–	–	–	–	–	–	8,089	8,089	3,128	11,217
Appropriation and utilisation of reserve	–	–	–	250	–	–	–	(250)	–	–	–
As at 31 March 2019 (unaudited)	6,758	50,277	369	4,344	36,691	172,860	376	(994)	270,681	87,176	357,857
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	–	–	–	–	–	–	–	1,037	1,037	1,036	2,073
Appropriation and utilisation of reserve	–	–	–	151	–	–	–	(151)	–	–	–
Dividends paid	–	–	–	–	–	–	–	(8,692)	(8,692)	–	(8,692)
As at 31 March 2018 (unaudited)	–	–	–	3,642	31,891	172,860	376	(20,309)	188,460	67,485	255,945

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 is located at Room 2715–16, 27/F, 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 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"), a 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 three months ended 31 March 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 consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with HKFRSs issued by the HKICPA, as set out in the annual report of the Company dated 18 March 2019.

2. BASIS OF PREPARATION *(Continued)*

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 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 31 March 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 People's Republic of China ("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 31 March	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Port service income	**32,274**	18,170

5. PROFIT BEFORE INCOME TAX

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

	Three months ended 31 March	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Costs of inventories recognised as an expense (included under cost of service rendered)	**1,231**	1,165
Employee benefit expenses (including directors' emoluments)		
— Wages, salaries and other benefits	**4,756**	3,831
— Defined contributions	**524**	447
	5,280	4,278
Direct operating expenses arising from investment properties that generated rental income	**33**	329
Depreciation of property, plant and equipment	**4,216**	3,555
Lease payments under operating leases	**103**	107
Amortisation of payments for leasehold land held for own use under operating leases	**323**	439
Amortisation of deferred government grant	**(223)**	(321)
Listing expenses	**–**	1,860

6. INCOME TAX EXPENSE

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

	Three months ended 31 March	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
— PRC enterprise income tax	**4,096**	1,070
Deferred tax charged to profit or loss	**116**	29
	4,212	1,099

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"), is 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.

7. EARNINGS PER SHARE

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

	Three months ended 31 March	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to the owners of the Company	**8,089**	1,037

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

The calculation of the weighted average number of ordinary shares for the purposes of calculating the basic and diluted earnings per share for the period ended 31 March 2018 shown in the table above 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 period.

Diluted earnings per share is the same as the Group had no potentially diluted ordinary shares in issue during respective periods.

8. DIVIDENDS

The Directors do not recommend the payment of dividend for the three months ended 31 March 2019 (three months ended 31 March 2018: nil).

9. RELATED PARTY TRANSACTIONS

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

	Note	Three months ended 31 March **2019** **RMB'000** **(Unaudited)**	 2018 RMB'000 (Unaudited)
Rental expenses paid to a related company	(i)	**103**	107

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 transactions 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:

	Three months ended 31 March **2019** **RMB'000** **(Unaudited)**	 2018 RMB'000 (Unaudited)
Fee	**288**	–
Salaries, allowances and benefits in kinds	**295**	97
Defined contributions	**21**	15
	604	112

Management Discussion and Analysis

BUSINESS REVIEW

The Group is an inland terminal operator in the PRC and is principally engaged in the provision of port logistic services (including uploading and unloading of cargo, bulk cargoes handling service, container handling, storage and other services). The Group operates two port terminals, namely, Jiangkou Terminal and Niutoushan Terminal, both of which are situated in Chizhou City, Anhui Province, 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 and a central hub for industrial transfers. With mining resources and ecological tourism as its biggest strengths, Chizhou City is an integral non-metallic mineral base in Eastern China. Meanwhile, there are 7 berths in the two terminals of the Group, rendering them the largest public port and important drivers of the economic prosperity in Chizhou City.

During three months ended 31 March 2019, total throughput volume of bulk and break bulk cargo and container throughput of the Group were approximately 4.9 million tonnes (three months ended 31 March 2018: approximately 2.6 million tonnes) and 4,700 TEUs (three months ended 31 March 2018: approximately 3,560 TEUs), respectively, increasing by 86.8% and 30.2% respectively over last corresponding period. We have achieved significant economic improvement, safeguarded a stable and safe terminal workplace and complied with environmental protection standards and production objectives, with various economic indexes reaching record highs.

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

Firstly, the macro-economy has kept a stable and good momentum for growth. Driven by a series of steady growth policies of the local government in PRC, business environment has been improved, investment in infrastructure has been increased, and the numerous key infrastructure construction projects has been accelerated. With a growing demand for raw materials in steelworks and construction materials in the middle and lower downstream section of the Yangtze River, it propels the rapid growth in the non-metallic mining industry.

Secondly, the production capacity of green mines has been fully exploited. Green mine represents its mining which is following the economic cycle of the principles of green industry, which coordinates the formation of mining and the environment, it is a technology of exploitation which achieves the goal of "low production, high efficiency, low emissions". Since 2018, mining companies have been actively engaged in integration of resources, After the completion and approval of operation of the green mines, the facilities of the mining companies with green mines have been further improved and their production capacities are increased accordingly.

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

Fourthly, the prospect of container business is promising. With the investment incentives provided by the local government in PRC, the increase in number of manufacturing companies operated in the Chizhou industrial park will lead to a gradual increase in the demand of containers services. At the present, the Group is carrying out the "bulk cargo to container" campaign in promoting a wider use of containers in transporting limestone and other large quantities of bulk cargo. It does not only meet the requirements of environmental protection, but also reduce cargo loss or damage. The provision of container services is showing a promising prospect.

OUTLOOK

According to market analysis, the throughput volume of the terminals of the Group in 2019 will be expected to experience an upward trend.

Firstly, given the improving macro-economics, robust demand for building materials and expanded production capacity of mining companies, the shipment volume of non-metallic raw materials in Chizhou City will further increase;

Secondly, the Group is well-prepared for the production peak season. The arrangement of staff, equipment maintenance and customer connection have all been duly managed, ensuring that each production line can be optimised and met the targets;

Thirdly, as the construction work of the new phase of Jiangkou Terminal of the Group is being expedited and its two berths will pass the inspection and approval processes, it is expected to commence trial operation in the second half of 2019 and the capacity of Jiangkou Terminal will be increased substantially.

We believe that in 2019, the Group's cargo throughput volume will reach a new high level. However, there are still many preparation works beforehand, such as market expansion plan, systematic dispatch strategy, safety production and environmental protection work and etc. Recently, the local government of Anhui Province has initiated a campaign in relation to the ecological environment of the Yangtze River, emphasising environmental protection, management, restoration and green development. We shall have appropriate measures to tackle the ecological and environmental issues in the Anhui section of the Yangtze River, ensuring normal operation of our port and sustainable development of the local economy.

FINANCIAL REVIEW

Revenue

	Three months ended 31 March 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)	Increase RMB'000	%
Revenue from provision of uploading and unloading services				
Bulk cargo and break bulk cargo	**28,614**	14,946	13,668	91.4
Container	**700**	515	185	35.9
Subtotal	**29,314**	15,461	13,853	89.6
Revenue from provision of ancillary port services	**2,960**	2,709	251	9.3
Total revenue	**32,274**	18,170	14,104	77.6

	Three months ended 31 March 2019 (Unaudited)	2018 (Unaudited)	Increase	%
Total cargo throughput (thousand tonnes)	**4,919**	2,633	2,286	86.8
Container throughput (TEUs)	**4,700**	3,560	1,140	32.0

Our revenue which is principally generated from the provision of uploading and unloading services was approximately RMB29.3 million for the three months ended 31 March 2019 and RMB15.5 million for the same 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 2.3 million tonnes as compared with the same period in 2018 and (ii) the average handling fee increased from approximately RMB5.7 per tonne to RMB5.8 per tonne as compared with the same period in 2018. 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 three months ended 31 March 2019, our cost of services was approximately RMB14.5 million (three months ended 31 March 2018: RMB11.4 million), representing an increase of RMB3.1 million or approximately 26.7% 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 RMB1.4 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 RMB1.3 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 86.8% in terms of tonnes.

Gross profit and gross profit margin

	Three months ended 31 March			
	2019	2018	Increase	
	(Unaudited)	(Unaudited)		%
Gross profit (RMB'000)	**17,824**	6,763	11,061	163.6
Gross profit margin (%)	**55.2**	37.2	18	N/A

For the three months ended 2019, our gross profit and gross profit margin increased to approximately RMB17.8 million and 55.2%, 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 three months ended 31 March 2019.

Administrative expenses, net

For the three months ended 31 March 2019, our administrative expenses increased by approximately RMB1.2 million or 71.5% which was primarily due to net effect of (i) increase in administrative staff costs approximately RMB0.9 million, and (ii) increase in the loss of foreign exchange difference, net of RMB0.4 million. The increase in administrative staff costs was mainly due to the growth of our business and increase in number of staff during the three months ended 31 March 2019.

Income tax expenses

For the three months ended 31 March 2019, the Group's income tax expense amounted to approximately RMB4.2 million (three months ended 31 March 2018: RMB1.1 million), representing an increase of RMB3.1 million or approximately 283.3% as compared to the same period in last year. The increase was mainly due to the increase in Group's profits before tax. For the three months ended 31 March 2019, the effective tax rate is approximately 27.3% (three months ended 31 March 2018: 34.6%). The lower effective tax rate for the three months ended 31 March 2019 as compared to the same period last year was mainly due to the absence of non-deductible expenses for PRC tax purpose such as listing expenses of approximately RMB1.9 million which was incurred in the three months ended 31 March 2018. Should the listing expenses for the three months ended 31 March 2018 of approximately RMB1.9 million be taken into account, the effective tax rate for the three months ended 31 March 2018 would had been approximately 21.8%. Our effective tax rate for the three months ended 31 March 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.

Profit for the period

As a result of the foregoing, we recorded profit for the three months ended 31 March 2019 of approximately RMB11.2 million (three months ended 31 March 2018: RMB2.1 million). Our net profit margin was approximately 34.8%, (three months ended 31 March 2018: 11.4%). Had the listing expenses been excluded, our net profit margin for the three months ended 31 March 2018 would have been approximately 21.6%.

DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 March 2019.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2019, the interests and short positions of the Directors and chief executive of the Company in the shares (the "Shares"), underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) 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 (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(a) Long position in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares held/ interested	Approximate percentage of shareholding
Mr. Kwai Sze Hoi	Interest in a controlled corporation	600,000,000	75%
Ms. Cheung Wai Fung	Interest in a controlled corporation	600,000,000	75%

Notes:

1. Vital Force is legally and beneficially owned as to 60% by Mr. Kwai Sze Hoi and 40% by Ms. Cheung Wai Fung. Mr. Kwai Sze Hoi and Ms. Cheung Wai Fung are deemed to be interested in all the Shares held by Vital Force under Part XV of the SFO. Mr. Kwai Sze Hoi is the chairman and an executive Director of the Company and a director of Vital Force. Ms. Cheung Wai Fung is a non-executive Director of the Company and a director of Vital Force.

2. Ms. Cheung Wai Fung is the spouse of Mr. Kwai Sze Hoi.

Save as disclosed above, as at 31 March 2019, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far as is known to the Directors, as at 31 March 2019, the following shareholders and persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long position in the Shares

Name of Shareholder	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding
Vital Force	Beneficial owner	600,000,000	75%

Notes:

1. Vital Force Developments Limited ("Vital Force") is legally and beneficially owned as to 60% by Mr. Kwai Sze Hoi and 40% by Ms. Cheung Wai Fung. Mr. Kwai Sze Hoi and Ms. Cheung Wai Fung are deemed to be interested in all the Shares held by Vital Force under Part XV of the SFO. Mr. Kwai Sze Hoi is the chairman and an executive Director of the Company and a director of Vital Force. Ms. Cheung Wai Fung is a non-executive Director of the Company and a director of Vital Force.

2. Ms. Cheung Wai Fung is the spouse of Mr. Kwai Sze Hoi.

BUSINESS UPDATE

1. On 4 December 2017, 池州港遠航控股有限公司 (for transliteration purpose only, Chizhou Port Ocean Line Holdings Limited) ("Chizhou Port Holdings") has entered into a non-legally binding memorandum of understanding ("MOU") with another independent third party for a possible disposal of its entire interest in 池州市貴池港埠有限責任公司 (for transliteration purpose only, Chizhou Guichi Port Limited) ("Chizhou Guichi"). As at the date of this report, the MOU was lapsed and no formal sale and purchase agreement was entered into for the disposal of Chizhou Guichi due to the local government in PRC has conducted 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 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.

   Upon receiving the compensation amount from the local government in PRC, arrangement will be made for the deregistration of Chizhou Guichi.

2. On 29 April 2019, Chizhou Port Holdings has obtained the temporary Licence for Port Operations (臨時港口經營許可證) for an one new berth of the new phase of Jiangkou Terminal for providing port logistic services.

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 three months ended 31 March 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 three months ended 31 March 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.

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 that date. There is no option outstanding, granted, exercised, cancelled and lapsed under the Share Option Scheme during the three months ended 31 March 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 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 three months ended 31 March 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, 9 May 2019

As at the date of this report, 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.