# 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**

# 2020
## Interim 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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# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors:
Mr. Kwai Sze Hoi *(Chairman)*
Mr. Huang Xueliang

### Non-executive Director:
Ms. Cheung Wai Fung

### Independent non-executive Directors:
Mr. Nie Rui
Mr. Wong Chin Hung
Dr. Li Weidong

## AUTHORISED REPRESENTATIVES
Mr. Kwai Sze Hoi
Mr. Lee Chun Hin

## AUDIT COMMITTEE
Mr. Wong Chin Hung *(Chairman)*
Mr. Nie Rui
Dr. Li Weidong

## REMUNERATION COMMITTEE
Mr. Nie Rui *(Chairman)*
Mr. Wong Chin Hung
Dr. Li Weidong

## NOMINATION COMMITTEE
Dr. Li Weidong *(Chairman)*
Mr. Nie Rui
Mr. Wong Chin Hung

## COMPANY SECRETARY
Mr. Lee Chun Hin

## COMPLIANCE ADVISER
Alliance Capital Partners Limited

## COMPLIANCE OFFICER
Mr. Kwai Sze Hoi

## AUDITOR
BDO Limited

## PRINCIPAL BANKERS
Agricultural Bank of China
Chizhou Jiuhua Rural Commercial Bank
Huishang Bank
Industrial and Commercial Bank of China (Asia) Limited
BNP Paribas

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS
Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

# CORPORATE INFORMATION

## REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

## HEADQUARTERS, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No.8 Yanjiang Avenue
Chizhou Economic Development Zone
Chizhou, Anhui
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

Room 2715–16, 27/F.
Hong Kong Plaza
188 Connaught Road West
Hong Kong

## COMPANY WEBSITE

www.oceanlineport.com

## STOCK CODE

8502

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the three months and six months ended 30 June 2020*

| | Notes | Three months ended 30 June 2020 RMB'000 (Unaudited) | Three months ended 30 June 2019 RMB'000 (Unaudited) | Six months ended 30 June 2020 RMB'000 (Unaudited) | Six months ended 30 June 2019 RMB'000 (Unaudited) |
|---|---|---|---|---|---|
| **Revenue** | 5 | **47,965** | 45,447 | **86,405** | 77,721 |
| Cost of services rendered | | **(15,169)** | (14,697) | **(30,811)** | (29,147) |
| **Gross profit** | | **32,796** | 30,750 | **55,594** | 48,574 |
| Other income and gains | | **840** | 970 | **2,678** | 2,068 |
| Selling and distribution expenses | | **(179)** | (224) | **(296)** | (345) |
| Administrative expenses | | **(2,425)** | (2,336) | **(4,765)** | (5,155) |
| Finance costs | | **(96)** | (306) | **(546)** | (737) |
| Other expenses | | **–** | (3) | **–** | (3) |
| Share of loss of an associate | | **–** | (121) | **–** | (243) |
| **Profit before income tax** | 6 | **30,936** | 28,730 | **52,665** | 44,159 |
| Income tax expense | 7 | **(4,937)** | (5,750) | **(10,065)** | (9,962) |
| **Profit for the period and total comprehensive income for the period, net of tax** | | **25,999** | 22,980 | **42,600** | 34,197 |
| Profit for the period attributable to: | | | | | |
| Owners of the Company | | **18,569** | 16,811 | **30,519** | 24,900 |
| Non-controlling interests | | **7,430** | 6,169 | **12,081** | 9,297 |
| | | **25,999** | 22,980 | **42,600** | 34,197 |
| Total comprehensive income for the period attributable to: | | | | | |
| Owners of the Company | | **18,569** | 16,811 | **30,519** | 24,900 |
| Non-controlling interests | | **7,430** | 6,169 | **12,081** | 9,297 |
| | | **25,999** | 22,980 | **42,600** | 34,197 |
| Earnings per share attributable to owners of the Company | | | | | |
| Basic and diluted earnings per share | 8 | **RMB2.32 cents** | RMB2.10 cents | **RMB3.81 cents** | RMB3.11 cents |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2020*

| | Notes | 30 June 2020 RMB'000 (Unaudited) | 31 December 2019 RMB'000 (Audited) |
|---|---|---|---|
| **ASSETS AND LIABILITIES** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | *10* | **441,070** | 439,741 |
| Investment properties | | **55,528** | 52,530 |
| Deposits | | **355** | 615 |
| Deferred tax assets | | **447** | 500 |
| | | **497,400** | 493,386 |
| **Current assets** | | | |
| Inventories | | **2,071** | 1,375 |
| Trade receivables | *11* | **2,799** | 2,333 |
| Debt instruments at fair value through other comprehensive income | | **2,845** | 10,459 |
| Deposits, prepayments and other receivables | | **22,071** | 24,297 |
| Cash and cash equivalents | | **80,328** | 84,161 |
| | | **110,114** | 122,625 |
| **Current liabilities** | | | |
| Trade payables | *12* | **8,891** | 8,724 |
| Contract liabilities | | **28,663** | 29,473 |
| Other payables, accruals and receipt in advance | | **72,531** | 93,686 |
| Lease liabilities | | **209** | 417 |
| Due to non-controlling interests | | **973** | – |
| Deferred government grant | | **915** | 890 |
| Income tax payable | | **5,158** | 1,512 |
| | | **117,340** | 134,702 |
| **Net current liabilities** | | **(7,226)** | (12,077) |
| Total assets less current liabilities | | **490,174** | 481,309 |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2020*

| | *Notes* | **30 June 2020 RMB'000 (Unaudited)** | 31 December 2019 RMB'000 (Audited) |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Bank borrowings | *13* | **–** | 34,188 |
| Deferred government grant | | **33,869** | 34,314 |
| Deferred tax liabilities | | **5,463** | 3,592 |
| | | **39,332** | 72,094 |
| **Net assets** | | **450,842** | 409,215 |
| **EQUITY** | | | |
| Share capital | *14* | **6,758** | 6,758 |
| Reserves | | **331,465** | 300,946 |
| **Equity attributable to owners of the Company** | | **338,223** | 307,704 |
| Non-controlling interests | | **112,619** | 101,511 |
| **Total equity** | | **450,842** | 409,215 |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 30 June 2020*

| | Six months ended 30 June | |
|---|---|---|
| | **2020**<br>**RMB'000**<br>**(Unaudited)** | 2019<br>RMB'000<br>(Unaudited) |
| **Net cash generated from operating activities** | **56,768** | 35,384 |
| **Net cash used in investing activities** | **(25,659)** | (37,212) |
| **Cash flows from financing activities** | | |
| **Proceeds from bank borrowings** | **–** | 43,000 |
| **Repayments of bank borrowings** | **(34,188)** | (44,000) |
| **Others** | **(754)** | (888) |
| **Net cash used in financing activities** | **(34,942)** | (1,888) |
| **Net decrease in cash and cash equivalents** | **(3,833)** | (3,716) |
| **Cash and cash equivalents at 1 January** | **84,161** | 65,276 |
| **Cash and cash equivalents at 30 June** | **80,328** | 61,560 |
| **Analysis of balances of cash and cash equivalents** | | |
| Cash and cash equivalents with an original maturity of three months or less | | |
| — Cash deposits at banks and on hand | **64,523** | 48,560 |
| — Short-term deposit in bank | **15,805** | 13,000 |
| | **80,328** | 61,560 |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 June 2020*

| | 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 losses) RMB'000 | Subtotal RMB'000 | Non-controlling interests RMB'000 | Total RMB'000 |
| **At 1 January 2020 (audited)** | 6,758 | 50,277 | 369 | 4,812 | 49,239 | 176,540 | 376 | 19,333 | 307,704 | 101,511 | 409,215 |
| Profit for the period and total comprehensive income for the period | – | – | – | – | – | – | – | 30,519 | 30,519 | 12,081 | 42,600 |
| Transfer to statutory reserve | – | – | – | – | 799 | – | – | (799) | – | – | – |
| Appropriation and utilisation of reserve | – | – | – | 685 | – | – | – | (685) | – | – | – |
| Dividends declared to non-controlling interest | – | – | – | – | – | – | – | – | – | (973) | (973) |
| **As at 30 June 2020 (unaudited)** | 6,758 | 50,277 | 369 | 5,497 | 50,038 | 176,540 | 376 | 48,368 | 338,223 | 112,619 | 450,842 |
| **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 | – | – | – | – | – | – | – | 24,900 | 24,900 | 9,297 | 34,197 |
| Transfer to statutory reserve | – | – | – | – | 12 | – | – | (12) | – | – | – |
| Appropriation and utilisation of reserve | – | – | – | 476 | – | – | – | (476) | – | – | – |
| **As at 30 June 2019 (unaudited)** | 6,758 | 50,277 | 369 | 4,570 | 36,703 | 172,860 | 376 | 15,579 | 287,492 | 93,345 | 380,837 |

# 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 Company's immediate and ultimate parent is 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 six months ended 30 June 2020 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 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

## 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 consolidated financial statements for the year ended 31 December 2019, except for the adoption of the standards, amendments and interpretation issued by the HKICPA mandatory for the annual periods beginning of 1 January 2020.

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. 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. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of unaudited condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2019.

## 4. 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.

## 5. 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 | |
|---|---|---|---|---|
| | **2020 RMB'000 (Unaudited)** | 2019 RMB'000 (Unaudited) | **2020 RMB'000 (Unaudited)** | 2019 RMB'000 (Unaudited) |
| Port service income | **47,965** | 45,447 | **86,405** | 77,721 |

## 5. REVENUE (continued)

### Disaggregation of revenue

| | Three months ended 30 June | | Six months ended 30 June | |
|---|---|---|---|---|
| | **2020 RMB'000 (Unaudited)** | 2019 RMB'000 (Unaudited) | **2020 RMB'000 (Unaudited)** | 2019 RMB'000 (Unaudited) |
| **Revenue from contracts with customers within the scope of HKFRS 15** | | | | |
| **Provision of unloading and unloading services** | | | | |
| Bulk cargo and break bulk cargo | **44,315** | 41,611 | **79,774** | 70,225 |
| Container | **747** | 573 | **1,311** | 1,273 |
| **Provision of ancillary port services** | **2,903** | 3,263 | **5,320** | 6,223 |
| | **47,965** | 45,447 | **86,405** | 77,721 |
| **Timing of revenue recognition** | | | | |
| At a point in time | **46,594** | 43,694 | **84,060** | 74,997 |
| Transferred over time | **1,371** | 1,753 | **2,345** | 2,724 |
| | **47,965** | 45,447 | **86,405** | 77,721 |

## 6. PROFIT BEFORE INCOME TAX

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

| | Three months ended 30 June | | Six months ended 30 June | |
|---|---|---|---|---|
| | **2020 RMB'000 (Unaudited)** | 2019 RMB'000 (Unaudited) | **2020 RMB'000 (Unaudited)** | 2019 RMB'000 (Unaudited) |
| Costs of inventories recognised as an expense (included under cost of service rendered) | **973** | 1,528 | **1,992** | 2,759 |
| Employee benefit expenses (including directors' emoluments) | | | | |
| — Wages, salaries and other benefits | **4,124** | 5,040 | **8,281** | 9,796 |
| — Defined contributions | **444** | 802 | **1,041** | 1,326 |
| | **4,568** | 5,842 | **9,322** | 11,122 |
| Direct operating expenses arising from investment properties that generated rental income | **19** | 452 | **95** | 485 |
| Depreciation of property, plant and equipment | **6,090** | 4,105 | **11,825** | 8,321 |
| Lease payments under operating leases | **110** | 104 | **218** | 207 |
| Amortisation of payments for leasehold land held for own use under operating leases (for the three months and six months ended 30 June 2020: depreciation of right-of-use assets included in depreciation of property, plant and equipment) | **–** | 316 | **–** | 639 |
| Amortisation of deferred government grant | **(222)** | (222) | **(445)** | (445) |
| Loss on disposal of property, plant and equipment | **–** | 3 | **–** | 3 |

## 7. 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 June | | Six months ended 30 June | |
|---|---|---|---|---|
| | **2020 RMB'000 (Unaudited)** | 2019 RMB'000 (Unaudited) | **2020 RMB'000 (Unaudited)** | 2019 RMB'000 (Unaudited) |
| Current tax | | | | |
| — PRC enterprise income tax | **4,106** | 5,734 | **8,142** | 9,830 |
| Deferred tax charged to profit or loss | **831** | 16 | **1,923** | 132 |
| | **4,937** | 5,750 | **10,065** | 9,962 |

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.

One of the infrastructure projects (the "Qualifying Project") of Chizhou Port Ocean Line Holdings Limited ("Chizhou Port Holdings"), a subsidiary of the Company, 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, which has commenced from 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. Therefore, the relevant profit generated from the Qualifying Project is tax exempted for the six months ended 30 June 2020.

## 7. INCOME TAX EXPENSE (continued)

Income tax (continued)

Withholding tax was calculated at 10% of the dividends declared in respect of profits earned by PRC entities to a non-PRC holding company, except for the following subsidiary which enjoyed certain tax reduction.

Pursuant to the double tax arrangement between the PRC and Hong Kong effective on 1 January 2007, the withholding income tax rate would be reduced to 5% ("Tax Reduction") upon government approval if the investment by the Hong Kong investor in the invested entities in the PRC is not less than 25%, provided certain criteria are met. Ocean Line Port Development (Hong Kong) Limited ("Ocean Line Hong Kong"), a subsidiary of the Company, was entitled to the Tax Reduction and the applicable withholding tax rate for Ocean Line Hong Kong was 5% for the six months ended 30 June 2020.

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 six months ended 30 June 2020 (six months ended 30 June 2019: nil).

## 8. EARNINGS PER SHARE

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

| | Six months ended 30 June | |
|---|---|---|
| | **2020 RMB'000 (Unaudited)** | 2019 RMB'000 (Unaudited) |
| Profit for the period attributable to the owners of the Company | **30,519** | 24,900 |

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

## 8. EARNINGS PER SHARE (continued)

The calculation of basic earnings per share for the six months ended 30 June 2020 is based on profit attributable to owners of the Company of approximately RMB30,519,000 (for the six months ended 30 June 2019: profit of RMB24,900,000) and on the weighted average number of 800,000,000 (for the six months ended 30 June 2019: 800,000,000) ordinary shares in issue during the period.

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.

## 9. INTERIM DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, additions to the Group's property, plant and equipment amounted to approximately RMB13,154,000 (six months ended 30 June 2019: RMB34,500,000).

## 11. TRADE RECEIVABLES

| | As at 30 June 2020 RMB'000 (Unaudited) | As at 31 December 2019 RMB'000 (Audited) |
|---|---|---|
| Trade receivables | **3,805** | 3,339 |
| Less: Provision for impairment | **(1,006)** | (1,006) |
| | **2,799** | 2,333 |

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 2020 RMB'000 (Unaudited) | As at 31 December 2019 RMB'000 (Audited) |
|---|---|---|
| 0 to 30 days | **2,621** | 2,232 |
| 31 to 90 days | **85** | 77 |
| 91 to 120 days | **–** | – |
| 121 to 365 days | **71** | 24 |
| Over 1 year | **22** | – |
| | **2,799** | 2,333 |

## 12. TRADE PAYABLES

The credit period is generally 30 days.

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

| | As at 30 June 2020 RMB'000 (Unaudited) | As at 31 December 2019 RMB'000 (Audited) |
|---|---|---|
| 0 to 30 days | **5,887** | 7,488 |
| 31 to 90 days | **1,604** | 62 |
| 91 to 120 days | **322** | 59 |
| 121 to 365 days | **362** | 261 |
| Over 1 year | **716** | 854 |
| | **8,891** | 8,724 |

## 13. BANK BORROWINGS

| | As at 30 June 2020 RMB'000 (Unaudited) | As at 31 December 2019 RMB'000 (Audited) |
|---|---|---|
| Secured bank borrowings<br>— Amounts repayable after one year | – | 34,188 |

*Notes:*

(a) As at 31 December 2019, secured bank borrowings of approximately RMB34,188,000 bear floating interest rate at 5.1% per annum. The bank borrowings were attached with financial covenants. The Group regularly monitors its compliance with these covenants and all these covenants had been complied by the Group. Early repayment of the bank borrowings was made during the six months ended 30 June 2020.

(b) The Group's aggregate banking facilities amounted to approximately RMB115,812,000 (31 December 2019: RMB150,000,000) of which no banking facilities (31 December 2019: RMB34,188,000) have been utilised as at 30 June 2020.

## 14. SHARE CAPITAL

| | Number of ordinary shares | HK'000 | RMB'000 |
|---|---|---|---|
| **Authorised:** | | | |
| As at 1 January 2019, 31 December 2019 (audited), 1 January 2020 and 30 June 2020 (unaudited) | 5,000,000,000 | 50,000 | 40,929 |
| **Issued and fully paid:** | | | |
| As at 1 January 2019, 31 December 2019 (audited), 1 January 2020 and 30 June 2020 (unaudited) | 800,000,000 | 8,000 | 6,758 |

## 15. CAPITAL COMMITMENTS

As at each of the reporting dates, the Group had the following capital commitments:

| | **As at 30 June 2020 RMB'000 (Unaudited)** | As at 31 December 2019 RMB'000 (Audited) |
|---|---|---|
| Contracted, but not provided for | | |
| — Construction in progress | **14,319** | 12,813 |

## 16. RELATED PARTY TRANSACTIONS

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

| | | Six months ended 30 June | |
|---|---|---|---|
| | Note | **2020 RMB'000 (Unaudited)** | 2019 RMB'000 (Unaudited) |
| Lease payment paid to a related company | (i) | **218** | 207 |

*Note:* In November 2017, Ocean Line Hong Kong and Ocean Longevity Company Limited ("Ocean Longevity"), a related company, entered into a tenancy agreement pursuant to which the Ocean Longevity 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 HK$480,000 from 1 January 2018 and expiring on 31 December 2020. The controlling shareholders of the Company are the beneficial owners of Ocean Longevity.

The above transactions with a related company was negotiated and carried out in the ordinary course of business and on normal commercial terms as agreed between the Group and the related party.

As the total amount payable under the above tenancy agreement (including the estimated utilities and telephone charges) by Ocean Line Hong Kong to Ocean Longevity, for each of the three financial years ending 31 December 2020 would be approximately HK$500,000, which is less than HK$3,000,000 per annum and the percentage ratios (other than the profits ratio) mentioned in Rule 19.07 of the GEM Listing Rules are less than 5%, the total annual rent (including the estimated utilities and telephone charges) payable under the above tenancy agreement would fall below the de minimis threshold under Rule 20.74(1)(c) of the GEM Listing Rules and thus would not be subject to any reporting, announcement or independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

## 16. RELATED PARTY TRANSACTIONS (continued)

### (b) Key management personnel compensation

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

| | Six months ended 30 June | |
|---|---|---|
| | **2020** | 2019 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| Fee | **572** | 550 |
| Salaries, allowances and benefits in kinds | **120** | 124 |
| Defined contributions | **18** | 34 |
| | **710** | 708 |

## 17. EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period and on 21 July 2020, Chizhou Port Holdings has succeeded in the bid of the land use right of a piece of land located in Chizhou City, Anhui Province, the PRC ("Target Land") through the listing-for-sale process conducted by Natural Resources and Planning Bureau of Chizhou City at a consideration of RMB11.0 million. On 31 July 2020, Chizhou Port Holdings and Natural Resources and Planning Bureau of Chizhou City entered into a Transfer of Land Use Rights of State-owned Construction Land Contract (國有建設用地使用權出讓合同) in relation to the intended acquisition of the Target Land ("Transfer Contract"). According to the Transfer Contract, the land use right of the Target Land will be transferred to Chizhou Port Holdings by 8 May 2021. For details of the successful bidding, please refer to the announcement of the Company dated 21 July 2020.

## 18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has determined that the carrying amounts of cash and cash equivalents, trade receivables, other receivables, trade payables, other payables and accruals, amount due to non-controlling interests and bank borrowings reasonably approximate to their fair values because these financial instruments are mostly short-term in nature.

The bills receivables were classified as debt instruments at fair value through other comprehensive income. The maturity period for the bills receivables is ranging from 6 to 12 months.

The Directors of the Company consider that the carrying value of the bills receivables under debt instruments at fair value through other comprehensive income approximates the fair value as at 30 June 2020 and 31 December 2019.

The level in the fair value hierarchy within which the bills receivables under debt instruments at fair value through other comprehensive income is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

| | **30 June 2020 Level 3 RMB'000 (Unaudited)** | 31 December 2019 Level 3 RMB'000 (Audited) |
|---|---|---|
| Debt instruments at fair value through other comprehensive income | | |
| Bills receivables | **2,845** | 10,459 |

## 18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Information about level 3 fair value measurements:

| | Valuation techniques | Unobservable input | Range |
|---|---|---|---|
| Bills receivables | Income approach — in this approach, the discounted cash flow method was used to capture the present value of the cash flows to be derived from the receivables | Discount rate | 2.4% to 3.9% (For the year ended 31 December 2019: 3.3% to 4.2%) |

There were no changes to the valuation techniques during the six months ended 30 June 2020 and year ended 31 December 2019.

There were no transfer in Level 1, Level 2 and Level 3 of the fair value hierarchy during the six months ended 30 June 2020 and year ended 31 December 2019.

| | **30 June 2020 RMB'000 (Unaudited)** | 31 December 2019 RMB'000 (Audited) |
|---|---|---|
| Opening balance (level 3 recurring fair value) | **10,459** | 5,129 |
| Additions | **7,568** | 38,900 |
| Disposals | **(15,182)** | (33,570) |
| Closing balance (level 3 recurring fair value) | **2,845** | 10,459 |

The unobservable input used in the fair value measurement of the bills receivables is discount rate. As at 30 June 2020, if the discount rates were 5% (31 December 2019: 5%) higher/lower, the fair value would be RMB1,000 lower/higher (31 December 2019: RMB2,000 lower/higher).

# 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 Port Terminal and Niutoushan Port Terminal, 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 strengths, Chizhou City is an integral non-metallic mineral base in Eastern China. There are 11 berths in the two major terminals of the Group, including the 4 berths of the new phase of Jiangkou Terminal, making the Group the largest public port operator in Chizhou City, as well as an important driver of the opening up and promoting investment and business in Chizhou City.

For the six months ended 30 June 2020, total throughput volume of bulk cargo and break bulk cargo were approximately 13.1 million tonnes (six months ended 30 June 2019: approximately 12.5 million tonnes) and approximately 8,471 TEUs (six months ended 30 June 2019: approximately 8,824 TEUs), respectively, representing an increase of 4.4% and a decrease of 4.0%, respectively as compared to the corresponding period in 2019.

The increase in the Group's revenue was heavily dependent on the growth in cargo loading and unloading throughput volume, but the rate of growth slowed down as compared to the corresponding period of 2019 due to external factors. During the six months ended 30 June 2020, the throughput volume of the ports was mainly influenced by the following factors:

Firstly, the impact of external environment. The outbreak of COVID-19 pandemic earlier this year has cast impacts on the transportation and port industry in the PRC. Back when the pandemic peaked in the PRC, some of the Group's customers were forced to suspend their production, while land transportation, shipping lane and schedule were influenced by varying degrees. Despite that the majority of businesses and industries have resumed operation and production since March 2020, the pandemic continues to spread around the world. It brings pressure and challenges for the Group's port operation, dealing a major blow to the Group's container and foreign trade businesses.

Secondly, the impact of port industry. Against the backdrop of the international shipping situation during the first half of 2020, part of the cargos from other PRC provinces and cities were transported to the middle and lower reaches of the Yangtze River by sea, which had an impact on the construction material market in the Yangtze River delta. Basic industries, such as steelmaking, saw a decrease in production, rendering the demand of non-metallic mineral products unsalable. The toll-free highway policy implemented in the first half of 2020 has resulted in some shipping activities shifted to road transport. Most of the outgoing construction material-related cargos were transported by road, which affected the Group's port operation, and the container operation in particular bearing the larger brunt.

Thirdly, more aggressive marketing efforts have facilitated the development of our ports. The full operation of the new phase of Jiangkou Terminal expanded the throughput capacity of Jiangkou Terminal. With a view to increasing market share, the Group adhered to the strategy of focusing on major customers and developing marginal customers.

## OUTLOOK

The outlook of the Group's business will be impacted by various uncertainties during the second half of 2020. It is currently expected that the Group's port shipment volume in 2020 would stay flat as compared to that of last year mainly due to the following factors:

Firstly, the government policies were effective. In response to the outbreak of COVID-19 pandemic, the PRC government has introduced a series of policies, providing reliefs and exemptions in different aspects including taxes and social security. It has also facilitated the rapid recovery of the market and enterprises by continuing to streamline government administrative procedures, supporting new methods and new modes of business operations, increasing investments in infrastructure and expanding domestic demands.

Secondly, domestic trade and foreign trade recovered gradually. Since the PRC was among the first to tackle and curb COVID-19 pandemic, with majority of the districts of the country having contained the situation, market demands have rebounded. In addition, the PRC holds a world leading position in terms of supply capacity. Hence, its foreign trade and domestic trade are expected to gradually pick up during the second half of the year, as European countries resume economic activities progressively and adopt economic stimulus measures.

Thirdly, the impact of flood on the economy. Since the beginning of the second half of 2020, the Yangtze River Basin has been suffering from the persistent heavy rainfall. During the second half of the year, the Group will face challenges in its operation amid the pressure of flood prevention.

Fourthly, restriction and rectification on the transportation of non-metallic ores. The Chizhou City local government has imposed restriction and rectification on transportation from mines to ports, confining the development of mines and creating obstacles for the Group's ports business development.

In conclusion, it's too early to be fully optimistic about the business prospect of the Group for the second half of the year. We as a group, will make concerted efforts and strive to battle the pandemic and flood situations, and make full use of our advantages to broaden sources of income and reduce expenditure, capture opportunities, expand and move forward with even greater enthusiasm.

## FINANCIAL REVIEW

### Revenue

| | Six months ended 30 June | | | |
|---|---|---|---|---|
| | **2020 RMB'000 (Unaudited)** | 2019 RMB'000 (Unaudited) | Increase/(decrease) RMB'000 | % |
| Revenue from provision of uploading and unloading services | | | | |
| Bulk cargo and break bulk cargo | **79,774** | 70,225 | 9,549 | 13.6 |
| Container | **1,311** | 1,273 | 38 | 3.0 |
| Subtotal | **81,085** | 71,498 | 9,587 | 13.4 |
| Revenue from provision of ancillary port services | **5,320** | 6,223 | (903) | (14.5) |
| Total revenue | **86,405** | 77,721 | 8,684 | 11.2 |

| | Six months ended 30 June | | | |
|---|---|---|---|---|
| | **2020 (Unaudited)** | 2019 (Unaudited) | Increase/(decrease) | % |
| Total cargo throughput (thousand tonnes) | **13,072** | 12,522 | 550 | 4.4 |
| Container throughput (TEUs) | **8,471** | 8,824 | (353) | (4.0) |

Our revenue which is principally generated from the provision of uploading and unloading services and ancillary port services was approximately RMB86.4 million for the six months ended 30 June 2020 and RMB77.7 million for the same period in 2019. The increase in revenue was mainly due to the increase in cargo handling revenue since the throughput of cargo was increased by approximately 0.6 million tonnes as compared to the same period in 2019. The increase in throughput volume of cargo was mainly due to the increase in throughput capacity of our ports due to completion of construction of the new phase of Jiangkou Terminal during the first quarter of 2020.

### 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 the six months ended 30 June 2020, our cost of services was approximately RMB30.8 million (six months ended 30 June 2019: RMB29.1 million), representing an increase of RMB1.7 million or approximately 5.8% as compared to the same period of last year. The increase in cost of services was mainly attributable to net effect of (i) the increase in depreciation of property, plant and equipment for rendering of services and amortisation of land use rights of approximately RMB2.6 million in total due to additional property, plant and equipment commencing to be depreciated following the completion of construction of the new phase of Jiangkou Terminal during the first quarter of 2020, (ii) the decrease in staff cost and subcontracting fee of approximately RMB2.5 million due to decrease in performance-based pay and decline in the Group's container business caused by the outbreak of COVID-19 pandemic and (iii) increase in repairs and maintenance of approximately RMB3.0 million due to more large-scale repair and maintenance activities being carried out as the throughput capacity of our ports increased.

### Gross profit and gross profit margin

| | Six months ended 30 June | | | |
|---|---|---|---|---|
| | **2020 (Unaudited)** | 2019 (Unaudited) | Increase | % |
| Gross profit (RMB'000) | **55,594** | 48,574 | 7,020 | 14.5 |
| Gross profit margin (%) | **64.3** | 62.5 | 1.8 | N/A |

For the six months ended 30 June 2020, our gross profit and gross profit margin increased to approximately RMB55.6 million and 64.3%, respectively. The increase was primarily due to the increased throughput volume of cargo by 4.4% in terms of tonnes for the six months ended 30 June 2020 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 six months ended 30 June 2020, our administrative expenses decreased by approximately RMB0.4 million or 7.6% which was primarily due to decrease in administrative staff costs, legal and professional fee of approximately RMB0.1 million and RMB0.1 million, respectively. The decrease in administrative staff costs was mainly due to decrease in performance-based pay caused by the outbreak of COVID-19 pandemic during the six months ended 30 June 2020.

### Income tax expenses

For the six months ended 30 June 2020, the Group's income tax expense amounted to approximately RMB10.1 million (six months ended 30 June 2019: RMB10.0 million), representing an increase of RMB0.1 million or approximately 1.0% 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 six months ended 30 June 2020, the effective tax rate is approximately 19.1% (six months ended 30 June 2019: 22.6%). Should the deferred tax charge for the six months ended 30 June 2020 of approximately RMB1.9 million be taken into account, the adjusted effective tax rate would have been approximately 15.5%. Our adjusted effective tax rate for the six months ended 30 June 2020 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 six months ended 30 June 2020

As a result of the foregoing, we recorded profit for the six months ended 30 June 2020 of approximately RMB42.6 million (six months ended 30 June 2019: RMB34.2 million). Our net profit margin was approximately 49.3% (six months ended 30 June 2019: 44.0%).

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following sets out a comparison and analysis of the business objectives as stated in the prospectus of the Company dated 27 June 2018 (the "Prospectus") with the Group's actual business progress up to 30 June 2020:

| Business strategies as stated in the Prospectus | Implementation activities from 1 January 2020 to 30 June 2020 as stated in Prospectus | | Actual business progress up to 30 June 2020 |
|---|---|---|---|
| Constructing and developing a new phase of our Jiangkou Terminal in order to enhance our operational capacity and to further improve our efficiency | (1) | Obtaining the port operation licence and commencing full operation of the new phase of our Jiangkou Terminal. | The Group has obtained the port operation licence and commenced full operation of the new phase of our Jiangkou Terminal. |
| | (2) | Continue to evaluate the performance and operating efficiency of the new phase of our Jiangkou Terminal. | The Group has continued to evaluate the performance and operating efficiency of the new phase of our Jiangkou Terminal. The new phase of our Jiangkou Terminal has reasonable designs that meet our actual production and operation needs and is found to be efficient as well. |

## USE OF PROCEEDS FROM THE PUBLIC OFFER

Up to 31 December 2018, the Group had fully utilised all net proceeds of approximately HK$49.9 million from the public offer and had 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. 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 2020, the Group had bank and cash balances of approximately RMB80.3 million (31 December 2019: RMB84.2 million).

As at 30 June 2020, the Group's total equity attributable to owners of the Company amounted to approximately RMB338.2 million (31 December 2019: RMB307.7 million). As of the same date, the Group's total debts, comprising amount due to non-controlling interests and bank borrowings, amounted to approximately RMB1.0 million (31 December 2019: RMB34.2 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 2020, the Group had total debts of approximately RMB1.0 million (31 December 2019: RMB34.2 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 30 June 2020, the gearing ratio of the Group, calculated as the total debts divided by the total equity, was approximately 0.2% (31 December 2019: 8.4%).

## 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 2020, the Group did not have any contingent liabilities (31 December 2019: Nil).

## SIGNIFICANT INVESTMENTS

During the six months ended 30 June 2020, the Group did not acquire or hold any significant investment.

## MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2020, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group has approximately 256 (31 December 2019: 250) employees. Total staff costs for the six months ended 30 June 2020 amounted to approximately RMB9.3 million (six months ended 30 June 2019: RMB11.1 million).

Employee's remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level.

## CAPITAL COMMITMENT

As at 30 June 2020, the Group has capital commitments contracted but not provided for amounting to RMB14.3 million (31 December 2019: RMB12.8 million) in respect of construction of port facilities.

## PLEDGE OF ASSETS

As at 30 June 2020, the Group has pledged its property, plant and equipment with an aggregate net book value of approximately RMB162.4 million (31 December 2019: RMB166.3 million) and investment properties with aggregate net book value of approximately RMB14.6 million (31 December 2019: RMB14.6 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 report, are as disclosed in note 17 to the unaudited condensed consolidated financial statements.

## INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2020.

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

As at 30 June 2020, the interests and short positions of the Directors and chief executive of the Company in the shares (the "Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

### (a) Long position interests 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 *(Note 1)* | 600,000,000 | 75% |
| Ms. Cheung Wai Fung *(Note 2)* | Interest in a controlled corporation *(Note 1)* | 600,000,000 | 75% |

*Notes:*

1. Vital force is legally and beneficially owned as to 58.4% by Mr. Kwai Sze Hoi, 38.9% by Ms. Cheung Wai Fung and 2.7% by Hongkong Shun Yi Industrial Co. Limited, which is a company incorporated in Hong Kong with limited liability and owned as to 60% by Mr. Huang Xueliang. 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. Mr. Huang Xueliang is an executive Director of the Company.

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

(b) Long position interests in ordinary shares of associated corporation

| Name of associated corporation | Name of Director | Capacity/Nature of interests | Number of issued ordinary shares held | Percentage of the Company's share capital |
|---|---|---|---|---|
| Vital Force | Kwai Sze Hoi | Beneficial owner *(Note 1)* | 29,200 | 58.4% |
| Vital Force | Cheung Wai Fung *(Note 2)* | Beneficial owner *(Note 1)* | 19,466 | 38.9% |
| Vital Force | Huang Xueliang | Interest of a controlled corporation *(Note 1)* | 1,334 | 2.7% |

*Notes:*

1. Vital Force is legally and beneficially owned as to 58.4% by Mr. Kwai Sze Hoi, 38.9% by Ms. Cheung Wai Fung and 2.7% by Hongkong Shun Yi Industrial Co. Limited, which is a company incorporated in Hong Kong with limited liability and owned as to 60% by Mr. Huang Xueliang.

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

Save as disclosed above, as at 30 June 2020, 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

So far as is known to the Directors, as at 30 June 2020, 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% |

*Note:* Vital Force is legally and beneficially owned as to 58.4% by Mr. Kwai Sze Hoi, 38.9% by Ms. Cheung Wai Fung and 2.7% by Hongkong Shun Yi Industrial Co. Limited, which is a company incorporated in Hong Kong with limited liability and owned as to 60% by Mr. Huang Xueliang. 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.

## 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 2020.

## 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 2020.

## 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 six months ended 30 June 2020. 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 six months ended 30 June 2020 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, 11 August 2020

*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.*