



# 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

### Third 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 and nine months ended 30 September 2020

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
<b>Revenue</b>	4	32,798	39,876	119,203	117,597
Cost of services rendered		(15,713)	(15,291)	(46,524)	(44,438)
<b>Gross profit</b>		17,085	24,585	72,679	73,159
Other income and gains		1,546	1,577	4,224	3,645
Selling and distribution expenses		(176)	(179)	(472)	(524)
Administrative expenses		(3,111)	(2,278)	(7,876)	(7,433)
Finance costs		-	(249)	(546)	(986)
Other expenses		-	-	-	(3)
Share of loss of an associate		-	(307)	-	(550)
<b>Profit before income tax</b>	5	15,344	23,149	68,009	67,308
Income tax expense	6	(304)	(3,391)	(10,369)	(13,353)
<b>Profit for the period and total comprehensive income for the period, net of tax</b>		15,040	19,758	57,640	53,955
Profit and total comprehensive income for the period attributable to:					
Owners of the Company		10,945	14,494	41,464	39,394
Non-controlling interests		4,095	5,264	16,176	14,561
		15,040	19,758	57,640	53,955
Earnings per share attributable to owners of the Company					
Basic and diluted earnings per share	7	RMB1.37 cents	RMB1.81 cents	RMB5.18 cents	RMB4.92 cents

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 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 loss) RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
<b>At 1 January 2020 (audited)</b>	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	-	-	-	-	-	-	-	41,464	41,464	16,176	57,640
Transfer to statutory reserve	-	-	-	-	3,200	-	-	(3,200)	-	-	-
Appropriation and utilisation of reserve	-	-	-	1,051	-	-	-	(1,051)	-	-	-
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	-	(973)	(973)
<b>As at 30 September 2020 (unaudited)</b>	6,758	50,277	369	5,863	52,439	176,540	376	56,546	349,168	116,714	465,882
<b>At 1 January 2019 (audited)</b>	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)
<b>As at 30 September 2019 (unaudited)</b>	6,758	50,277	369	4,767	36,707	172,860	376	29,872	301,986	97,408	399,394

# 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 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 (the "Audit Committee").

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 2. BASIS OF PREPARATION

This unaudited condensed consolidated financial statements for the nine months ended 30 September 2020 have been prepared in accordance with Hong Kong Financial Reporting Standards (“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 2019, 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 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.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 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	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Port service income	32,798	39,876	119,203	117,597



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 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	
	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)	982	1,744	2,974	4,503
Employee benefit expenses (including directors' emoluments)				
— Wages, salaries and other benefits	4,840	6,963	13,121	16,759
— Defined contributions	469	657	1,510	1,983
	5,309	7,620	14,631	18,742
Direct operating expenses arising from investment properties that generated rental income	—	150	95	635
Depreciation of property, plant and equipment	5,884	4,425	17,709	12,746
Lease payments under operating leases	107	108	325	315
Amortisation of payments for leasehold land held for own use under operating leases (for the three months and nine months ended 30 September 2020: depreciation of right-of-use assets included in depreciation of property, plant and equipment)	—	421	—	1,262
Amortisation of deferred government grant	(223)	(223)	(668)	(668)
Loss on disposal of property, plant and equipment	—	—	—	3

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 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	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Current tax				
— PRC enterprise income tax	1,070	3,322	9,212	13,152
Deferred tax (credited)/charged to profit or loss	(766)	69	1,157	201
	<b>304</b>	3,391	<b>10,369</b>	13,353

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 EIT 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 nine months ended 30 September 2020.

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.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 6. INCOME TAX EXPENSE (Continued)

### Income tax (Continued)

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 nine months ended 30 September 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 nine months ended 30 September 2020 (nine months ended 30 September 2019: 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	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Profit for the period attributable to the owners of the Company	10,945	14,494	41,464	39,394
<b>Number of shares</b>				
Weighted average number of ordinary shares in issue during the period	800,000,000	800,000,000	800,000,000	800,000,000

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 7. EARNINGS PER SHARE (Continued)

The calculation of basic earnings per share for the period ended 30 September 2020 is based on profit attributable to owners of the Company of approximately RMB41,464,000 (nine months ended 30 September 2019: RMB39,394,000) and on the weighted average number of 800,000,000 (nine months ended 30 September 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 respective periods.

## 8. DIVIDENDS

The Directors do not recommend the payment of dividend for the nine months ended 30 September 2020 (nine months ended 30 September 2019: nil).

## 9. RELATED PARTY TRANSACTIONS

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

	Nine months ended 30 September	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Lease payment paid to a related company	325	315

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.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 9. RELATED PARTY TRANSACTIONS (Continued)

The above transaction with the 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 company.

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.

### (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	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Fee	853	833
Salaries, allowances and benefits in kinds	180	184
Defined contributions	26	49
	<b>1,059</b>	<b>1,066</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 10. EVENTS AFTER THE REPORTING PERIOD

Mr. Wong Chin Hung (“Mr. Wong”) has resigned as an independent non-executive Director with effect from 20 October 2020 so as to allow him to devote more time for his other business commitments. Following the resignation of Mr. Wong as an independent non-executive Director, he also ceased to be the chairman of the Audit Committee, a member of the remuneration committee and the nomination committee of the Board with effect from 20 October 2020.

Following the resignation of Mr. Wong, and as at the date of the announcement dated 20 October 2020, the Company has two independent non-executive Directors and the Audit Committee comprises only two members, none of whom have appropriate professional qualifications or accounting or related financial management expertise. It results in non-compliance with the requirements under Rules 5.05(1), 5.05(2) and 5.28 of the GEM Listing Rules.

Mr. Cheung Sze Ming (“Mr. Cheung”) has been appointed as an independent non-executive Director, the chairman of the Audit Committee, and a member of each of the remuneration committee and nomination committee of the Board with effect from 6 November 2020.

Following the appointment of Mr. Cheung, and as at the date of the announcement dated 6 November 2020, the Board has three independent non-executive Directors and the Audit Committee comprises three members, with its chairman being an independent non-executive Director who has appropriate professional qualifications and accounting expertise. The Company has re-complied with the requirements under Rules 5.05(1), 5.05(2) and 5.28 of the GEM Listing Rules.

For details, please refer to the announcements of the Company dated 20 October 2020 and 6 November 2020.

# 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 nine months ended 30 September 2020, total throughput volume of bulk cargo and break bulk cargo was approximately 18.4 million tonnes (nine months ended 30 September 2019: approximately 18.9 million tonnes) and container throughput was approximately 12,912 TEUs (nine months ended 30 September 2019: approximately 12,722 TEUs), representing a decrease of 3.1% and an increase of 1.5%, respectively as compared to the corresponding period in 2019.

The Group's revenue was directly related to cargo loading and unloading throughput volume, and due to external factors, the Group's port business remained at a similar level as compared to the corresponding period of 2019. The throughput volume of the ports was mainly influenced by the following factors:

Firstly, the impact of the pandemic. The spread of the COVID-19 pandemic around the world has disrupted the global economic order, affecting the Group's foreign trade (i.e. customer's cargo shipped into and out of the PRC) and domestic trade (i.e. customer's cargo shipped within the PRC) business caused by limitations on the PRC's import and export of raw materials as well as the reduction in foreign trade orders.

## MANAGEMENT DISCUSSION AND ANALYSIS

Secondly, 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. The Group faced challenges in its operation amid the pressure of flood control and prevention for some time.

Thirdly, more aggressive marketing efforts have facilitated the development of our ports. The full operation of the new phase of Jiangkou Terminal in the first quarter of 2020 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 factors of pandemic and flood affecting the Group's business are gradually fading out. 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, domestic trade and foreign trade recovered gradually.** Currently, the COVID-19 pandemic is fully under control in the PRC, and market demands have rebounded. In addition, the PRC government has introduced a series of policies, providing reliefs and exemptions in different aspects including taxes and social security. Investments in infrastructure has been steadily increasing, facilitating the rapid recovery of industrial production, consumption market and enterprises.

**Secondly, port economy has entered the lane of fast development.** The Chizhou City local government has imposed restriction and rectification on transportation from mines to ports, confining the development of mines and bringing challenges to the Group's ports business development. However, with the negative factors of pandemic and floods gradually fading out, more constructions of new infrastructure have been introduced, and the construction speed in some construction sites have begun to accelerate. The demand for building materials has increased, contributing to the loading and unloading volume of building materials at the terminals. In addition, the port economy picked up steadily. It enables the Group to rapidly release its throughput capacity as loading and unloading operations at terminals and shipping lanes return to normal and vessel detention is reduced.



## MANAGEMENT DISCUSSION AND ANALYSIS

The Group is well prepared for the change in operating environment and has implemented necessary countermeasures. We as a group, will 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

	Nine months ended 30 September			
	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	108,582	106,075	2,507	2.4
Container	1,999	1,873	126	6.7
Subtotal	110,581	107,948	2,633	2.4
Revenue from provision of ancillary port services	8,622	9,649	(1,027)	(10.6)
Total revenue	119,203	117,597	1,606	1.4

	Nine months ended 30 September			
	2020 (Unaudited)	2019 (Unaudited)	Increase/(decrease) %	
Total cargo throughput (thousand tonnes)	18,356	18,940	(584)	(3.1)
Container throughput (TEUs)	12,912	12,722	190	1.5

## MANAGEMENT DISCUSSION AND ANALYSIS

Our revenue which is principally generated from the provision of uploading and unloading services and ancillary port services was approximately RMB119.2 million for the nine months ended 30 September 2020 and RMB117.6 million for the corresponding period in 2019. The throughput of cargo was approximately 18.4 million tonnes for the nine months ended 30 September 2020 and 18.9 million tonnes for the corresponding period in 2019. Both the cargo handling revenue and the throughput of cargo remained at similar level to the corresponding period in last year. It was mainly contributed by (i) the positive impact arising from completion of construction of the new phase of Jiangkou Terminal during the first quarter of 2020 and (ii) the negative impact arising from COVID-19 pandemic continuing to spread around the world, affecting the Group's foreign trade (i.e. customer's cargo shipped into and out of the PRC) and domestic trade (i.e. customer's cargo shipped within PRC) business caused by limitations on the PRC's import and export of raw materials as well as the reduction in foreign trade orders.

### 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 nine months ended 30 September 2020, our cost of services was approximately RMB46.5 million (nine months ended 30 September 2019: RMB44.4 million), representing an increase of RMB2.1 million or approximately 4.7% as compared to the same period in 2019. 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 RMB3.5 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 of approximately RMB4.4 million due to decrease in performance-based pay and decline in the Group's port business caused by the outbreak of COVID-19 pandemic and (iii) increase in repairs and maintenance of approximately RMB4.5 million due to more large-scale repair and maintenance activities being carried out during the reporting period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gross profit and gross profit margin

	Nine months ended 30 September			Decrease %
	2020 (Unaudited)	2019 (Unaudited)		
Gross profit (RMB'000)	72,679	73,159	(480)	(1)
Gross profit margin (%)	61.0	62.2	(1.2)	N/A

For the nine months ended 30 September 2020, our gross profit and gross profit margin decreased to approximately RMB72.7 million and 61.0%, respectively, which remained at similar level to the corresponding period in last year.

### Administrative expenses

For the nine months ended 30 September 2020, our administrative expenses increased by approximately RMB0.4 million or 6.0% which was primarily due to the increase in foreign exchange loss of approximately RMB0.5 million. The foreign exchange loss was arising from loss on translation of foreign currency monetary assets of the Group, with strengthening of RMB (functional currency of the major subsidiaries of the Group) during the reporting period.

### Income tax expenses

For the nine months ended 30 September 2020, the Group's income tax expense amounted to approximately RMB10.4 million (nine months ended 30 September 2019: RMB13.4 million), representing a decrease of RMB3.0 million or approximately 22.4% as compared to the same period in last year. The decrease was mainly due to decrease in deferred tax liabilities regarding withholding tax on undistributed dividends, as certain tax concession was entitled by one of the Group's subsidiaries established in the PRC during the third quarter of 2020. For the nine months ended 30 September 2020, the effective tax rate is approximately 15.2% (nine months ended 30 September 2019: 19.8%). Should the deferred tax charge for the nine months ended 30 September 2020 of approximately RMB1.2 million be taken into account, the adjusted effective tax rate would have been approximately 13.5%. Our adjusted effective tax rate for the nine months ended 30 September 2020 was lower than that of the PRC EIT standard rate of 25% mainly because of full tax exemption for three years for the Qualifying Project of Chizhou Port Holdings from 2019 to 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Profit for the nine months ended 30 September 2020

As a result of the foregoing, we recorded profit for the nine months ended 30 September 2020 of approximately RMB57.6 million (nine months ended 30 September 2019: RMB54.0 million). Our net profit margin was approximately 48.4%, (nine months ended 30 September 2019: 45.9%).

### DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 30 September 2020.

## OTHER INFORMATION

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

As at 30 September 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 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)	600,000,000	75%
Ms. Cheung Wai Fung	Interest in a controlled corporation (Note)	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. 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, a director of Vital Force and the spouse of Mr. Kwai Sze Hoi. Mr. Huang Xueliang is an executive Director of the Company.

## OTHER INFORMATION

### (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 September 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.

## OTHER INFORMATION

### 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 30 September 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.

## OTHER INFORMATION

### BUSINESS UPDATE

On 30 September 2020, Chizhou Port Holdings entered into a capital injection agreement with Chizhou Transport Investment Group Company Limited\* (池州交通投資集團有限公司) (“Chizhou Transport Group”), Chizhou Jinqiao Investment Group Company Limited\* (池州金橋投資集團有限公司) (“Chizhou Jinqiao Group”) and CNBM New Material Company Limited\* (中建材新材料有限公司) (“CNBM New Material”), pursuant to which the parties thereto agreed to establish a joint venture company in Chizhou City, the PRC. The joint venture company will be engaged principally in provision of cargo loading and unloading, storage, custody, transit, transportation, international and domestic freight forwarding and port machinery and equipment maintenance services in the PRC. The joint venture company will be owned beneficially as to 40% by Chizhou Transport Group, 26% by Chizhou Jinqiao Group, 24% by CNBM New Material, and the remaining 10% by Chizhou Port Holdings. Pursuant to the terms of the capital injection agreement, the proposed registered capital of the joint venture company will be RMB200,000,000 and total investment by Chizhou Port Holdings is expected to be RMB20,000,000. For details of the formation of the joint venture company, please refer to the announcement of the Company date 30 September 2020.

### 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 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 the Group which competes or is likely to compete, directly or indirectly, with our Group’s business during the nine months ended 30 September 2020.

\* for identification purpose only



## OTHER INFORMATION

### 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.

Following the resignation of Mr. Wong as an independent non-executive Director, and as at the date of the announcement dated 20 October 2020, the Company has two independent non-executive Directors and the Audit Committee of the Board comprises only two members, none of whom have appropriate professional qualifications or accounting or related financial management expertise. It results in non-compliance with the requirements under Rules 5.05(1), 5.05(2) and 5.28 of the GEM Listing Rules.

Following the appointment of Mr. Cheung as an independent non-executive Director, and as at the date of the announcement dated 6 November 2020, the Board has three independent non-executive Directors and the Audit Committee comprises three members, with its chairman being an independent non-executive Director who has appropriate professional qualifications and accounting expertise. The Company has re-complied with the requirements under Rules 5.05(1), 5.05(2) and 5.28 of the GEM Listing Rules.

Save as the above, throughout the reporting period, the Company had complied with the applicable code provisions of the Code and there had been no deviation by the Company.

## OTHER INFORMATION

### 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 nine months ended 30 September 2020. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

## OTHER INFORMATION

### AUDIT COMMITTEE

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. Nie Rui, Dr. Li Weidong and Mr. Cheung Sze Ming, all being independent non-executive Directors. Mr. Cheung Sze Ming 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 condensed consolidated financial statements of the Group for the nine months ended 30 September 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, 9 November 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, Dr. Li Weidong and Mr. Cheung Sze Ming.*