



# 遠航港口發展有限公司

OCEAN LINE PORT DEVELOPMENT LIMITED

(Incorporated in the Cayman Islands with limited liability)

**Stock Code : 8502**



Third Quarterly Report

2022

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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 2022

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Revenue</b>	4	<b>41,807</b>	44,653	<b>137,915</b>	134,424
Cost of services rendered		<b>(19,543)</b>	(17,210)	<b>(54,500)</b>	(52,426)
<b>Gross profit</b>		<b>22,264</b>	27,443	<b>83,415</b>	81,998
Other income and gains		<b>3,192</b>	1,966	<b>8,005</b>	5,062
Selling and distribution expenses		<b>(218)</b>	(224)	<b>(586)</b>	(617)
Administrative expenses		<b>(3,960)</b>	(2,836)	<b>(11,397)</b>	(8,564)
Finance costs		<b>(10)</b>	(18)	<b>(33)</b>	(51)
<b>Profit before income tax</b>	5	<b>21,268</b>	26,331	<b>79,404</b>	77,828
Income tax expense	6	<b>(4,667)</b>	(5,294)	<b>(16,528)</b>	(13,558)
<b>Profit for the period and total comprehensive income for the period, net of tax</b>		<b>16,601</b>	21,037	<b>62,876</b>	64,270
Profit and total comprehensive income for the period attributable to:					
Owners of the Company		<b>12,156</b>	14,870	<b>46,088</b>	45,924
Non-controlling interests		<b>4,445</b>	6,167	<b>16,788</b>	18,346
		<b>16,601</b>	21,037	<b>62,876</b>	64,270
Earnings per share attributable to owners of the Company					
Basic and diluted earnings per share	7	<b>RMB1.52 cents</b>	RMB1.86 cents	<b>RMB5.76 cents</b>	RMB5.74 cents

# Unaudited Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2022

	Attributable to owners of the Company											
	Share capital	Share premium	Capital reserve	Special reserve	Statutory reserve	Other reserve	Assets revaluation reserve	Fair value reserve	Retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2022 (audited)</b>	6,758	50,277	369	7,591	83,583	176,540	376	(311)	83,995	409,178	146,899	556,077
Profit for the period and total comprehensive income for the period	-	-	-	-	-	-	-	-	46,088	46,088	16,788	62,876
Transfer to statutory reserve	-	-	-	-	11,468	-	-	-	(11,468)	-	-	-
Appropriation and utilisation of reserve	-	-	-	1,044	-	-	-	-	(1,044)	-	-	-
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(15,879)	(15,879)
Capital injection by a non-controlling interest	-	-	-	-	-	-	-	-	-	-	50	50
<b>As at 30 September 2022 (unaudited)</b>	6,758	50,277	369	8,635	95,051	176,540	376	(311)	117,571	455,266	147,858	603,124
<b>At 1 January 2021 (audited)</b>	6,758	50,277	369	6,154	66,265	176,540	376	(357)	45,544	351,926	125,604	477,530
Profit for the period and total comprehensive income for the period	-	-	-	-	-	-	-	-	45,924	45,924	18,346	64,270
Transfer to statutory reserve	-	-	-	-	12,709	-	-	-	(12,709)	-	-	-
Appropriation and utilisation of reserve	-	-	-	1,166	-	-	-	-	(1,166)	-	-	-
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,017)	(1,017)
<b>As at 30 September 2021 (unaudited)</b>	6,758	50,277	369	7,320	78,974	176,540	376	(357)	77,593	397,850	142,933	540,783

# 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 and its ultimate controlling parties are Mr. Kwai Sze Hoi and his spouse Ms. Cheung Wai Fung.

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 2022 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 2021, 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 2021, except for the adoption of the standards, amendments and interpretation issued by the HKICPA mandatory for the annual periods beginning of 1 January 2022.

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 identifies its operating segments and prepares segment information based on the regular internal financial information reported to the executive Directors, who are the chief operating decision-makers of the Group, 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. Accordingly, no segment information analysed by operating segment is presented in the condensed consolidated financial statements.

### 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 and all its revenue for the nine months ended 30 September 2022 and 2021 were derived in the PRC. The geographical location of non-current assets is based on the physical location of the assets. The Group's major non-current assets are based in the PRC.

## 4. REVENUE

Revenue represents the income from provision of port services excluding related tax, where applicable.

Revenue recognised during the period is as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Port service income	41,807	44,653	137,915	134,424

# 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	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Costs of inventories recognised as an expense (included under cost of service rendered)	1,816	1,112	3,860	3,008
Employee benefit expenses (note) (including directors' emoluments)				
— Wages, salaries and other benefits	5,276	4,956	15,665	13,452
— Defined contributions	1,129	710	2,521	2,175
	6,405	5,666	18,186	15,627
Direct operating expenses arising from investment properties that generated rental income	148	76	444	228
Depreciation of property, plant and equipment	6,298	6,659	19,011	20,224
Repairs and maintenance expenses (included under cost of services rendered)	1,973	2,403	5,714	7,527
Subcontracting fee (included under cost of services rendered)	4,159	2,690	11,109	8,583
Amortisation of deferred government grant	(223)	(223)	(668)	(668)
Gain on disposal of property, plant and equipment	(11)	–	(16)	–

Note: During the nine months ended 30 September 2022, the Group incurred expenses for the purpose of research and development of approximately RMB2,462,000, which comprised employee benefits expenses of approximately RMB1,925,000 (nine months ended 30 September 2021: nil).

# 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		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax				
— PRC enterprise income tax	4,789	3,744	14,570	10,378
Deferred tax (credited)/charged to profit or loss	(122)	1,550	1,958	3,180
	4,667	5,294	16,528	13,558

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, except for the following subsidiaries which enjoyed certain tax exemption and relief.

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 engaging in qualifying public infrastructures and is entitled to exemption from PRC enterprise income tax for three years (the "3-Year Exemption Entitlement") and a 50% reduction for three years thereafter (the "3-Year 50% Tax Reduction Entitlement"). The 3-Year Exemption Entitlement commenced for the financial year beginning on 1 January 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 commenced from the financial year beginning on 1 January 2022 to 31 December 2024. Therefore, the applicable tax rate for the relevant profit generated from the qualifying public infrastructures was 12.5% for the nine months ended 30 September 2022 and 0% for the nine months ended 30 September 2021.

# Notes to the Unaudited Condensed Consolidated Financial Statements



## 6. INCOME TAX EXPENSE (Continued)

### Income tax (Continued)

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 2022 (nine months ended 30 September 2021: 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	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period attributable to the owners of the Company	<b>12,156</b>	14,870	<b>46,088</b>	45,924
<b>Number of shares</b>				
Weighted average number of ordinary shares in issue during the period	<b>800,000,000</b>	800,000,000	<b>800,000,000</b>	800,000,000

The calculation of basic earnings per share for the period ended 30 September 2022 is based on profit attributable to owners of the Company of approximately RMB46,088,000 (nine months ended 30 September 2021: RMB45,924,000) and on the weighted average number of 800,000,000 (nine months ended 30 September 2021: 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.

# Notes to the Unaudited Condensed Consolidated Financial Statements

## 8. DIVIDENDS

The Directors do not recommend the payment of dividend for the nine months ended 30 September 2022 (nine months ended 30 September 2021: nil).

## 9. RELATED PARTY TRANSACTIONS

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

	Nine months ended 30 September	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Lease payment paid to a related company	360	356

Note: In November 2020, Ocean Line Port Development (Hong Kong) Limited ("Ocean Line Hong Kong") and Ocean Longevity Company Limited ("Ocean Longevity") entered into a tenancy agreement pursuant to which 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\$570,000, with the term of the tenancy agreement commencing from 1 January 2021 and expiring on 31 December 2023.

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 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 company.

As the total amount payable under the current tenancy agreements (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 2023 would be approximately HK\$600,000, which is less than HK\$3,000,000 per annum and less than the 5% percentage ratios (other than the profits ratio) mentioned in Rule 19.07 of the GEM Listing Rules, the total annual rent (including the estimated utilities and telephone charges) payable under the 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	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fee	886	877
Salaries, allowances and benefits in kinds	180	180
Defined contributions	62	57
	<b>1,128</b>	1,114

# 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 cargoes, bulk cargo handling services, container handling, storage and other services). The Group operates two port terminals, namely, Jiangkou Terminal and Niutoushan Terminal, both situated in Chizhou City, Anhui Province, the PRC. Chizhou City, located in the upper reach of the downstream section of the Yangtze River, is an important port city in the southwestern region of Anhui Province. It is also a crucial component 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 eleven multi-purpose/bulk cargo berths in the two major terminals of the Group, including the four multi-purpose/bulk cargo berths of the new phase (Phase III) 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 of investment and business in Chizhou City.

For the nine months ended 30 September 2022, the Group's total throughput volume of bulk cargo and break bulk cargo was 21.1 million tonnes (nine months ended 30 September 2021: 21.8 million tonnes), representing a decrease of 3.2% as compared with the same period in 2021, while container throughput volume was 9,496 TEUs (nine months ended 30 September 2021: 9,850 TEUs), representing a decrease of 3.6% as compared with the same period in 2021. The Group's revenue and profit were RMB137.9 million (nine months ended 30 September 2021: RMB134.4 million) and RMB62.9 million (nine months ended 30 September 2021: RMB64.3 million), representing an increase of 2.6% and a decrease of 2.2%, respectively, as compared with the same period in 2021.

The throughput volume of the ports slightly decreased as compared with the same period last year. Major factors are as follows:

**Firstly, the impact of the external environment.** Since the outbreak of the Russo-Ukrainian War, changes in the external environment and internal conditions of the PRC economy have affected industry chain, supply chain as well as economic security such as food and energy security. The complicated international situation, the fact that adverse impacts from the pandemic have not been completely eliminated, the slow-down of the pace of growth in fixed asset investment, the sluggish real estate industry and the slight drop in the GDP growth of the PRC all had an impact on our port business.

# Management Discussion and Analysis



**Secondly, the impact of weather conditions.** During the third quarter of the year, under the impact of strengthening subtropical high as well as La Nina phenomena, the temperature of the PRC was relatively high. In summer, the temperature of central and eastern regions reached the highest level since complete meteorological monitoring records started in 1961, resulting in relatively severe droughts. Infrastructure construction slowed down, resulting in decline in demand for non-metallic mineral products. Meanwhile, the social and economic development has been hindered.

## OUTLOOK

The 20th National Congress of the Chinese Communist Party has been convened, and the pandemic is under effective control. As the PRC government will focus on economic development, we remain optimistic about the business outlook of the Group in the fourth quarter of 2022, and the major factors are as follows:

**Firstly, there has been improvement in the domestic economy.** The report of the 20th National Congress represents continuity and stability of policies. It continues the fundamental thinking of the past decade and adheres to fostering high-quality development. The 20th National Congress reiterates the strategic goal of realizing national modernization while deepening the reform and opening-up as well as fostering high-quality economic and social development. It undoubtedly provides new vigor and vitality for overcoming the current global economic hardship.

**Secondly, the port economy has entered the lane of fast development.** The pandemic is under effective control and the impact from high temperature has been eliminated. As uploading and unloading operations at the terminals will move into the peak season, there will be a quick release in loading capacity, and the port economy is rebounding steadily in a good momentum. It is expected that the throughput volume of metallic minerals will remain stable in the short term. With acceleration in construction of new infrastructure, operations in the construction industry maintains high. Construction works in certain construction sites have started to accelerate, resulting in an increase in demand for construction materials. It is expected that there will be an upward trend in the uploading and unloading volume of mineral and construction materials of our ports.

# Management Discussion and Analysis

Next, we will actively study and make judgement on the production trend of the fourth quarter, focus on pandemic prevention and control as well as production and operation at the same time, organize production arrangement properly, make efforts in marketing, continue to reduce costs and improve efficiency, reduce non-production expenses and improve operational quality and efficiency. We will ensure the precise implementation of various pandemic prevention and control measures. We will complete the finishing works of the current year to lay a solid foundation for our works in the coming year.

## FINANCIAL REVIEW

### Revenue

	Nine months ended 30 September			
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	Increase/(decrease) RMB'000	%
Revenue from provision of uploading and unloading services				
Bulk cargo and break bulk cargo	<b>121,013</b>	122,856	(1,843)	(1.5)
Container	<b>1,663</b>	1,065	598	56.2
Subtotal	<b>122,676</b>	123,921	(1,245)	(1.0)
Revenue from provision of ancillary port services	<b>15,239</b>	10,503	4,736	45.1
Total revenue	<b>137,915</b>	134,424	3,491	2.6

	Nine months ended 30 September			
	2022 (Unaudited)	2021 (Unaudited)	Decrease	%
Total cargo throughput (thousand tonnes)	<b>21,088</b>	21,778	(690)	(3.2)
Container throughput (TEUs)	<b>9,496</b>	9,850	(354)	(3.6)

# Management Discussion and Analysis



Our revenue which is principally generated from the provision of uploading and unloading services and ancillary port services was approximately RMB137.9 million for the nine months ended 30 September 2022 and RMB134.4 million for the same period in 2021. The increase in revenue was mainly due to the increase in revenue from provision of ancillary port services since we vigorously expanded the ancillary port businesses such as continuous line logistics and agency service etc.. On the contrary, revenue from the provision of uploading and unloading services decreased slightly since the throughput of cargo decreased by approximately 0.7 million tonnes as compared with the same period of 2021. The throughput volume of cargo decreased as the temperature in the PRC was relatively high during the third quarter this year. Infrastructure construction slowed down, resulting in decline in demand for non-metallic mineral products.

## Cost of services

Our cost of services primarily consists of depreciation of property, plant and equipment, staff cost, subcontracting fee, fuel and oil, consumables, electricity, repairs and maintenance expenses and others.

For the nine months ended 30 September 2022, our cost of services was approximately RMB54.5 million (nine months ended 30 September 2021: RMB52.4 million), representing an increase of RMB2.1 million or approximately 4.0% as compared to the same period of last year. The increase in cost of services was mainly attributable to the increase in subcontracting fee of approximately RMB2.5 million which was driven by the increase in transportation and handling services.

## Gross profit and gross profit margin

	Nine months ended			
	30 September			
	2022	2021	Increase/(decrease)	
	(Unaudited)	(Unaudited)		%
Gross profit (RMB'000)	83,415	81,998	1,417	1.7
Gross profit margin (%)	60.5	61.0	(0.5)	N/A

For the nine months ended 30 September 2022, our gross profit increased to approximately RMB83.4 million. Our gross profit margin slightly decreased to approximately 60.5%, which remained at similar level to the corresponding period in last year.

# Management Discussion and Analysis

## **Administrative expenses**

For the nine months ended 30 September 2022, our administrative expenses increased by approximately RMB2.8 million or 33.1% which was primarily due to increase in administrative staff costs of approximately RMB2.4 million. The increase in administrative staff costs was mainly due to the growth of our business and research and development related staff costs for the improvement and development of port equipment, computer system and technique to be used in our port operations incurred during the period.

## **Income tax expenses**

For the nine months ended 30 September 2022, the Group's income tax expense amounted to approximately RMB16.5 million (nine months ended 30 September 2021: RMB13.6 million), representing an increase of RMB2.9 million or approximately 21.3% as compared to the same period of last year. The increase was due to increase in the Group's profit before tax for the nine months ended 30 September 2022 as compared to the same period of last year. Besides, the profit generated from the Qualifying Project of Chizhou Port Holdings for the 9 months ended 30 September 2021 enjoyed full tax exemption, but those for the 9 months ended 30 September 2022 only enjoyed 50% tax reduction. For the nine months ended 30 September 2022, the effective tax rate is approximately 20.8% (nine months ended 30 September 2021: 17.4%). Should the deferred tax charge for the nine months ended 30 September 2022 of approximately RMB2.0 million be excluded, the adjusted effective tax rate would have been approximately 18.3%. Our adjusted effective tax rate for the nine months ended 30 September 2022 was lower than that of the PRC EIT standard rate of 25% mainly because of the 3-Year 50% Tax Reduction Entitlement for the Qualifying Project of Chizhou Port Holdings from 2022 to 2024.

## **Profit for the nine months ended 30 September 2022**

As a result of the foregoing, we recorded profit for the nine months ended 30 September 2022 of approximately RMB62.9 million (nine months ended 30 September 2021: RMB64.3 million). Our net profit margin was approximately 45.6%, (nine months ended 30 September 2021: 47.8%).

## **DIVIDEND**

The Board does not recommend the payment of dividend for the nine months ended 30 September 2022.

# Management Discussion and Analysis



## BUSINESS UPDATE

1. On 28 March 2022, Chizhou Port Holdings and Yuan Hang Port Development (Chizhou) Limited (“Yuan Hang (Chizhou)”), subsidiaries of the Company entered into a joint venture agreement with an independent third party, pursuant to which the parties thereto agreed to establish a joint venture company, namely Chizhou Qianjiang Port Logistic Company Limited\* (池州前江港航物流有限公司) (“Qianjiang Logistic”) in Chizhou City, the PRC. Qianjiang Logistic was incorporated on 12 April 2022 and is engaged principally in provision of port logistic services in the PRC. Qianjiang Logistic is owned beneficially as to 61.7% by Chizhou Port Holdings, 33.3% by Yuan Hang (Chizhou), and 5.0% by the independent third party. Pursuant to the terms of the joint venture agreement, the proposed registered capital of the Qianjiang Logistic is RMB1,000,000 and investment by Chizhou Port Holdings and Yuan Hang (Chizhou) is expected to be RMB950,000 in total.
2. On 20 September 2022, Chizhou Port Holdings has renewed its License for Port Operations (港口經營許可證) (the “License”) for nine multi-purpose/bulk cargo berths of Jiangkou Terminal. Including the License for three multi-purpose/bulk cargo berths of Niutoushan Terminal being renewed on 20 January 2022, the License for all the eleven multi-purpose/bulk cargo berths of our Group was successfully renewed during the period. The period of validity of the License is 3 years.
3. On 30 September 2020, Chizhou Port Holdings entered into a capital injection agreement with three investors, pursuant to which the parties thereto agreed to establish a joint venture company, namely Chizhou Wusha Port Transportation Company Limited\* (池州烏沙港口運輸有限公司) (“Chizhou Wusha”) in Chizhou City, the PRC. Chizhou Wusha was incorporated on 9 October 2020 and is 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. Chizhou Wusha is owned beneficially as to 10% by Chizhou Port Holdings. Pursuant to the terms of the capital injection agreement, the proposed registered capital of Chizhou Wusha is RMB200,000,000 and total investment by Chizhou Port Holdings is expected to be RMB20,000,000. The investment is classified as equity investment at fair value through other comprehensive income.

During 2020, Chizhou Port Holdings injected RMB5,000,000 into Chizhou Wusha. On 1 November 2022, Chizhou Port Holdings has injected the remaining capital of RMB15,000,000 in Chizhou Wusha.

\* For identification purpose only

## Other Information

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

As at 30 September 2022, 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("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 SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or 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**

<b>Name of Director</b>	<b>Capacity/Nature of interest</b>	<b>Number of issued Shares held/ interested</b>	<b>Approximate percentage of shareholding</b>
Mr. Kwai Sze Hoi	Interest in a controlled corporation ( <i>Note</i> )	600,000,000	75%
Ms. Cheung Wai Fung	Interest in a controlled corporation ( <i>Note</i> )	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 2022, 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 2022, the following shareholders of the Company 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**

<b>Name of Shareholder</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares held</b>	<b>Approximate percentage of shareholding</b>
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 nine months ended 30 September 2022.

## Other Information



### **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 2022.

### **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 nine months ended 30 September 2022. 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 D.3.3 and D.3.7 of the CG Code. The Audit Committee consists of three members, namely Mr. Cheung Sze Ming, Mr. Nie Rui and Dr. Li Weidong, 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 2022 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 2022

*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.*