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遠航港口發展有限公司
OCEAN LINE PORT DEVELOPMENT LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8502)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement for which the directors (the "**Directors**") 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 of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

HIGHLIGHTS OF 2020 ANNUAL RESULTS

	Year ended 31 December		
	2020	2019	% changes
	RMB'000	*RMB'000*	
Revenue	**150,502**	146,225	+2.9%
Profit for the year attributable to the owners of the Company	**44,579**	41,432	+7.6%
Profit for the year	**64,184**	60,097	+6.8%

The board of Directors (the "**Board**") of the Company is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2020, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020** **RMB'000**	2019 *RMB'000*
Revenue	*4*	**150,502**	146,225
Cost of services rendered		**(66,610)**	(66,381)
Gross profit		**83,892**	79,844
Other income and gains, net		**5,427**	6,563
Change in fair value of investment properties		**1,191**	7,138
Selling and distribution expenses		**(815)**	(969)
Administrative expenses		**(13,890)**	(19,079)
Finance costs		**(555)**	(1,320)
Share of profit of an associate		**–**	6,405
Profit before income tax	*5*	**75,250**	78,582
Income tax expense	*6*	**(11,066)**	(18,485)
Profit for the year		**64,184**	60,097
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of equity investment at fair value through other comprehensive income		**(496)**	–
Other comprehensive income for the year		**(496)**	–
Total comprehensive income for the year		**63,688**	60,097

	Note	**2020**	2019
		RMB'000	*RMB'000*
Profit for the year attributable to:			
Owners of the Company		**44,579**	41,432
Non-controlling interests		**19,605**	18,665
		64,184	60,097
Total comprehensive income for the year attributable to:			
Owners of the Company		**44,222**	41,432
Non-controlling interests		**19,466**	18,665
		63,688	60,097
		RMB cents	*RMB cents*
Earnings per share attributable to owners of the Company			
— Basic and diluted earnings per share	*7*	**5.57**	5.18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**426,462**	439,741
Investment properties		**62,800**	52,530
Equity investment at fair value through other comprehensive income		**4,504**	–
Deposits and prepayments		**11,543**	615
Deferred tax assets		**171**	500
		505,480	493,386
Current assets			
Inventories		**1,786**	1,375
Trade receivables	*9*	**1,096**	2,333
Debt instruments at fair value through other comprehensive income		**2,690**	10,459
Deposits, prepayments and other receivables		**11,005**	24,297
Due from non-controlling interests		**5,600**	–
Cash and cash equivalents		**122,523**	84,161
		144,700	122,625
Current liabilities			
Trade payables	*10*	**7,948**	8,724
Contract liabilities		**45,346**	29,473
Other payables, accruals and receipt in advance		**75,254**	93,686
Lease liabilities		**415**	417
Due to a non-controlling interest		**973**	–
Deferred government grant		**890**	890
Income tax payable		**3,008**	1,512
		133,834	134,702
Net current assets/(liabilities)		**10,866**	(12,077)
Total assets less current liabilities		**516,346**	481,309

	2020	2019
	RMB'000	*RMB'000*
Non-current liabilities		
Bank borrowings	**–**	34,188
Deferred government grant	**33,424**	34,314
Lease liabilities	**909**	–
Deferred tax liabilities	**4,483**	3,592
	38,816	72,094
Net assets	**477,530**	409,215
EQUITY		
Share capital	**6,758**	6,758
Reserves	**345,168**	300,946
Equity attributable to owners of the Company	**351,926**	307,704
Non-controlling interests	**125,604**	101,511
Total equity	**477,530**	409,215

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Ocean Line Port Development Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands on 30 October 2017. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681. Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 2715–16, 27th Floor, Hong Kong Plaza, 188 Connaught Road West, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in port operation in Chizhou City, Anhui Province, the People's Republic of China (the "**PRC**").

2. BASIS OF PREPARATION

2.1 Basis of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting standards ("**HKASs**") and Interpretations and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

2.2 Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties, debt instruments and equity investment at fair value through other comprehensive income which are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

2.3 Functional and presentation currency

The consolidated financial statements are presented in RMB, which is also the functional currency of the major subsidiaries of the Group, and all values are rounded to the nearest thousand except when otherwise indicated.

2.4 Adoption of new and revised HKFRSs — effective 1 January 2020

The Hong Kong Institute of Certified Public Accountants has issued a number of amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform

None of these amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

2.5 New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[5]
Amendments to HKAS 16	Proceeds before Intended Use[3]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[3]
HKFRS 17	Insurance Contracts[5]
Amendments to HKFRS 3	Reference to the Conceptual Framework[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendments to HKFRS 16	COVID-19-Related Rent Concessions[1]
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[2]
Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41	Annual Improvements to HKFRSs 2018–2020[3]

1 Effective for annual periods beginning on or after 1 June 2020.
2 Effective for annual periods beginning on or after 1 January 2021.
3 Effective for annual periods beginning on or after 1 January 2022.
4 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.
5 Effective for annual periods beginning on or after 1 January 2023.
6 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

3. SEGMENT INFORMATION

(a) Operating segment information

The Group identifies its operating segments and prepares segment information based on the regular internal financial information reported to the Company's 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 consolidated financial statements.

(b) 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 years ended 31 December 2020 and 2019 were derived in the PRC. The geographical location of the Group's non-current assets is based on the physical location of the assets. The Group's non-current assets are located or based in the PRC.

4. REVENUE

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

Revenue recognised during the year is as follows:

	2020	2019
	RMB'000	*RMB'000*
Port service income	**150,502**	146,225

5. PROFIT BEFORE INCOME TAX

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

	2020	2019
	RMB'000	*RMB'000*
Auditor's remuneration	**624**	647
Costs of inventories recognised as an expense (included under cost of services rendered)	**3,865**	5,875
Employee benefit expenses (including directors' emoluments)		
— Wages, salaries and other benefits	**14,449**	12,889
— Discretionary bonuses	**6,237**	13,436
— Equity settled share-based payment expenses *(note)*	**–**	3,680
— Defined contributions	**1,703**	2,804
	22,389	32,809
Direct operating expenses arising from investment properties that generated rental income	**361**	481
Expected credit loss on trade receivables	**–**	44
Depreciation of property, plant and equipment	**26,437**	19,856
Repairs and maintenance expenses (included under cost of services rendered)	**9,811**	7,068
Subcontracting fee (included under cost of services rendered)	**9,649**	10,535
Amortisation of deferred government grant	**(890)**	(890)
Loss on disposal of property, plant and equipment	**–**	1,754
Loss on deregistration of an associate	**–**	129

Note: Equity settled share-based payments in the year ended 31 December 2019 relate to shares granted to an executive director of the Company, which were measured at the fair value of the equity instruments at the grant date.

6. INCOME TAX EXPENSE

The amount of taxation in the consolidated statement of comprehensive income during the year represents:

	2020	2019
	RMB'000	*RMB'000*
Current tax expenses		
— PRC enterprise income tax	**9,846**	13,458
Deferred tax expenses	**1,220**	5,027
	11,066	18,485

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in or derived from Hong Kong for the year (2019: nil).

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, which commenced for the financial year beginning on 1 January 2019 up to 31 December 2021 irrespective of whether the Qualifying Project is profit-making during this period and the 3-Year 50% Tax Reduction Entitlement will commence from the financial year beginning on 1 January 2022 to 31 December 2024. Therefore, the relevant profit generated from the qualifying public infrastructures is tax exempted for the years ended 31 December 2020 and 2019.

7. EARNINGS PER SHARE

	2020	2019
	RMB'000	*RMB'000*
Profit for the year attributable to owners of the Company	**44,579**	41,432

	2020	2019
Weighted average number of ordinary shares in issue	**800,000,000**	800,000,000

The calculation of basic earnings per share for the year ended 31 December 2020 is based on profit attributable to owners of the Company of approximately RMB44,579,000 (2019: RMB41,432,000) and on the weighted average number of 800,000,000 ordinary shares in issue during the years ended 31 December 2020 and 2019.

Diluted earnings per share is the same as the basic earnings per share because the Group has no potentially dilutive shares in issue during the years ended 31 December 2020 and 2019.

8. DIVIDENDS

No dividend has been paid or declared by the Company during the years ended 31 December 2020 and 2019.

The Board does not recommend the payment of a final dividend for the year.

9. TRADE RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**2,102**	3,339
Less: Provision for impairment	**(1,006)**	(1,006)
Trade receivables, net	**1,096**	2,333

The credit period for trade receivables is generally ranging from 10 to 55 days. The directors of the Company consider that the fair value of the trade receivables which are expected to be recovered within one year is not materially different from their carrying amounts because the balance has short maturity periods on their inception.

Based on invoice dates, ageing analysis of the Group's trade receivables, net of impairment provision, is as follows:

	2020	2019
	RMB'000	*RMB'000*
0 to 30 days	**1,088**	2,232
31 to 90 days	**5**	77
91 to 120 days	**–**	–
121 to 365 days	**–**	24
Over 1 year	**3**	–
	1,096	2,333

10. TRADE PAYABLES

The credit period is generally 30 days.

Based on invoice dates, ageing analysis of the Group's trade payables is as follows:

	2020	2019
	RMB'000	*RMB'000*
0 to 30 days	**2,137**	7,488
31 to 90 days	**130**	62
91 to 120 days	**100**	59
121 to 365 days	**639**	261
Over 1 year	**4,942**	854
	7,948	8,724

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an inland terminal operator in the PRC and is principally engaged in the provision of port logistic services (including uploading and unloading of cargo, bulk cargoes handling service, container handling, storage and other services). The Group operates two port terminals, namely, Jiangkou Terminal and Niutoushan Terminal, both of which are situated in Chizhou City, Anhui Province, 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 (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 investment and business in Chizhou City.

In 2020, the Group's total throughput volume of bulk cargo and container throughput were 23.0 million tonnes (2019: 22.9 million tonnes) and 17,034 TEUs (2019: 18,138 TEUs), respectively, which was respectively roughly the same and representing a decrease of 6.1% as compared to the previous year. The Group's revenue and profit were RMB150.5 million (2019: RMB146.2 million) and RMB64.2 million (2019: RMB60.1 million), respectively, representing an increase of 2.9% and 6.8%, respectively as compared to the previous year. The market share of the Group had rose steadily.

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 has cast impacts. Back when the pandemic peaked in the PRC, some of our customers were forced to suspend their production, while land transportation, shipping lane and schedule were influenced by varying degrees. Despite that the pandemic has been brought fully under control in the PRC since then, the pandemic continues to spread around the world and brings pressure and challenges to our port operation, 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, dealing a greater blow to our container business.

Secondly, the impact of floods on the economy. Since the beginning of the second half of 2020, the Yangtze River Basin has been suffering from persistent heavy rainfall. The Group faced challenges in its operation amid the pressure of flood control and prevention for some time.

Thirdly, the guide by national policies. In response to the downward pressure on the economy, in 2020, the PRC government has successively introduced a series of supportive policies for enterprises, 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. The economical operation was normal and stable.

Fourthly, enhancing aggressive marketing efforts and strengthening internal management. The full operation of the new phase (Phase III) of Jiangkou Terminal in the first quarter of 2020 has expanded the throughput capacity of Jiangkou Terminal. The Group made every effort in customer service to ensure customers' needs were being fulfilled. The Group adhered to the strategy of focusing on major customers, contributed to the growth of some major customers' total shipment volume as compared to the previous year. With market share oriented approach, we have successfully introduced a number of new customers. There were also new breakthroughs in the transportation operations. Based on market conditions, the Group launched the "Costs Reduction and Efficiency Improvement" ("降本增效") campaign and strived to improve operational efficiency.

OUTLOOK

The outlook of the Group's business will be impacted by various uncertainties in 2021, mainly due to the following factors:

Firstly, the global pandemic has not been well contained, with rebound in some countries and regions. However, various countries have successively rolled out vaccines in hope of alleviating the pandemic. The Group envisions that market demand will rebound after the pandemic, contributing to the growth of the Group's business. Based on the operations and capital commitments of port business, it is estimated that the Group have sufficient funds to satisfy its working capital and capital expenditure requirements.

Secondly, the rise of international trade protectionism, the decrease in production of basic industries such as steelmaking and the decrease in demand for non-metallic minerals will affect the Group's port business.

Thirdly, the increase in ocean freight and the shortage of empty containers have led to an increase in the cost of container transportation for our customers, creating greater impact to the "Bulk Cargoes to Containers" ("散改集") (the change in transportation form from bulk cargo to container) operation that has just started in the Chizhou City market.

Fourthly, the continuous expansion of environmental governance has impacted mining corporations in Chizhou City, bringing uncertain factors to the Group's port business developments. The competition of water transport market in Chizhou City will become increasingly fierce.

In conclusion, it's too early to be fully optimistic about the business prospect of the Group in 2021. However, we are fully confident in the Group's development in the future, with the following major works and measures:

Firstly, responding actively to risks posed by the COVID-19 pandemic. We have arranged vaccination for all employees in Chizhou City and established various pandemic prevention measures which employees are required to strictly follow.

Secondly, strengthening traditional stevedoring and raising the market share. We will fully contribute to promote marketing and enhance services, vigorously develop break-bulk cargo transportation market, focus on promoting "Bulk Cargoes to Containers" operation and expanding market share.

Thirdly, strengthening logistics (transportation) operation and promoting transformational development of the port. Pursuant to the idea of "Relying on ports for logistics and developing logistics for strengthening ports" ("依託港口做物流，發展物流強港口"), we will gradually expand operations such as continuous line logistic, trading and agency services to extend the service chain of our ports. We will insist in Two-Wheel Drive ("雙輪驅動") of traditional stevedoring and modern logistics to achieve breakthrough in quality of the Group's transformational development.

We, as a group, will make concerted efforts 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

	Year ended 31 December			
	2020	2019	Increase/(decrease)	
	RMB'000	*RMB'000*	*RMB'000*	*%*
Revenue from provision of uploading and unloading services				
Bulk cargo and break bulk cargo	**134,914**	130,919	3,995	3.1
Containers	**2,633**	2,649	(16)	(0.6)
Subtotal	**137,547**	133,568	3,979	3.0
Revenue from provision of ancillary port services	**12,955**	12,657	298	2.4
Total revenue	**150,502**	146,225	4,277	2.9

	Year ended 31 December			
	2020	2019	Increase/(decrease)	
				%
Total cargo throughput (thousand tonnes)	**23,024.1**	22,943.5	80.6	0.4
Container throughput (TEUs)	**17,034**	18,138	(1,104)	(6.1)

Our revenue which is principally generated from the provision of uploading and unloading services was approximately RMB137.5 million for the year ended 31 December 2020 and RMB133.6 million for the year ended 31 December 2019. The throughput of cargo was approximately 23.0 million tonnes for the year ended 31 December 2020 and 22.9 million tonnes for the year ended 31 December 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 (Phase III) 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, fuel and oil, consumables, electricity, repairs and maintenance expenses and others.

For the year ended 31 December 2020, our cost of services was approximately RMB66.6 million (2019: RMB66.4 million), representing an increase of RMB0.2 million or approximately 0.3% as compared to the 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 of approximately RMB6.7 million in total due to additional property, plant and equipment commencing to be depreciated following the completion of construction of the new phase (Phase III) of Jiangkou Terminal during the first quarter of 2020, (ii) the decrease in staff cost of approximately RMB5.8 million due to decrease in performance-based pay caused by the outbreak of COVID-19 pandemic during the year.

Gross profit and gross profit margin

	Year ended 31 December			
	2020	2019	Increase	
				%
Gross profit (RMB'000)	**83,892**	79,844	4,048	5.1
Gross profit margin (%)	**55.7**	54.6	1.1	N/A

For the year ended 31 December 2020, our gross profit and gross profit margin increased to approximately RMB83.9 million and 55.7%, respectively, which remained at similar level to the corresponding period in last year.

Administrative expenses

For the year ended 31 December 2020, our administrative expenses decreased by approximately RMB5.2 million or 27.2% which was primarily due to decrease in administrative staff costs of approximately RMB4.5 million. 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 year.

Income tax expenses

For the year ended 31 December 2020, the Group's income tax expense amounted to approximately RMB11.1 million (2019: RMB18.5 million), representing an decrease of RMB7.4 million or approximately 40.0% as compared to last year. The decrease was mainly due to (1) decrease in current tax expenses, as a greater portion of profit was generated from the Qualifying Project of Chizhou Port Holdings, a subsidiary of the Company, which is entitled to exemption from PRC EIT for three years from 2019 to 2021, comparing to last year and (2) decrease in deferred tax expenses in respect of withholding tax on undistributed dividends, as certain tax concession was entitled by one of the Group's PRC subsidiaries during the third quarter of 2020. For the year ended 31 December 2020, the effective tax rate is approximately 14.7% (2019: 23.5%). Should the deferred tax charge for the year ended 31 December 2020 of approximately RMB1.2 million be excluded, the adjusted effective tax rate would have been approximately 13.1%. Our adjusted effective tax rate for the year ended 31 December 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.

Profit for the year

As a result of the foregoing, we recorded profit for the year of approximately RMB64.2 million (2019: RMB60.1 million). Our net profit margin was approximately 42.6% (2019: 41.1%).

Property, plant and equipment

As at 31 December 2020, net carrying amount property, plant and equipment amounted to approximately RMB426.5 million (31 December 2019: RMB439.7 million). It mainly represented (i) terminal facilities of approximately RMB282.4 million (31 December 2019: RMB208.1 million); (ii) port machinery and equipment of approximately RMB56.1 million (31 December 2019: RMB38.6 million), (iii) construction-in-progress of approximately RMB4.8 million (31 December 2019: RMB108.4 million) and (iv) right-of-use assets of approximately RMB53.1 million (31 December 2019: RMB53.5 million). The increase of the balance was mainly due to the net effect of (i) addition of property, plant and equipment (including construction in progress and right-of-use assets) of approximately RMB13.2 million and (ii) depreciation charges of RMB26.4 million for the year. Addition of property, plant and equipment mainly represented the construction and development cost of new phase (Phase III) of Jiangkou Terminal during the year. In January 2020, the Group has completed the construction works of the new phase (Phase III) of Jiangkou Terminal.

Financing and credit facilities

As at 31 December 2020, the Group had no outstanding bank borrowings (31 December 2019: RMB34.2 million) and cash balances amounted to approximately RMB122.5 million (31 December 2019: RMB84.2 million). Available but unused banking facilities amounted to approximately RMB115.8 million (31 December 2019: RMB115.8 million).

BORROWINGS AND GEARING RATIO

As at 31 December 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 31 December 2020, the gearing ratio of the Group, calculated as the total debts which include payable incurred not in the ordinary course of business, divided by the total equity, was approximately 0.2% (31 December 2019: 8.4%).

DIVIDEND

The board (the "**Board**") of directors (the "**Directors**") of the Company does not recommend the payment of dividend for the year (2019: Nil).

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS AND USE OF PROCEEDS FROM THE LISTING BY WAY OF PUBLIC OFFER OF SHARES

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 31 December 2020:

Business strategies as stated in the Prospectus	Implementation activities from 1 January 2020 to 31 December 2020 as stated in Prospectus	Actual business progress up to 31 December 2020
Constructing and developing a new phase of Jiangkou Terminal in order to enhance our operational capacity and to further improve our efficiency	(1) Obtaining the port operation license and commencing full operation of the new phase of our Jiangkou Terminal.	The Group has obtained the port operation license 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.

BUSINESS UPDATE

1. On 18 January 2020, Chizhou Port Holdings has completed the construction works of the new phase (Phase III) of Jiangkou Terminal. On 28 February 2020, Chizhou Port Holdings has obtained the License for Port Operations (港口經營許可證) for all of the four berths of the new phase (Phase III) of Jiangkou Terminal. The period of validity of the License for Port Operations is 3 years.

2. 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. The Target Land was included in Jiangkou Terminal Phase IV development plan. For details of the successful bidding, please refer to the announcement of the Company dated 21 July 2020.

3. 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, 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 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 Chizhou Wusha is RMB200,000,000 and total investment by Chizhou Port Holdings is expected to be RMB20,000,000. For details of the formation of Chizhou Wusha, please refer to the announcement of the Company dated 30 September 2020.

* *For identification purpose*

4. On 26 November 2020, Chizhou Port Holdings entered into a joint venture agreement with Chizhou Transport Group, Chizhou Jinqiao Group, pursuant to which the parties thereto agreed to establish a joint venture company, namely Chizhou Port Meilong Port Affairs Company Limited* (池州港梅龍港務有限公司) ("**Chizhou Meilong**") in Chizhou City, the PRC. Chizhou Meilong was incorporated on 3 December 2020 and is engaged principally in port construction, provision of cargo loading and unloading, storage, custody and transit transportation services, processing of mining products and trading in the PRC. Chizhou Meilong is owned beneficially as to 20% by Chizhou Transport Group, 8% by Chizhou Jinqiao Group, and the remaining 72% by Chizhou Port Holdings. Pursuant to the terms of the joint venture agreement, the proposed registered capital of Chizhou Meilong is RMB50,000,000 and total investment by Chizhou Port Holdings is expected to be RMB36,000,000. For details of the formation of Chizhou Meilong, please refer to the announcement of the Company dated 26 November 2020.

CORPORATE GOVERNANCE PRACTICES

The Corporate Governance Report is presented for the year ended 31 December 2020. The Company places high value on the corporate governance practice and the Board firmly believes that a good corporate governance practice can improve accountability and transparency for the benefit of the shareholders of the Company. The Board is committed to maintaining a high standard of corporate governance for the Company within a sensible framework. The Company has applied the principles as set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules during the year.

The CG Code 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 Chin Hung 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 (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 Sze Ming 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.

* *For identification purpose only*

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

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure they comply with the statutory requirements and regulations and the CG Code and align with the latest developments.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SECURITIES TRANSACTION OF DIRECTORS

The Company adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions of the Company. Upon the Company's specific enquiry, each Director had confirmed that during the year, they had fully complied with the required standard of dealings and there was no event of non-compliance.

SIGNIFICANT EVENT DURING THE YEAR

The outbreak of COVID-19 has had an impact on the global business environment since early 2020. Pending the development and spread of the pandemic subsequent to the date of the approval of these consolidated financial statements, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of the approval of these consolidated financial statements. The Group will pay close attention to the development of COVID-19 and evaluate its impact on the financial position and operating results of the Group.

EVENTS AFTER THE REPORTING DATE

Except as disclosed elsewhere in these consolidated financial statements, the Group has no event after the end of the reporting period that needs to be brought to the attention of the shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 25 May 2021 (Tuesday) to 28 May 2021 (Friday) (both days inclusive, 4 business days in total) during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the annual general meeting, unregistered holders of Shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 24 May 2021 (Monday).

AUDIT COMMITTEE

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. 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 primarily responsible for (a) making recommendations to the Board on the appointment, reappointment and removal of the external auditor; (b) reviewing and monitoring the external auditor's independence and objectivity and effectiveness of the audit process; (c) approving the remuneration and terms of engagement of external auditor; and (d) reviewing financial information and overseeing the financial reporting system, risk management and internal control procedures.

The Audit Committee has reviewed the audited consolidated financial results of the Group for the year 31 December 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, 23 March 2021

As at the date of this announcement, the executive Directors are Mr. Kwai Sze Hoi and Mr. Huang Xueliang, the non-executive Director is Ms. Cheung Wai Fung, and the independent non-executive Directors are Mr. Nie Rui, Mr. Cheung Sze Ming and Dr. Li Weidong.

This announcement will remain on the Stock Exchange's website at www.hkexnews.hk, on the "Latest Company Announcements" page for at least 7 days from the date of its publication and on the website of the Company at www.oceanlineport.com.