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 2021

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 2021 ANNUAL RESULTS

	Year ended 31 December		
	2021	2020	% changes
	RMB'000	*RMB'000*	
Revenue	**165,837**	150,502	+10.2%
Profit for the year attributable to the owners of the Company	**57,206**	44,579	+28.3%
Profit for the year	**79,500**	64,184	+23.9%

The board of Directors of the Company (the "**Board**") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2021, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	**2021** *RMB'000*	2020 *RMB'000*
Revenue	*4*	**165,837**	150,502
Cost of services rendered		**(68,152)**	(66,610)
Gross profit		**97,685**	83,892
Other income and gains, net		**12,197**	5,427
Change in fair value of investment properties		**2,930**	1,191
Selling and distribution expenses		**(954)**	(815)
Administrative expenses		**(17,544)**	(13,890)
Finance costs		**(65)**	(555)
Profit before income tax	*5*	**94,249**	75,250
Income tax expense	*6*	**(14,749)**	(11,066)
Profit for the year		**79,500**	64,184
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		**64**	(496)
Other comprehensive income for the year		**64**	(496)
Total comprehensive income for the year		**79,564**	63,688

	Notes	**2021** **RMB'000**	2020 RMB'000
Profit for the year attributable to:			
Owners of the Company		**57,206**	44,579
Non-controlling interests		**22,294**	19,605
		79,500	64,184
Total comprehensive income for the year attributable to:			
Owners of the Company		**57,252**	44,222
Non-controlling interests		**22,312**	19,466
		79,564	63,688
		RMB cents	*RMB cents*
Earnings per share attributable to owners of the Company			
— Basic and diluted earnings per share	*7*	**7.15**	5.57

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**426,369**	426,462
Investment properties		**73,520**	62,800
Equity investment at fair value through other comprehensive income		**4,568**	4,504
Deposits and prepayments		**1,687**	11,543
Deferred tax assets		**–**	171
		506,144	505,480
Current assets			
Inventories		**1,678**	1,786
Trade receivables	*9*	**4,426**	1,096
Debt instruments at fair value through other comprehensive income		**–**	2,690
Deposits, prepayments and other receivables		**5,062**	11,005
Due from non-controlling interests		**–**	5,600
Cash and cash equivalents		**231,151**	122,523
		242,317	144,700
Current liabilities			
Trade payables	*10*	**8,611**	7,948
Contract liabilities		**47,797**	45,346
Other payables, accruals and receipt in advance		**87,989**	75,254
Lease liabilities		**427**	415
Due to a non-controlling interest		**1,017**	973
Deferred government grant		**890**	890
Income tax payable		**6,324**	3,008
		153,055	133,834
Net current assets		**89,262**	10,866
Total assets less current liabilities		**595,406**	516,346

	2021	2020
	RMB'000	*RMB'000*
Non-current liabilities		
Deferred government grant	**32,534**	33,424
Lease liabilities	**453**	909
Deferred tax liabilities	**6,342**	4,483
	39,329	38,816
Net assets	**556,077**	477,530
EQUITY		
Share capital	**6,758**	6,758
Reserves	**402,420**	345,168
Equity attributable to owners of the Company	**409,178**	351,926
Non-controlling interests	**146,899**	125,604
Total equity	**556,077**	477,530

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

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. The measurement bases are fully described in the accounting policies below.

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 functional currency of the Company is Hong Kong Dollars, while the consolidated financial statements are presented in Renminbi ("**RMB**"). As the functional currency of the major subsidiaries of the Group is RMB, the directors consider that it will be more appropriate to adopt RMB as the Group's and the Company's presentation currency. All values are rounded to the nearest thousand except when otherwise indicated.

2.4 Adoption of new and revised HKFRSs — effective 1 January 2021

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 HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to HKFRS 16	COVID-19-Related Rent Concessions

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[4]
Amendments to HKAS 16	Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
HKFRS 17	Insurance Contracts[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021[1]
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[4]
Amendments to HKAS 8	Definition of Accounting Estimates[4]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[4]

[1] Effective for annual periods beginning on or after 1 April 2021.

[2] Effective for annual periods beginning on or after 1 January 2022.

[3] 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.

[4] Effective for annual periods beginning on or after 1 January 2023.

[5] 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 Company's 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 2021 and 2020 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 major non-current assets are located or based in the PRC.

4. REVENUE

Revenue represents the income from provision of port services excluding value-added tax, where applicable.

Revenue recognised during the year is as follows:

	2021	2020
	RMB'000	*RMB'000*
Port service income	**165,837**	150,502

5. PROFIT BEFORE INCOME TAX

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

	2021	2020
	RMB'000	*RMB'000*
Auditor's remuneration	**604**	624
Costs of inventories recognised as an expense (included under cost of services rendered)	**3,636**	3,865
Employee benefit expenses *(note)* (including directors' emoluments)		
— Wages, salaries and other benefits	**17,729**	14,449
— Discretionary bonuses	**6,791**	6,237
— Defined contributions	**3,314**	1,703
	27,834	22,389
Direct operating expenses arising from investment properties that generated rental income	**592**	361
Depreciation of property, plant and equipment	**27,392**	26,437
Repairs and maintenance expenses (included under cost of services rendered)	**6,650**	9,811
Subcontracting fee (included under cost of services rendered)	**11,938**	9,649
Amortisation of deferred government grant	**(890)**	(890)
Gain on disposal of property, plant and equipment	**(133)**	–

Note: During the year ended 31 December 2021, the Group incurred expenses for the purpose of research and development of approximately RMB3,018,000 (2020: Nil), which comprised employee benefits expenses of approximately RMB2,976,000 (2020: Nil).

6. INCOME TAX EXPENSE

Income tax

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

	2021	2020
	RMB'000	*RMB'000*
Current tax expenses		
— PRC enterprise income tax	**12,719**	9,846
Deferred tax expenses	**2,030**	1,220
	14,749	11,066

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 (2020: 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 2021 and 2020.

Chizhou Port Ocean Line Logistic Company Limited ("**Chizhou Logistic**"), a subsidiary of the Company, has been registered as a small low-profit enterprise under the applicable PRC tax law. As the annual taxable income of Chizhou Logistic does not exceed RMB1 million, the relevant EIT is computed at a reduced rate of 25% as taxable income amount and subject to EIT at 20%.

7. EARNINGS PER SHARE

	2021 ***RMB'000***	2020 *RMB'000*
Profit for the year attributable to owners of the Company	**57,206**	44,579

	2021	2020
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 2021 is based on profit attributable to owners of the Company of approximately RMB57,206,000 (2020: RMB44,579,000) and on the weighted average number of 800,000,000 ordinary shares in issue during the years ended 31 December 2021 and 2020.

Diluted earnings per share is the same as the basic earnings per share because the Company has no potentially dilutive shares in issue during the years ended 31 December 2021 and 2020.

8. DIVIDENDS

No dividend has been paid or declared by the Company during the years ended 31 December 2021 and 2020.

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

9. TRADE RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**5,432**	2,102
Less: Provision for impairment	**(1,006)**	(1,006)
Trade receivables, net	**4,426**	1,096

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:

	2021	2020
	RMB'000	*RMB'000*
0 to 30 days	**4,386**	1,088
31 to 90 days	**32**	5
91 to 120 days	**–**	–
121 to 365 days	**–**	–
Over 1 year	**8**	3
	4,426	1,096

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:

	2021	2020
	RMB'000	*RMB'000*
0 to 30 days	**3,315**	2,137
31 to 90 days	**105**	130
91 to 120 days	**–**	100
121 to 365 days	**46**	639
Over 1 year	**5,145**	4,942
	8,611	7,948

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 berths in the two major terminals of the Group, including the four 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.

For 2021, the throughput volume of bulk cargo and container were 27.4 million tonnes (2020: 23.0 million tonnes) and 12,384 TEUs (2020: 17,034 TEUs), respectively, representing an increase of 18.8% and a decrease of 27.3%, respectively as compared to 2020. The Group's revenue and profit were RMB165.8 million (2020: RMB150.5 million) and RMB79.5 million (2020: RMB64.2 million), representing an increase of 10.2% and 23.9%, respectively as compared to 2020.

Facing the complex and severe development trend in operation in 2021, we worked together to "do great things, overcome difficulties and achieve practical results "(「辦大事、克難事、成實事」)". The overall business volume of our ports has increased as compared with 2020, evidencing a good start to the "14th Five-Year Plan". The throughput volume of the ports was mainly influenced by the following factors:

Firstly, domestic economy recovered rapidly. The global trade of goods has experienced a brief and deep decline due to the impact of the COVID-19 pandemic last year. In addition, with 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, inflicting influence on the port business of the Group. However, as the PRC government has successively introduced a series of policies that supporting enterprises and the pandemic prevention and control has been taking effect, continuous recovery has become the trend this year. Industrial production, consumption market and enterprises recovered rapidly and the supply and demand of commodities flourished. Based on the operations and capital commitments of our port business, it is estimated that the Group have sufficient funds to satisfy its working capital and capital expenditure requirements.

Secondly, the throughput capacity advantages were fully utilised. The new phase (Phase III) of Jiangkou Terminal is equipped with advanced equipment, which meets the actual production and operation needs with high working efficiency. The advantages of throughput capacity were being further brought into play.

Thirdly, the impact of container business. The decline in the container business was not in line with the gradual improving economic trend. The severe overstock of foreign containers at foreign terminals led to the continuous increase in ocean freight and the shortage in empty containers, causing the increase in the cost of container transportation, creating greater impact on 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 as well as on our container business.

Fourthly, enhancing marketing efforts and facilitating the development of our ports. The Group has a group of experienced management team. Facing the uncertainty of the market, we have taken the initiative to visit enterprise in depth, grasp the source of commodities in a timely manner, expand the hinterland of our ports, consolidate existing customer base and explore marginal customers. We have adopted the innovative marketing approach of "Port at the front, Park at the back" (「前港後園」) to target quality customers, vigorously develop logistics business, and implement the Two-Wheel Drive (雙輪驅動) strategy of traditional stevedoring and modern logistics.

Fifthly, the "Costs Reduction and Efficiency Improvement". We have continued to promote "Costs Reduction and Efficiency Improvement" activities to further strengthen our cost control and improve our operational efficiency, and achieved remarkable results.

OUTLOOK

2022 is an important year for implementing the "14th Five-Year Plan". We shall deeply analyze the risks and challenges faced, accurately grasp the development opportunities, and strive for better results.

Risks and challenges

Firstly, the changing international situation and the pandemic cast impacts on the global production and logistics supply chain. The PRC's economy is facing pressure such as shrinking demand, short supply and expected declining trend.

Secondly, the competition of the water transportation market in Chizhou City is fierce. It is expected that the container market condition of persistently high ocean freight and insufficient empty containers will continue in the short term. Adjustment of cargo transportation structure and changes in source of commodities will bring challenges to our port business.

Thirdly, restrictive factors are highlighted. The requirements for environment protection continuously increase. The dual carbon and dual limitation (雙碳雙限) policy introduced by the PRC government has affected the market and economy. In addition, we also face more challenges in improving the standards for pollution prevention and control as well as emission control of our ports.

Development opportunities

Firstly, the steady progress on national strategies such as the "Yangtze River Economic Belt" (「長江經濟帶」) and the "Yangtze River Delta Integration" (「長三角一體化」) has accelerated the construction of the free trade zone in Anhui and national hubs of port logistics. It is expected that the economic development of the Yangtze River Basin will welcome a new historic stage, the stability of the industrial chain will be enhanced, the market demand will increase steadily, and our port business will develop in a good momentum.

Secondly, the PRC government emphasizes infrastructure investment. The successive promulgation of the "14th Five-Year Plan" in relation to traffic and transportation has provided strong support for the quality development of inland ports.

Thirdly, in view of the prolonged suspension of mining corporations' production after the Spring Festival in 2021, the Chizhou City municipal government attaches great importance to the resumption of work and production of the mining corporations after the Spring Festival in 2022 and to the solution for practical difficulties encountered by the mining corporations, in order to enable the rapid development of the mining economy.

In response to the risks brought by the COVID-19 pandemic, we have arranged vaccination for all our employees in Chizhou City and established various pandemic prevention measures which our employees are required to strictly follow. In 2022, we shall adhere to the concept of "relying on ports for logistics and developing logistics for strengthening ports" (「依托港口做物流，發展物流強港口」), promote industrial development, accelerate the perfection of port service system, make up for shortcomings, improve quality and efficiency, prevent risks and be well prepared for better results in 2022.

FINANCIAL REVIEW

Revenue

	Year ended 31 December			
	2021	2020	Increase/(decrease)	
	RMB'000	*RMB'000*	*RMB'000*	*%*
Revenue from provision of uploading and unloading services				
Bulk cargo and break bulk cargo	**149,462**	134,914	14,548	10.8
Containers	**1,949**	2,633	(684)	(26.0)
Subtotal	**151,411**	137,547	13,864	10.1
Revenue from provision of ancillary port services	**14,426**	12,955	1,471	11.4
Total revenue	**165,837**	150,502	15,335	10.2

	Year ended 31 December			
	2021	2020	Increase/(decrease)	
				%
Total cargo throughput (thousand tonnes)	**27,363.7**	23,024.1	4,339.6	18.8
Container throughput (TEUs)	**12,384**	17,034	(4,650)	(27.3)

Our revenue which is principally generated from the provision of uploading and unloading services was approximately RMB151.4 million for the year ended 31 December 2021 and RMB137.5 million for the year ended 31 December 2020. The increase in revenue was mainly due to the increase in cargo handling revenue since the throughput of cargo increased by approximately 4.3 million tonnes as compared with last year. The increase in throughput volume of cargo was mainly due to the rebound in market demand after the pandemic in the PRC, and gradual recovery of the PRC's domestic trade and foreign trade.

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 2021, our cost of services was approximately RMB68.2 million (2020: RMB66.6 million), representing an increase of RMB1.6 million or approximately 2.4% 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 of approximately RMB0.9 million due to additional property, plant and equipment commencing to be depreciated; (ii) the increase in staff cost and subcontracting fee of approximately RMB3.8 million which was driven by the increase in transportation and handling services due to the increase in throughput volume of cargo by 18.8% in terms of tonnes; and (iii) decrease in decrease in repairs and maintenance expenses of approximately RMB3.2 million due to less large-scale repair and maintenance activities being carried out during the year.

Gross profit and gross profit margin

	Year ended 31 December			
	2021	2020	Increase	
				%
Gross profit (RMB'000)	**97,685**	83,892	13,793	16.4
Gross profit margin (%)	**58.9**	55.7	3.2	N/A

For the year ended 31 December 2021, our gross profit increased to approximately RMB97.7 million. The increase in gross profit was primarily due to the increased throughput volume of cargo by 18.8% in terms of tonnes for the year ended 31 December 2021 as compared to the last year. Our gross profit margin increased to 58.9%. The increase was primarily due to our business achieved economies of scale through greater utilisation of our throughput capacity.

Administrative expenses

For the year ended 31 December 2021, our administrative expenses increased by approximately RMB3.7 million or 26.3% which was primarily due to increase in administrative staff costs of approximately RMB3.8 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 year.

Income tax expenses

For the year ended 31 December 2021, the Group's income tax expense amounted to approximately RMB14.7 million (2020: RMB11.1 million), representing an increase of RMB3.6 million or approximately 32.4% as compared to last year. The increase was due to increase in the Group's profit before tax for the year ended 31 December 2021 as compared to the same period of last year. For the year ended 31 December 2021, the effective tax rate is approximately 15.6% (2020: 14.7%). Should the deferred tax charge for the year ended 31 December 2021 of approximately RMB2.0 million be excluded, the adjusted effective tax rate would have been approximately 13.5%. Our adjusted effective tax rate for the year ended 31 December 2021 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 RMB79.5 million (2020: RMB64.2 million). Our net profit margin was approximately 47.9% (2020: 42.6%).

Property, plant and equipment

As at 31 December 2021, net carrying amount property, plant and equipment amounted to approximately RMB426.4 million (31 December 2020: RMB426.5 million). It mainly represented (i) terminal facilities of approximately RMB284.5 million (31 December 2020: RMB282.4 million); (ii) port machinery and equipment of approximately RMB48.8 million (31 December 2020: RMB56.1 million), and (iii) right-of-use assets of approximately RMB62.6 million (31 December 2020: RMB53.1 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 RMB30.1 million and (ii) depreciation charges of RMB27.4 million for the year. Addition of property, plant and equipment mainly represented the addition of terminal facilities and port machinery and equipment of new phase (Phase III) of Jiangkou Terminal and transfer of land use right of a piece of land located in Chizhou City to the Group (Description of the transfer is set out in the Business Update in page 21 of this announcement) during the year.

Financing and credit facilities

As at 31 December 2021, the Group had no outstanding bank borrowings (31 December 2020: no outstanding bank borrowings) and cash balances amounted to approximately RMB231.2 million (31 December 2020: RMB122.5 million). Available but unused banking facilities amounted to approximately RMB115.8 million (31 December 2020: RMB115.8 million).

BORROWINGS AND GEARING RATIO

As at 31 December 2021, the Group had total debts of approximately RMB1.0 million (31 December 2020: RMB1.0 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 December 2021, 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 2020: 0.2%).

DIVIDEND

The Board does not recommend the payment of dividend for the year (2020: Nil).

BUSINESS UPDATE

During the year ended 31 December 2020, the Group has succeeded in the bid of the land use right of a piece of land located in Chizhou City, Anhui Province, the PRC (the "**Target Land**") through the listing-for-sale process conducted by a local bureau of Chizhou City at a consideration of approximately RMB11,020,000. In April 2021, the Group has obtained the land use rights certificate and the land use right of the Target Land has been transferred to the Group.

CORPORATE GOVERNANCE PRACTICES

The Corporate Governance Report is presented for the year ended 31 December 2021. 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. 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.

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 23 May 2022 (Monday) to 26 May 2022 (Thursday) (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 20 May 2022 (Friday).

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 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 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 2021 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 2022

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.