

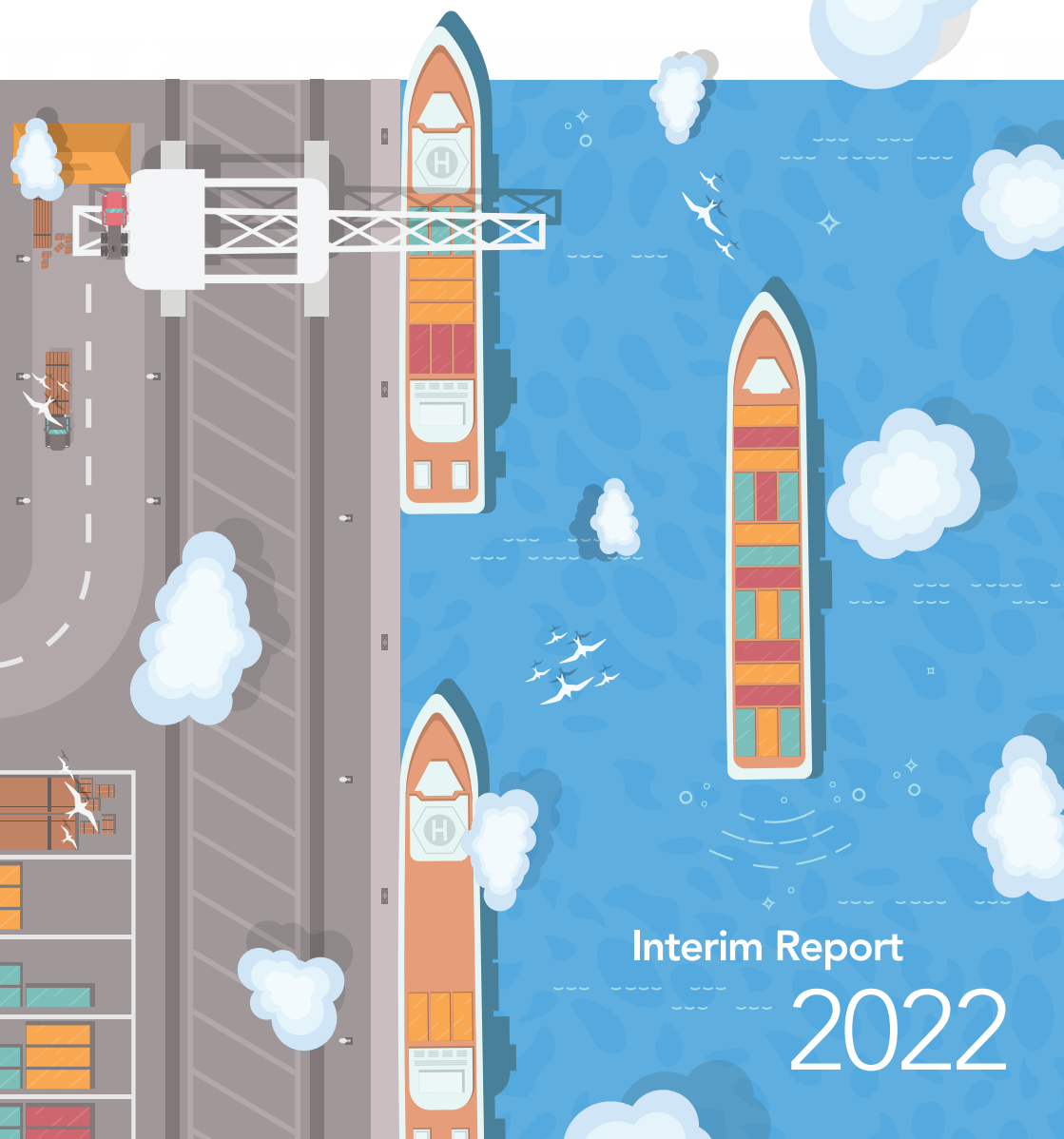


# 遠航港口發展有限公司

OCEAN LINE PORT DEVELOPMENT LIMITED

(Incorporated in the Cayman Islands with limited liability)

**Stock Code : 8502**



Interim Report

2022

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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

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*This report, for which the directors (the “Directors”, each a “Director”) of Ocean Line Port Development Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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# Corporate Information

## **DIRECTORS**

### **Executive Directors:**

Mr. Kwai Sze Hoi (*Chairman*)

Mr. Huang Xueliang

### **Non-executive Director:**

Ms. Cheung Wai Fung

### **Independent non-executive Directors:**

Mr. Nie Rui

Mr. Cheung Sze Ming

Dr. Li Weidong

## **AUTHORISED REPRESENTATIVES**

Mr. Kwai Sze Hoi

Mr. Lee Chun Hin

## **AUDIT COMMITTEE**

Mr. Cheung Sze Ming (*Chairman*)

Mr. Nie Rui

Dr. Li Weidong

## **REMUNERATION COMMITTEE**

Mr. Nie Rui (*Chairman*)

Mr. Cheung Sze Ming

Dr. Li Weidong

## **NOMINATION COMMITTEE**

Dr. Li Weidong (*Chairman*)

Mr. Nie Rui

Mr. Cheung Sze Ming

## **COMPANY SECRETARY**

Mr. Lee Chun Hin

## **COMPLIANCE OFFICER**

Mr. Kwai Sze Hoi

## **AUDITOR**

BDO Limited

## **PRINCIPAL BANKERS**

Agricultural Bank of China

Chizhou Jiuhua Rural Commercial Bank

Huishang Bank

Industrial and Commercial Bank of China  
(Asia) Limited

BNP Paribas

## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS**

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

(With effect from 15 August 2022:

17/F, Far East Finance Centre,

16 Harcourt Road, Hong Kong)

# Corporate Information



## **REGISTERED OFFICE**

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

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

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

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

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

## **COMPANY WEBSITE**

[www.oceanlineport.com](http://www.oceanlineport.com)

## **STOCK CODE**

8502

# Unaudited Condensed Consolidated Statement of Comprehensive Income

For the three months and six months ended 30 June 2022

	Notes	Three months ended 30 June		Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Revenue</b>	5	<b>49,787</b>	48,131	<b>96,108</b>	89,771
Cost of services rendered		<b>(16,478)</b>	(17,062)	<b>(34,957)</b>	(35,216)
<b>Gross profit</b>		<b>33,309</b>	31,069	<b>61,151</b>	54,555
Other income and gains		<b>2,848</b>	1,099	<b>4,813</b>	3,096
Selling and distribution expenses		<b>(211)</b>	(215)	<b>(368)</b>	(393)
Administrative expenses		<b>(3,898)</b>	(2,706)	<b>(7,437)</b>	(5,728)
Finance costs		<b>(11)</b>	(16)	<b>(23)</b>	(33)
<b>Profit before income tax</b>	6	<b>32,037</b>	29,231	<b>58,136</b>	51,497
Income tax expense	7	<b>(5,086)</b>	(3,874)	<b>(11,861)</b>	(8,264)
<b>Profit for the period and total comprehensive income for the period, net of tax</b>		<b>26,951</b>	25,357	<b>46,275</b>	43,233
Profit and total comprehensive income for the period attributable to:					
Owners of the Company		<b>20,180</b>	18,282	<b>33,932</b>	31,054
Non-controlling interests		<b>6,771</b>	7,075	<b>12,343</b>	12,179
		<b>26,951</b>	25,357	<b>46,275</b>	43,233
Earnings per share attributable to owners of the Company					
Basic and diluted earnings per share	8	<b>2.52 cents</b>	RMB2.29 cents	<b>4.24 cents</b>	RMB3.88 cents

# Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	<i>Notes</i>	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	<b>421,216</b>	426,369
Investment properties		<b>74,164</b>	73,520
Equity investment at fair value through other comprehensive income		<b>4,568</b>	4,568
Deposits and prepayments		<b>2,583</b>	1,687
		<b>502,531</b>	506,144
<b>Current assets</b>			
Inventories		<b>1,730</b>	1,678
Trade receivables	11	<b>9,077</b>	4,426
Debt instruments at fair value through other comprehensive income		<b>1,645</b>	–
Deposits, prepayments and other receivables		<b>2,346</b>	5,062
Cash and cash equivalents		<b>257,191</b>	231,151
		<b>271,989</b>	242,317
<b>Current liabilities</b>			
Trade payables	12	<b>12,237</b>	8,611
Contract liabilities		<b>32,734</b>	47,797
Other payables, accruals and receipt in advance		<b>79,917</b>	87,989
Lease liabilities		<b>458</b>	427
Due to non-controlling interests		<b>15,879</b>	1,017
Deferred government grant		<b>890</b>	890
Income tax payable		<b>9,292</b>	6,324
		<b>151,407</b>	153,055
<b>Net current assets</b>			
Total assets less current liabilities		<b>623,113</b>	595,406

# Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	<i>Notes</i>	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
<b>Non-current liabilities</b>			
Deferred government grant		<b>32,089</b>	32,534
Lease liabilities		<b>239</b>	453
Deferred tax liabilities		<b>4,262</b>	6,342
		<b>36,590</b>	39,329
<b>Net assets</b>			
		<b>586,523</b>	556,077
<b>EQUITY</b>			
Share capital	13	<b>6,758</b>	6,758
Reserves		<b>436,352</b>	402,420
<b>Equity attributable to owners of the Company</b>			
		<b>443,110</b>	409,178
Non-controlling interests		<b>143,413</b>	146,899
<b>Total equity</b>			
		<b>586,523</b>	556,077



# Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Net cash generated from operating activities</b>	<b>42,171</b>	50,032
<b>Net cash used in investing activities</b>	<b>(14,930)</b>	(80,394)
<b>Cash flows from financing activities</b>		
<b>Capital injection by a non-controlling interest</b>	<b>50</b>	5,600
<b>Dividends paid to a non-controlling interest</b>	<b>(1,017)</b>	(973)
<b>Others</b>	<b>(234)</b>	(235)
<b>Net cash (used in)/generated from financing activities</b>	<b>(1,201)</b>	4,392
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>26,040</b>	(25,970)
<b>Cash and cash equivalents at 1 January</b>	<b>231,151</b>	122,523
<b>Cash and cash equivalents at 30 June</b>	<b>257,191</b>	96,553
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and cash equivalents with an original maturity of three months or less		
— Cash deposits at banks and on hand	<b>239,063</b>	86,300
— Short-term deposit in bank	<b>18,128</b>	10,253
	<b>257,191</b>	96,553

# Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Special reserve	Statutory reserve	Other reserve	Assets revaluation reserve	Fair value reserve	Retained earnings	Subtotal		
	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	-	-	-	-	-	-	-	-	33,932	33,932	12,343	46,275
Transfer to statutory reserve	-	-	-	-	8,497	-	-	-	(8,497)	-	-	-
Appropriation and utilisation of reserve	-	-	-	629	-	-	-	-	(629)	-	-	-
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(15,879)	(15,879)
Capital injection by a non-controlling interest	-	-	-	-	-	-	-	-	-	-	50	50
<b>As at 30 June 2022 (unaudited)</b>	6,758	50,277	369	8,220	92,080	176,540	376	(311)	108,801	443,110	143,413	586,523
<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	-	-	-	-	-	-	-	-	31,054	31,054	12,179	43,233
Transfer to statutory reserve	-	-	-	-	8,133	-	-	-	(8,133)	-	-	-
Appropriation and utilisation of reserve	-	-	-	778	-	-	-	-	(778)	-	-	-
Dividends declared to a non-controlling interest	-	-	-	-	-	-	-	-	-	-	(1,017)	(1,017)
<b>As at 30 June 2021 (unaudited)</b>	6,758	50,277	369	6,932	74,398	176,540	376	(357)	67,687	382,980	136,766	519,746

# 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").

## 2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with Hong Kong Accounting Standard 34, 'Interim financial reporting' issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the GEM Listing Rules. The unaudited condensed consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

# Notes to the Unaudited Condensed Consolidated Financial Statements

## **2. BASIS OF PREPARATION (continued)**

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 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.

## **3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

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

In preparing these unaudited condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2021.

# Notes to the Unaudited Condensed Consolidated Financial Statements



## 4. 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 six months ended 30 June 2022 and 2021 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 based in the PRC.

## 5. REVENUE

Revenue represents the income from provision of service and sales excluding related tax, where applicable.

Revenue recognised during the period is as follows:

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Port service income	49,787	48,131	96,108	89,771

# Notes to the Unaudited Condensed Consolidated Financial Statements

## 5. REVENUE (continued)

### Disaggregation of revenue

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>				
<b>Provision of uploading and unloading services</b>				
Bulk cargo and break bulk cargo	44,732	43,978	86,874	81,013
Container	558	436	1,056	1,065
Subtotal	45,290	44,414	87,930	82,078
<b>Provision of ancillary port services</b>	4,497	3,717	8,178	7,693
	49,787	48,131	96,108	89,771
<b>Timing of revenue recognition</b>				
At a point in time	48,680	47,293	94,112	87,445
Transferred over time	1,107	838	1,996	2,326
	49,787	48,131	96,108	89,771

# Notes to the Unaudited Condensed Consolidated Financial Statements



## 6. PROFIT BEFORE INCOME TAX

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

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Costs of inventories recognised as an expense (included under cost of service rendered)	551	900	2,044	1,896
Employee benefit expenses (note) (including directors' emoluments)				
— Wages, salaries and other benefits	5,595	4,000	10,389	8,496
— Defined contributions	692	700	1,392	1,465
	6,287	4,700	11,781	9,961
Direct operating expenses arising from investment properties that generated rental income	148	76	296	152
Depreciation of property, plant and equipment	6,307	6,782	12,713	13,565
Repairs and maintenance expenses (included under cost of services rendered)	1,929	2,260	3,741	5,124
Subcontracting fee (included under cost of services rendered)	2,629	2,251	6,950	5,893
Amortisation of deferred government grant	(222)	(222)	(445)	(445)
Gain on disposal of property, plant and equipment	(5)	–	(5)	–

Note: During the six months ended 30 June 2022, the Group incurred expenses for the purpose of research and development of approximately RMB1,384,000, which comprised employee benefits expenses of approximately RMB1,233,000 (six months ended 30 June 2021: nil).

# Notes to the Unaudited Condensed Consolidated Financial Statements

## 7. INCOME TAX EXPENSE

### Income tax

The amount of taxation in the unaudited condensed consolidated statement of comprehensive income during the period represents:

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax				
— PRC enterprise income tax	4,430	3,400	9,781	6,634
Deferred tax charged to profit or loss	656	474	2,080	1,630
	<b>5,086</b>	3,874	<b>11,861</b>	8,264

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 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 six months ended 30 June 2022 and 0% for the six months ended 30 June 2021.



# Notes to the Unaudited Condensed Consolidated Financial Statements



## 7. 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 six months ended 30 June 2022 (six months ended 30 June 2021: nil).

## 8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to the owners of the Company	33,932	31,054
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue during the period	800,000,000	800,000,000

The calculation of basic earnings per share for the six months ended 30 June 2022 is based on profit attributable to owners of the Company of approximately RMB33,932,000 (for the six months ended 30 June 2021: RMB31,054,000) and on the weighted average number of 800,000,000 (for the six months ended 30 June 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 the respective periods.

# Notes to the Unaudited Condensed Consolidated Financial Statements

## 9. INTERIM DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, additions to the Group's property, plant and equipment amounted to approximately RMB7,539,000 (six months ended 30 June 2021: RMB14,545,000).

## 11. TRADE RECEIVABLES

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Trade receivables	<b>10,083</b>	5,432
Less: Provision for impairment	<b>(1,006)</b>	(1,006)
Trade receivables, net	<b>9,077</b>	4,426

The credit period for trade receivables is generally ranging from 10 to 55 days.

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

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
0 to 30 days	<b>8,348</b>	4,386
31 to 90 days	<b>689</b>	32
91 to 120 days	<b>34</b>	–
121 to 365 days	<b>6</b>	–
Over 1 year	<b>–</b>	8
	<b>9,077</b>	4,426

# Notes to the Unaudited Condensed Consolidated Financial Statements



## 12. TRADE PAYABLES

The credit period is generally 30 days.

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

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	<b>As at 31 December 2021 RMB'000 (Audited)</b>
0 to 30 days	6,190	3,315
31 to 90 days	1,768	105
91 to 120 days	117	–
121 to 365 days	3,386	46
Over 1 year	776	5,145
	<b>12,237</b>	<b>8,611</b>

## 13. SHARE CAPITAL

	<b>Number of ordinary shares</b>	<b>HK\$'000</b>	<b>RMB'000</b>
<b>Authorised:</b>			
As at 1 January 2021, 31 December 2021 (audited), 1 January 2022 and 30 June 2022 (unaudited)	5,000,000,000	50,000	40,929
<b>Issued and fully paid:</b>			
As at 1 January 2021, 31 December 2021 (audited), 1 January 2022 and 30 June 2022 (unaudited)	800,000,000	8,000	6,758

# Notes to the Unaudited Condensed Consolidated Financial Statements

## 14. CAPITAL COMMITMENTS

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

	<b>As at 30 June 2022</b>	<b>As at 31 December 2021</b>
<i>Notes</i>	<b>RMB'000 (Unaudited)</b>	<b>RMB'000 (Audited)</b>
Contracted, but not provided for		
— Construction in progress	<b>6,321</b>	6,707
— Investment in the Chizhou Port Meilong Port Affairs Company Limited ("Chizhou Meilong")	<b>21,600</b>	21,600
<i>(i)</i>		
— Investment in equity investment at FVOCI	<b>15,000</b>	15,000
<i>(ii)</i>		

Notes:

- (i) On 26 November 2020, Chizhou Port Holdings entered into an agreement with two investors which are PRC state-controlled entities pursuant to which Chizhou Port Holdings agreed to make a cash injection of RMB36,000,000 in total by installment into the capital of the Chizhou Meilong, the Group's subsidiary, in return for 72% equity interest of Chizhou Meilong. In addition, the other investors agreed to make cash injections proportionate to their holdings. The fund injected by Chizhou Port Holdings and two investors will be utilised for the construction of a new port terminal. During the year ended 31 December 2020, Chizhou Port Holdings has injected RMB14,400,000. During the year ended 31 December 2021, the shareholders of Chizhou Meilong entered into a supplemental agreement, pursuant to which the parties thereto agreed that the timing of the remaining 60% of their total capital contribution to Chizhou Meilong will be determined by the shareholders of Chizhou Meilong based on the project progress of Chizhou Meilong. As at 30 June 2022 and 31 December 2021, the outstanding capital commitment by the Group and two investors are RMB21,600,000 and RMB8,400,000, respectively.
- (ii) On 30 September 2020, Chizhou Port Holdings entered into an agreement with three investors of which two are PRC state-controlled entities and one independent third party pursuant to which Chizhou Port Holdings agreed to make a cash injection of RMB20,000,000 in total into the investee by installment into the capital of the equity investment at FVOCI in return for 10% equity interest of the equity investment at FVOCI. In addition, the other investors agreed to make cash injections proportionate to their holdings. During the year ended 31 December 2020, the Group has injected RMB5,000,000 into the investee and the investment is classified as equity investment at FVOCI.

# Notes to the Unaudited Condensed Consolidated Financial Statements



## 15. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Lease payment paid to a related company ( <i>Note</i> )	236	238

*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 the Ocean Longevity as the landlord agreed to lease certain premises to Ocean Line Hong Kong as the tenant. The annual rental under the tenancy agreement amounted to approximately HK\$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.

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

# Notes to the Unaudited Condensed Consolidated Financial Statements

## 15. RELATED PARTY TRANSACTIONS (continued)

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:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Fee	582	585
Salaries, allowances and benefits in kinds	120	120
Defined contributions	41	38
	<b>743</b>	743

# Notes to the Unaudited Condensed Consolidated Financial Statements



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

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

The unlisted equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers the investment to be long-term strategic capital investment in nature. Change in fair value of the above equity investment is recognised in other comprehensive income and accumulated within the fair value reserve within equity. The Group transfers amounts from fair value reserve (non-recycling) to retained earnings when the relevant equity investment is derecognised.

The bills receivables were classified as debt instruments at fair value through other comprehensive income. As at 30 June 2022, the maturity period for the bills receivables is 6 months.

The Directors of the Company consider that the carrying value of the bills receivables under debt instruments at fair value through other comprehensive income approximates the fair value as at 30 June 2022.

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

	<b>30 June 2022 Level 3 RMB'000 (Unaudited)</b>	31 December 2021 Level 3 RMB'000 (Audited)
Equity investment at fair value through other comprehensive income		
— Unlisted equity investment	<b>4,568</b>	4,568
Debt instruments at fair value through other comprehensive income		
— Bills receivables	<b>1,645</b>	–

# Notes to the Unaudited Condensed Consolidated Financial Statements

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

Information about level 3 fair value measurements:

	Valuation techniques	Unobservable input	Range	Relationship of unobservable inputs to fair value
Unlisted equity investment in the PRC	Assets approach	Discount for lack of control	9.91% (As at 31 December 2021: 9.91%)	The discount rate is negatively correlated to the fair value measurement of the unlisted equity investment. A slight increase in the discount for lack of control would result in a slight decrease in fair value measurement of the equity investment, and vice versa.
Bills receivables	Income approach — in this approach, the discounted cash flow method was used to capture the present value of the cash flows to be derived from the receivables	Discount rate	3.1% (As at 31 December 2021: N/A)	The discount rate is negatively correlated to the fair value measurement of bills receivables.

There were no changes to the valuation techniques during the six months ended 30 June 2022 and year ended 31 December 2021.



# Notes to the Unaudited Condensed Consolidated Financial Statements



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

There were no transfer in Level 1, Level 2 and Level 3 of the fair value hierarchy during the six months ended 30 June 2022 and year ended 31 December 2021.

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Unlisted equity investment:		
Opening balance (level 3 recurring fair value)	<b>4,568</b>	4,504
Change in fair value included in other comprehensive income	–	64
Closing balance (level 3 recurring fair value)	<b>4,568</b>	4,568
Bills receivables:		
Opening balance (level 3 recurring fair value)	–	2,690
Additions	<b>6,909</b>	5,554
Disposals	<b>(5,264)</b>	(8,244)
Closing balance (level 3 recurring fair value)	<b>1,645</b>	–

The unobservable input used in the fair value measurement of the bills receivables is discount rate. As at 30 June 2022, if the discount rates were 5% higher/lower, the fair value would be RMB1,000 lower/higher.

# Management Discussion and Analysis

## **BUSINESS REVIEW**

The Group is an inland terminal operator in the PRC and is principally engaged in the provision of port logistic services (including uploading and unloading of cargo, bulk cargoes handling service, container handling, storage and other services). The Group operates two port terminals, namely, Jiangkou Port Terminal and Niutoushan Port Terminal, both of which are situated in Chizhou City, Anhui Province, the PRC. Chizhou City is located in the upper downstream section along the Yangtze River and it is an important port city in the southwestern region of Anhui Province. It is also a crucial member of the integrated development of the Yangtze River delta. With abundant mining resources as its biggest strengths, Chizhou City is an integral non-metallic mineral base in Eastern China. There are 11 berths in the two major terminals of the Group, including the 4 berths of the new phase (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 the six months ended 30 June 2022, the Group's total throughput volume of bulk cargo and break bulk cargo was 14.8 million tonnes (six months ended 30 June 2021: 14.4 million tonnes), representing an increase of 2.6% as compared with the same period in 2021, while volume of container was 6,133 TEUs (six months ended 30 June 2021: 7,020 TEUs), representing a decrease of 12.6% as compared with the same period in 2021. The Group's revenue and profit were RMB96.1 million (six months ended 30 June 2021: RMB89.8 million) and RMB46.3 million (six months ended 30 June 2021: RMB43.2 million), representing an increase of 7.1% and 7.0%, respectively as compared with the same period in 2021. The Group's port business maintained a stable development trend with a steady increase, whereas the situation of safety and environmental protection, pandemic prevention and control continued to improve and various major tasks were having steady progress.

# Management Discussion and Analysis



The increase in the Group's revenue was dependent on the growth in throughput volume of cargo loading and unloading. The throughput volume of the ports was mainly influenced by the following factors:

**Firstly, with government policies leading the way, the economy stabilized and improved.** In the first half of 2022, the PRC government introduced a series of policies on pandemic prevention and control and economic development, which had obvious effects, and the economic structure was optimized continuously, while the PRC economy stabilized and rebounded.

**Secondly, we focused on pandemic prevention and control and operated the ports in an orderly manner.** The severe and complicated situation of global and domestic pandemic prevention and control cast great impact especially on our container business, with processing contract enterprises reducing production due to shortage of raw materials, and the persistently high ocean freight having resulted in the increase in the cost of container transportation for our customers, and continuously affected the throughput volume of containers for domestic and international trading. We focused on pandemic prevention and control as well as production and operation at the same time, ensured the precise implementation of various pandemic prevention and control measures and organized production arrangement properly, in order to minimize the impact of the pandemic on the port operations.

**Thirdly, the market development improved steadily and the cost reduction and efficiency improvement activities were remarkably effective.** We worked hard to increase our market share. We took the initiative to expand market share, grasped the source of commodities in a timely manner, consolidated our existing customer base, and explored marginal customers. We adopted the innovative marketing method of "Port at the front, Park at the back" (「前港後園」) to target quality customers. We actively promoted "Land to Water" (「陸改水」) (using water transportation instead of land transportation) and vigorously developed our logistics business. We have comprehensively streamlined a total of 11 measures for cost reduction and efficiency enhancement, reduced non-productive expenses, improved operational quality and efficiency, refined our management, where we set out clear responsibilities for each employee, as well as set up the assessment, reward and punishment standards, and we have achieved obvious results.

# Management Discussion and Analysis

## OUTLOOK

We remain optimistic about the situation of port operations in the second half of the year, mainly due to the following reasons:

Firstly, with the effective implementation of various policies for economic development launched by the PRC government and the speeding up of major construction projects, it is expected that the economic operation can maintain a generally stable development trend with a steady increase. The total cargo volume of our ports is on an upward path.

Secondly, with the pandemic prevention and control has been effectively implemented, the situation of employment, pandemic prevention and control is stabilizing, the flow of people and goods is gradually becoming smooth, the income of residents is growing, and the consumption power and willingness of residents will hopefully continue to rebound. In addition, backed by the well established industrial system of the PRC and the accelerating infrastructure construction, the PRC's domestic trade and foreign trade economy is expected to rebound.

Thirdly, driven by innovation, the core enterprise capabilities are enhanced. The Group strengthens research and development on improving and developing port equipment, computer systems and technique to be used in our port operations. Around the focuses of equipment maintenance, operational efficiency, safety and environmental protection, energy saving and emission reduction, and the creation of green ports, we organize technological research and development and innovation attempts. Our technological innovation capabilities continue to improve.

Fourthly, we will enhance management efforts, actively study and make judgement on the production trend, strengthen scientific despatch, grasp the time and development opportunities, and, pursuant 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」), vigorously expand the ancillary port businesses such as continuous line logistics and agency service etc. and extend the port service chain. We will implement the "Two-Wheel Drive" (「雙輪驅動」) strategy of traditional stevedoring and modern logistics, and strive for a new breakthrough in the results of the second half of the year.

# Management Discussion and Analysis



## FINANCIAL REVIEW

### Revenue

	Six months ended			
	30 June			
	2022	2021	Increase/(decrease)	
	RMB'000	RMB'000	RMB'000	%
	(Unaudited)	(Unaudited)		
Revenue from provision of uploading and unloading services				
Bulk cargo and break bulk cargo	<b>86,874</b>	81,013	5,861	7.2
Container	<b>1,056</b>	1,065	(9)	(0.8)
Subtotal	<b>87,930</b>	82,078	5,852	7.1
Revenue from provision of ancillary port services	<b>8,178</b>	7,693	485	6.3
Total revenue	<b>96,108</b>	89,771	6,337	7.1

	Six months ended			
	30 June			
	2022	2021	Increase/(decrease)	
	(Unaudited)	(Unaudited)		%
Total cargo throughput (thousand tonnes)	<b>14,796</b>	14,417	379	2.6
Container throughput (TEUs)	<b>6,133</b>	7,020	(887)	(12.6)

Our revenue which is principally generated from the provision of uploading and unloading services and ancillary port services was approximately RMB96.1 million for the six months ended 30 June 2022 and RMB89.8 million for the same period in 2021. The increase in revenue was mainly due to the increase in cargo handling revenue since the throughput of cargo increased by approximately 0.4 million tonnes as compared to the same period in 2021. The throughput volume of cargo increased as we grasped the source of commodities in a timely manner, successfully consolidated our existing customer base and explored marginal customers.

# Management Discussion and Analysis

## 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 six months ended 30 June 2022, our cost of services was approximately RMB35.0 million (six months ended 30 June 2021: RMB35.2 million), representing a slight decrease of RMB0.2 million or approximately 0.6% as compared to the same period of last year. The decrease in cost of services was mainly attributable to the net effect of (i) the increase in staff cost and subcontracting fee collectively of approximately RMB1.1 million which was driven by the increase in transportation and handling services due to the increase in throughput volume of cargo by 2.6% in terms of tonnes and (ii) the decrease in repairs and maintenance expenses of approximately RMB1.4 million due to less large-scale repair and maintenance activities being carried out during the period.

## Gross profit and gross profit margin

	Six months ended 30 June		Increase	%
	2022 (Unaudited)	2021 (Unaudited)		
Gross profit (RMB'000)	61,151	54,555	6,596	12.1
Gross profit margin (%)	63.6	60.8	2.8	N/A

For the six months ended 30 June 2022, our gross profit and gross profit margin increased to approximately RMB61.2 million and 63.6%, respectively. The increase was primarily due to our business achieved economies of scale through greater utilisation of our throughput capacity.

## Administrative expenses

For the six months ended 30 June 2022, our administrative expenses increased by approximately RMB1.7 million or 29.8% which was primarily due to increase in administrative staff costs of approximately RMB1.8 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 period.

# Management Discussion and Analysis



## Income tax expenses

For the six months ended 30 June 2022, the Group's income tax expense amounted to approximately RMB11.9 million (six months ended 30 June 2021: RMB8.3 million), representing an increase of RMB3.6 million or approximately 43.4% as compared to the same period of last year. The increase was mainly due to increase in the Group's profit before tax for the six months ended 30 June 2022 as compared to the same period of last year. Besides, the profit generated from the Qualifying Project of Chizhou Port Holdings for the 6 months ended 30 June 2021 enjoyed full tax exemption, but those for the 6 months ended 30 June 2022 only enjoyed 50% tax reduction. For the six months ended 30 June 2022, the effective tax rate is approximately 20.4% (six months ended 30 June 2021: 16.0%). Should the deferred tax charge for the six months ended 30 June 2022 of approximately RMB2.1 million be excluded, the adjusted effective tax rate would have been approximately 16.8%. Our adjusted effective tax rate for the six months ended 30 June 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 six months ended 30 June 2022

As a result of the foregoing, we recorded profit for the six months ended 30 June 2022 of approximately RMB46.3 million (six months ended 30 June 2021: RMB43.2 million). Our net profit margin was approximately 48.1% (six months ended 30 June 2021: 48.2%).

## CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The shares of the Company were successfully listed on GEM of the Stock Exchange on 10 July 2018. There has been no change in the capital structure of the Group since then. The capital of the Company only comprises ordinary shares.

The Group finances its liquidity and capital requirements primarily through cash generated from operations, bank borrowings and equity contribution from shareholders.

As at 30 June 2022, the Group had bank and cash balances of approximately RMB257.2 million (31 December 2021: RMB231.2 million).

As at 30 June 2022, the Group's total equity attributable to owners of the Company amounted to approximately RMB443.1 million (31 December 2021: RMB409.2 million). As of the same date, the Group's total debts, comprising amounts due to non-controlling interests, amounted to approximately RMB15.9 million (31 December 2021: RMB1.0 million).

The Directors believe that the Group is in a healthy financial position to expand its business and achieve its business objectives.

# Management Discussion and Analysis

## **BORROWINGS AND GEARING RATIO**

As at 30 June 2022, the Group had total debts of approximately RMB15.9 million (31 December 2021: RMB1.0 million). The Group's bank borrowing, if any, is primarily used in financing the working capital requirement of its operations.

As at 30 June 2022, the gearing ratio of the Group, calculated as the total debts divided by the total equity, was approximately 2.7% (31 December 2021: 0.2%).

## **FOREIGN CURRENCY RISK**

The Group has foreign currency exposures that mainly arise from the balance of assets and liabilities in currencies other than in RMB, the Group's functional currency. The Group's policy requires the management monitors foreign exchange exposure by monitoring the movement of foreign currency rates and may enter into foreign currency options or forward contracts, when and where appropriate.

## **TREASURY POLICY**

The Group has adopted a prudent financial management approach towards its treasury policies and had maintained a healthy liquidity position throughout the reporting period. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements from time to time.

## **CONTINGENT LIABILITIES**

As at 30 June 2022, the Group did not have any contingent liabilities (31 December 2021: Nil).

## **SIGNIFICANT INVESTMENTS**

During the six months ended 30 June 2022, the Group did not acquire or hold any significant investment.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

During the six months ended 30 June 2022, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2022, the Group has approximately 211 (31 December 2021: 215) employees. Total staff costs for the six months ended 30 June 2022 amounted to approximately RMB11.8 million (six months ended 30 June 2021: RMB10.0 million).



# Management Discussion and Analysis



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

## **CAPITAL COMMITMENT**

The capital commitments of the Group as at each of the reporting dates are as disclosed in note 14 to the unaudited condensed consolidated financial statements.

## **PLEDGE OF ASSETS**

As at 30 June 2022, the Group has pledged its property, plant and equipment with an aggregate net book value of approximately RMB147.1 million (31 December 2021: RMB150.9 million) and investment properties with aggregate net book value of approximately RMB15.4 million (31 December 2021: RMB15.4 million).

## **EVENTS AFTER THE REPORTING PERIOD**

No significant events affecting the Group have occurred since the end of the reporting period and up to the date of this report.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2022.

## **BUSINESS UPDATE**

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.

\* For identification purpose only

## Other Information

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

As at 30 June 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

Name of Director	Capacity/Nature of interest	Number of issued Shares held/ interested	Approximate percentage of shareholding
Mr. Kwai Sze Hoi	Interest in a controlled corporation (Note)	600,000,000	75%
Ms. Cheung Wai Fung	Interest in a controlled corporation (Note)	600,000,000	75%

Note: Vital Force is legally and beneficially owned as to 58.4% by Mr. Kwai Sze Hoi, 38.9% by Ms. Cheung Wai Fung and 2.7% by Hongkong Shun Yi Industrial Co. Limited, which is a company incorporated in Hong Kong with limited liability and owned as to 60% by Mr. Huang Xueliang. Mr. Kwai Sze Hoi and Ms. Cheung Wai Fung are deemed to be interested in all the Shares held by Vital Force under Part XV of the SFO. Mr. Kwai Sze Hoi is the chairman and an executive Director of the Company and a director of Vital Force. Ms. Cheung Wai Fung is a non-executive Director of the Company, a director of Vital Force and the spouse of Mr. Kwai Sze Hoi. Mr. Huang Xueliang is an executive Director of the Company.

## Other Information



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

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

*Notes:*

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

Save as disclosed above, as at 30 June 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**

So far as is known to the Directors, as at 30 June 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 six months ended 30 June 2022.

### **COMPETING INTERESTS**

The Directors confirm that none of the controlling shareholders of the Company or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by our Group which competes or is likely to compete, directly or indirectly, with our Group's business during the six months ended 30 June 2022.

## Other Information



### **CORPORATE GOVERNANCE CODE**

The Corporate Governance Code (the “Code”) in Appendix 15 to the GEM Listing Rules sets out the principles of good corporate governance, code provisions and recommended best practices. Issuers are expected to comply with the code provisions or devise their own code on corporate governance on the terms they consider appropriate provided that considered reasons are given. Throughout the reporting period, the Company had complied with the applicable code provisions of the Code and there had been no deviation from the Code by the Company.

### **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Group has adopted the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company (the “Code of Conduct”). Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct during the reporting period.

### **SHARE OPTION SCHEME**

The share option scheme of the Company (the “Share Option Scheme”) has been conditionally adopted by way of shareholder’s written resolution passed on 1 June 2018. The Share Option Scheme has become unconditional on the 10 July 2018 (i.e. the listing date of the Company) and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. There is no option outstanding, granted, exercised, cancelled and lapsed under the Share Option Scheme during the six months ended 30 June 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 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 our Group. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 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, 12 August 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, Mr. Cheung Sze Ming and Dr. Li Weidong.*