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 2022

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 2022 ANNUAL RESULTS

	Year ended 31 December		
	2022	2021	% changes
	RMB'000	*RMB'000*	
Revenue	**187,377**	165,837	13.0
Profit for the year attributable to the owners of the Company	**64,092**	57,206	12.0
Profit for the year	**87,453**	79,500	10.0

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 2022, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	**2022** *RMB'000*	2021 *RMB'000*
Revenue	*4*	**187,377**	165,837
Cost of services rendered		**(72,244)**	(68,152)
Gross profit		**115,133**	97,685
Other income and gains, net		**12,392**	12,197
Change in fair value of investment properties		**780**	2,930
Selling and distribution expenses		**(1,014)**	(954)
Administrative expenses		**(19,563)**	(17,544)
Finance costs		**(41)**	(65)
Profit before income tax	*5*	**107,687**	94,249
Income tax expense	*6*	**(20,234)**	(14,749)
Profit for the year		**87,453**	79,500
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		**(1,730)**	64
Other comprehensive income for the year		**(1,730)**	64
Total comprehensive income for the year		**85,723**	79,564

	Notes	**2022**	2021
		RMB'000	*RMB'000*
Profit for the year attributable to:			
Owners of the Company		**64,092**	57,206
Non-controlling interests		**23,361**	22,294
		87,453	79,500
Total comprehensive income for the year attributable to:			
Owners of the Company		**62,846**	57,252
Non-controlling interests		**22,877**	22,312
		85,723	79,564
		RMB cents	*RMB cents*
Earnings per share attributable to owners of the Company			
— Basic and diluted earnings per share	*7*	**8.01**	7.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**417,373**	426,369
Investment properties		**75,000**	73,520
Equity investment at fair value through other comprehensive income		**17,838**	4,568
Deposits and prepayments		**1,709**	1,687
		511,920	506,144
Current assets			
Inventories		**2,062**	1,678
Trade receivables	*9*	**5,157**	4,426
Debt instruments at fair value through other comprehensive income		**1,185**	–
Deposits, prepayments and other receivables		**4,039**	5,062
Time deposit		**35,328**	–
Cash and cash equivalents		**253,465**	231,151
		301,236	242,317
Current liabilities			
Trade payables	*10*	**9,245**	8,611
Contract liabilities		**41,712**	47,797
Other payables, accruals and receipt in advance		**89,458**	87,989
Lease liabilities		**497**	427
Due to a non-controlling interest		**–**	1,017
Deferred government grant		**890**	890
Income tax payable		**9,193**	6,324
		150,995	153,055
Net current assets		**150,241**	89,262
Total assets less current liabilities		**662,161**	595,406

	2022	2021
	RMB'000	*RMB'000*
Non-current liabilities		
Deferred government grant	**31,644**	32,534
Lease liabilities	**–**	453
Deferred tax liabilities	**4,546**	6,342
	36,190	39,329
Net assets	**625,971**	556,077
EQUITY		
Share capital	**6,758**	6,758
Reserves	**465,266**	402,420
Equity attributable to owners of the Company	**472,024**	409,178
Non-controlling interests	**153,947**	146,899
Total equity	**625,971**	556,077

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

(a) 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.

(b) 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 ("**FVOCI**") 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.

(c) 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.

(d) Adoption of revised HKFRSs — effective 1 January 2022

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

Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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.

(e) 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 (Revised), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]

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

[2] Effective for annual periods beginning on or after 1 January 2024.

[3] 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 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 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:

	2022	2021
	RMB'000	*RMB'000*
Port service income	**187,377**	165,837

5. PROFIT BEFORE INCOME TAX

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

	2022	2021
	RMB'000	*RMB'000*
Auditor's remuneration	**663**	604
Costs of inventories recognised as an expense (included under cost of services rendered)	**5,067**	3,636
Employee benefit expenses *(note)* (including directors' emoluments)		
— Wages, salaries and other benefits	**18,914**	17,729
— Discretionary bonuses	**7,605**	6,791
— Defined contributions	**3,453**	3,314
	29,972	27,834
Direct operating expenses arising from investment properties that generated rental income	**364**	592
Depreciation of property, plant and equipment	**23,403**	27,392
Repairs and maintenance expenses (included under cost of services rendered)	**10,804**	6,650
Subcontracting fee (included under cost of services rendered)	**12,513**	11,938
Short-term lease	**258**	–
Amortisation of deferred government grant	**(890)**	(890)
Gain on disposal of property, plant and equipment	**(16)**	(133)

Note: During the year ended 31 December 2022, the Group incurred expenses for the purpose of research and development of approximately RMB3,770,000 (2021: RMB3,018,000), which comprised employee benefits expenses of approximately RMB3,142,000 (2021: RMB2,976,000).

6. INCOME TAX EXPENSE

Income tax

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

	2022	2021
	RMB'000	*RMB'000*
Current tax expenses		
— PRC enterprise income tax	**22,030**	12,719
Deferred tax (credits)/expenses	**(1,796)**	2,030
	20,234	14,749

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 (2021: 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. It is entitled to exemption from EIT from the financial year beginning on 1 January 2019 up to 31 December 2021, and a 50% reduction from the financial year beginning on 1 January 2022 to 31 December 2024. Therefore, the relevant profit generated from the Qualifying Project is tax exempted for the year ended 31 December 2021, while computed at a reduced rate of 12.5% as taxable amount for the year ended 31 December 2022. Apart from the Qualifying Project, Chizhou Port Holdings has been recognised as a high and new technology enterprise under the applicable PRC tax law. Other infrastructure projects of Chizhou Port Holdings is subject to a reduced rate of 15% EIT for three consecutive financial years from 2022 to 2024.

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 12.5% as taxable income amount and subject to EIT at 20%.

7. EARNINGS PER SHARE

	2022 ***RMB'000***	2021 *RMB'000*
Profit for the year attributable to owners of the Company	**64,092**	57,206

	2022	2021
Weighted average number of ordinary shares in issue	**800,000,000**	800,000,000

Diluted earnings per share is the same as the basic earnings per share because the Company has no dilutive potential ordinary shares in issue during the years ended 31 December 2022 and 2021.

8. DIVIDENDS

No dividend has been paid or declared by the Company during the years ended 31 December 2022 and 2021.

Subsequent to the end of the reporting period, the Board has proposed a final dividend of HK$3.0 cents and a special final dividend of HK$3.0 cents (2021: Nil) per share for the year out of the share premium account within the equity section of the statement of financial position of the Company. The proposed final dividend and the proposed special final dividend are subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

9. TRADE RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**6,163**	5,432
Less: Provision for impairment	**(1,006)**	(1,006)
Trade receivables, net	**5,157**	4,426

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:

	2022	2021
	RMB'000	*RMB'000*
0 to 30 days	**5,128**	4,386
31 to 90 days	**–**	32
91 to 120 days	**29**	–
121 to 365 days	**–**	–
Over 1 year	**–**	8
	5,157	4,426

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:

	2022	2021
	RMB'000	*RMB'000*
0 to 30 days	**7,461**	3,315
31 to 90 days	**80**	105
91 to 120 days	**12**	–
121 to 365 days	**439**	46
Over 1 year	**1,253**	5,145
	9,245	8,611

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an inland terminal operator in the PRC and is principally engaged in the provision of port logistic services (including uploading and unloading of cargoes, bulk cargo handling services, container handling, storage and other services). The Group operates two port terminals, namely, Jiangkou Terminal and Niutoushan Terminal, both situated in Chizhou City, Anhui Province, the PRC. Chizhou City, located in the upper reach of the downstream section of the Yangtze River, is an important port city in the southwestern region of Anhui Province. It is also a crucial component of the integrated development of the Yangtze River Delta. With abundant mining resources as its biggest strengths, Chizhou City is an integral non-metallic mineral base in Eastern China. There are eleven multi-purpose/bulk cargo berths in the two major terminals of the Group, including the four multi-purpose/bulk cargo berths of the new phase (Phase III) of Jiangkou Terminal, making the Group the largest public port operator in Chizhou City, as well as an important driver of the opening-up and promoting of investment and business in Chizhou City.

For 2022, the Group's throughput volume of bulk cargo and container were 29.1 million tonnes (2021: 27.4 million tonnes) and 12,446 TEUs (2021: 12,384 TEUs), respectively, representing an increase of 6.2% and 0.5%, respectively as compared to 2021. The Group's revenue and profit were RMB187.4 million (2021: RMB165.8 million) and RMB87.5 million (2021: RMB79.5 million), representing an increase of 13.0% and 10.0%, respectively as compared to 2021.

In 2022, facing the complicated and fast-changing market environment, we efficiently coordinated the works for business development and safety and environmental protection, successfully passed the dual tests arising from the pandemic and the market. With steady growth in port business and continuous improvement of internal management, our business achieved a greater success.

The throughput volume and performance of the ports were mainly influenced by the following factors:

Firstly, the impact of the pandemic. 2022 is the year when the PRC was most affected by the pandemic. Especially during the lockdown period in Shanghai, the downturn in the mining and construction materials market, the decrease of both supply and demand, the production suspension and reduction of some customers, and the shortage of source of commodity cargo, brought challenges to our port business.

Secondly, the impact of low precipitation. In 2022, there was low precipitation during the flood period (汛期反枯), reaching the most withered state in the fourth quarter. The water depth at the front of the port terminal was more than 1 meter lower as compared with normal, which affected the normal operations of our ports due to the restrictions on berthing and unavailability of fully loaded large ships.

Thirdly, the further improvement in market development ability. Under the unfavorable external market environment, we have taken the initiative to expand market share, grasp the source of commodity cargo in a timely manner, consolidate our existing customer base and explore marginal customers. Our operating philosophy is to develop and seize the market instead of waiting for the market.

Fourthly, the continuous improvements in internal management level of the enterprise. In 2022, we comprehensively carried out the "Deepening Campaign for the Year of Cost Reduction and Efficiency Enhancement" (「降本增效深化年活動」). Based on the "Campaign for Costs Reduction and Efficiency Enhancement" held last year, we reduced non-productive expenses, improved operation quality and efficiency and refined management, achieving remarkable results.

Fifthly, adhering to technological innovation and high-quality development. We have organized small reforms and technological innovations, focusing on equipment maintenance, operating efficiency, safety and environmental protection, energy saving and emission reduction and green port construction. We have also built a logistics platform for Chizhou Port and put it into operation, marking a new step in the construction of smart ports. We have completed 21 technological innovation projects throughout the year, and Chizhou Port Holdings has been recognized as a High and New Technology Enterprise.

OUTLOOK

In 2023, there are both opportunities and challenges for our port operations. Despite many uncertainties faced, we are confident that we will accomplish the works of the current year.

Firstly, the international economic situation remains grim. The Russo-Ukrainian War, energy crisis, inflation and other factors lead to a global economic recession, together with the pressure on international capital market and commodity market, which may result in sluggishness of the port economy.

Secondly, the turning point of the PRC's domestic economy is gradually emerging. The optimized and adjusted pandemic prevention policies in the PRC, gradually normalized production in various industries and further strengthened market vitality bring a favorable external environment for our development. The domestic economic recovery is expected to be driven by the infrastructure and real estate sectors. The direct demand side of bulk cargo, such as smelting and construction materials industries, will also benefit. Our bulk cargo business is entering into a period with positive trend.

Thirdly, the port industry supports industrial development. The port industry mainly serves the PRC's domestic circulation and plays a key role in the new development pattern of domestic and international dual circulation with difficult tasks. We will deeply participate in the cooperation among the Yangtze River Delta, accelerate the construction of a large logistics system, reduce logistics costs and lead the development of local economy.

Fourthly, the port operation is still facing many challenges: firstly, the growth of the port scale is restricted due to the port environmental protection work facing more difficulties under increased environmental protection requirements of land transportation. Secondly, the "Bulk Cargoes to Containers" (「散改集」) (the change in transportation form from bulk cargo to container) operation has just started in the Chizhou City market, and the development of our container business is still in a bottleneck period.

2023 is a year for us to promote the Multi-mode Transport Demonstration Project, and also the critical year for us to try our best to achieve "doubling in five years" (「五年再翻一番」). We will work together, shoulder responsibility and seize opportunities, so as to promote the Group's various work towards a new level.

FINANCIAL REVIEW

Revenue

	Year ended 31 December 2022 *RMB'000*	2021 *RMB'000*	Increase *RMB'000*	%
Revenue from provision of uploading and unloading services				
Bulk cargo and break bulk cargo	**162,431**	149,462	12,969	8.7
Containers	**2,204**	1,949	255	13.1
Subtotal	**164,635**	151,411	13,224	8.7
Revenue from provision of ancillary port services	**22,742**	14,426	8,316	57.6
Total revenue	**187,377**	165,837	21,540	13.0

	Year ended 31 December 2022	2021	Increase	%
Total cargo throughput (thousand tonnes)	**29,057.3**	27,363.7	1,693.6	6.2
Container throughput (TEUs)	**12,446**	12,384	62	0.5

Our revenue which is principally generated from the provision of uploading and unloading services was approximately RMB164.6 million for the year ended 31 December 2022 and RMB151.4 million for the year ended 31 December 2021. The increase in revenue was mainly due to the increase in cargo handling revenue since the throughput of cargo increased by approximately 1.7 million tonnes as compared to 2021. The throughput volume of cargo increased as we grasped the source of commodity cargo in a timely manner, successfully consolidated our existing customer base and explored marginal customers.

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 2022, our cost of services was approximately RMB72.2 million (2021: RMB68.2 million), representing an increase of RMB4.0 million or approximately 5.9% as compared to the last year. The increase in cost of services was mainly attributable to the increase in repairs and maintenance expenses of approximately RMB4.2 million due to more large-scale repair and maintenance activities being carried out during the year.

Gross profit and gross profit margin

	Year ended 31 December			
	2022	2021	Increase	
Gross profit *(RMB'000)*	**115,133**	97,685	17,448	17.9
Gross profit margin *(%)*	**61.4**	58.9	2.5	N/A

For the year ended 31 December 2022, our gross profit increased to approximately RMB115.1 million. The increase in gross profit was primarily due to the increased throughput volume of cargo by 6.2% in terms of tonnes for the year ended 31 December 2022. Our gross profit margin increased to 61.4%. The increase was primarily due to our business achieved economies of scale through greater utilization of our throughput capacity.

Administrative expenses

For the year ended 31 December 2022, our administrative expenses increased by approximately RMB2.0 million or 11.5% which was primarily due to increase in administrative staff costs of approximately RMB1.3 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 2022, the Group's income tax expense amounted to approximately RMB20.2 million (2021: RMB14.7 million), representing an increase of RMB5.5 million or approximately 37.4% as compared to last year. The increase was due to increase in the Group's profit before tax for the year ended 31 December 2022 as compared to the same period of last year. The profit generated from Qualifying Project of Chizhou Port Holdings for the year ended 31 December 2021 enjoyed full tax exemption, but those for the year ended 31 December 2022 only enjoyed 50% tax reduction (the "**3-Year 50% Tax Reduction Entitlement**"). Save for the mentioned better tax preferential policy being enjoyed by the Qualifying Project, as a High and New Technology Enterprise, Chizhou Port Holdings will pay the enterprise income tax at the rate of 15% for three consecutive financial years from 2022 to 2024 ("**3-Year High and New Technology Enterprises Tax entitlement**"). For the year ended 31 December 2022, the effective tax rate is approximately 18.8% (2021: 15.6%). Should the deferred tax credit for the year ended 31 December 2022 of approximately RMB1.8 million be excluded, the adjusted effective tax rate would have been approximately 20.5%. Our adjusted effective tax rate for the year ended 31 December 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 and the 3-Year High and New Technology Enterprises Tax Entitlement for Chizhou Port Holdings from 2022 to 2024.

Profit for the year

As a result of the foregoing, we recorded profit for the year of approximately RMB87.5 million (2021: RMB79.5 million). Our net profit margin was approximately 46.7% (2021: 47.9%).

Property, plant and equipment

As at 31 December 2022, net carrying amount property, plant and equipment amounted to approximately RMB417.4 million (31 December 2021: RMB426.4 million). It mainly represented (i) terminal facilities of approximately RMB270.0 million (31 December 2021: RMB284.5 million); (ii) port machinery and equipment of approximately RMB51.6 million (31 December 2021: RMB48.8 million), and (iii) right-of-use assets of approximately RMB60.7 million (31 December 2021: RMB62.6 million). The decrease 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 RMB14.4 million and (ii) depreciation charges of RMB23.4 million for the year.

Financing and credit facilities

As at 31 December 2022, the Group had no outstanding bank borrowings (31 December 2021: no outstanding bank borrowings). Including time deposits over three months, the Group had bank and cash balances amounted to approximately RMB288.8 million (31 December 2021: RMB231.2 million). Available but unused banking facilities amounted to approximately RMB115.8 million (31 December 2021: RMB115.8 million).

BORROWINGS AND GEARING RATIO

As at 31 December 2022, the Group had no outstanding debts (31 December 2021: RMB1.0 million). The Group's bank borrowings, if any, are 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%.

DIVIDEND

To award the shareholders of the Company for their continued supporting and to enhance investors' confidence in the Company, the Board has proposed a final dividend of HK$3.0 cents and a special final dividend of HK$3.0 cents (2021: Nil) per share for the year out of the share premium account within the equity section of the statement of financial position of the Company. Subject to shareholders' approval at the forthcoming AGM to be held on 24 May 2023, the proposed final dividend and the proposed special final dividend will be paid on or around 21 June 2023.

BUSINESS UPDATE

1. On 28 March 2022, Chizhou Port Holdings and Yuan Hang Port Development (Chizhou) Limited ("**Yuan Hang (Chizhou)**"), subsidiaries of the Company entered into a joint venture agreement with an independent third party, pursuant to which the parties thereto agreed to establish a joint venture company, namely Chizhou Qianjiang Port Logistic Company Limited* (池州前江港航物流有限公司) ("**Qianjiang Logistic**") in Chizhou City, the PRC. Qianjiang Logistic was incorporated on 12 April 2022 and is engaged principally in provision of port logistic services in the PRC. Qianjiang Logistic is owned beneficially as to 61.7% by Chizhou Port Holdings, 33.3% by Yuan Hang (Chizhou), and 5.0% by the independent third party. Pursuant to the terms of the joint venture agreement, the proposed registered capital of the Qianjiang Logistic is RMB1,000,000 and investment by Chizhou Port Holdings and Yuan Hang (Chizhou) is expected to be RMB950,000 in total.

2. On 20 September 2022, Chizhou Port Holdings has renewed its License for Port Operations (港口經營許可證) (the "**License**") for nine multi-purpose/bulk cargo berths of Jiangkou Terminal. Including the License for three multi-purpose/bulk cargo berths of Niutoushan Terminal being renewed on 20 January 2022, the License for all the eleven multi-purpose/bulk cargo berths of our Group was successfully renewed during the year. The period of validity of the License is 3 years.

3. On 30 September 2020, Chizhou Port Holdings entered into a capital injection agreement with three investors, pursuant to which the parties thereto agreed to establish a joint venture company, namely Chizhou Wusha Port Transportation Company Limited* (池州烏沙港口運輸有限公司) ("**Chizhou Wusha**") in Chizhou City, the PRC. Chizhou Wusha was incorporated on 9 October 2020 and is engaged principally in provision of cargo loading and unloading, storage, custody, transit, transportation, international and domestic freight forwarding and port machinery and equipment maintenance services in the PRC. Chizhou Wusha is owned beneficially as to 10% by Chizhou Port Holdings. Pursuant to the terms of the capital injection agreement, the proposed registered capital of Chizhou Wusha is RMB200,000,000 and total investment by Chizhou Port Holdings is expected to be RMB20,000,000. The investment is classified as equity investment at fair value through other comprehensive income.

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

4. Pursuant to the "Announcement of Supplemental Filing of the 2022 Recognized High and New Technology Enterprises by the Accreditation Authorities in Anhui Province" (關於對安徽省認定機構2022年認定的高新技術企業進行補充備案的公告) issued by the National High and New Technology Enterprise Accreditation and Administration Leading Group Office (全國高新技術企業認定管理工作領導小組辦公室) on 23 February 2023, Chizhou Port Holdings has been recognized as a High and New Technology Enterprise. The qualification is valid for three years.

   According to the relevant national regulations, upon being recognized as a High and New Technology Enterprise, Chizhou Port Holdings will be entitled to tax preferential policies of the state in relation to High and New Technology Enterprises for three consecutive financial years. Save for a better tax preferential policy being enjoyed by the qualified infrastructure project of Chizhou Port Holdings, Chizhou Port Holdings will pay the enterprise income tax at the rate of 15% for three consecutive financial years from 2022 to 2024. For further details, please refer to the announcement of the Company dated 23 February 2023.

* *For identification purpose only*

CORPORATE GOVERNANCE PRACTICES

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 FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from 19 May 2023 (Friday) to 24 May 2023 (Wednesday) (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 18 May 2023 (Thursday).

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 1 June 2023 (Thursday) to 2 June 2023 (Friday), both days inclusive, for the purpose of determining the entitlement to the proposed final dividend and the proposed special final dividend for the year ended 31 December 2022. In order to qualify for the proposed final dividend and the proposed special final dividend for the year ended 31 December 2022, all transfer forms accompanied by relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 31 May 2023 (Wednesday).

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, among other matters, (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 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, 23 March 2023

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.