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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 ANNUAL RESULTS

	Year ended 31 December		
	2023	2022	% changes
	RMB'000	*RMB'000*	
Revenue	**173,583**	187,377	(7.4)
Profit for the year attributable to the owners of the Company	**59,140**	64,092	(7.7)
Profit for the year	**81,083**	87,453	(7.3)

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 2023, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Revenue	*4*	**173,583**	187,377
Cost of services rendered		**(62,474)**	(72,244)
Gross profit		**111,109**	115,133
Other income and gains, net		**13,600**	12,392
Change in fair value of investment properties		**822**	780
Selling and distribution expenses		**(1,068)**	(1,014)
Administrative expenses		**(26,340)**	(19,563)
Finance costs		**(14)**	(41)
Profit before income tax	*5*	**98,109**	107,687
Income tax expense	*6*	**(17,026)**	(20,234)
Profit for the year		**81,083**	87,453
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		**(961)**	(1,730)
Other comprehensive income for the year		**(961)**	(1,730)
Total comprehensive income for the year		**80,122**	85,723

	Note	**2023**	2022
		RMB'000	*RMB'000*
Profit for the year attributable to:			
Owners of the Company		**59,140**	64,092
Non-controlling interests		**21,943**	23,361
		81,083	87,453
Total comprehensive income for the year attributable to:			
Owners of the Company		**58,448**	62,846
Non-controlling interests		**21,674**	22,877
		80,122	85,723
		RMB cents	*RMB cents*
Earnings per share attributable to owners of the Company			
— Basic and diluted earnings per share	*7*	**7.39**	8.01

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	**2023** **RMB'000**	2022 *RMB'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**400,307**	417,373
Investment properties		**90,700**	75,000
Investment in an associate		**2,600**	–
Equity investment at fair value through other comprehensive income		**17,377**	17,838
Deposits and prepayments		**2,450**	1,709
		513,434	511,920
Current assets			
Inventories		**2,638**	2,062
Trade receivables	*9*	**4,564**	5,157
Debt instruments at fair value through other comprehensive income		**4,624**	1,185
Deposits, prepayments and other receivables		**5,482**	4,039
Time deposit		**2,293**	35,328
Cash and cash equivalents		**299,267**	253,465
		318,868	301,236
Current liabilities			
Trade payables	*10*	**6,641**	9,245
Contract liabilities		**40,640**	41,712
Other payables, accruals and receipt in advance		**97,421**	89,458
Lease liabilities		**499**	497
Deferred government grant		**890**	890
Income tax payable		**2,855**	9,193
		148,946	150,995
Net current assets		**169,922**	150,241
Total assets less current liabilities		**683,356**	662,161

	2023	2022
	RMB'000	*RMB'000*
Non-current liabilities		
Deferred government grant	**30,754**	31,644
Lease liabilities	**1,092**	–
Deferred tax liabilities	**5,275**	4,546
	37,121	36,190
Net assets	**646,235**	625,971
EQUITY		
Share capital	**6,758**	6,758
Reserves	**479,901**	465,266
Equity attributable to owners of the Company	**486,659**	472,024
Non-controlling interests	**159,576**	153,947
Total equity	**646,235**	625,971

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 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 Company 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 new and amendments to HKFRSs — effective 1 January 2023

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Except as stated below, 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.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The amendments to HKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

(e) Amendments to HKFRSs that have been issued but are not yet effective

The following 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[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[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[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]

1 Effective for annual periods beginning on or after 1 January 2024.
2 Effective for annual periods beginning on or after 1 January 2025.
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 2023 and 2022 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 mainly 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:

	2023	2022
	RMB'000	*RMB'000*
Port service income	**173,583**	187,377

5. PROFIT BEFORE INCOME TAX

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

	2023	2022
	RMB'000	*RMB'000*
Auditor's remuneration	**730**	663
Costs of inventories recognised as an expense (included under cost of services rendered)	**3,110**	5,067
Employee benefit expenses *(note)* (including directors' emoluments)		
— Wages, salaries and other benefits	**21,098**	18,914
— Discretionary bonuses	**7,950**	7,605
— Defined contributions	**3,628**	3,453
	32,676	29,972
Direct operating expenses arising from investment properties that generated rental income	**218**	364
Depreciation of property, plant and equipment	**23,360**	23,403
Repairs and maintenance expenses (included under cost of services rendered)	**2,007**	10,804
Subcontracting fee (included under cost of services rendered)	**11,298**	12,513
Short-term lease	**23**	258
Amortisation of deferred government grant	**(890)**	(890)
Gain on disposal of property, plant and equipment	**(179)**	(16)

Note: During the year ended 31 December 2023, the Group incurred expenses for the purpose of research and development of approximately RMB8,678,000 (2022: RMB3,770,000), which comprised employee benefits expenses of approximately RMB4,235,000 (2022: RMB3,142,000) and were included in administrative expenses on the consolidated statement of comprehensive income.

6. INCOME TAX EXPENSE

Income tax

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

	2023	2022
	RMB'000	*RMB'000*
Current tax expenses		
— PRC enterprise income tax	**16,858**	22,030
— Over-provision in respective of prior years	**(561)**	–
Deferred tax expense/(income)	**729**	(1,796)
	17,026	20,234

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 (2022: 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 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 computed at a reduced rate of 50% as taxable amount for the years ended 31 December 2022 and 2023. 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 Ocean Line Niutoushan Limited ("**Chizhou Niutoushan**"), a subsidiary of the Company, has been recognised as a high and new technology enterprise under the applicable PRC tax law. Chizhou Niutoushan is subject to a reduced rate of 15% EIT for three consecutive financial years from 2023 to 2025.

Chizhou Port Ocean Line Logistic Company Limited ("**Chizhou Logistic**"), a subsidiary of the Company, met the criteria of 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

	2023	2022
	RMB'000	*RMB'000*
Profit for the year attributable to owners of the Company	**59,140**	64,092

	2023	2022
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 2023 and 2022.

8. DIVIDENDS

During the year ended 31 December 2023, the Board has proposed a final dividend of HK3.0 cents per share and a special dividend of HK3.0 cents per share in an aggregate amount of HK$48,000,000 (appropriately RMB43,813,000) for the year ended 31 December 2022 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 were approved by the shareholders of the Company on 24 May 2023, and were paid on 21 June 2023.

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

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

9. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**4,504**	6,163
Less: Provision for impairment	**–**	(1,006)
Trade receivables, net	**4,564**	5,157

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:

	2023	2022
	RMB'000	*RMB'000*
0 to 30 days	**4,564**	5,128
31 to 90 days	**–**	–
91 to 120 days	**–**	29
121 to 365 days	**–**	–
Over 1 year	**–**	–
	4,564	5,157

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:

	2023	2022
	RMB'000	*RMB'000*
0 to 30 days	**2,966**	7,461
31 to 90 days	**494**	80
91 to 120 days	**30**	12
121 to 365 days	**1,669**	439
Over 1 year	**1,482**	1,253
	6,641	9,245

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 2023, the Group's throughput volume of bulk cargo and container were 27.8 million tonnes (2022: 29.1 million tonnes) and 19,199 TEUs (2022: 12,446 TEUs), respectively, representing a decrease of 4.4% and an increase of 54.3%, respectively as compared to last year. The Group's revenue and profit were RMB173.6 million (2022: RMB187.4 million) and RMB81.1 million (2022: RMB87.5 million), representing a decrease of 7.4% and 7.3%, respectively as compared to last year.

The throughput volume was mainly influenced by the following factors:

Firstly, the economic recovery fell short of expectations. In 2023, under the complex and volatile environment at home and abroad, the recovery of the market economy fell short of expectations, the prices of non-mineral products had remained at low levels for a long time, and some mining companies in the hinterland of Chizhou temporarily suspended or reduced production, which brought challenges to our production and operations.

Secondly, we adopted wolf marketing (狼性行銷) to seize the source of cargo. In light of the severe production and operation situation, we did not hesitate nor deploy a passive strategy correspondingly. Instead, we took every initiative possible by maintaining immense vigor and energetic attitude aiming to improve our market share. Also, we have strived to explore and retain customer base, including actively led the "Land to Water" ("陸改水") (water transportation in lieu of land transportation), and made every effort to promote the shipping volume of marginal customers. By achieving the above, we have successfully ensured the smooth and orderly development of port production.

Thirdly, we vigorously developed the container business. Our operating staffs actively liaised with and successfully introduced foreign trading shipping companies, and opened a container return point at Chizhou Port, adding momentum to the development of our container business. In addition, we actively promoted the "Bulk Cargoes to Containers" ("散改集") (the change in transportation form from bulk cargo to container). Container volume hit a record high for the year.

Fourthly, we have launched the "Cost Reduction and Efficiency Enhancement Campaign", whereby we had refined the "five objectives and ten measures" ("五項目標和十項措施") for cost reduction and efficiency improvement. Starting from key indicators such as budget execution, labor efficiency per capita, and energy consumption per RMB10,000 turnover (萬元產值能耗), we had utilized the reverse approach (倒逼方式) by unit consumption costs indicators to refine every step and every policy of our management. Hence, a "Cost Reduction and Efficiency Enhancement Culture" had gradually been formed.

OUTLOOK

Year 2024 marks the 75th anniversary of the founding of the People's Republic of China. It is a critical year for realizing the objectives and tasks of the PRC government's "14th Five-Year" Plan ("十四五"規劃). Since our listing five years ago, we have strengthened our abilities and have gotten well prepared (厚積薄發). Year 2024 shall be a promising and critical period for us. We shall deeply analyze the risks and challenges facing us, grasp development opportunities accurately, and strive to reach new heights in all performance indicators.

Risks and Challenges

From the perspective of changes of the external environment, global economic slowdown is simmering due to external factors such as the conflict between China and the United States, the Russo-Ukrainian war, the Gaza and Red Sea crises, which have resulted in sluggish shipping demand and severe constraints on the growth of international investment and trading. The requirements to "reduce carbon emissions" in shipping have increased the industry's costs, asserting pressure on the profit margins of shipping enterprises and increasing risks and uncertainties facing the shipping market as a whole.

Development Opportunities

From the perspective of economic development, the PRC's long-term positive trend has not changed. The government's macro policies tend to be proactive, and fiscal policies continue to support infrastructure investment. The government supports rigid improvement demands and the construction of three major projects (the planning and construction of affordable housing (規劃建設保障性住房), urban village renovation (城中村改造) and the construction of public infrastructure construction for both "normal and emergency use" ("平急兩用"公共基礎設施建設)) will continue to boost demand for water transportation. The government's monetary policies are expected to exert forces, unleash the liquidity and vitality of the market, help to revive consumption and stabilize investment.

From the perspective of industry development opportunities, government at all levels has attached great importance to the development of water transportation, and the scale of policies support is unprecedented. The development of Anhui Province's water transportation industry has ushered in new major opportunities. The time has come to build a province with strong inland river transportation. The momentum has been established and the future is brilliant.

As an important part of the Multi-mode Transport Demonstration Project, the long-planned Dedicated Port-entering Railway Line Project (進港鐵路專用線項目) was officially launched. During the year, the establishment of Chizhou Railway Construction and Operation Company Limited (池州市鐵路建設營運有限公司), Chizhou City Huida Port Transportation Company Limited (池州市滙達港口運輸有限公司) and Chizhou Port Guohai Port Services Company Limited (池州港國海港口服務有限公司) was finalized, which will promote the construction of ports and port-entering railway respectively, forming a "One Dedicated Line and Two Ports" ("一專線兩碼頭") structure, and Year 2024 is the year when the construction of the Dedicated Port-entering Railway Line project is expected to be fully launched. The Group will adhere to the strategy of "relying on ports for logistics and developing logistics for strengthening the ports" ("依托港口做物流，發展物流強港口"), and to promote the rational layout of the industry, accelerate the improvement of port service and logistics service systems, make up for shortcomings, improve quality and efficiency, prevent risks, and make adequate preparations for achieving better results in 2024.

FINANCIAL REVIEW

Revenue

	Year ended 31 December			
	2023	2022	Increase/(decrease)	
	RMB'000	*RMB'000*	*RMB'000*	*%*
Revenue from provision of uploading and unloading services				
Bulk cargo and break bulk cargo	**145,839**	162,431	(16,592)	(10.2)
Containers	**3,516**	2,204	1,312	59.5
Subtotal	**149,355**	164,635	(15,280)	(9.3)
Revenue from provision of ancillary port services	**24,228**	22,742	1,486	6.5
Total revenue	**173,583**	187,377	(13,794)	(7.4)

	Year ended 31 December		
	2023	2022	Increase/(decrease)
			%
Total cargo throughput (thousand tonnes)	**27,778.9**	29,057.3	(1,278.4)	(4.4)
Container throughput (TEUs)	**19,199**	12,446	6,753.0	54.3

Our revenue which is principally generated from the provision of uploading and unloading services was approximately RMB149.4 million for the year ended 31 December 2023 and RMB164.6 million for the year ended 31 December 2022. The decrease in revenue was mainly due to the decrease in cargo handling revenue since the throughput of cargo decreased by approximately 1.3 million tonnes as compared to 2022. As a result of the general economic slowdown in the PRC and the slowdown in the progress of major infrastructure projects, the demand for and prices of non-metallic minerals and building materials products fell, some customers temporarily suspended work and reduced production, and there was a shortage of commodities, resulting in a decrease in the throughput volume of cargo.

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 2023, our cost of services was approximately RMB62.5 million (2022: RMB72.2 million), representing a decrease of RMB9.7 million or approximately 13.4% as compared to the last year. The decrease in cost of services was mainly attributable to the decrease in repairs and maintenance expenses of approximately RMB8.8 million due to less large-scale repair and maintenance activities being carried out during the year.

Gross profit and gross profit margin

	Year ended 31 December			
	2023	2022	Increase/(decrease)	
				%
Gross profit *(RMB'000)*	**111,109**	115,133	(4,024)	(3.5)
Gross profit margin (%)	**64.0**	61.4	2.6	N/A

For the year ended 31 December 2023, our gross profit decreased to approximately RMB111.1 million. The decrease in gross profit was primarily due to the decreased throughput volume of cargo by 4.4% in terms of tonnes for the year ended 31 December 2023. As we utilized our operating capacity more efficiently, our gross profit margin increased to 64.0%.

Administrative expenses

For the year ended 31 December 2023, our administrative expenses increased by approximately RMB6.8 million or 34.6% which was primarily due to increase in administrative staff costs and research and development related costs for the improvement and development of port equipment, computer system and technique to be used in our port operations of approximately RMB5.3 million.

Income tax expenses

For the year ended 30 December 2023, the Group's income tax expense amounted to approximately RMB17.0 million (2022: RMB20.2 million), representing an decrease of RMB3.2 million or approximately 15.8% as compared to last year. The profit generated from one of the Qualifying Project of Chizhou Port Holdings for the year 2023 and 2022 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 High and New Technology Enterprises, Chizhou Port Holdings and Chizhou Ocean Line Niutoushan Limited ("**Chizhou Niutoushan**"), subsidiaries of the Company will pay the enterprise income tax at the rate of 15% for three consecutive financial years from 2022 to 2024 and from 2023 to 2025, respectively ("**3-Year High and New Technology Enterprises Tax Entitlements**"). For the year ended 31 December 2023, the effective tax rate is approximately 17.4% (2022: 18.8%). Should the deferred tax income for the year ended 31 December 2023 of approximately RMB0.7 million be excluded, the adjusted effective tax rate would have been approximately 16.6%. Our adjusted effective tax rate for the year ended 31 December 2023 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 Entitlements for Chizhou Port Holdings from 2022 to 2024 and Chizhou Niutoushan from 2023 to 2025.

Profit for the year

As a result of the foregoing, we recorded profit for the year of approximately RMB81.1 million (2022: RMB87.5 million). Our net profit margin was approximately 46.7% (2022: 46.7%).

Property, plant and equipment

As at 31 December 2023, net carrying amount property, plant and equipment amounted to approximately RMB400.3 million (31 December 2022: RMB417.4 million). It mainly represented (i) terminal facilities of approximately RMB256.3 million (31 December 2022: RMB270.0 million); (ii) port machinery and equipment of approximately RMB46.2 million (31 December 2022: RMB51.6 million), and (iii) right-of-use assets of approximately RMB60.3 million (31 December 2022: RMB60.7 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 RMB5.0 million and (ii) depreciation charges of RMB23.4 million for the year.

Financing and credit facilities

As at 31 December 2023, the Group had no outstanding bank borrowings (31 December 2022: no outstanding bank borrowings). Including time deposits over three months, the Group had bank and cash balances amounted to approximately RMB301.6 million (31 December 2022: RMB288.8 million). Available but unused banking facilities amounted to approximately RMB115.8 million (31 December 2022: RMB115.8 million).

BORROWINGS AND GEARING RATIO

As at 31 December 2023, the Group had no outstanding debts (31 December 2022: no outstanding debts). The Group's bank borrowings, if any, are primarily used in financing the working capital requirement of its operations.

DIVIDEND

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

BUSINESS UPDATE

1. On 16 June 2023, Chizhou Port Holdings entered into a project cooperation agreement with five independent third parties, pursuant to which the parties thereto agreed to establish a joint venture company, namely Chizhou Railway Construction and Operation Company Limited* (池州鐵路建設營運有限公司) ("**Chizhou Railway**") in Chizhou City, the PRC. Chizhou Railway was incorporated on 16 June 2023 and is engaged principally in railway construction and operation, advertising, consultancy, inspection, repair, storage and logistics etc in the PRC. The above transaction was exempt from the requirements of Chapter 19 of the GEM Listing Rules.

2. On 30 June 2023, Chizhou Port Holdings entered into a joint venture agreement with two independent third parties, pursuant to which the parties thereto agreed to establish a joint venture company, namely Chizhou City Huida Port Transportation Company Limited* (池州市滙達港口運輸有限公司) ("**Chizhou Huida**") in Chizhou City, the PRC. Chizhou Huida was incorporated on 6 July 2023 and is principally engaged in port operations and waterway general cargo transportation, specifically including port tallying, domestic freight forwarding, general cargo warehousing services and port cargo loading and unloading activities in the PRC. Chizhou Huida is owned beneficially as to 40% and 34%, respectively by the two independent third parties, and the remaining 26% by Chizhou Port Holdings. Pursuant to the terms of the agreement, the proposed registered capital of Chizhou Huida is RMB100,000,000 and investment by Chizhou Port Holdings is expected to be RMB26,000,000. On 10 October 2023, Chizhou Port Holdings injected RMB2,600,000 into Chizhou Huida. For details of the formation of Chizhou Huida, please refer to the announcement of the Company dated 30 June 2023.

3. On 14 July 2023, Chizhou Niutoushan entered into an agreement ("**Construction Contract**") with an independent constructor, pursuant to which the constructor would undertake the construction works of a warehouse of approximately 12,041 square meters situated at Niutoushan Qianjiang Industrial Park, Guichi District, Chizhou City, Anhui Province, the PRC at the consideration of approximately RMB15,117,000. For details of the Construction Contract, please refer to the announcement of the Company dated 14 July 2023.

4. Pursuant to the "Announcement of Filing of the Third Batch of 2023 Recognized and Reported High and New Technology Enterprises by the Accreditation Authorities in Anhui Province" (對安徽省認定機構2023年認定報備的第三批高新技術企業進行備案的公告) 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 27 December 2023, Chizhou Niutoushan 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 Niutoushan will be entitled to tax preferential policies of the state in relation to High and New Technology Enterprises for three consecutive financial years. Chizhou Niutoushan will pay the enterprise income tax at the rate of 15% for three consecutive financial years from 2023 to 2025. For further details, please refer to the announcement of the Company dated 29 December 2023.

5. On 29 December 2023, Chizhou Port Holdings entered into a joint venture agreement with two independent third parties, pursuant to which the parties thereto agreed to establish a joint venture company, namely Chizhou Port Guohai Port Services Company Limited* (池州港國海港口服務有限公司) ("**Chizhou Guohai**") in Chizhou City, the PRC. Chizhou Guohai will be principally engaged in (i) cargo handling (including barging), storage, custody, transit and surface transport, surface intermodal transport, water-rail intermodal transport; (ii) international and domestic freight forwarding services, including cargo collection, booking, chartering, customs clearance, inspection, agency transport, ship agency and supply services; and (iii) mineral products trade, port machinery and equipment maintenance. Chizhou Guohai will be owned beneficially as to 60% by Chizhou Port Holdings, 30% and 10%, respectively by the two independent third parties. Pursuant to the terms of the agreement, the proposed registered capital of Chizhou Guohai is RMB100,000,000 and investment by Chizhou Port Holdings is expected to be RMB60,000,000. For details of the formation of Chizhou Guohai, please refer to the announcement of the Company dated 29 December 2023 and the circular of the Company dated 25 January 2024.

* *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 C1 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

On 29 December 2023, the Group entered into an agreement ("**Agreement**") with two other independent parties ("**JV Partner I and JV Partner II**"), pursuant to which the parties agreed to establish a JV Company, namely Chizhou Port Guohai Port Service Company Limited (池州國海港口服務有限公司), with a registered capital of RMB100,000,000. Upon the establishment of Chizhou Guohai, Chizhou Guohai will be owned as to 60% by the Group, 30% by the JV Partner I and 10% by JV Partner II, respectively. According to the Agreement, the Group has committed to dispose and transfer the land use right with carrying amount of RMB10,902,000 owned by the Group to Chizhou Guohai within two months after the establishment of Chizhou Guohai. In the opinion of the directors of the Company, the land use right was not classified as held-for-sale as at 31 December 2023 because the held-for-sale classification criteria have not been met and the Company will retain a controlling interest in the non-wholly owned subsidiary of the Company to be established in the future.

Up to the date of issue of these consolidated financial statements, the establishment of Chizhou Guohai has not been completed. Further details are set out in the circular of the Company dated 25 January 2024.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from 24 May 2024 (Friday) to 29 May 2024 (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 23 May 2024 (Thursday).

SCOPE OF WORK OF BDO LIMITED

The financial figures in respect of the preliminary announcement of Group's results for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

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 2023 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, 26 March 2024

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.