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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

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.

*This announcement, 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 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.*

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		% Changes
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)	
Revenue	87,553	93,139	-6.0
Profit for the period attributable to the owners of the Company	31,336	33,612	-6.8
Basic earnings per share	RMB3.92 cents	RMB4.20 cents	-6.8

INTERIM RESULTS

The board (the “**Board**”) of Directors announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2024 together with the unaudited comparative figures for the corresponding period in 2023. The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024 has not been audited, but has been reviewed by the audit committee of the Board (“**Audit Committee**”).

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2024

		Six months ended	
		30 June	
	Notes	2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	87,553	93,139
Cost of services rendered		<u>(35,443)</u>	<u>(33,480)</u>
Gross profit		52,110	59,659
Other income and gains		9,097	6,805
Selling and distribution expenses		(591)	(577)
Administrative expenses		(9,441)	(9,061)
Finance costs		<u>(44)</u>	<u>(10)</u>
Profit before income tax	5	51,131	56,816
Income tax expense	6	<u>(8,756)</u>	<u>(11,622)</u>
Profit for the period		<u>42,375</u>	<u>45,194</u>

		Six months ended	
		30 June	
		2024	2023
<i>Notes</i>		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Profit for the period attributable to:			
	Owners of the Company	31,336	33,612
	Non-controlling interests	11,039	11,582
		<u>42,375</u>	<u>45,194</u>
Total comprehensive income for the period attributable to:			
	Owners of the Company	31,166	33,612
	Non-controlling interests	10,973	11,582
		<u>42,139</u>	<u>45,194</u>
Earnings per share attributable to owners of the Company			
	Basic and diluted earnings per share	<u>RMB3.92 cents</u>	<u>RMB4.20 cents</u>
		7	

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Notes</i>	30 June 2024	31 December 2023
		RMB'000	RMB'000
		(Unaudited)	(Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		395,956	400,307
Investment properties		89,351	90,700
Investment in an associate		2,600	2,600
Equity investment at fair value through other comprehensive income		17,141	17,377
Deposits and prepayments		1,434	2,450
		506,482	513,434
Current assets			
Inventories		2,724	2,638
Trade receivables	9	7,096	4,564
Debt instruments at fair value through other comprehensive income		10,669	4,624
Deposits, prepayments and other receivables		5,144	5,482
Other current assets		10,000	–
Time deposit		230,006	2,293
Cash and cash equivalents		94,694	299,267
		360,333	318,868
Current liabilities			
Trade payables	10	6,231	6,641
Contract liabilities		30,789	40,640
Other payables, accruals and receipt in advance		97,029	97,421
Due to non-controlling interests		1,831	–
Lease liabilities		525	499
Deferred government grant		890	890
Income tax payable		3,834	2,855
		141,129	148,946
Net current assets		219,204	169,922
Total assets less current liabilities		725,686	683,356

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-current liabilities		
Deferred government grant	31,455	30,754
Lease liabilities	848	1,092
Deferred tax liabilities	<u>6,840</u>	<u>5,275</u>
	<u>39,143</u>	<u>37,121</u>
Net assets	<u><u>686,543</u></u>	<u><u>646,235</u></u>
EQUITY		
Share capital	6,758	6,758
Reserves	<u>511,067</u>	<u>479,901</u>
Equity attributable to owners of the Company	<u>517,825</u>	486,659
Non-controlling interests	<u>168,718</u>	<u>159,576</u>
Total equity	<u><u>686,543</u></u>	<u><u>646,235</u></u>

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 Audit Committee.

2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements for the six months ended 30 June 2024 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 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

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 2023, except for the adoption of the standards, amendments and interpretation issued by the HKICPA mandatory for the annual periods beginning of 1 January 2024.

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. 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 2024 and 2023 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.

4. REVENUE

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

Revenue recognised during the period is as follows:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Port service income	<u>87,553</u>	<u>93,139</u>

Disaggregation of revenue

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Provision of uploading and unloading services		
Bulk cargo and break bulk cargo	78,100	77,828
Container	1,433	1,493
	<hr/>	<hr/>
Subtotal	79,533	79,321
	<hr/>	<hr/>
Provision of ancillary port services	8,020	13,818
	<hr/>	<hr/>
	87,553	93,139
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition		
At a point in time	84,138	90,526
Transferred over time	3,415	2,613
	<hr/>	<hr/>
	87,553	93,139
	<hr/> <hr/>	<hr/> <hr/>

5. PROFIT BEFORE INCOME TAX

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

	Six months ended	
	30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Costs of inventories recognised as an expense (included under cost of service rendered)	1,926	1,655
Employee benefit expenses (<i>note 1</i>) (including directors' emoluments)		
— Wages, salaries and other benefits	12,322	12,341
— Defined contributions	1,751	1,680
	14,073	14,021
Direct operating expenses arising from investment properties that generated rental income	373	203
Depreciation of property, plant and equipment	12,359	12,090
Repairs and maintenance expenses (included under cost of services rendered)	3,078	3,496
Subcontracting fee (included under cost of services rendered)	9,022	5,823
Short-term lease	–	19
Amortisation of deferred government grant	(445)	(445)
Gain on disposal of property, plant and equipment	–	(73)
Gain on land resumption (<i>note 2</i>)	(924)	–
	14,073	14,021

Notes:

- During the six months ended 30 June 2024, the Group incurred expenses for the purpose of research and development of approximately RMB2,232,000 (six months ended 30 June 2023: RMB1,664,000), which comprised employee benefits expenses of approximately RMB1,806,000 (six months ended 30 June 2023: RMB1,263,000).
- On 31 March 2024, Chizhou Port Ocean Line Holdings Group Limited (“**Chizhou Port Holdings**”) (formerly known as Chizhou Port Ocean Line Holdings Limited), a subsidiary of the Company, and Chizhou Economic Development Zone Management Committee (the “**Committee**”) entered into a compensation agreement, pursuant to which the Committee resumed the Group’s certain leasehold land held for own use, with a site area of approximately 4,781 square meters and the Group’s certain leasehold land held for rental purpose, with a site area of approximately 7,680 square meters (the “**Land Resumption**”). Chizhou Port Holdings agreed to the Land Resumption, to facilitate the Committee’s Chizhou Economic Development Zone Riverside Road Widening Project (池州經濟技術開發區濱江大道拓寬工程). The compensation for the Land Resumption was approximately RMB2,710,000. The Group recorded gain on Land Resumption of approximately RMB924,000 during the six months ended 30 June 2024. As the percentage ratios in respect of the Land Resumption is less than 5%, the Land Resumption is fully exempted from the requirements under Chapter 19 of the GEM Listing Rules.

6. INCOME TAX EXPENSE

Income tax

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

	Six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
— PRC enterprise income tax	7,191	10,247
Deferred tax charged to profit or loss	1,565	1,375
	<u>8,756</u>	<u>11,622</u>

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 Holdings, which is engaging in qualifying public infrastructures, 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 50% as taxable amount for the six months ended 30 June 2024 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 are 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.

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 2024 (six months ended 30 June 2023: nil).

7. EARNINGS PER SHARE

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

	Six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to the owners of the Company	31,336	33,612
	800,000,000	800,000,000
	800,000,000	800,000,000

The calculation of basic earnings per share for the six months ended 30 June 2024 is based on profit attributable to owners of the Company of approximately RMB31,336,000 (for the six months ended 30 June 2023: RMB33,612,000) and on the weighted average number of 800,000,000 (for the six months ended 30 June 2023: 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.

8. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

9. TRADE RECEIVABLES

	As at	As at
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	7,096	4,564
Less: Provision for impairment	–	–
Trade receivables, net	7,096	4,564

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:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
0 to 30 days	6,843	4,564
31 to 90 days	249	–
91 to 120 days	–	–
121 to 365 days	4	–
Over 1 year	–	–
	<hr/> 7,096 <hr/>	<hr/> 4,564 <hr/>

10. 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:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
0 to 30 days	3,535	2,966
31 to 90 days	351	494
91 to 120 days	166	30
121 to 365 days	1,125	1,669
Over 1 year	1,054	1,482
	<hr/> 6,231 <hr/>	<hr/> 6,641 <hr/>

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.

In the first half of 2024, affected by the overall unfavorable economic situation, certain production and operation indicators of the Group declined slightly. For the six months ended 30 June 2024, the Group's total throughput volume of bulk cargo and container were 13.9 million tonnes (six months ended 30 June 2023: 15.1 million tonnes) and 8,406 TEUs (six months ended 30 June 2023: 7,867 TEUs), respectively, representing a decrease of 8.0% and an increase of 6.9%, respectively, as compared to the corresponding period in 2023. The Group's revenue and profit were RMB87.6 million (six months ended 30 June 2023: RMB93.1 million) and RMB42.4 million (six months ended 30 June 2023: RMB45.2 million), respectively, representing a decrease of 6.0% and 6.2%, respectively, as compared to the corresponding period of the previous year. In the first half of the year, various key tasks, such as safety and environmental protection and project construction, were steadily advanced.

The port throughput volume was mainly influenced by the following factors:

Firstly, the aspect of international situation. Under the market environment with slow global economic recovery, rising trade protectionism and increasing geopolitical risks, the PRC's export-oriented economic development has been greatly affected.

Secondly, the aspect of domestic environment. The PRC's economic development has entered a new normal. The challenges brought about by the pain period of structural adjustments and the early policies digestion were superimposed on each other, resulting in increased downward pressure on the economy. In particular, the market prices of non-metallic mineral products and building materials products continued to fall. Certain mining companies were under great operating pressure. Lack of source of commodity cargo resulted in a year-on-year decrease in cargo throughput volume.

Thirdly, the internal aspect of the Group. Facing the complex economic environment, the Group adhered to Cost Reduction and Efficiency Enhancement (降本增效) while unswervingly focusing on market expansion goals. By actively working on increasing market share and promptly obtaining market information and source of commodity cargo, we aimed to consolidate existing major customers and develop marginal customers.

OUTLOOK

Due to factors such as the PRC's economic slowdown, sluggish bulk cargo market, impacts of rising shipping costs on the container market, and increased risks in trade operations, we expect that the business environment will remain challenging in the second half of the year, but we are confident in the prospects of the Group's operation and maintain relatively optimistic about the port market. The main factors are as follows:

Firstly, in the second half of 2024, it is expected that the PRC's economy will maintain a stable and improving development trend. In the process of addressing changes in the external environment and internal structural adjustments, governments at all levels have implemented a series of effective measures to promote high-quality economic development. It is expected that the total port cargo volume of the Group will enter an upward path.

Secondly, facing unfavorable production and operational situation, the Group has increased management efforts and strengthened scheduling work and services. The Group remains vigilant, keeps moving forward, seizes time and rushes to progress. Adhering the approach 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"), the Group has vigorously expanded its full-service logistics, trade, agency and other operations, extended the port service chain and adhered to the "Two-Wheel Drive" ("雙輪驅動") strategy of traditional stevedoring and modern logistics, with the aim of achieving excellent results in the second half of 2024.

FINANCIAL REVIEW

Revenue

	Six months ended 30 June		Increase/(decrease)	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	RMB'000	%
Revenue from provision of uploading and unloading services				
Bulk cargo and break bulk cargo	78,100	77,828	272	0.3
Container	1,433	1,493	(60)	(4.0)
Subtotal	79,533	79,321	212	0.3
Revenue from provision of ancillary port services	8,020	13,818	(5,798)	(42.0)
Total revenue	87,553	93,139	(5,586)	(6.0)

	Six months ended 30 June		Increase/(decrease)	
	2024 (Unaudited)	2023 (Unaudited)		%
Total cargo throughput (thousand tonnes)	13,915	15,120	(1,205)	(8.0)
Container throughput (TEUs)	8,406	7,867	539	6.9

Our revenue which is principally generated from the provision of uploading and unloading services and ancillary port services was approximately RMB79.5 million for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB79.3 million), representing an increase of RMB0.2 million or approximately 0.3% as compared to the same period in 2023. However, the throughput of cargo decreased by approximately 1.2 million tonnes as compared with the same period in 2023, as less customers required direct uploading and unloading without storing the goods in the stacking yards, resulting in more crane operations performed during the period. The average handling fee per tonne charged by us increased accordingly. The revenue from provision of ancillary port services decreased by approximately RMB5.8 million or 42.0%, which is mainly due to the decline in our logistics agency business due to unfavorable market conditions.

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 2024, our cost of services was approximately RMB35.4 million (six months ended 30 June 2023: RMB33.5 million), representing an increase of RMB1.9 million or approximately 5.7% as compared to the same period in 2023. The increase in cost of services was mainly attributable to the impacts of the following: (i) an increase in subcontracting fee of approximately RMB3.2 million which was driven by the more outsourced crane operations performed during the period; (ii) a decrease in staff cost of approximately RMB0.5 million; and (iii) a decrease in repairs and maintenance expenses of approximately RMB0.4 million.

Gross profit and gross profit margin

	Six months ended 30 June		Decrease	
	2024 (Unaudited)	2023 (Unaudited)		%
Gross profit (RMB'000)	<u>52,110</u>	<u>59,659</u>	<u>(7,549)</u>	<u>(12.7)</u>
Gross profit margin (%)	<u>59.5</u>	<u>64.1</u>	<u>(4.6)</u>	<u>N/A</u>

For the six months ended 30 June 2024, our gross profit decreased to approximately RMB52.1 million. The decrease in gross profit was primarily due to decrease of our total revenue by 6.0% for the six months ended 30 June 2024 as compared to the same period of last year. As we lowered the service fee in response to market conditions, our gross profit margin decreased to 59.5%.

Administrative expenses

For the six months ended 30 June 2024, our administrative expenses increased by approximately RMB0.4 million or 4.2% which was primarily due to increase in administrative staff costs of approximately RMB0.5 million. The increase in administrative staff costs was mainly due to the increase in 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.

Income tax expenses

For the six months ended 30 June 2024, the Group's income tax expense amounted to approximately RMB8.8 million (six months ended 30 June 2023: RMB11.6 million), representing an decrease of RMB2.8 million or approximately 24.1% as compared to the same period of last year. The profit generated from one of the Qualifying Project of Chizhou Port Holdings for the six months ended 30 June 2024 and 2023 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 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 six months ended 30 June 2024, the effective tax rate is approximately 17.1% (six months ended 30 June 2023: 20.5%). Should the deferred tax charge for the six months ended 30 June 2024 of approximately RMB1.6 million be excluded, the adjusted effective tax rate would have been approximately 14.1%. Our adjusted effective tax rate for the six months ended 30 June 2024 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 six months ended 30 June 2024

As a result of the foregoing, we recorded profit for the six months ended 30 June 2024 of approximately RMB42.4 million (six months ended 30 June 2023: RMB45.2 million). Our net profit margin was approximately 48.4% (six months ended 30 June 2023: 48.5%).

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, if any, and equity contribution from shareholders.

As at 30 June 2024, including time deposits over three months, the Group had bank and cash balances of approximately RMB324.7 million (31 December 2023: RMB301.6 million).

As at 30 June 2024, the Group's total equity attributable to owners of the Company amounted to approximately RMB517.8 million (31 December 2023: RMB486.7 million). As of the same date, the Group's total debts, comprising amounts due to non-controlling interests, amounted to approximately RMB1.8 million (31 December 2023: Nil).

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

BORROWINGS AND GEARING RATIO

As at 30 June 2024, the Group had total debts of approximately RMB1.8 million (31 December 2023: Nil). The Group's bank borrowing, if any, is primarily used in financing the working capital requirement of its operations.

As at 30 June 2024, the gearing ratio of the Group, calculated as the total debts divided by the total equity, was approximately 0.3% (31 December 2023: N/A).

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 2024, the Group did not have any contingent liabilities (31 December 2023: Nil).

SIGNIFICANT INVESTMENTS

During the six months ended 30 June 2024, the Group did not acquire or hold any significant investment.

MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2024, save as disclosed elsewhere in this announcement, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group has approximately 214 (31 December 2023: 214) employees. Total staff costs for the six months ended 30 June 2024 amounted to approximately RMB14.1 million (six months ended 30 June 2023: RMB14.0 million).

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 2024 interim report of the Company.

PLEDGE OF ASSETS

As at 30 June 2024, the Group has pledged its property, plant and equipment with an aggregate net book value of approximately RMB131.3 million (31 December 2023: RMB137.5 million) and investment properties with aggregate net book value of approximately RMB14.3 million (31 December 2023: RMB15.2 million).

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this announcement, no significant events affecting the Group have occurred since the end of the reporting period and up to the date of this announcement.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024.

BUSINESS UPDATE

1. 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, in Chizhou City, the PRC. The joint venture company was incorporated on 15 April 2024, with official name determined to be Chizhou Haishun Port Services Company Limited* (池州海順港口服務有限公司) (“**Chizhou Haishun**”) (formerly known as Chizhou Port Guohai Port Services Company Limited* (池州港國海港口服務有限公司)). For details of the formation of Chizhou Haishun, please refer to the announcement of the Company dated 29 December 2023 and the circular of the Company dated 25 January 2024.
2. On 24 July 2024, the official name of Chizhou Port Holdings was changed from Chizhou Port Ocean Line Holdings Limited* (池州港遠航控股有限公司) to Chizhou Port Ocean Line Holdings Group Limited* (池州港遠航控股集團有限公司).

* *For identification purpose only*

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 2024.

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 2024.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

In accordance with 17.50A(1) of the GEM Listing Rules, the changes to information required to be disclosed pursuant to paragraph (a) to (e) and (g) of 17.50(2) of the GEM Listing Rules during the course of the Directors’ terms of office for the period from date of publication of the Company’s latest annual report up to the date of this interim report are set out below:

1. On 20 June 2024, the service agreements of Mr. Kwai Sze Hoi and Mr. Huang Xueliang, the executive Directors were renewed and effective from 10 July 2024 for another term of three years;

2. On 20 June 2024, the letters of appointment of Ms. Cheung Wai Fung (non-executive Director) and Mr. Nie Rui (independent non-executive Director) were renewed and effective from 10 July 2024 for another term of three years;
3. Dr. Li Weidong resigned as an independent non-executive Director of the Company and ceased to be the chairman of the Nomination Committee, a member of the Audit Committee and a member of the Remuneration Committee of the Board with effect from 10 July 2024; and
4. Mr. Cheng Yin Pan has been appointed as an independent non-executive Director, the chairman of the Nomination Committee, a member of the Audit Committee and a member of the Remuneration Committee of the Board with effect from 10 July 2024.

CORPORATE GOVERNANCE CODE

The Corporate Governance Code (the “**Code**”) in Appendix C1 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.

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 Mr. Chang Yin Pan, 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 2024 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, 9 August 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 Mr. Chang Yin Pan.

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.