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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 2018

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”, 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
	2018 <i>RMB'000</i> (Unaudited)	2017 <i>RMB'000</i> (Unaudited)	
Revenue	39,699	27,611	+43.8
Profit for the period attributable to the owners of the Company	4,222	3,564	+18.5
Basic earnings per share	RMB0.70 cent	RMB0.59 cent	+18.6

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 2018 together with the unaudited comparative figures for the corresponding period in 2017. The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2018 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 2018

	<i>Notes</i>	Three months ended 30 June		Six months ended 30 June	
		2018 <i>RMB'000</i> (Unaudited)	2017 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)	2017 <i>RMB'000</i> (Unaudited)
Revenue	4	21,529	13,613	39,699	27,611
Cost of services rendered		<u>(13,097)</u>	<u>(10,770)</u>	<u>(24,504)</u>	<u>(20,091)</u>
Gross profit		8,432	2,843	15,195	7,520
Other income and gains		573	1,488	1,364	2,445
Selling and distribution expenses		(130)	(181)	(227)	(274)
Administrative expenses		(1,806)	(1,111)	(3,450)	(2,280)
Finance costs		(641)	(719)	(1,181)	(1,388)
Listing expenses		(622)	–	(2,482)	–
Share of loss of an associate		<u>(121)</u>	<u>(137)</u>	<u>(362)</u>	<u>(266)</u>
Profit before income tax	5	5,685	2,183	8,857	5,757
Income tax expense	6	<u>(1,220)</u>	<u>(401)</u>	<u>(2,319)</u>	<u>(1,219)</u>
Profit for the period and total comprehensive income for the period, net of tax		<u>4,465</u>	<u>1,782</u>	<u>6,538</u>	<u>4,538</u>

	<i>Notes</i>	Three months ended		Six months ended	
		30 June		30 June	
		2018	2017	2018	2017
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period attributable to:					
Owners of the Company		3,185	1,354	4,222	3,564
Non-controlling interests		1,280	428	2,316	974
		<u>4,465</u>	<u>1,782</u>	<u>6,538</u>	<u>4,538</u>
Total comprehensive income for the period attributable to:					
Owners of the Company		3,185	1,354	4,222	3,564
Non-controlling interests		1,280	428	2,316	974
		<u>4,465</u>	<u>1,782</u>	<u>6,538</u>	<u>4,538</u>
Earnings per share attributable to owners of the Company					
Basic and diluted earnings per share	7	<u>RMB0.53 cent</u>	<u>RMB0.23 cent</u>	<u>RMB0.70 cent</u>	<u>RMB0.59 cent</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

		30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		247,827	243,739
Investment properties		29,300	29,300
Interests in an associate		2,583	2,945
Payments for leasehold land held for own use under operating leases		58,615	59,472
Deposits		150	514
Deferred tax assets		2,986	3,044
Total non-current assets		341,461	339,014
Current assets			
Inventories		860	689
Trade and bills receivables	9	12,552	13,172
Deposits, prepayments and other receivables		15,980	5,918
Due from related companies/parties		–	7,027
Short term investment		–	500
Restricted deposits		413	412
Cash and cash equivalents		21,954	10,507
Total current assets		51,759	38,225
Current liabilities			
Trade payables	10	4,166	3,168
Other payables, accruals and receipt in advance		32,534	28,574
Bank borrowings		36,000	8,000
Due to related companies		11,436	6,657
Due to an associate		183	183
Deferred government grant		890	890
Income tax payable		1,130	1,286
Total current liabilities		86,339	48,758
Net current liabilities		(34,580)	(10,533)
Total assets less current liabilities		306,881	328,481

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Non-current liabilities		
Bank borrowings	10,000	29,000
Deferred government grant	35,648	36,094
Deferred tax liabilities	823	823
Total non-current liabilities	46,471	65,917
Net assets	260,410	262,564
EQUITY		
Share capital	–	–
Reserves	191,645	196,115
Equity attributable to owners of the Company	191,645	196,115
Non-controlling interests	68,765	66,449
Total equity	260,410	262,564

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 is located at No.8 Yanjiang Avenue, Chizhou Economic Development Zone, Chizhou, Anhui, the People's Republic of China (the "PRC"). The Company has its primary listing on GEM of the Stock Exchange on 10 July 2018 (the "Listing").

The principal activity of the Company is investment holding while its subsidiaries are principally engaged in port operation in Chizhou City, Anhui Province, the PRC.

The controlling shareholders of the Company are Mr. Kwai Sze Hoi ("Mr. Kwai"), Ms. Cheung Wai Fung ("Ms. Cheung") and Vital Force Developments Limited ("Vital Force"), parent company of the Company incorporated in the British Virgin Islands.

The unaudited condensed consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

The unaudited condensed consolidated financial statements have not been reviewed by the Company's auditor, but have been reviewed by the Company's audit committee.

2. BASIS OF PREPARATION

This unaudited condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with HKAS 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 consolidated financial statements for the year ended 31 December 2017, which have been prepared in accordance with HKFRSs issued by the HKICPA, as set out in the prospectus of the Company dated 27 June 2018 (the "Prospectus").

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 financial statements for the year ended 31 December 2017, except for the adoption of the standards, amendments and interpretation issued by the HKICPA mandatory for the annual periods beginning of 1 January 2018.

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 these new and amended HKFRSs did not result in material changes to the Group's accounting policies and the directors considered that the changes are not materials to 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 has identified its operating segment and prepared segment information based on the regular internal financial information reported to the Group's executive Directors 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.

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. The geographical location of non-current assets is based on the physical location of the assets. The Group's 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:

	Three months ended		Six months ended	
	30 June		30 June	
	2018	2017	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Port service income	<u>21,529</u>	<u>13,613</u>	<u>39,699</u>	<u>27,611</u>

5. PROFIT BEFORE INCOME TAX

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

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Costs of inventories recognised as an expense (included under cost of service rendered)	1,564	849	2,729	1,814
Employee benefit expenses (including directors' emoluments				
— Wages, salaries and other benefits	5,714	3,782	9,546	6,845
— Defined contributions	447	434	894	871
	6,161	4,216	10,440	7,716
Direct operating expenses arising from investment properties that generated rental income	329	302	658	768
Depreciation of property, plant and equipment	3,709	3,866	7,264	7,495
Amortisation of payments for leasehold land held for own use under operating leases	419	363	858	725
Amortisation of deferred government grant	(124)	(223)	(445)	(445)
Listing expenses	622	—	2,482	—

6. INCOME TAX EXPENSE

(a) Income tax

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

	Three months ended 30 June		Six month ended 30 June	
	2018	2017	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax				
— PRC enterprise income tax	1,191	372	2,261	1,161
Deferred tax charged to profit or loss	29	29	58	58
	1,220	401	2,319	1,219

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.

Pursuant to the PRC tax law, its rules and regulations, enterprises that invest in qualifying public infrastructure projects are eligible for certain tax benefits. In accordance with the relevant income tax laws in the PRC, Chizhou Niutoushan, is engaging in qualifying public infrastructures, is entitled to exemption from PRC enterprise income tax for three years (the "3-Year Exemption Entitlement") and a 50% reduction for three years thereafter (the "3-Year 50% Tax Reduction Entitlement"). The 3-Year Exemption Entitlement commenced for the financial year beginning on 1 January 2013 up to 31 December 2015 irrespective of whether Chizhou Niutoushan is profit-making during this period and the 3-Year 50% Tax Reduction Entitlement has commenced from the financial year beginning on 1 January 2016 to 31 December 2018.

7. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2018 is based on the unaudited condensed consolidated earnings attributable to owners of the Company for the six months ended 30 June 2018 of approximately RMB4,222,000 (six months ended 30 June 2017: approximately RMB3,564,000), and the weighted average number of ordinary shares of 600,000,000 (six months ended 30 June 2017: 600,000,000) in issue and issuable, comprising 1 ordinary share issued on 30 October 2017, 99 ordinary shares issued on 1 June 2018 and 599,999,900 ordinary shares to be issued pursuant to the capitalisation issue, as if the respective shares were outstanding throughout the period.

Diluted earnings per share is the same as the Group had no potentially diluted ordinary shares in issue during respective periods.

8. INTERIM DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months period ended 30 June 2017: nil).

9. TRADE AND BILLS RECEIVABLES

	As at 30 June 2018 <i>RMB'000</i> (Unaudited)	As at 31 December 2017 <i>RMB'000</i> (Audited)
Trade receivables	7,544	5,393
Less: Provision for impairment	(891)	(891)
	<u>6,653</u>	<u>4,502</u>
Bills receivables	5,899	8,670
	<u><u>12,552</u></u>	<u><u>13,172</u></u>

The credit period for trade receivables is generally ranging from 15 to 55 days, whereas the maturity period for bills receivables is ranging from 3 to 6 months. The directors of the Company consider that the fair values of the trade and bills receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

Based on invoices date, ageing analysis of the Group's trade receivables as at the reporting dates is as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
0 to 30 days	5,647	3,591
31 to 90 days	743	482
91 to 120 days	3	63
121 to 365 days	260	366
	<u>6,653</u>	<u>4,502</u>

10. TRADE PAYABLES

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Trade payables	<u>4,166</u>	<u>3,168</u>

The credit period is generally 30 days.

Based on invoices date, ageing analysis of the Group's trade payable as at the reporting dates is as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
0 to 30 days	2,526	2,168
31 to 90 days	397	413
91 to 120 days	429	2
121 to 365 days	814	386
Over 1 year	–	199
	<u>4,166</u>	<u>3,168</u>

11. EVENTS AFTER THE REPORTING PERIOD

The following significant events of the Group occurred after the end of the reporting period:

(a) Capitalisation issue

Pursuant to the written resolutions of the shareholders of the Company passed on 1 June 2018, a total of 599,999,900 shares of HK\$0.01 each were allotted and issued credited as fully paid to Vital Force by way of capitalisation of HK\$5,999,999 from the Company's share premium account on 10 July 2018. The 599,999,900 shares allotted and issued shall rank pari passu in all respects with the existing issued shares.

(b) Initial public offering

On 10 July 2018, the Company was successfully listed on GEM of the Stock Exchange following its public offer of 200,000,000 shares issued at a price of HK\$0.38 per share. The Company received net proceeds of approximately HK\$50.3 million (after deducting the related underwriting fees and estimated expenses) in respect of the Listing.

(c) Release of the asset preservation under the order of Ningbo City Yinzhou District People's Court (寧波市鄞州區人民法院)

On 4 July 2018, the restricted bank deposit in the sum of approximately RMB0.4 million, was released according to the instruction from Ningbo City Yinzhou District People's Court to Chizhou Jiuhua Rural Commercial Bank (池州九華農村商業銀行).

On 30 July 2018, the sum of approximately RMB7.6 million secured at Chizhou City Guichi District People's Court as awarded to the Group in the Second Claim as defined in the Prospectus, was credited to the Group's bank account.

On 7 August 2018, the relevant state-owned land use rights of the Group under asset preservation as ordered in the Third Claim as defined in the Prospectus, was released.

(d) Change of title of the Relevant Land (as defined in the Prospectus)

On 6 August 2018, the title of the Relevant Land was changed to 池州市港口投資發展有限公司 (for transliteration purpose only, Chizhou City Port Investment Development Limited) and the disposal was completed. The consideration for the disposal of the Relevant Land of approximately RMB6.2 million was not yet received up to the date of this announcement. It is expected that the consideration for the disposal of the Relevant Land will be received by the end of August 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an inland terminal operator in the PRC and principally engaged in the provision of port logistic services (including uploading and unloading of cargo, bulk cargoes handling service, container handling, storage and other services). The Group operates two terminals, namely, Jiangkou Terminal and Niutoushan Terminal, both of which are situated in Chizhou City, Anhui Province, the PRC. These two terminals are located in major port areas of Chizhou City. Chizhou City is an important port city in the southwestern region of Anhui Province, having benefited from close economic ties with cities along the Yangtze River delta. Chizhou City is located at a central hub surrounded by large cities on the downstream section of the Yangtze River including Nanjing, Suzhou and Jiujiang in Jiangsu Province and Jiangxi Province.

Due to the government's policies and renewed activities focused on protecting shoreline resources, a number of unqualified terminal operators in Chizhou City have been forced to close down their terminal operations. In addition, certain number of small-scale unqualified mining companies were also forced to close down, other qualified mining companies were further expanded in respect of shipment of mining products. Based on the foregoing, the closure of these unqualified terminal operators and small-scale unqualified mining companies would benefit our terminals as most of them were located within the hinterland of our terminals. We would then take up their customers and receive more orders from qualified mining companies which would further increase our throughput volume. Moreover, the steady economic growth of mining and processing industry in Chizhou City could further benefit the Group given there was an increased demand from our customers.

In the first half of 2018, total bulk and break bulk cargo throughput and container of the Group were approximately 5.9 million tonnes (six months ended 30 June 2017: approximately 4.9 million tonnes) and 8,361 TEUs (six months ended 30 June 2017: approximately 7,996 TEUs), respectively, which were representing the increase of 21.1% and 4.6% , respectively over the same period of last year.

The Group faced the strict environment protection regulations, pollution control regulations and safety production requirements. In order to meet these environment protection requirements, the Group has built up an effective dust pollution control system including dust-prevention walls and nets, water spraying equipment, stacking yard sheds, conveyor belt sheds, and a number of other facilities in order to minimise the water and dust pollution generated by the intensive transportation and goods handling activities in our terminals. Nevertheless, the Group can benefit from the environment protection requirements as we can take opportunity to capture a higher market share in terms of total throughput volume given other small unqualified public terminal operators in Chizhou City would be forced to close down due to these requirements.

OUTLOOK

Looking into the second half of the year, the Group expects the steady economic development in Chizhou City and the continued steady growth in the terminal operator markets. Following the implementation of favourable government policies in Chizhou City, municipal governments in Chizhou and many other inner cities have established well-designed and modern industrial parks to facilitate those enterprises to relocate to new and more cost effective production bases. The Group can further benefit from the relocation of a growing number of industrial facilities choosing to move from coastal provinces to inland cities, Chizhou City is well-positioned to benefit from robust economic and industrial growth moving forward into the near future.

The Group also expects the growing demand for waterway transportation via port operations in Chizhou City since there is the expansion in industrial sectors in Chizhou City, including the non-metallic mining and processing industry, metals and metallurgy industry, cement producing industry, electronics manufacturing industry and etc.

In the second half of the year, the Group will continue put efforts to pursue sales and marketing strategy to ensure to increase the cargo sources, expand the customer base and maintain good customer relationship and upgrade the port facilities to meet the increasing demand in high quality port logistic services. The value of the total industrial value-added (i.e. the total value of net output of products and services contributed by the industrial sectors) of Chizhou City is expected to have a upward growing trend. Accordingly, the Group will also construct and develop the new phase or Jiangkou Terminal by utilising the net proceeds from the public offer so as to meet the expected growth of the industrial sectors in Chizhou City.

Simultaneously, the Group will continue develop the container uploading and unloading services since there is an increase in usage of transportation utilising containers.

FINANCIAL REVIEW

Revenue

	Six months ended 30 June		Increase	
	2018	2017		
	RMB'000	RMB'000	RMB'000	%
	(Unaudited)	(Unaudited)		
Revenue from provision of uploading and unloading services				
Bulk cargo and break bulk cargo	33,018	23,446	9,572	40.8
Container	1,465	1,223	242	19.8
Subtotal	34,483	24,669	9,814	39.8
Revenue from provision of ancillary port services	5,216	2,942	2,274	77.3
Total revenue	39,699	27,611	12,088	43.8
	Six months ended 30 June		Increase	
	2018	2017		
	(Unaudited)	(Unaudited)		%
Total cargo throughput (thousand tonnes)	5,925.6	4,892.7	1,032.9	21.1
Container throughput (TEUs)	8,361	7,996	365	4.6

Our revenue which is principally generated from the provision of uploading and unloading services and ancillary port services and was approximately RMB39.7 million for the six months ended 30 June 2018 and RMB27.6 million for the same period in 2017. The increase in revenue was mainly due to the increase in cargo handling revenue since the throughput of cargo was increased by approximately 1.0 million tonnes as compared to the same period of last year. The increase in throughput volume of cargo was mainly due to the increased demand from customers that was driven by the stringent environment requirements and steady growth of mining and processing industry in Chizhou City.

Cost of services

Our cost of services primarily consists of depreciation of property, plant and equipment, staff cost, subcontracting fee, amortisation of land use rights, fuel and oil, consumables, electricity and others.

For six months ended 30 June 2018, our cost of services was approximately RMB24.5 million (six months ended 30 June 2017: RMB20.1 million), representing an increase of RMB4.4 million or approximately 22.0% as compared to the same period of last year. The increase in cost of services was mainly attributable to (i) the increase in staff cost of approximately RMB0.6 million due to the increase in revenue as staff cost is partially linked to the financial performance of our port, (ii) the increase in subcontracting fee of approximately RMB1.4 million which was driven by the increase in transportation and handling services as throughput volume rose, (iii) the increase in depreciation and amortisation of approximately RMB1.1 million due to addition of property, plant and equipment near the year end of 2017 and (iv) increase in fuel and oil expenses of approximately RMB0.6 million due to the increase in throughput volume of cargo by 21.1% in terms of tonnes.

Gross profit and gross profit margin

	Six months ended 30 June		Increase	
	2018	2017		%
	(Unaudited)	(Unaudited)		
Gross profit (RMB'000)	<u>15,195</u>	<u>7,520</u>	<u>7,675</u>	<u>102.1</u>
Gross profit margin (%)	<u>38.3</u>	<u>27.2</u>	<u>11.1</u>	<u>N/A</u>

For the six months ended 2018, our gross profit and gross profit margin increased to approximately RMB15.2 million and 38.3%, respectively. The increase was mainly attributable to the increase in revenue generated from our terminals and partially offset by the higher variable cost incurred, including transportation costs, fuel and oils, as result of the higher throughput volume for period of six months ended 30 June 2018.

Administrative expenses

For the six months ended 30 June 2018, our administrative expenses increased by approximately RMB1.2 million or 51.3% which was primarily due to increases in administrative staff costs and legal and professional fee of approximately RMB0.7 million and RMB0.3 million, respectively. Increase in administrative staff costs was mainly due to the growth of our business during the six months ended 30 June 2018. Increase in legal and professional fee was mainly due to the legal fee incurred for Litigation Cases as defined in the Prospectus.

Income tax expenses

For the six months ended 30 June 2018, the Group's income tax expense amounted to approximately RMB2.3 million (six months ended 30 June 2017: RMB1.2 million), representing an increase of RMB1.1 million or approximately 90.2% as compared to the same period of last year. The increase was mainly due to the increase in Group's profits before tax. For the six months ended 30 June 2018, the effective tax rate is approximately 26.2% (six months ended 30 June 2017: 21.2%) which was mainly due to the incurred non-deductible expenses for PRC tax purpose such as listing expenses of approximately RMB2.5 million. Should the listing expenses of approximately RMB2.5 million incurred in six months ended 2018 be taken into account, the effective tax rate would have been approximately 20.5% which was comparable to that of the same period of last year.

Profit for the period

As a result of the foregoing, we recorded profit for the six months ended 30 June 2018 of approximately RMB6.5 million (six months ended 30 June 2017: RMB4.5 million). Our net profit margin was approximately 16.5%, (six months ended 30 June 2017: 16.4%). Had listing expenses been excluded, our net profit margin for six months ended 30 June 2018 would have been approximately 22.7%.

USE OF PROCEEDS FROM THE PUBLIC OFFER

The ordinary shares of the Company have been listed and traded on the Stock Exchange since 10 July 2018. The net proceeds from the public offer are estimated to be approximately HK\$50.3 million, after deducting the related underwriting fees and estimated expenses in connection with the public offer. As at 30 June 2018, the Group had not yet utilised the proceeds from the public offer. The Group intends to apply the proceeds according to the future plan and use of proceeds as disclosed in the Prospectus.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

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

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

As at 30 June 2018, the Group had bank and cash balances of approximately RMB22.0 million (31 December 2017: RMB10.5 million).

As at 30 June 2018, the Group's total equity attributable to owners of the Company amounted to approximately RMB191.6 million (31 December 2017: RMB196.1 million). As of the same date, the Group's total debts, comprising amounts due to related parties and an associate and bank borrowings, amounted to approximately RMB57.6 million (31 December 2017: RMB43.8 million).

On the Listing Date, the Company was listed on GEM by way of public offer and completed the share offer of 200,000,000 shares by offer price of HK\$0.38 per offer share of the Company. The net proceeds from the Listing amounted to approximately HK\$50.3 million. 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 2018, the Group had total debts of approximately RMB57.6 million (31 December 2017: RMB43.8 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 30 June 2018, the gearing ratio of the Group, calculated as the total debts divided by the total equity, was approximately 22.1% (31 December 2017: 16.7%).

FOREIGN CURRENCY RISK

The Group's operates in the PRC and its principal activities are mainly transacted in RMB. Therefore the Directors consider the Group has no significant foreign currency risk.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any contingent liabilities (31 December 2017: Nil).

CAPITAL COMMITMENT

As at 30 June 2018, the Group has capital commitments contracted but not provided for amounting to RMB34,193,000 (31 December 2017: RMB3,360,000) in respect of construction of port facilities.

PLEDGE OF ASSETS

As at 30 June 2018, the Group has pledged its property, plant and equipment with an aggregate net book value of approximately RMB58.1 million (31 December 2017: RMB25.0 million), investment properties with aggregate net book value of approximately RMB2.0 million (31 December 2017: RMB24.6 million) and payments for leasehold land held for own use under operating lease of approximately RMB14.6 million (31 December 2017: RMB56.0 million).

ASSETS PRESERVATION

As at 30 June 2018, payments for leasehold land held for own use under operating lease of approximately RMB15.7 million (31 December 2017: RMB15.7 million) and a restricted bank deposit of approximately RMB0.4 million (31 December 2017: RMB0.4 million) of the Group were preserved under the order of Ningbo City Yinzhou District People's Court.

EVENTS AFTER THE REPORTING PERIOD

Significant events affecting the Group that have occurred since the end of the reporting period and up to the date of this announcement, are as disclosed in note 11 to the unaudited condensed consolidated financial statements in this announcement.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2018.

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 2018.

COMPETING INTERESTS

The Directors confirm that none of the Controlling Shareholders 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 2018.

INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, our Group has appointed Alliance Capital Partners Limited as our compliance adviser, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal controls. Except for the compliance adviser agreement entered into between the Company and our compliance adviser dated on 15 December 2017, neither our compliance advisor nor its Directors, employees or close associates had any interests in relation to the Company which is required to be notified to our Group pursuant to Rule 6A.32 of the GEM Listing Rules.

CORPORATE GOVERNANCE CODE

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

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 C.3.3 and C.3.7 of the CG Code. The Audit Committee consists of three members, namely Mr. Wong Chin Hung, Mr. Nie Rui and Dr. Li Weidong, all being independent non-executive Directors. Mr. Wong Chin Hung 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 consolidated financial statements of the Group for the six months ended 30 June 2018 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, 14 August 2018

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. Wong Chin Hung 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.