

Ocean One Holding Ltd. 大洋環球控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8476

SHARE OFFER

Sole Sponsor



Joint Bookrunners and Joint Lead Managers



IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.

Ocean One Holding Ltd. 大洋環球控股有限公司

(Incorporated in the Cayman Islands with limited liability)

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Number of Offer Shares	:	70,000,000 Shares (subject to the Offer Size Adjustment Option)
Number of Public Offer Shares	:	7,000,000 Shares (subject to reallocation)
Number of Placing Shares	:	63,000,000 Shares (subject to reallocation and the Offer Size Adjustment Option)
Offer Price	:	Not more than HK\$1.28 per Offer Share and not less than HK\$1.08 per Offer Share (payable in full upon application in Hong Kong dollars, plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, and subject to refund)
Nominal Value	:	HK\$0.01 per Share
Stock Code	:	8476

Sole Sponsor



Joint Bookrunners and Joint Lead Managers



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or about Tuesday, 10 October 2017 or such later date as the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company may agree. The Offer Price will not be more than HK\$1.28 per Offer Share and not less than HK\$1.08 per Offer Share. The Joint Bookrunners (for themselves and on behalf of the Underwriters) may, with the consent of our Company, reduce the indicative Offer Price range and/or the number of Offer Shares stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. If this occurs, notice of reduction of the indicative Offer Price range and/or the number of Offer Shares will be published on the Stock Exchange's website at www.hkexnews.hk and our website at www.oceanonholding.com. If the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or around the Price Determination Date, the Share Offer will not become unconditional and will lapse immediately. In the case of such event, a notice will be published on the Stock Exchange's website at www.hkexnews.hk and our website at www.oceanonholding.com.

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities laws of the US and may not be offered, sold, pledged, or transferred within the US, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in accordance with any applicable US securities law.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, including but not limited to the risk factors set out in the section headed "Risk Factors" in this prospectus.

Prospective investors of the Offer Shares should note that the obligations of the Underwriters under the Underwriting Agreements are subject to termination by the Joint Bookrunners (for themselves and on behalf of the Underwriters) upon the occurrence of any of the events set forth in the section headed "Underwriting — Underwriting Arrangements and Expenses — The Public Offer — Grounds for termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Further details of these termination provisions are set out in the section headed "Underwriting" in this prospectus.

29 September 2017

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

The principal means of information dissemination on GEM is by publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the website of the Stock Exchange at www.hkexnews.hk in order to obtain up-to-date information on listed issuers.

EXPECTED TIMETABLE

If there is any change in the following expected timetable of the Share Offer, we will issue an announcement in Hong Kong to be published in English on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.oceanoneholding.com.

Date^(Note 1)

Public Offer commences and **WHITE** and **YELLOW**

Application Forms available from 9:00 a.m. on Friday, 29 September 2017

Latest time to complete electronic applications

under **HK eIPO White Form** service through
the designated website www.hkeipo.hk^(Note 2) 11:30 a.m. on Tuesday, 10 October 2017

Application lists of the Public Offer open^(Note 3) 11:45 a.m. on Tuesday, 10 October 2017

Latest time for lodging **WHITE** and **YELLOW**

Application Forms and to give **electronic**
application instructions to HKSCC^(Note 4) 12:00 noon on Tuesday, 10 October 2017

Latest time to complete payment of

HK eIPO White Form applications
by effecting internet banking transfer(s)
or PPS payment transfer(s) 12:00 noon on Tuesday, 10 October 2017

Application lists of the Public Offer close^(Note 3) 12:00 noon on Tuesday, 10 October 2017

Expected Price Determination Date on or around^(Note 5) Tuesday, 10 October 2017

Announcement of (i) the Offer Price; (ii) the level of indications
of interest in the Placing; (iii) the level of applications in the
Public Offer; (iv) the basis of allotment of the Public Offer
Shares; and (v) the number of Offer Shares reallocated,
if any, between the Public Offer and the Placing to be

published on the website of our Company at www.oceanoneholding.com^(Note 8)
and the website of the Stock Exchange at www.hkexnews.hk Wednesday, 18 October 2017

Results of allocation in the Public Offer will be available at

www.tricor.com.hk/ipo/result with
a “search by ID” function from Wednesday, 18 October 2017

Announcement of results of allotment of the Public Offer

(with successful applicants’ identification document numbers,
where applicable) to be available through a variety of channels
as described in the section headed “How to Apply for the
Public Offer Shares — 11. Publication of Results” in this
prospectus from Wednesday, 18 October 2017

EXPECTED TIMETABLE

Date^(Note 1)

Despatch/collection of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful applications and wholly or partially successful applications if the Offer Price as finally determined is less than the price payable on application pursuant to the Public Offer on or about^(Notes 7, 9 to 11) Wednesday, 18 October 2017

Despatch/collection of share certificates in respect of wholly or partially successful applications pursuant to the Public Offer on or about^(Notes 6, 9 to 11) Wednesday, 18 October 2017

Dealings in the Shares on GEM to commence at 9:00 a.m. on Thursday, 19 October 2017

The application for the Public Offer Shares will commence on Friday, 29 September 2017 through Tuesday, 10 October 2017, being longer than normal market practice of four days. The application monies (including the brokerages, SFC transaction levies and Hong Kong Stock Exchange trading fees) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applications without interest on Wednesday, 18 October 2017. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Thursday, 19 October 2017.

Notes:

1. All dates and times refer to Hong Kong local dates and times, except as otherwise stated. Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure and Conditions of the Share Offer” in this prospectus.
2. You will not be permitted to submit your application through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
3. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 10 October 2017, the application lists will not open or close on that day. Further information is set forth in the section headed “How to Apply for the Public Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus.
4. Applicants who apply for the Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed “How to Apply for the Public Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS” in this prospectus.
5. Please note that the Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about Tuesday, 10 October 2017. If, for any reason, the Offer Price is not agreed between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on or around Tuesday, 10 October 2017, the Share Offer will not become unconditional and will lapse immediately. Notwithstanding that the Offer Price may be less than the maximum Offer Price of HK\$1.28 per Offer Share, applicants must pay the maximum Offer Price of HK\$1.28 per Offer Share at the time of application, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, but the surplus application monies will be refunded, without interest, as provided in the section headed “How to Apply for the Public Offer Shares” in this prospectus.
6. Share certificates for the Offer Shares are expected to be issued on or about Wednesday, 18 October 2017 but will only become valid certificates of title at 8:00 a.m. on Thursday, 19 October 2017 provided that (i) the Share Offer has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated. If the Public Offer does not become unconditional or either of the Underwriting Agreements is terminated, we will make an announcement as soon as possible.

EXPECTED TIMETABLE

7. e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Public Offer, and in respect of successful applications if the Offer Price as finally determined is less than the price payable on application. Refund by cheque(s) will be made out to you, or if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong identity card number/passport number may lead to a delay in encashment of, or may invalidate, your refund cheque.
8. None of our Company's website or any of the information contained in our Company's website forms part of this prospectus.
9. Applicants for 1,000,000 Public Offer Shares or more on **WHITE** Application Form(s) or through **HK eIPO White Form** service and provide all information required may collect their refund cheques (where relevant) and/or Share certificates (where relevant) personally from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, from 9:00 a.m. to 1:00 p.m. on Wednesday, 18 October 2017 or any other day as announced by us as the date of despatch of Share certificates/refund cheques. Individuals who are eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Corporate applicants which are eligible for personal collection must attend by their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar.
10. Applicants for 1,000,000 Public Offer Shares or more on **YELLOW** Application Forms and provide all information required may collect their refund cheques, if any, in person but may not collect their Share certificates personally which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriated. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.
11. Uncollected Share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant Application Form. For further information, applicants should refer to the section headed "How to Apply for the Public Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies" of this prospectus.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers and the Underwriters have not authorised any persons to provide you with information that is different from what is contained in this prospectus. Any information or representation not made nor contained in this prospectus must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Underwriters, any of their respective directors or affiliates of any of them, or any other persons or parties involved in the Share Offer. The contents of our Company's website at www.oceanoneholding.com do not form part of this prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. Since this is a summary, it does not contain all the information that may be important to you, and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read this prospectus in its entirety including the appendices hereto before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are an established frozen seafood importer and wholesaler in Hong Kong with over 14 years of experience in the frozen seafood import and wholesale industry. We specialise in offering a diverse and wide range of frozen seafood products with more than 80 product varieties in total, which could be classified into seven major categories, namely (i) prawns; (ii) scallops, oysters and surf clams; (iii) fishes; (iv) crabs and roe; (v) octopuses and cuttlefishes; (vi) processed seafood products; and (vii) miscellaneous products.

Through our dealings in the frozen seafood industry over the years, we have built strong relationships with a broad network of frozen seafood suppliers from over 10 countries, such as Japan, Vietnam and China. As at the Latest Practicable Date, we have a supplier network of more than 50 suppliers. As part of our strategies to solidify our market position and to secure sufficient supplies, we have entered into sole and exclusive agency agreements with three of our suppliers located in Japan, China and Taiwan, respectively, for the sale of frozen seafood products such as fishes, scallops, oysters and abalones in both Hong Kong and Macau.

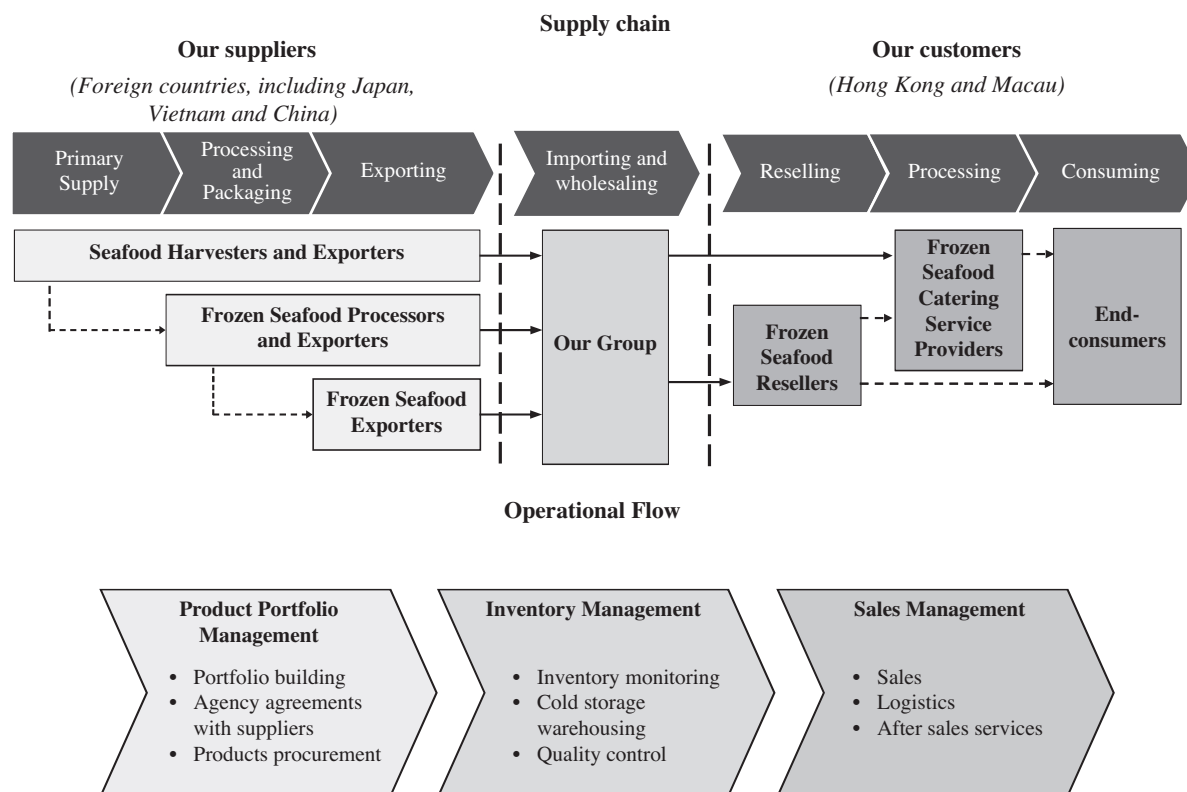
As at the Latest Practicable Date, we primarily stored our products in (i) our own Pak Tin Par Owned Warehouse; and (ii) our self-operated Pak Tin Par Leased Warehouse with aggregate designated storage capacity of approximately 630.0 CBM. Our cold storage warehouses are generally operated to maintain product temperature at around -22°C to -40°C (which are lower than the temperature of -18°C for frozen cold storage warehouses recommended under the Code of Practice for the Processing and Handling of Quick Frozen Seafood), enabling us to preserve the optimal quality and tastiness of frozen seafood products for a longer period of time. We are therefore capable of offering both in season and non-season seafood products to our customers throughout the year with sufficient supply. For the years ended 31 March 2016 and 2017, we have generated revenue of HK\$165.5 million and HK\$217.4 million, respectively.

In addition, we take pride in our commitment to offer quality frozen seafood products and to accommodate the needs of our customers. We have established and implemented operational guidelines covering various aspects of our logistics and warehousing operations, inventory management, and quality control procedures and requirements. Our quality control procedures have been accredited with HACCP and ISO 9001:2015 certifications, which serve as endorsements of our dedication to provide quality products to our customers. Furthermore, with our in-house logistics team and cold storage trucks, we are able to offer timely and flexible delivery services to our customers, which in turn help them minimise their storage spaces and operation costs.

SUMMARY

BUSINESS MODEL

Our business primarily involves the import and wholesale of frozen seafood products. The following diagrams set forth our Group's business model and operational flow of our operations:



PRODUCTS

During the Track Record Period and up to the Latest Practicable Date, we have a diversified product portfolio with over 80 product varieties, which could be classified into seven major categories. The table below sets forth the breakdown of our revenue, gross profit margin, average selling price and sales volume by product categories:

	For the year ended 31 March									
	2016		Gross profit margin		Average price		Sales volume		2017	
	Revenue	%	%	HK\$ per kg	kg '000	Revenue	%	%	HK\$ per kg	Sales volume kg '000
	HK\$ '000					HK\$ '000				
Prawns	53,354	32.2	13.4	114.2	467.4	77,872	35.8	13.4	110.6	704.4
Scallops, oysters and surf clams	27,938	16.9	7.7	126.2	221.4	41,679	19.1	8.8	151.4	275.3
Fishes	31,462	19.0	10.8	115.8	271.6	31,764	14.6	12.2	110.8	286.6
Crabs and roe	12,875	7.8	18.1	109.0	118.1	10,628	4.9	15.5	83.6	127.2
Octopuses and cuttlefishes	7,383	4.5	14.9	83.4	88.5	9,047	4.2	13.2	92.0	98.3
Processed seafood products	23,554	14.2	10.2	106.5	221.1	35,255	16.2	12.6	85.8	411.0
Miscellaneous products	8,922	5.4	13.6	59.8	149.2	11,202	5.2	11.3	60.7	184.5
Total:	165,488	100.0	11.9	107.6	1,537.3	217,447	100.0	12.2	104.2	2,087.3

SUMMARY

Our diversified product portfolio provides us with multiple growth drivers across various product categories, as demonstrated by the increase in our overall revenue by approximately 31.4% from approximately HK\$165.5 million for the year ended 31 March 2016 to HK\$217.4 million for the year ended 31 March 2017. The increase in our revenue was primarily attributable to (i) the increase in revenue recognised from our top five customers for the year ended 31 March 2017 as compared to their respective revenue recognised during the year ended 31 March 2016 by approximately 79.7% or HK\$23.0 million; and (ii) the increase in sales volume from 1,537.3 tonnes for the year ended 31 March 2016 to 2,087.3 tonnes for the year ended 31 March 2017 principally due to the increase in total number of customers from 151 as at 31 March 2016 to 175 as at 31 March 2017, and the increase in average sales volume per customer from 10.2 tonnes for the year ended 31 March 2016 to 11.9 tonnes for the year ended 31 March 2017. For further details on the analysis of increase of revenue by product categories, please refer to the section headed “Financial Information — Period to Period Comparison of Results of Operations — Year ended 31 March 2016 compared to year ended 31 March 2017 — Revenue”.

Breakdown of revenue and gross profit margin by customers

The table below sets forth the breakdown of our revenue and gross profit margin by customers for the periods indicated:

	For the year ended 31 March					
	2016			2017		
	Revenue	Gross profit margin		Revenue	Gross profit margin	
	<i>HK\$'000</i>	%	%	<i>HK\$'000</i>	%	%
Frozen Seafood Resellers	150,117	90.7	11.7	195,456	89.9	11.7
Frozen Seafood Catering Service Providers	<u>15,371</u>	<u>9.3</u>	14.3	<u>21,991</u>	<u>10.1</u>	16.9
Total:	<u><u>165,488</u></u>	<u><u>100.0</u></u>	11.9	<u><u>217,447</u></u>	<u><u>100.0</u></u>	12.2

Our major source of revenue was derived from our sales to Frozen Seafood Resellers, such as local integrated food product wholesaling companies and resellers, and food trade companies, contributing to our total revenue of approximately 90.7% for the year ended 31 March 2016 and 89.9% for the year ended 31 March 2017. We also sold our frozen seafood products directly to Frozen Seafood Catering Service Providers, such as restaurants, food chain stores, food processing operators and other customers. Revenue contributed by Frozen Seafood Catering Service Providers remained relatively stable at approximately 9.3% for the year ended 31 March 2016 and approximately 10.1% for the year ended 31 March 2017.

SUMMARY

Breakdown of revenue by geographical location

The table below sets forth a breakdown of our revenue as derived from the sale of our frozen seafood products by geographical location and as a percentage of our revenue during the Track Record Period:

	For the year ended 31 March			
	2016		2017	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Hong Kong	137,598	83.1	186,305	85.7
Macau	<u>27,890</u>	<u>16.9</u>	<u>31,142</u>	<u>14.3</u>
Total:	<u><u>165,488</u></u>	<u><u>100.0</u></u>	<u><u>217,447</u></u>	<u><u>100.0</u></u>

We maintained a stable revenue by geographical location and derived a majority of our revenue from Hong Kong with approximately 83.1% for the year ended 31 March 2016 and 85.7% for the year ended 31 March 2017.

To enhance our brand visibility and awareness, we commenced offering certain products (such as tempura prawns, tuna and tilapia) to our customers that bear our own trademarks on the package in 2014. Our own branded products accounted for approximately 20.0% and 17.1% of our total revenue for the years ended 31 March 2016 and 2017, respectively. During the Track Record Period, the gross profit margins for our own branded products (approximately 18.7% and 14.9% for the two years ended 31 March 2017) was higher than that of the third party branded products (approximately 10.2% and 11.6% for the same period), which was primarily due to (i) our own branded products were mainly composed of prawns and fishes that generally offer higher gross profit margins; and (ii) bulk purchase discounts offered by suppliers attributable to large volume of own branded products procured from suppliers in every purchase. Please refer to the section headed “Business — Our Products — Own Branded Products” in this prospectus for further details.

Our Group has adopted a “cost-plus” pricing policy, pursuant to which we set target prices with different profit margins over the products we sell. In deciding the price of our products, we take into account, among other things, the procurement costs, product type, volume of order, principal business activities of the customers and prevailing market conditions. We may offer sales discounts when the shelf life of the particular frozen seafood products is less than six months to minimise the risk of obsolescence for our inventory.

SUMMARY

COMPETITIVE STRENGTHS

We believe the key competitive strengths which have contributed to our success in the past and will continue to enable us to benefit from future growth opportunities in the frozen seafood products wholesaling industry in Hong Kong include: (i) we possess strong sourcing capabilities and offer a wide-array of frozen seafood products to meet the diverse needs of our customers; (ii) our cold storage warehouses provide optimal storage condition to preserve the quality of our products; (iii) we have an established reputation in the frozen seafood import and wholesale industry in Hong Kong; and (iv) we have a competent management team with in depth experience and knowledge in the frozen seafood industry.

BUSINESS STRATEGIES

We intend to strengthen our market position and increase our market share by pursuing the following strategies: (i) further expanding our product mix and enhancing the diversity of our product offerings; (ii) acquiring and setting up new warehousing facility in Hong Kong to support our future expansion; and (iii) further enhancing our logistics and delivery services.

CUSTOMERS

Our core customers are mainly divided into two categories, namely (i) Frozen Seafood Resellers; and (ii) Frozen Seafood Catering Service Providers. For the years ended 31 March 2016 and 2017, the revenue generated from our five largest customers accounted for approximately 24.2% and 23.8% of our total revenue, respectively, and the revenue generated from our single largest customer accounted for approximately 6.3% and 5.6% of our total revenue, respectively. We generally do not enter into any long term contract with our customers. We generally do not offer credit term to new customers. For major customers with which we have maintained stable business relationship, we generally offer sales on credit for a credit period of 0 to 60 days. For further details, please refer to the section headed “Business — Customers” in this prospectus.

SUPPLIERS

We primarily source frozen seafood products from (i) Seafood Harvesters and Exporters; (ii) Frozen Seafood Processors and Exporters; and (iii) Frozen Seafood Exporters, who are primarily located overseas such as Japan, Vietnam, China, Taiwan, USA, Singapore, Myanmar, Argentina, Thailand, Spain and Malaysia. For the years ended 31 March 2016 and 2017, the purchases from our five largest suppliers accounted for approximately 67.0% and 57.4% of our costs of purchases, respectively, and the purchases from our single largest supplier accounted for approximately 20.2% and 19.1% of our costs of purchases, respectively. While we generally do not enter into long term agreement with our suppliers and procure our supplies on per purchase order basis, we entered into legally binding sole and exclusive agency agreements with three of our suppliers during the Track Record Period to solidify our seller-buyer relationship with such suppliers, one of which is Maruha Nichiro Corporation, the world’s largest seafood company in terms of revenue in 2015 and one of our top five suppliers for each of the two years ended 31 March 2017. We also entered into legally binding sale agency agreements with two other suppliers. Please refer to “Business — Our Suppliers — Agency Agreements with our Suppliers” for further details.

SUMMARY

The table below sets forth the breakdown of components of our cost of goods sold during the Track Record Period:

	For the year ended 31 March			
	2016		2017	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Cost of inventories	143,101	98.2	189,408	99.2
Transportation costs, shipping handling charges and others	<u>2,640</u>	<u>1.8</u>	<u>1,549</u>	<u>0.8</u>
Total:	<u><u>145,741</u></u>	<u><u>100.0</u></u>	<u><u>190,957</u></u>	<u><u>100.0</u></u>

The table below sets out the amount and percentage of our total costs of purchases from each of countries where our suppliers are located at during the Track Record Period:

Countries	Year ended 31 March			
	2016		2017	
	Purchase		Purchase	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Japan	78,348	53.5	107,436	55.5
Vietnam	20,279	13.8	25,661	13.3
China	27,776	18.9	17,894	9.2
Others	<u>20,184</u>	<u>13.8</u>	<u>42,664</u>	<u>22.0</u>
Total	<u><u>146,587</u></u>	<u><u>100.0</u></u>	<u><u>193,655</u></u>	<u><u>100.0</u></u>

OVERLAPPING CUSTOMERS — SUPPLIERS

During the Track Record Period, our Group sourced frozen seafood products from some Frozen Seafood Resellers who were our existing customers when we did not have adequate inventory to meet a purchase order of an unexpectedly large quantity, or when there was a delay in the shipment of products from the suppliers. To the best knowledge and belief of our Directors, an aggregate of 13 of our customers and/or their related companies were also our suppliers (“**Customer(s) — Supplier(s)**”), (which comprise five and 10 customers for the years ended 31 March 2016 and 2017). To the best knowledge and belief of our Directors after making all reasonable enquiries, save for Ichiban who is a connected person of our Company, these Customers — Suppliers and their respective beneficial owners are Independent Third Parties.

SUMMARY

The table below sets forth the total sales and total purchases attributable to our Customers — Suppliers for the two years ended 31 March 2017:

	For the year ended 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Number of Customers — Suppliers transacted with	5	10
Sales to Customers — Suppliers		
Revenue	18,617	34,296
Percentage of our company's total revenue	11.2%	15.8%
Cost of goods sold	16,218	29,894
Percentage of our company's total cost of goods sold	11.1%	15.7%
Average gross profit margin	12.9%	12.8%
Purchase from Customers — Suppliers		
Purchase	374	3,003
Percentage of our company's total purchases	0.3%	1.6%

Gross profit margins for the sale of products to these 13 Customers — Suppliers for the years ended 31 March 2016 and 2017 are comparable to our overall gross profit margins for the same period. We granted a credit period of not more than 30 days to these 13 Customers — Suppliers, which was in line with the credit period we granted to our other customers. According to the Ipsos Report, and our Directors believe, that it is not uncommon in the industry for a frozen seafood importer and wholesaler to enter into such arrangement when they need to replenish certain stock in a timely manner. Please refer to the section headed “Business — Entities who are our Customers and also our Suppliers” in this prospectus for further details.

COLD STORAGE WAREHOUSES FACILITIES

At the Latest Practicable Date, our Group stored most of our frozen seafood products in our self-operated Pak Tin Par Owned Warehouse and Pak Tin Par Leased Warehouse with aggregate designated storage capacity of approximately 630.0 CBM. Both cold storage warehouses are equipped with refrigerating machines that maintain the warehouse temperature at around -22°C to -40°C, which enable us to preserve the optimal quality and tastiness of frozen seafood products for a longer period of time. During the Track Record Period, our two cold storage warehouses achieved aggregate utilisation rates of approximately 90.7% and 94.5%, respectively.

FOOD SAFETY AND QUALITY CONTROL

Following the accident at the Fukushima Daiichi nuclear power plant in Japan in March 2011 (the “**Fukushima Daiichi Nuclear Power Plant Incident**”), imports of certain Japanese food to Hong Kong from Fukushima, Ibaraki, Tochigi, Gunma and Chiba (the “**Five Prefectures**”) was prohibited (the “**Prohibition Order**”), unless such products are accompanied by radiation certificates issued by Japan.

SUMMARY

In response, our Group ceased to procure frozen seafood products from the Five Prefectures, and had requested all our Japanese suppliers to include the names of prefectures in which the frozen seafood products were harvested. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had not procured any of our frozen seafood products or products that were subject to the Prohibition Order from the Five Prefectures.

Our Directors believe that the Fukushima Daiichi Nuclear Power Plant Incident and the Prohibition Order had no material adverse impact on our Group's business, operations and financial performance, after taking into account, among others, (i) measures taken in respect of procurement of food products from our Japanese suppliers; (ii) ceasing to procure any products subject to the Prohibition Order; (iii) we do not over rely on our Japanese suppliers by procuring our frozen seafood products from other countries; and (iv) we had enjoyed continued growth in revenue and gross profit during the Track Record Period. Please refer to the section headed "Business — Quality Control" in this prospectus for further details.

On 5 August 2016, we were informed by the Centre for Food Safety ("CFS") of the Food and Environmental Hygiene Department in Hong Kong that some fish roe we sold to a Macau customer was suspected to be contaminated with bacteria *Listeria monocytogenes* (the "**Listeria Incident**"). In light of the Listeria Incident, during the period from 5 August 2016 to 25 August 2016, our Group voluntarily requested customers to return all related fish roe sourced from our Group and amount of sales returned was approximately HK\$15,000. Some samples of our roe products were taken by CFS for testing. On 17 August 2016, we were notified by the CFS that all the test results were found satisfactory with none of the samples detected to contain *Listeria monocytogenes*. Although our Group recorded a decrease of approximately 17.8% in revenue recognised from the sales of crabs and roe during the Track Record Period primarily as a result of the Listeria Incident, our overall revenue increased by approximately 31.4% during the same period in light of our diversified product portfolio which provided us with multiple growth drivers across various product categories (in particular the increase in sales of (i) prawns; (ii) scallops, oysters and surf clams; and (iii) processed seafood products, during the Track Record Period). As such, our Directors believe that the Listeria Incident (i) had, and would in the future have, no material adverse impact on our operations and overall financial conditions; and (ii) had no material adverse impact on the reputation of our Group. During the Track Record Period and up to the Latest Practicable Date, our Group had not been involved in any food safety or quality incidents other than the Listeria Incident disclosed above. Please refer to the section headed "Business — Quality Control" in this prospectus for further details.

SALES AND MARKETING

To enhance the visibility and marketability of the products we sell and promote our corporate image, we primarily promote through advertising by the means of email, facsimile, text messaging and phone calls and by direct promotion to our customers. We also cooperated with our suppliers and launched our own branded products to our customers so as to enhance our brand awareness. For further details, please refer to the section headed "Business — Sales and Marketing" in this prospectus.

SUMMARY

COMPETITIVE LANDSCAPE

According to the Ipsos Report, the frozen seafood import wholesaler industry in Hong Kong is fragmented with competitively distributed market among players. In 2016, there are 580 frozen seafood import wholesales companies and generated approximately a total revenue of HK\$10,406.7 million. Our Group occupied an estimated 2.1% of market share with total revenue of approximately HK\$217.4 million for the year ended 31 March 2017. For further details, please refer to the section headed “Industry Overview — Competitive Landscape of the Frozen Seafood Import Wholesale Industry in Hong Kong” in this prospectus.

SUMMARY OF FINANCIAL INFORMATION

The tables below are summaries of our Group’s combined results for the Track Record Period, which were extracted from the Accountants’ Report as set out in Appendix I to this prospectus.

Summary of combined statements of profit or loss and other comprehensive income

	For the year ended 31 March	
	2016	2017
	<i>HK\$’000</i>	<i>HK\$’000</i>
Revenue	165,488	217,447
Cost of goods sold	(145,741)	(190,957)
Gross profit	19,747	26,490
Profit before taxation	10,875	20,276
Profit and total comprehensive income for the year	9,079	17,273

Our profit and total comprehensive income for the year increased by approximately HK\$8.2 million or 90.1% from approximately HK\$9.1 million for the year ended 31 March 2016 to approximately HK\$17.3 million for the year ended 31 March 2017, primarily attributable to (i) our increase in gross profit as a result of the increase in our revenue; and (ii) the gain on disposal of an investment property of approximately HK\$4.5 million for the year ended 31 March 2017, where the disposal of such investment property was to primarily focus our operations in the frozen seafood import and wholesale industry.

Summary of combined statements of financial position

	As at 31 March	
	2016	2017
	<i>HK\$’000</i>	<i>HK\$’000</i>
Non-current assets	7,568	5,069
Current assets	56,270	59,300
Current liabilities	55,373	48,846
Net current assets	897	10,454
Non-current liabilities	650	435
Total equity	7,815	15,088

SUMMARY

Summary of combined statements of cash flows

	For the year ended 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating cash flows before movements in working capital	13,764	18,060
Net cash from operating activities	6,741	5,657
Net cash (used in)/from investing activities	(2,921)	19,527
Net cash used in financing activities	(9,623)	(9,793)
Bank balances at end of the year	743	9,031

While our suppliers generally grant us a credit period ranging from 0 to 30 days, we generally give credit terms to our customers ranging from 0 to 60 days. As a result, there are often time lags between receiving payments from our customers and making payments to our suppliers, resulting in potential cash flow mismatch. Please refer to the section headed “Business — Liquidity Management Measures” for further details.

For further details on our financial information during the Track Record Period, please refer to the section headed “Financial Information” in this prospectus.

FINANCIAL RATIOS ^(Note 1)

The table below sets forth our selected key financial ratios during the Track Record Period:

	As at/for the year ended	
	31 March	
	2016	2017
Gross profit margin	11.9%	12.2%
Net profit margin	5.5%	7.9%
Gearing ratio ^(Note 2)	6.4x	2.0x
Current ratio	1.0x	1.2x
Quick ratio	0.6x	0.7x
Return on equity	116.2%	114.5%
Return on assets	14.2%	26.8%

Notes:

1. For formulae of the above financial ratios, please refer to the section headed “Financial Information — Key Financial Ratios”.
2. The gearing ratio is calculated by dividing the total bank borrowings, bank overdrafts and obligation under a finance lease with total equity as at the end of the respective periods multiplied by 100%.

SUMMARY

LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, there had not been any material or systemic non-compliance of our Group and there were no pending or threatened litigations, arbitrations or claims of material importance against our Group that would have a material or adverse effect on our results of operations or financial condition.

CONTROLLING SHAREHOLDERS

Immediately upon completion of the Share Offer and the Capitalisation Issue and taking no account of the Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option or Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme, our Company will be owned as to 75% by Karlson which is in turn entirely owned by Mr. Chan. Accordingly, Mr. Chan and Karlson are our Controlling Shareholders. Karlson is an investment holding company wholly-owned by Mr. Chan. For further details, please refer to the section headed “Relationship with Controlling Shareholders” in this prospectus.

DIVIDENDS

During the year ended 31 March 2016 and 2017, dividends of HK\$12.6 million and HK\$10.0 million respectively were declared by Quality Products and distributed to Mr. Chan and were settled in full.

We currently do not have any specific dividend policy. While we currently have no plans to pay dividends to the Shareholders in the foreseeable future, we may distribute dividends by way of cash or by other means that our Directors consider appropriate. Our Directors may recommend a payment of dividends in the future taking into account our results of operations, financial condition, working capital, capital requirements and other factors our Board may deem relevant. Any declaration and payment as well as the amount of the dividends will be at the absolute discretion of our Directors and will be subject to the approval of our Shareholders. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Board in the future. Please refer to the section headed “Financial Information — Dividends and Distributable Reserves” in this prospectus for further details.

LISTING EXPENSES

The total estimated listing expenses in connection with the Share Offer are approximately HK\$24.0 million (based on the mid-point of the Offer Price of HK\$1.18 per Offer Share and assuming no Offer Size Adjustment Option will be exercised), of which approximately HK\$2.1 million had been charged to our combined statements of profit or loss and other comprehensive income for the year ended 31 March 2017, and approximately HK\$11.5 million is expected to be charged to our combined statements of profit or loss and other comprehensive income for the year ending 31 March 2018 and the remaining amount of approximately HK\$10.4 million is expected to be accounted for as a deduction from equity upon the Listing.

SUMMARY

Our Directors consider that our financial results will be affected by the expenses in relation to the Share Offer as we expect to recognise approximately HK\$11.5 million in the combined statements of comprehensive income for the year ending 31 March 2018. Accordingly, the financial performance for the year ending 31 March 2018 is expected to be adversely affected by the estimated expenses in relation to the Listing.

REASONS FOR THE LISTING

Our Directors believe that the Share Offer will enhance our corporate profile, market recognition and creditworthiness. Besides, our Directors believe that the Share Offer will provide us with the necessary capital to implement our future plans as set out in the sections headed “Business — Business Strategies” and “Future Plans and Use of Proceeds” in this prospectus.

USE OF PROCEEDS

Our Directors estimate that the net proceeds from the Share Offer to our Company (after deduction of underwriting fees and estimated expenses payable by us in relation to the Share Offer, and assuming an Offer Price of HK\$1.18 per Share, being the mid-point of the proposed Offer Price range of HK\$1.08 to HK\$1.28 and the Offer Size Adjustment Option is not exercised) are estimated to be approximately HK\$58.6 million. We currently intend to apply the net proceeds as follows:

	From the Listing Date to 31 March 2018 <i>HK\$ million</i>	For the six months ending 30 September 2018 <i>HK\$ million</i>	For the six months ending 31 March 2019 <i>HK\$ million</i>	For the six months ending 30 September 2019 <i>HK\$ million</i>	For the six months ending 31 March 2020 <i>HK\$ million</i>	Total <i>HK\$ million</i>	Approximate percentage %
Broadening our product offerings by entering into exclusive agency agreements and/or sale agency agreements	4.00	4.00	4.00	4.00	4.00	20.00	34.13
Strengthening our warehouse storage capability	25.30	0.55	0.56	0.56	0.58	27.55	47.01
Enhancing our logistics capability	3.85	0.35	2.86	0.36	0.38	7.80	13.31
General working capital of our Group	<u>0.65</u>	<u>0.65</u>	<u>0.65</u>	<u>0.65</u>	<u>0.65</u>	<u>3.25</u>	<u>5.55</u>
Total	<u><u>33.80</u></u>	<u><u>5.55</u></u>	<u><u>8.07</u></u>	<u><u>5.57</u></u>	<u><u>5.61</u></u>	<u><u>58.60</u></u>	<u><u>100.0</u></u>

For further details and our implementation plans, please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus.

SUMMARY

WAIVER FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER GEM LISTING RULES

Our Group entered into and is expected to continue certain transactions which will constitute non-exempt continuing connected transactions of our Company under the GEM Listing Rules after Listing. Details of such non-exempt continuing connected transactions and the application of the waiver to the Stock Exchange are set out in the sections headed “Waiver from Strict Compliance with the Requirements under GEM Listing Rules” and “Connected Transactions” in this prospectus.

SHARE OFFER STATISTICS

Market capitalisation at Share Offer ^(Note 1)	:	HK\$302.4 million to HK\$358.4 million
Offer size	:	25.0% of the enlarged issued share capital of our Company
Offer Price per Offer Share	:	HK\$1.08 to HK\$1.28 per Offer Share
Number of Offer Shares	:	70,000,000 Shares
Number of Public Offer Shares	:	7,000,000 Shares (subject to reallocation)
Number of Placing Shares	:	63,000,000 Shares (subject to reallocation and the Offer Size Adjustment Option)
Offer Size Adjustment ^(Note 2)	:	Up to 15% of the Offer Shares initially available under the Share Offer

	Based on the Offer Price of HK\$1.08 per Share (low-end of Offer Price)	Based on the Offer Price of HK\$1.28 per Share (high-end of Offer Price)
Unaudited pro forma adjusted combined net tangible asset per Share ^(Note 3)	HK\$0.25	HK\$0.29

Notes:

- The calculation of market capitalisation of the Shares is based on 280,000,000 Shares in issue immediately after completion of the Capitalisation Issue and the Share Offer.
- In connection with the Share Offer, our Company granted the Joint Bookrunners (for themselves and on behalf of the Underwriters) the Offer Size Adjustment Option to cover over-allocations under the Placing (if any). Pursuant to the Offer Size Adjustment Option, our Company may be required to allot and issue, at the final Offer Price, up to an aggregate of 10,500,000 additional new Shares, representing 15% of the Offer Shares initially available under the Share Offer. Please refer to the section headed “Structure and Conditions of the Share Offer — Offer Size Adjustment Option” in this prospectus for further details.
- Please refer to the notes in the section headed “Unaudited Pro Forma Financial Information — A. Unaudited Pro Forma Statement of Adjusted Combined Net Tangible Assets of our Group” in Appendix II to this prospectus for further details.
- The above unaudited pro forma adjustments have not taken into account of capitalisation of HK\$12 million due to Mr. Chan in June 2017.

SUMMARY

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued to focus on our frozen seafood importing and wholesaling business, and our business model remains unchanged. We had identified one new foreign supplier for potential exclusive agency arrangement or sale agency arrangement. As at the Latest Practicable Date, we had commenced negotiations with the relevant supplier but had not entered into any letter of intent or agreement for such agency arrangement.

Based on the unaudited financial information of our Group, we continued to record growth in our revenue and gross profit for the four months ended 31 July 2017 as compared to the corresponding period in 2016. Such growth was mainly attributable to the increase in number of our customers and increase in sales of prawns.

With a view of improving our gearing and liquidity position prominently for sustainable business growth, an amount due to Mr. Chan of HK\$12.0 million was capitalised by way of allotment and issue of one share in Quality Products to Ocean One (BVI) at the direction of Mr. Chan on 5 June 2017. Please refer to the section headed “Financial Information — Liquidity and Capital Resources — Net Current Assets” in this prospectus for further details. All the remaining amounts due to Mr. Chan and his related company (namely Eastern Mark) will be settled upon Listing utilising our available cash and cash equivalents, cash generated from our operations and available bank facilities.

Our Directors confirm that save for the estimated non-recurring listing expenses as disclosed in the paragraph headed “Listing Expenses” in this section and the aforesaid capitalisation of amount due to Mr. Chan, since 31 March 2017 and up to the date of this prospectus, (i) there was no material adverse change in the market conditions and the industry and the regulatory environment in which our Group operates that affects our financial or operating position materially and adversely; (ii) there was no material adverse change in the business, revenue structure, trading, profitability, cost structure, financial position and prospects of our Group; and (iii) no event had occurred that would affect the information shown in our Accountants’ Report in Appendix I to this prospectus materially and adversely.

RISK FACTORS

There are certain risks involved in our operations and in connection with the Share Offer, and many of them are beyond our control. A more comprehensive discussion of the risk factors is set out in the section headed “Risk Factors” in this prospectus. The following are some of the more significant risks that may materially and adversely affect us: (i) our Group’s business and operation depend on our suppliers’ ability to duly perform their obligations to supply products to us and our business relationship with our suppliers; (ii) our business and reputation may be affected by product liability claims, food safety concerns, litigation, customer complaints, product tampering, quality control concerns or adverse publicity to our products; (iii) we rely on independent suppliers for our packaging materials and any safety issues with these packaging materials could adversely affect our reputation, business operations and financial performance; (iv) increase in the costs of products purchased from suppliers may materially affect our operational performance; (v) we generally do not enter into long-term agreements with our customers; (vi) changes in consumers’ preference, consumer spending patterns and general economic conditions could cause sales to decline; and (vii) our Group faces the risk of obsolescence for our inventory.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings:

“affiliate(s)”	any person(s), directly or indirectly, controlling, controlled by or under direct or indirect common control with another person(s)
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s) or, where the context so requires, any of them
“Articles of Association” or “Articles”	the articles of association of our Company conditionally adopted on 21 September 2017 to take effect on the Listing Date, a summary of which is set forth in Appendix IV to this prospectus, and as amended from time to time
“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Board” or “Board of Directors”	the board of Directors
“business day”	a day (other than a Saturday or Sunday or Public Holiday) on which licenced banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the issue of 209,999,998 Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed “Statutory and General Information —1. Further information about our Company — C. Written Resolutions of our Sole Shareholder passed on 21 September 2017” in Appendix V to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practises, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force

DEFINITIONS

“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“China” or “PRC”	the People’s Republic of China, which for the purpose of this prospectus only and except where the context requires otherwise, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“close associate(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Companies Law” or “Cayman Islands Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Ocean One Holding Ltd. 大洋環球控股有限公司 (formerly known as Ocean One Holding Ltd. 大洋控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 18 April 2017
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder(s)”	the controlling shareholder(s) (having the meaning ascribed to it in the GEM Listing Rules) of our Company, namely Mr. Chan and Karlson
“Co-lead Managers”	Ample Orient Capital Limited and Guotai Junan Securities (Hong Kong) Limited
“core connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Deed of Indemnity”	the deed of indemnity dated 28 September 2017 and executed by our Controlling Shareholders in favour of our Company, particulars of which are set out in the section headed “Statutory and General Information — 6. Other Information — B. Indemnities” in Appendix V to this prospectus
“Deed of Non-competition”	the deed of non-competition undertakings dated 28 September 2017 executed by our Controlling Shareholders, Mrs. Chan and our Company, particulars of which are set out in the section headed “Relationship with Controlling Shareholders — Non-competition Undertakings” in this prospectus

DEFINITIONS

“Director(s)”	the director(s) of our Company
“Eastern Mark”	Eastern Mark Limited (東科有限公司), a company incorporated in Hong Kong with limited liability on 31 October 2011 which is wholly-owned by Mr. Chan
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM (as amended from time to time)
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider
“Group”, “our Group”, “us” or “we”	our Company and our subsidiaries or any of them, or where the context so requires, in respect of the period prior to our Company becoming the holding company of our present subsidiaries, such subsidiaries or the business which have since been acquired or carried on by them or their predecessors for the time being
“HK\$” or “HKD”	Hong Kong dollar(s) and cent(s) respectively, the lawful currency of Hong Kong
“HK eIPO White Form”	the application for Public Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of the HK eIPO White Form service at www.hkeipo.hk
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company, as specified on the designated website at www.hkeipo.hk
“HKFRSs”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	the Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited
“Ichiban”	Ichiban Pacific (H.K.) Limited, a company incorporated in Hong Kong and owned as to 80% by Mr. Chan Tsan Kan (the cousin of Mr. Chan) and 20% by Ms. Sun Chung Ching (the spouse of Mr. Chan Tsan Kan), and a connected person of our Company
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent from and not connected with (within the meaning of the GEM Listing Rules) any director, chief executive, substantial shareholder of our Company, its subsidiaries or any of their respective associates
“Innovax Securities”	Innovax Securities Limited, a corporation licensed under the SFC and permitted to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO being the one of the joint bookrunners and joint lead managers of the Share Offer
“Ipsos”	Ipsos Limited, the independent market research agency engaged by our Company to prepare the Ipsos Report
“Ipsos Report”	the market research report prepared by Ipsos
“Joint Bookrunners” and “Joint Lead Managers”	Pacific Foundation Securities Limited and Innovax Securities
“JPY”	Japanese yen, the lawful currency of Japan
“Karlson”	Karlson Holding Limited (嘉信控股有限公司), a company incorporated in the BVI with limited liability on 5 April 2017 which is wholly-owned by Mr. Chan, one of our Controlling Shareholders
“Latest Practicable Date”	20 September 2017, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information in this prospectus
“Listing”	the listing of the Shares on GEM
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Date”	the date on which dealings in the Shares on the GEM first commence, which is expected to be on Thursday, 19 October 2017

DEFINITIONS

“Listing Division”	the listing division of the Stock Exchange
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM and which, for avoidance of doubt, excludes GEM
“Memorandum of Association” or “Memorandum”	the memorandum of association of our Company, a summary of which is set forth in Appendix IV to this prospectus, and as amended from time to time
“Mr. Chan”	Mr. Chan Kin Fung (陳建峰) (formerly known as Chan Tsan Fong (陳燦芳)), our chairman, Chief Executive Officer, executive Director and one of our Controlling Shareholders and the spouse of Mrs. Chan
“Mrs. Chan”	Ms. Tse Chun Ha Amy (謝春霞), an executive Director and the spouse of Mr. Chan
“Nakamura”	Nakamura Japanese Food Company, a sole proprietorship established in Hong Kong by Mr. Chan Tsan Piu (the brother of Mr. Chan), and a connected person of our Company
“Ocean One (BVI)”	Ocean One (BVI) Holding Ltd. (大洋(英屬維爾京群島)控股有限公司), a company incorporated in the BVI with limited liability on 21 March 2017 and a direct wholly-owned subsidiary of our Company
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee payable thereon) which will be not more than HK\$1.28 per Offer Share and not less than HK\$1.08 per Offer Share at which the Offer Shares are to be offered for subscription pursuant to the Share Offer, to be determined as further described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Offer Shares”	collectively, the Placing Shares and the Public Offer Shares
“Offer Size Adjustment Option”	the option to be granted by our Company to the Placing Underwriters, exercisable by the Joint Bookrunners on behalf of the Placing Underwriters, under the Placing Underwriting Agreement to require our Company to issue up to an additional 10,500,000 new Shares, representing 15% of the number of the Offer Shares, at the Offer Price to cover over-allocation in the Placing, details of which are described in the section headed “Structure and Conditions of the Share Offer” in this prospectus

DEFINITIONS

“Pak Tin Par Owned Warehouse”	the cold storage warehouse owned by our Group located at Unit A, 8/F, Goodwill Industrial Building, 36–44 Pak Tin Par Street, Tsuen Wan, Hong Kong
“Pak Tin Par Leased Warehouse”	the cold storage warehouse leased by our Group from Eastern Mark located at Unit A & B, 5/F, Goodwill Industrial Building, 36–44 Pak Tin Par Street, Tsuen Wan, Hong Kong
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriters on behalf of our Company for cash at the Offer Price with selected professional, institutional and/or other investors in Hong Kong as described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Shares”	the 63,000,000 new Shares initially being offered by our Company at the Offer Price for subscription under the Placing subject to reallocation and the Offer Size Adjustment Option, as described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Underwriters”	the underwriters of the Placing Shares who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares
“Placing Underwriting Agreement”	the conditional placing underwriting agreement relating to the Placing to be entered into between, amongst others, our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers and the Placing Underwriters, particulars of which are summarised in the section headed “Underwriting — Underwriting Arrangements and Expenses” in this prospectus
“Predecessor Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force from time to time before 3 March 2014
“Price Determination Agreement”	the agreement expected to be entered into by the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date on which the Offer Price is to be fixed, which is expected to be on or about Tuesday, 10 October 2017

DEFINITIONS

“Public Offer”	the issue and offer of the Public Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price on and subject to the terms and conditions stated in this prospectus and in the Application Forms as further described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Public Offer Shares”	the 7,000,000 new Shares (subject to reallocation) initially being offered by our Company for subscription in the Public Offer, as described under the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Public Offer Underwriters”	the underwriters of the Public Offer Shares whose names are set out in the section headed “Underwriting — The Public Offer Underwriters” in this prospectus
“Public Offer Underwriting Agreement”	the conditional public offer underwriting agreement relating to the Public Offer entered into by, among others, our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers and the Public Offer Underwriters on or around Thursday, 28 September 2017, details of which are set forth in the section headed “Underwriting” in this prospectus
“Quality Products”	Quality Products (H.K.) Limited 大津物產(香港)有限公司, a company incorporated in Hong Kong with limited liability on 14 August 2002 and an indirect wholly-owned subsidiary of the Company
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the corporate reorganisation of our Group conducted in preparation for the Listing, details of which are set out in the section headed “History, Reorganisation and Group Structure — Reorganisation” to this prospectus
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of nominal or par value of HK\$0.01 each in the share capital of our Company
“Share Offer”	the Public Offer and the Placing

DEFINITIONS

“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 21 September 2017, the principal terms of which are summarised in the section headed “Statutory and General Information — 5. Share Option Scheme” in Appendix V to this prospectus
“Shareholder(s)”	holder(s) of Share(s)
“Sole Sponsor” or “Innovax Capital”	Innovax Capital Limited, a corporation licenced under the SFC and permitted to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the sole sponsor to the Listing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the period comprising the two financial years ended 31 March 2017
“Underwriters”	the Public Offer Underwriters and the Placing Underwriters
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“United States” or “US”	the United States of America, including its territories and possessions
“USD” or “US\$”	US dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
“Warrantors”	collectively, our Company, our Controlling Shareholders and executive Directors
“ WHITE Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant’s or applicants’ own name(s)
“ YELLOW Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS
“%”	per cent

DEFINITIONS

In this prospectus, the terms “connected person”, “core connected person”, “connected transaction”, “subsidiary”, “substantial shareholder” and “significant shareholder” shall have the meanings given to such terms in the GEM Listing Rules, unless the context otherwise requires.

Unless expressly stated or the context requires otherwise: (i) amounts and percentage figures, including share ownership and operating data in this prospectus, may have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items; and (ii) solely for your convenience, this prospectus contains translations of certain (i) US\$ into HK\$; and (ii) JPY into HK\$ at specified rates. You should not construe these translations as representations that US\$ and JPY could actually be, or have been, converted into HK\$ at the rate indicated or at all. Unless we indicate otherwise, the translations of (i) US\$ into HK\$; and (ii) JPY into HK\$ have been made at the rates of (i) US\$1.00:HK\$7.77; and JPY1.00:HK\$0.07, respectively.

** For identification purpose only*

GLOSSARY

The glossary of technical terms contains explanations and definitions of certain terms used in this prospectus in connection with our Group and our Group's business. The terms and their meanings may not correspond to meanings or usage of these terms as used by others.

“ACI”	Accredited Certification International Limited, an inspection, verification, testing and certification company
“CAGR”	compound annual growth rate
“CBM”	cubic metre
“Code of Practice for the Processing and Handling of Quick Frozen Food”	the code of practice for the processing and handling of quick frozen food (CAC/RCP 8-1976) issued by Codex Alimentarius Commission, last modified in 2008
“Codex Alimentarius Commission”	Codex Alimentarius Commission, a body responsible for implementing the Joint Food and Agriculture Organisation of the United Nations/World Health Organisation Food Standards Programme, which was set up by Food and Agriculture Organisation of the United Nations in 1961
“ERP”	Enterprise Resource Planning, an information technology system integrating internal and external information such as accounting, financial information, human resources management, inventory management and warehouse management to facilitate automation of business operations
“Frozen Seafood Exporters”	frozen seafood companies whose principal operations involve (i) procuring frozen seafood products from various seafood harvesters, processors or traders; and (ii) wholesaling, trading and exporting of frozen seafood products so procured
“Frozen Seafood Catering Service Providers”	restaurants, hotels, food chain stores, food processing operators and other entities which engage in, among other things, the business of serving seafood cuisine to end-consumers
“Frozen Seafood Processors and Exporters”	frozen seafood companies whose principal operations involve (i) processing of frozen seafood products procured from seafood harvesters; and (ii) wholesaling, trading and exporting of the frozen seafood products so processed
“Frozen Seafood Resellers”	frozen seafood companies whose principal operations involve (i) procuring frozen seafood products from various large-scale import wholesalers, (ii) repackaging the frozen seafood products so procured into various quantities and product mix (if needed); and (iii) selling the procured and/or repackaged frozen seafood products to Frozen Seafood Catering Service Providers and/or end-consumers

GLOSSARY

“HACCP”	the Hazard Analysis Critical Control Point, a management system in which food safety is addressed through the analysis and control of biological, chemical and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product
“ISO”	the International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the management system of business organisations
“ISO 9001”	the International Standard for Quality Management Systems which specifies requirements for a quality management system where an organisation needs to demonstrate its ability to consistently provide products that meet customer and applicable statutory and regulatory requirements, and aims to enhance customer satisfaction through the effective application of the system. ISO 9001:2015 is the current version of ISO 9001
“Seafood Harvesters and Exporters”	foreign frozen seafood companies whose principal operations involve (i) direct harvesting of seafood which includes commercial fishing and fish farming; and (ii) procuring, processing, wholesaling, trading and exporting of frozen seafood products
“sq. ft.”	square feet

FORWARD-LOOKING STATEMENTS

Our Company has included in this prospectus forward-looking statements that are not historical facts, but relate to our Group's intentions, beliefs, expectations or predictions for future event and conditions which may not occur. These forward-looking statements are contained principally in the sections headed "Summary", "Risk Factors", "Industry Overview", "Business", and "Financial Information", which are, by their nature, subject to risks and uncertainties.

In some cases, you can identify these forward-looking statements by words such as "aim", "anticipate", "believe", "continue", "could", "expect", "intend", "may", "might", "plan", "predict", "seek", "should", "will", "would" or similar expressions or their negatives. These forward-looking statements include, without limitation, statements relating to:

- our Group's business objectives, implementation plans and use of proceeds;
- the amount and nature of, potential for, future development of our Group's business;
- our Group's operation and business prospects;
- our Group's dividend policy;
- the regulatory environment of our Group's industry in general;
- the future development and trends in our Group's industry; and
- risks identified under the section headed "Risk Factors" in this prospectus.

Our Directors confirm that these forward-looking statements are made after due and careful consideration.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our Group's control. In addition, these forward-looking statements reflect our Group's current views with respect to future events and are not a guarantee of future performance.

Additional factors that could cause actual performance or achievements to differ materially include, without limitation, those discussed under the section headed "Risk Factors" in this prospectus.

These forward-looking statements are based on current plans and estimates, and speak only as of the date they are made. Our Company undertakes no obligations to update or revise any forward-looking statement in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our Group's control. Our Company cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way our Company expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to these cautionary statements.

RISK FACTORS

In addition to other information in this prospectus, you should carefully consider the following risk factors before making an investment in the Shares. Our business, operation, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or which we currently deem immaterial may arise or become material in the future and may have a material effect on us.

RISKS RELATING TO OUR GROUP'S BUSINESS AND OPERATIONS

Our Group's business and operation depend on our suppliers' ability to duly perform their obligations to supply products to us and our business relationship with our suppliers.

We sourced all of our frozen seafood products for sale to our customers from independent suppliers during the Track Record Period. We rely on the ability and efficiency of suppliers to supply large quantities of products to our customers. Therefore, our suppliers play a vital role in our frozen seafood import and wholesale business. Save for the sole and exclusive agency agreements with three of our major suppliers and non-exclusive sales agency agreements with two of our suppliers, we did not enter into long-term supply contracts with our suppliers and generally transacted with them on a per purchase basis during the Track Record Period. Although our procurement team monitors our business connection with each of our suppliers, there is no assurance that our suppliers will continue to supply products to us with desired quality and in required quantities, in a timely manner and on terms commercially acceptable to us. Any disruption to our suppliers' business may inevitably have an impact on their ability to supply products in line with our required schedule. Failure to maintain our relationships with our major suppliers, or our inability to obtain suppliers from alternative sources on a timely basis or on commercially reasonable terms could prevent us from timely delivering our products to our customers in the required quantities, which could have a material adverse effect on our business, results of operations and financial condition.

In addition, as a marketing strategy to enhance our brand awareness and visibility, we cooperated with some of our suppliers and commenced offering certain frozen seafood products bearing our own trademarks in 2014. The revenue of our own branded products increased from approximately HK\$33.2 million for the year ended 31 March 2016 to approximately HK\$37.2 million for the year ended 31 March 2017, and accounted for approximately 20.0% and 17.1% of our total revenue for the years ended 31 March 2016 and 2017, respectively. Although currently we have no concrete plan to promote our own branded products over third party branded products, there may still be direct or indirect competition between certain third party branded products and our own branded products. If we fail to promptly and actively manage such competition, our suppliers may not be willing to supply products to us with desired quality and in required quantities, in a timely manner and on terms commercially acceptable to us, or at all.

RISK FACTORS

Our business and reputation may be affected by product liability claims, food safety concerns, litigation, customer complaints, product tampering, quality control concerns or adverse publicity to our products.

As we are not involved in the manufacturing or harvesting of the products we sell, we do not have control over their quality. The sale of our products involves an inherent risk of our products being found to be unfit for human consumption or causing illness. Frozen seafood products may be rendered unfit for consumption due to product contamination or degeneration, illegal tampering by unauthorised third parties or other problems arising due to various stages of procurement, production transportation and storage. We cannot guarantee that our suppliers are in full compliance with all the relevant health and safety standards, licencing or permits requirements, customs clearance and quality control measures in such processes before the supply of products to us. In addition, certain of our products are offered under our own trademarks and therefore any quality concerns on our own branded products may have adverse impact on our business and reputation.

During the Track Record Period and up to the Latest Practicable Date, some of our frozen seafood products were procured from suppliers in Japan. Following the accident at the Fukushima Daiichi nuclear power plant in Japan in March 2011 (the “**Fukushima Daiichi Nuclear Power Plant Incident**”), the Centre for Food Safety (“**CFS**”) of the Food and Environmental Hygiene Department in Hong Kong prohibited (the “**Prohibition Order**”) imports of certain Japanese food, including, among other things, frozen aquatic products harvested, manufactured, processed or packed from five prefectures in Japan (namely Fukushima, Ibaraki, Tochigi, Gunma and Chiba) (the “**Five Prefectures**”), unless such products are accompanied by radiation certificates issued by the competent authority of Japan attesting that the radiation levels of the relevant products did not exceed the Guideline Levels for Radionuclides in Foods following Accidental Nuclear Contamination developed by the Codex Alimentarius Commission (the “**Codex Guideline Levels**”). Failure to comply with the Prohibition Order or such other guidelines and orders from the CFS may subject our Group to, among other things, inspection by the CFS, prohibition on selling certain products or temporary cessation of operations, which may in turn have adverse impact on our reputations, business and financial performance.

Upon receiving the products from our suppliers, we cannot guarantee that our internal control procedures and quality safeguards will be completely effective in ensuring that the quality of our products will not deteriorate as a result of improper storage conditions or other unforeseeable reasons. Such product quality issues may cause illness to the end-consumers of our products. The occurrence of such incidents may also result in customer complaints or adverse publicity causing serious damage to our reputation and brand, as well as product liability claims against us which may result in a loss in our sales. Under certain circumstances, we may be required to recall our products.

During the Track Record Period and up to the Latest Practicable Date, our Group was suspected to be involved in one food safety incident. On 5 August 2016, we were informed by the CFS that some fish roe we sold to a Macau customer was suspected to be contaminated with bacteria *Listeria monocytogenes* (the “**Listeria Incident**”). Our Group thereafter submitted samples of our roe products to CFS for testing. Subsequently on 17 August 2016, we were notified by the CFS that all the test results were found satisfactory with none of the samples detected to contain *Listeria monocytogenes*. As a result of the Listeria Incident, our Group voluntarily requested customers to return all related fish roe sourced from our Group and the amount of sales returned was approximately HK\$15,000. Our Group also recorded a decrease of approximately 17.8% in revenue recognised from the sales of crabs and roe

RISK FACTORS

during the Track Record Period primarily as a result of the Listeria Incident. Please refer to the sections headed “Business — Quality Control” and “Financial Information — Period to Period Comparison of Results of Operations” in this prospectus for the details of the incident.

There is no assurance that we will not face any product liability claims or a product recall, or any litigation or legal proceedings, in the future, whether in relation to the Listeria Incident or otherwise. Any dispute over the attribution of product liability or any litigation or legal proceedings that may arise would divert our resources in defending legal proceedings and efforts in our business operations, which may adversely affect our results of operations.

Adverse publicity, whether they are valid or not, may adversely affect the overall consumer food industry, consumer confidence in our products and our sales. Any incident that erodes consumer confidence in or affinity of our products or services, whether or not justified, could significantly reduce their respective values and damage our business reputation. Any occurrence of such food safety and health-related matters, even if we are not directly involved, would adversely affect consumer confidence and negatively impact the catering industry as a whole. If there is a decrease in consumer confidence as a result of health concerns or adverse publicity on our products, our business, financial condition and results of operations may be materially adversely affected.

We rely on independent suppliers for our packaging materials and any safety issues with these packaging materials could adversely affect our reputation, business operations and financial performance.

We use certain packaging materials such as plastic bags, labels and styrofoam boxes. Some of the packaging materials we use may contain harmful chemicals or substances of which we are not aware of and may cause undesirable side effects or injuries to our end-consumers. We cannot assure you that our packaging materials are free from defects or compliant with relevant safety standards for food packaging in every circumstance. Failures by our packaging suppliers to supply quality or food grade plastic packaging materials could result in packaging chemicals leeching onto our food ingredients and our food ingredients becoming harmful or inedible.

We cannot assure you that our quality control measures will be able to detect defects in our packaging materials in every circumstance. Any defect undetected and left in our packaging materials could adversely affect the quality of our products, which could in turn result in a material and adverse impact on our reputation, business operations, financial position and prospects.

Increase in the costs of products purchased from suppliers may materially affect our operational performance.

Our operational performance is susceptible to increases in our purchase costs of frozen seafood products from our suppliers. For the two years ended 31 March 2017, our cost of goods sold amounted to approximately HK\$145.7 million and HK\$191.0 million respectively. Please refer to the section headed “Financial Information — Key Factors Affecting our Results of Operations and Financial Conditions — (iii) Fluctuations in our Cost of Goods Sold” in this prospectus for an analysis of the impact of hypothetical fluctuations in our cost of goods sold on our profit before tax during the Track Record Period. A rise in the purchase costs of our products may be the result of various external factors, such as fluctuations in weather, seasonality, fluctuations in costs of seafood caused by supply and demand and other economic conditions that may adversely affect the cost, availability and quality of our

RISK FACTORS

food ingredients. If we are unable to obtain the requisite quantities of products at commercially reasonable prices in accordance with our customers' requirements, our business could be adversely affected. In the event that the purchase costs of products from our suppliers increase in the future and we are unable to pass these cost increases onto our customers immediately, our operational performance may also be affected.

We generally do not enter into long-term agreements with our customers.

Our customers generally comprise two groups, namely Frozen Seafood Resellers and Frozen Seafood Catering Service Providers, who purchase from us pursuant to end-consumers' demands, and as such we generally do not enter into long-term agreements with our customers for the purchase of our products. Since our customers are generally not obligated to continue purchasing products from us, or otherwise retain their business relationships with us, we cannot assure you that the volume and/or number of our customers' purchase orders will remain constant or increase or that we will be able to maintain or add to our existing customer base. In the event that any of these customers decide to choose our competitors and terminate their business relationships with us and we fail to expand our business with existing customers or to attract new customers, we may experience no growth or even decrease in our revenue, and hence our business, financial condition and results of operations could be materially and adversely affected.

Changes in consumers' preference, consumer spending patterns and general economic conditions could cause sales to decline.

Our customers are mainly Frozen Seafood Resellers and Frozen Seafood Catering Service Providers in Hong Kong and Macau who place purchase orders with us depending on end-consumers' demands. As such, our sales could be affected by a number of factors beyond our control, including, among other things, changes in end-consumers' spending level and preferences, general economic conditions and discretionary spending priorities, which affect the demand for our products. The end-consumers' spending level and preference are affected by an array of general factors, such as interest rates, level of disposable income, political uncertainty, taxation, unemployment level and general consumer confidence. Any unfavourable changes to these factors may result in lower consumer spending, adversely affect the catering industry and introduce uncertainty to the market demand for our products. If we fail to adapt to changes in customer preferences and trends, we may lose customers and our sales may deteriorate. Negative consumer sentiment is often noted during economic downturn. As such, our sales may decline during future economic downturns and affect our operating results, profits, business or financial condition.

Our Group faces the risk of obsolescence for our inventory.

Our operations involve storage and stocking of a range of frozen seafood products which have specified shelf life ranging from approximately 12–24 months. Our inventories for the two years ended 31 March 2016 and 2017 were approximately HK\$22.8 million and HK\$27.0 million, respectively, and our inventory turnover days for the abovementioned period were approximately 52.8 days and 47.6 days. In light of the nature of our products, our Group has set up features in our existing ERP system to allow our staff to monitor the inventory level and minimise incidences of overstocking. During the Track Record Period, we had not written-off any inventory and no provision for impairment of inventories was recorded. Our inventory inevitably faces obsolescence risks where there are unexpected material fluctuations or abnormalities in the supply and demand of frozen seafood products by suppliers and

RISK FACTORS

customers, respectively or where there are changes in consumers' tastes and preferences, which may lead to decreased demand and overstocking of particular products. Apart from material reduction in demand for certain products, goods may be returned from customers in large amounts due to, among other reasons, product quality issues, delayed or wrong delivery. Although our Group has not experienced a return of products in large amounts, any such events happening in the future may result in shelving of products which increases the risk of obsolescence.

In addition, the nature of our products require storage maintained at different level of frozen conditions in our frozen warehouses. Any unexpected and adverse changes in the optimal storage conditions of our warehouse facilities may expedite the deterioration of such products and in turn heighten the risk of inventory obsolescence or exposure to litigation matters.

Loss of service or any failure to attract our key management personnel in maintaining our business relationships with existing suppliers and customers, and identifying and securing new business may materially adversely affect our business, financial condition and operations.

The success of our business has and will continue to depend on the continuing service and dedication of our key management team. The key members of our senior management team have extensive experience in the frozen seafood import and wholesale industry. In particular, Mr. Chan, our chairman, Chief Executive Officer and executive Director, has over 17 years of experience in the frozen seafood import and wholesale industry and possesses in-depth knowledge in managing such business. Since our Group's establishment, our management team has built amicable business relationships with our suppliers and customers and maintained our Group's reputation. If any key management personnel resigns or otherwise terminates the employment contract, we may not be able to recruit new management members of comparable industry experience and knowledge in a timely manner or at all. In such event, our Group may not be able to maintain our business relationships with the existing suppliers and customers which may in turn cause material adverse impact on our ability to continue our success in the industry.

Our cash flow may deteriorate due to potential mismatch in time between receipt of payments from our customers and payments to our suppliers, and we may take a long time to collect our trade receivables.

While our suppliers generally grant us a credit period of 0 to 30 days, we generally give credit terms to our customers ranging from 0 to 60 days. As a result, there are often time lags between receiving payments from our customers and making payments to our suppliers, resulting in potential cash flow mismatch. The extent of such cash flow mismatch is illustrated by the differences between our trade payables turnover days and trade receivables turnover days. For the two years ended 31 March 2017, our trade payables turnover days were approximately 10.1 days and 6.1 days respectively, while our trade receivables turnover days were approximately 34.9 days and 29.6 days respectively (further details of which are discussed in the section headed "Financial Information" in this prospectus). Given such disparity between our trade receivable turnover days and trade payable turnover days during the Track Record Period, in the event that we fail to receive payments from our customers on a timely basis, our cash flows and financial performance could be affected adversely and materially.

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Even if we were able to recover any losses incurred from our customers pursuant to the terms of the contract, we expect the process of such recovery and/or settlement to be time-consuming and requires financial and other resources. Furthermore, there can be no assurance that any outcome will be in our favour or that any dispute will be resolved in a timely manner. Our current evaluation of the credit status of our customers and credit control policies may not be adequate to safeguard against material credit risks.

During the Track Record Period, we have not encountered any material delay in payment by our customers. However, there can be no assurance that such payment will be made on time by our customers in the future. Any failure by our customers to make payment to us in a timely manner may have adverse impact on our operation as it diverts our management resources, time and attention to pursue any unsettled invoices, hence, affect our business, financial position, results of operations and prospects.

Our financial results may be affected by fluctuations in interest rates and foreign exchange rates.

For the two years ended 31 March 2016 and 2017, we recognised a net exchange loss of approximately HK\$943,000 and HK\$416,000, respectively. As we conduct business with a number of overseas suppliers, such as those in Japan, Vietnam, China, Taiwan, USA, Singapore, Myanmar, Argentina, Thailand, Spain and Malaysia, certain of our costs or our payment are denominated in currency(ies) different than our revenue. As a result, we are exposed to fluctuations in exchange rates when costs and payments are denominated in currencies other than HK\$; such as USD and JPY. Any restrictions regarding the conversion or timing of conversion of foreign currencies may also expose us to adverse fluctuations in exchange rates. We are also exposed to interest rate risk resulting from fluctuations in interest rates. Increase in interest rates would increase expenses, and can also lead to fluctuations in the fair value of current and future debt obligations.

Our business operations may be adversely affected if we could not maintain favourable and stable relations with our employees.

Our success and growth heavily rely on our ability to identify, hire, train and retain suitable, skilled and qualified managerial, logistics, sales and marketing, procurement and other personnel to operate our business. For the years ended 31 March 2016 and 2017, our directors' remuneration were approximately HK\$1.1 million and HK\$1.2 million, respectively. Our other staff costs including retirement benefit schemes contribution were approximately HK\$1.4 million and HK\$1.7 million for the years ended 31 March 2016 and 2017, respectively. We cannot assure you that we will be able to hire and retain an adequate number of qualified and skilled employees to develop and grow our business. The inability to recruit and retain a sufficient number of such skilled employees could limit our ability to grow or our plan to expand our distribution network. In addition, fierce competition for these skilled employees could cause us to offer higher compensation and other fringe benefits in order to attract and retain them and consequently adversely affect our financial condition and results of operations.

Our business operation is generally manual in nature, and any deterioration of labour relations may adversely affect our operational stability and efficiency. Though we have not encountered any material labour disputes with our employees, we cannot give any assurances that favourable labour relations can be maintained. Any industrial action or strike by our labour force beyond our Group's control may also cause temporary or prolonged disruption to our business operation.

RISK FACTORS

Our Group's operations are subject to transportation service rendered by independent third party service provider.

Our Group relies on an independent third party transportation service provider for unloading products delivered by overseas suppliers from the Hong Kong container terminal and delivering the products to our cold storage warehouses. Our operations and delivery efficiency depend on the service quality of our transportation service provider and its ability to fulfil its obligations in accordance with the terms of the service contracts. For the delivery of products to our customers, our logistics and warehouse management team delivers products with our two cold storage trucks owned by our Groups to our customers. In the event that any of our two cold storage trucks breakdown, there is no assurance that we may be able to arrange an independent third party transportation service provider immediately to deliver our products to our customers in a timely manner. Any failure to provide on-time delivery may have a material adverse impact on our business operation, the quality of our products and our reputation if such products are required for immediate delivery to customers, as well as expose us to potential contractual claims therefore. In such event, we may not be able to seek full recourse against the transportation service provider in default under the terms of the service contract or enforce in full any judgement obtained. While our Group has not had any contractual disputes for material breaches by our transportation service provider, any such disputes which may arise in the future may severely affect our business operation and divert our management attention and resources.

Furthermore, our service contract with our transportation service provider is effective for an indefinite period but may be terminated by either party by way of written notice. In such event, we may not be able to find another service provider for comparable services and of similar costs, which may result in material adverse impact on our business operation.

Our Group will be adversely affected by any significant or prolonged disruption to our cold storage and refrigeration facilities.

We face operational risks with regard to our cold storage and refrigeration facility. Any prolonged and/or significant downtime arising from major and unexpected repairs or servicing or mechanical failure of any of our warehouses that result in major disruptions to our operations could cause us to be unable to store our frozen seafood products, either within a short period of time or at all, which could lead to diminished product quality. There is no assurance that the back-up compressors will be sufficient to restore our refrigeration machines for the required period.

Our refrigeration facilities are also subject to a number of risks, such as fires, floods, explosions, natural disasters, third-party interference, disruptions in power supply or power outages, war, terrorism and communal unrest. This could lead to significant disruption to our operations or result in significant damage to our Group's refrigeration facilities or inventories. These hazards could also result in environmental pollution, personal injury or wrongful death claims and other damage to our warehouses. These may materially and adversely affect our Group's business and financial performance.

RISK FACTORS

Failures of our ERP system could interrupt our operations and adversely affect our business operation.

We rely on our existing ERP system to manage our purchases from suppliers and historical sales to customers, monitor and control our inventory level, the records for the adjustment of prices of products, and review and set our business targets and objectives. Any damage or failure of our ERP system may result in loss of important information about sales orders from customers or distribution arrangements with suppliers, and we may not be able to recover such information. As a result, our business, operation and reputation may be adversely affected by the breakdown, notwithstanding long-term or temporary, of the ERP system.

Our Group's expansion of warehousing, storage and operational capacity is limited by shortage of land and relatively high costs of conducting business in Hong Kong.

The expansion of our warehousing and storage capacity may be constrained by the general shortage of land in Hong Kong as we continue to expand our business. Although we own our own warehouse property and lease a property for warehouse purpose from Eastern Mark (a company wholly-owned by our executive Director and Controlling Shareholder, Mr. Chan), we may encounter difficulties when securing warehousing space when we seek to expand our storage capacity in the future. We may also face keen competition with competitors in the frozen seafood import and wholesale industry or businesses in other industries that require storage space. In addition, given the high demand for warehouse facilities, we may not have bargaining power to negotiate for commercially acceptable terms when securing the tenancy of such warehouse facilities if we expand our operational business. Further, the costs of doing business in Hong Kong is high as compared to its surrounding regions. In view of the high rental prices and high labour costs in Hong Kong, our Group needs to exercise careful control over our expenditures in these areas. Should we fail to control our costs, the financial performance of our Group may be adversely affected. Our expansion of warehousing storage and operational capacity may be materially affected.

Our Group's operation is susceptible to unexpected business disruptions and irregularities.

Our business and operations are subject to material unexpected disruptions brought by natural disasters, including earthquakes, outbreak of diseases or extreme weather such as droughts, floods, excessive cold or heat, typhoons or storms, or other calamities, as well as irregularities in our operations such as fire, power and water outage and other discontinuation of utilities beyond our Group's control. If any of these events occurs at or in the vicinity of our warehouse facilities, it may directly cause substantial damage or destruction to our facilities and stocks of products. We cannot guarantee that the precautionary measures implemented at our warehouse facilities, such as regular inspection of our fire safety facilities and surveillance system, check-ups by the relevant authorities and continued compliance with fire safety laws and regulations in Hong Kong, will be effective in minimising such risks of business disruptions. There is no assurance that our Group will take adequate steps to mitigate the potential impact of such disruptions effectively. While we did not experience any of such business interruptions during the Track Record Period and up to the Latest Practicable Date, the occurrence of any of such incidents in the future may cause partial or total loss of our stocks, and result in material damage or destruction to our machinery and equipment. Our operations may be severely impaired or even put to a halt, which may lead to material adverse impact on our Group's results of operations.

RISK FACTORS

Our Group could be exposed to liability by litigation or legal proceedings which may divert our resources and adversely impact our reputation.

During the Track Record Period and up to the Latest Practicable Date, our Group is not involved in any material litigation, claim or any other proceedings against us in any jurisdiction. However, our operational and financial stability are subject to any litigation or legal proceedings we may face in the future. During the ordinary course of our business operations, our Group is exposed to liability arising from product quality claims, labour disputes, contractual claims under supply agreements, sales agreements, and other potential third party disputes. These actions might adversely affect our brand image, reputation and customer preference for our products. Our operational and financial resources, as well as our management attention may be diverted in defence of such proceedings from our business and operations. Our financial performance may be materially and adversely affected as substantial legal costs may be incurred. Our Group's reputation may also be affected during the often prolonged process of litigation while the outcome remains uncertain. Furthermore, any settlements or judgments against us may strain our financial resources and adversely affect the profitability of our Group.

Our business and future expansion plans may be adversely affected if we are unable to secure additional financing.

We have relied on cash and cash equivalents, advances from directors and related company, and bank facilities as our sources of funding our business operations. As at 31 March 2016 and 2017, our Group's bank borrowings amounted to approximately HK\$34.4 million and HK\$22.0 million, respectively. In the case that we do not generate sufficient cash flow from our operations to meet our present and future financial need, we may need to resort to external funding. If adequate external funds are not available on commercially reasonable terms or at all, we may face liquidity difficulties and our business, financial condition and results of operations may be materially and adversely affected.

Our insurance coverage may not be sufficient to cover all losses or potential claims from our customers which would affect our business, financial condition and results of operations.

We have purchased insurance coverage which includes fire and water damage insurance, cargo insurance, vehicle insurance, office insurance and public liability insurance. During the Track Record Period, we did not make any material insurance claims, nor did we claim any amounts under the insurance cover. While our Directors are of the view that our insurance coverage is in line with the general coverage in the industry and is adequate for our operations, it may not be adequate to fully compensate for the loss we may suffer in the future. For example, insurance covering losses from acts of war, terrorism, or natural catastrophes is either unavailable or cost prohibitive. In addition, our insurers will review our policies each year and we cannot guarantee that we can renew our policies or can renew our policies on similar or other acceptable terms. If we suffer from severe unexpected losses or losses that far exceed the policy limits, it could have a material and adverse effect on our business, financial position, results of operations and prospects.

RISK FACTORS

Our success depends on our intellectual property rights and failure to protect such intellectual property rights or counterfeiting of our brand name may adversely affect our reputation and our ability to compete.

As of the Latest Practicable Date, we had four trademarks registered in Hong Kong. We have not experienced any infringement of our intellectual property rights up to the Latest Practicable Date. We however cannot assure you that the intellectual property rights will not be infringed by third parties in the future or that if it occurs, we will be able to detect and address such incidences effectively. Any occurrence of counterfeiting or imitation could negatively impact our reputation and brand names and lead to loss of consumer confidence. Furthermore, counterfeiting and imitation of our products could result in a reduction of our market share, a decline in our sales and profitability as well as an increase in our administrative costs in respect of detection and prosecution, any of which may have a material adverse effect on our business, financial condition and results of operations.

Our Group's operating results may fluctuate due to seasonality and other factors.

Our Group's sales is affected by seasonality factor. Generally, demand for our Group's products is higher in holiday seasons, such as the summer holidays in August and Christmas in December. Our Directors believe that this is due to the higher consumer spending on food and beverage during the holidays as more consumers choose to dine out. These seasonal consumption patterns may cause our Group's results of operations to fluctuate from period of period, and comparisons of revenue of results of operations across different periods of a given year as an indicator of our Group's performance may not be meaningful and should not be relied upon as indicators of our Group's future performance.

Our Group may not be able to adequately manage our growth and expansion in the future.

Any future development of our business is subject to the availability of resources and the constraints of market conditions which may be constantly changing. Although our Group expects to continue expanding our business and operations, we cannot guarantee to be able to manage our growth effectively in a controlled manner. Any over-expansion could exert pressure on our limited managerial, operational and financial resources and may in turn pose risks to our operational and financial stability. For example, we may not be able to increase our warehouse facilities, upgrade our ERP system, further penetrate the frozen seafood import and wholesale market, and recruit sufficient manpower in a timely manner to support our business growth. Failure to manage our expansion plans properly may result in increased operational costs and lower profits than anticipated.

RISKS RELATING TO THE INDUSTRY

Fragmentation of the frozen seafood import and wholesale industry in Hong Kong could increase competition in our industry that may affect our financial performance.

According to the Ipsos Report, the frozen seafood import and wholesale industry is fragmented with approximately 580 frozen seafood import and wholesale companies in Hong Kong in 2016. Our Group competes in the frozen seafood import and wholesale industry for both supply of products by suppliers and provision of products to customers. There is no guarantee that we will be able to maintain our competitive strengths in the future as the industry trends evolve and as the market changes, particularly in the face of competition stemming from other major existing competitors. Some of our major competitors may have advantages over us, in terms of operating history, product portfolio,

RISK FACTORS

reputation, financial resources, sourcing and distribution network. Apart from our existing competitors, in view of the increasing awareness and acceptance of online distribution options (for instance, business-to-business and business-to-customers platforms), we may also compete with new types of competitors which operate under a different business model and are capable of offering products with relatively lower selling prices to customers as such business model would be able to reduce the reliance of different intermediaries in the supply chain. Furthermore, any consolidation among our existing or potential competitors or formation of alliances may rapidly and significantly increase their market share, which may diminish the market share we have developed since our establishment and increase the difficulties we face in expanding or gaining market share. Intense competition may lead our existing or potential competitors to adopt irrational or hostile business strategies, such as unreasonable or predatory price reductions and poaching of our employees, any of which may result in loss of our market share and reduced profit margins if we are forced to lower our pricing in response to such tactics adopted by our competitors.

In addition, during the Track Record Period, apart from the entering into exclusive agency agreements with three of our suppliers, we generally do not enter into any such exclusive agency agreements with our suppliers for the frozen seafood products. Our existing or potential competitors may obtain exclusivity in the products we sell in the future. We may be unable to source these products from other suppliers at equally competitive pricing. Consequently, our market share may be adversely affected. We may also face loss of our existing customers if they opt to purchase the new products sold by our existing or potential competitors as the product differentiation is low. As a result, if we fail to compete effectively or maintain our competitiveness in the market, our business, financial condition and results of operations may be adversely affected.

We are highly susceptible to the development and growth in the catering industry in Hong Kong and Macau.

During the Track Record Period, our revenue was primarily derived from the sales of frozen seafood products to customers such as Frozen Seafood Catering Service Providers and Frozen Seafood Resellers, who would then resell the frozen seafood products to Frozen Seafood Catering Service Providers or end-consumers in Hong Kong and Macau. The demand for our products is mainly driven by the ultimate need of these customers to serve different Japanese cuisines to the end-consumers in Hong Kong and Macau.

Therefore, the volatility of the Hong Kong and Macau catering industry would likely result in an impact on the demand of our products. In general if the catering market slumps, we also expect that the overall frozen seafood market to follow and demand for our products may be affected. Accordingly, our results of operations and financial performance are affected by the development and prospects of the catering industry. In the event that the development and growth of the catering industry is not sustained or slows down due to a variety of factors beyond our control, such as economic downturn, epidemic outbreak or any negative publicity relating to any health-related matters, or if there is any material adverse change in the catering industry, our business, results of operations, financial condition and prospects may be materially and adversely affected.

RISK FACTORS

The frozen seafood import and wholesale business may be subject to increasingly stringent licencing requirements, environmental protection regulations and hygiene standards, which can increase our operating costs.

We are required to obtain food importer and food distributorship licence in Hong Kong for the conduct of our existing business. The Hong Kong government may revise the current regulations and policies unfavourably for our Group's operations and business in the future. We cannot assure you that the licencing requirements for our operations in Hong Kong will not become more stringent in the future. Any imposition of onerous obligations on us to comply with licencing or permits requirements may increase our costs of operation and in turn adversely affect our profitability. Although our Group would try to comply with all relevant laws and regulations at all times, we cannot guarantee that we will be successful in registering or renewing all relevant licences required from time to time. Any change in compliance standards, or any new laws or regulations may prohibit us from conducting, or render it more restrictive for us to conduct our business. For example, we may be required to suspend our operations until the relevant licences are issued or even cease certain aspects of our business if we fail to obtain such licences for reasons that may go beyond our control. Any failure to comply with the existing regulations or future legislative changes could require our Group to incur significant compliance costs or expenses or result in the assessment of damages, imposition of fines against us or suspensions of some or all of our business, which could materially and adversely affect our financial condition and results of operations.

Adverse changes in the macro-economic factors may have a material adverse effect upon our business, financial condition and results of operations.

Our results of operations, financial condition and prospects are subject to a significant degree to economic, political and legal developments in Hong Kong as a whole. The frozen seafood import and wholesale industry is affected by such economic, political and legal factors, including changes in international, national, regional and local economic and political conditions, employment levels, disposal income level and consumer spending patterns which are beyond the control of our Group. In particular, most of our Group's end-consumers are chain restaurants and hotels in Hong Kong, any concern on the political realm, deterioration of the Hong Kong economy, decrease in disposable consumer income, fear of a recession and decreases in consumer confidence may lead to a reduction of guest traffic and average spending per invoice of our customers' business, which could in turn reduce the demand for our products by our customers and materially and adversely affect our financial condition and results of operations. In addition, our continued success will depend upon our ability to anticipate, identify and respond to the changing economic, political, legal and other conditions in a timely manner, failing which our financial condition and results of operations may be adversely affected.

Additionally, as Hong Kong and Macau are special administrative regions of the PRC, the PRC may, by its political and economic policies, exert influence on the foregoing aspects of Hong Kong and Macau. The PRC economy differs from the economies of most developed countries in many respects, including with regard to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. In recent years, the PRC government has implemented various measures to guide the allocation of resources so as to narrow the gaps between economic developments in different regions in the country. We cannot foresee or give any assurance that

RISK FACTORS

the PRC government will not in the near future adopt policies that will adversely affect the political, legal and economic conditions of Hong Kong and Macau which may in turn materially affect our business.

Any outbreak of animal diseases, epidemic of contagious diseases in Japan, Vietnam, China, Hong Kong or overseas countries may have a material adverse effect on our business operations and financial condition.

We import and source our frozen seafood products from a number of suppliers, including those from overseas countries such as Japan, Vietnam, China, Taiwan, USA, Singapore, Myanmar, Argentina, Thailand, Spain and Malaysia. Any outbreak of widespread ocean pollution, animal diseases, aquatic animal diseases or other epidemics in these countries may severely impair our suppliers' ability to supply or continue to supply products which may be contaminated or otherwise unsafe due to the outbreak of diseases. Any epidemic of contagious diseases affecting humans might also result in unfavourable business operating conditions for our suppliers and customers such as decline in the consumption of seafood, and thus the frozen seafood industry, slowdown in economic growth and overall negative business sentiment. As our revenue heavily relies on the continuous and stable supply of products by our suppliers and sales of products to our customers, our business and financial performance may in turn be materially and severely affected. Furthermore, the occurrence of such outbreaks of animal, aquatic or communicable diseases affecting humans in the countries from which we import our products may generate public concerns for their safety, influence customers' confidence in our brand and adversely affect our reputation.

RISKS RELATING TO THE SHARE OFFER

Termination of the Public Offer Underwriting Agreement.

Prospective investors should note that the Joint Bookrunners (for themselves and on behalf of the other Public Offer Underwriters) are entitled to terminate the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement by giving written notice to us upon the occurrence of any of the events set out in the section headed "Underwriting — Underwriting Arrangements and Expenses — The Public Offer — Grounds for Termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such event may include, without limitation, acts of government or orders of any courts, labour disputes, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of God, acts of terrorism (whether or not responsibility has been claimed), declaration of a national or international emergency, riots, public disorder, economic sanctions, outbreaks of diseases or epidemics.

There has been no prior public market for our Shares, and there may be limited liquidity in the Shares and volatility in the price of the Shares on GEM.

The Shares have not been traded in any open market before completion of the Listing. The Offer Price is the result of negotiations between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), and may not serve as an indicator of the price of the Shares traded on GEM in the future. There is no assurance that an active trading market of the Shares will develop upon Listing or if it does develop, that it may be sustained for any period of time after Listing. Upon Listing, the transaction volume and market price of the Shares may be affected by various factors, including the revenue, profitability and cash flow of our Company, change of key personnel of our Company,

RISK FACTORS

announcements of new investments, strategic alliance and/or acquisition, transaction volume of the Shares, development of GEM, general economic conditions, fluctuations in market prices of our products, changes in securities analysts' analysis of our financial performance, concentration of shareholding in the hands of small number of investors, involvement in litigation, and other factors. All such factors may result in significant fluctuations in the market price and/or transaction volume of the Shares. There is no assurance that such changes will not occur.

Additional equity fund raising may lead to dilution of shareholders' interests and decrease in market price of the Shares.

We may find opportunities to grow through acquisitions that cannot currently be anticipated. Secondary issue(s) of securities after the Share Offer may be necessary to raise the required capital to capture these growth opportunities. If additional funds are raised by issuing new equity securities in the future to new and/or existing Shareholders after the Listing, such new Shares may be priced at a discount to the then prevailing market price. If existing Shareholders are not offered an opportunity to participate, their shareholding interest in our Company will be diluted.

Also, if we fail to utilise the additional funds to generate the expected earnings, this could adversely affect our financial results and in turn exerts pressure to the market price of the Shares. Even if additional funds are raised by means of debt financing, any additional debt financing may, apart from increasing interest expense and gearing, contain restrictive covenants with respect to dividends, future fund raising exercises and other financial and operational matters.

There may be dilution because of the issuance of Shares pursuant to the options which may be granted under the Share Option Scheme.

We may grant share options to eligible participants under the Share Option Scheme, who may be employees, senior management and Directors. The exercise of share options under the Share Option Scheme will result in an increase in the number of Shares, and may result in a dilution to the percentage of ownership of the shareholders of our Company, the earnings per Share and net asset value per Share depending on the exercise price. Further details of the Share Option Scheme are summarised in the section headed "Statutory and General Information — 5. Share Option Scheme" in Appendix V to this prospectus.

Historical dividends are not indicative of our Group future's dividends.

For the two years ended 31 March 2017, our Group declared dividends of HK\$12.6 million and HK\$10.0 million, respectively. The value of dividends declared and paid in previous years should not be relied on by potential investors as a guide to the future dividend policy of our Group or as a reference or basis to determine the amount of dividends payable in the future. There is no assurance that dividends will be declared or paid in the future, at a similar level or at all. Our future declarations of dividends will be subject to, among other things, the discretion of our Board. Any distributable profits that are not distributed in any given year may be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations. In any event, there can be no assurance that we will be able to declare or distribute any dividend.

RISK FACTORS

Future sale of the Shares or major divestment of the Shares by our Controlling Shareholders or substantial shareholders of our Company may cause Share price to fall.

The sale of a significant number of Shares by our Controlling Shareholders or substantial shareholders in the public market after the Listing, or the perception that such sale may occur, could adversely affect the market price of the Shares. Except as otherwise described in the section headed “Underwriting” in this prospectus and the restrictions set out by the GEM Listing Rules, there are no restrictions imposed on our Controlling Shareholders or substantial shareholders of our Company to dispose of their shareholdings. Any major disposal of Shares by any of our Controlling Shareholders or substantial shareholders of our Company may cause the market price of the Shares to fall. In addition, these disposals may make it more difficult for our Group to issue new Shares in the future at a time and price that the Directors deem appropriate, thereby limiting our ability to raise capital.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties.

This prospectus contains certain statements that are “forward-looking” and indicated by the use of forward-looking terminology such as “believe”, “intend”, “anticipate”, “estimate”, “plan”, “potential”, “will”, “would”, “may”, “should”, “expect”, “seek” or similar terms. Prospective investors are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that, even if the Directors believe the assumptions related to those forward-looking statements are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The risks and uncertainties in this regard consist of those identified in the risk factors discussed above. In light of these and other risks and uncertainties, the enclosure of forward-looking statements in this prospectus should not be regarded as representations by our Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements. Our Company does not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events, or otherwise. Please refer to the section headed “Forward-looking Statements” in this prospectus for further details.

Investors should not rely on any information contained in press articles or other media regarding our Group or the Share Offer.

We wish to emphasise to prospective investors that we do not accept any responsibility for the accuracy or completeness of the information contained in any press articles or other media coverage regarding us or the Share Offer, and such information that was not sourced from or authorised by us. We make no representation to the appropriateness, accuracy, completeness or reliability of any information contained in any press articles or other media coverage about our business or financial projections, share valuation or other information. Accordingly, prospective investors should not rely on any such information and should rely only on information included in this prospectus in making any decision as to whether to invest in our Shares.

RISK FACTORS

Certain facts and statistics in this prospectus may not be reliable and accurate.

The facts and statistics disclosed in this prospectus (particularly those set out in the section headed “Industry Overview” in this prospectus) relating to Hong Kong, its economy, regulatory framework and the frozen seafood import and wholesale industry have been derived from various publications which we believe to be reliable. However, we cannot guarantee the quality or reliability of such source materials. Whilst we have taken reasonable care in the production of such information, they have not been independently verified by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers or the Underwriters, any of our or their respective directors or any other parties involved in the Share Offer. Therefore, all the aforesaid parties, including but not limited to our Company and the Sole Sponsor, make no representation as to the accuracy of such facts and statistics disclosed in this prospectus. Due to the possibly flawed or ineffective data collection methods or discrepancies between published information and market practice, the facts and statistics disclosed in this prospectus may be inaccurate or may not fairly reflect the actual situations or market conditions. Furthermore, we cannot assure that such information is stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Accordingly, prospective investors should not rely on any such information and should rely only on information included in this prospectus in making any decision as to whether to invest in our Shares.

**WAIVER FROM STRICT COMPLIANCE WITH
THE REQUIREMENTS UNDER GEM LISTING RULES**

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute non-exempt continuing connected transactions of our Company under the GEM Listing Rules after the Listing. We have, pursuant to Rule 20.103 of the GEM Listing Rules, applied for and the Stock Exchange has granted a waiver from strict compliance with the relevant requirements under Chapter 20 of the GEM Listing Rules in respect of the non-exempt continuing connected transactions as disclosed in the section headed “Connected Transactions” in this prospectus. Please see the section headed “Connected Transactions” in this prospectus for further details.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually take full responsibility, includes particulars given in compliance with the Companies Ordinance, Companies (WUMP) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purposes of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief:

- (a) the information contained in this prospectus is accurate and complete in all material respects and is neither misleading nor deceptive;
- (b) there are no other matters the omission of which would render any statement herein or this prospectus as a whole misleading; and
- (c) all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are considered fair and reasonable.

The Offer Shares are offered for subscription solely on the basis of the information contained and the representations made in this prospectus. No person is authorised in connection with the Share Offer to give any information, or to make any representation, not contained in this prospectus. Any information or representation not contained herein shall likewise not be relied upon as having been authorised by our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Underwriters, any of the respective directors, officers, agents, employees and/or representatives or any other person or parties involved in the Share Offer.

OFFER SHARES ARE FULLY UNDERWRITTEN

This prospectus is published solely in connection with the Share Offer, comprising the Placing and the Public Offer. Details of the structure of the Share Offer, including conditions of the Share Offer, are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus. The Listing is sponsored by the Sole Sponsor. The Share Offer is managed by the Joint Bookrunners. The Public Offer will be fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is subject to the agreement to the Offer Price between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters). The Placing will be fully underwritten by the Placing Underwriters under the terms of the Placing Underwriting Agreement. For further details about the Underwriters and the Underwriting Agreements, please refer to the section headed "Underwriting" in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

OFFER PRICE

The Offer Shares are being offered at the Offer Price, which is expected to be fixed by the Price Determination Agreement between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date, which is currently scheduled to be on or about Tuesday, 10 October 2017 or such later date as the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company may agree. If, for whatever reason, the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company are unable to agree on the Offer Price by the Price Determination Date, the Share Offer will not become unconditional and will lapse. For full information relating to the determination of the Offer Price, please refer to the section headed “Structure and Conditions of the Share Offer” in this prospectus.

SELLING RESTRICTIONS

No action has been taken to permit any offering of the Offer Shares or the distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or the related Application Forms may not be used for the purpose of, and does not constitute, any offer or invitation nor is it taken as an invitation or solicitation of offers in any jurisdiction or under any circumstances where such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The distribution of this prospectus and/or the related Application Forms and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities or as an exemption therefrom.

Each person acquiring the Offer Shares will be required to confirm, or by his or her acquisition of the Offer Shares be deemed to confirm, that he or she is aware of the restrictions on the offer of the Offer Shares described in this prospectus and/or the related Application Forms and that he or she is not acquiring, and has not been offered, any such shares in circumstance that contravenes any such restrictions.

Prospective investors for the Offer Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

PROCEDURE FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The procedure for application for the Public Offer Shares is set out in the section headed “How to Apply for the Public Offer Shares” in this prospectus and on the relevant Application Forms.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Details of the structure and conditions of the Share Offer are set out in the section headed “Structure and Conditions of the Share Offer” in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

APPLICATION FOR THE LISTING ON GEM

Application has been made to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer and the Capitalisation Issue on GEM and the Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any option which may be granted under the Share Option Scheme. No part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at least 25% of the total issued share capital of our Company must at all times be held by the public. A total of 70,000,000 Offer Shares, representing 25% of our Company's issued share capital, will be in the hands of the public immediately following the completion of the Capitalisation Issue and the Share Offer (assuming the Offer Size Adjustment Option is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) and upon the Listing. Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

Under section 44B(1) of the Companies (WUMP) Ordinance, if the permission for the Shares to be listed on GEM pursuant to this prospectus has been refused prior to the expiration of three weeks from the date of the closing of the Share Offer or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Save as disclosed herein, no part of the Shares or loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, we are not seeking or proposing to seek a listing of, or permission to deal in, any part of the Shares or loan capital on any other stock exchange.

OFFER SIZE ADJUSTMENT OPTION

Details of the Offer Size Adjustment Option are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential applicants in the Share Offer are recommended to consult with their professional advisers if they are in doubt as to the taxation implications of the subscription for, holding, purchase, disposal of or dealing in the Shares or exercising their rights thereunder. It is emphasised that none of our Company, the Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Underwriters, their respective directors or any other person involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, holders of Shares resulting from the subscription for, holding, purchase, disposal of or dealing in the Shares or the exercise of their rights thereunder.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained by our principal share registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands and our Company's Hong Kong branch register of members will be maintained by our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, in Hong Kong.

The Shares are freely transferable. Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

All the Offer Shares will be registered on the branch register of members of our Company in Hong Kong. Dealings in the Shares registered on our Company's branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of our Shares will be paid to the Shareholders listed on our Company's Hong Kong branch register of members to be maintained in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder or if joint Shareholders, to the first-named therein in accordance with the Articles of Association.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus on GEM and the compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. If you are unsure about the details of CCASS settlement arrangement and how such arrangements will affect your rights and interests, you should seek the advice of your stockbroker or other professional advisers.

COMMENCEMENT OF DEALING IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on or about Thursday, 19 October 2017. Shares will be traded in board lots of 2,000 Shares each. The stock code for the Shares is 8476. Our Company will not issue any temporary document of title.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

CURRENCY TRANSLATIONS

Unless otherwise specified, translations of (i) US\$ into HK\$; and (ii) JPY into HK\$ in this prospectus are based on the exchange rates set out below (for the purpose of illustration only):

US\$1.00: HK\$7.77

JPY1.00: HK\$0.07

No representation is made that any amounts in (i) US\$ and HK\$; and (ii) JPY and HK\$ can be or could have been converted at the relevant dates at the above exchange rate or any other rates.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of individual items. Where information is presented in thousands or millions of units, amount may have been rounded up or down. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER
--

DIRECTORS

Name	Residential Address	Nationality
<i>Executive Directors</i>		
Mr. Chan Kin Fung (陳建峰) (formerly known as Chan Tsan Fong (陳燦芳))	Flat D, 12/F Block 17, The Cairnhill 108 Route Twisk Tsuen Wan New Territories Hong Kong	Chinese
Ms. Tse Chun Ha Amy (謝春霞)	Flat D, 12/F Block 17, The Cairnhill 108 Route Twisk Tsuen Wan New Territories Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Mr. So Yuk Ki (蘇玉祺)	Flat B, 35/F Tower 2 South Court Festival City Phase 2 1 Mei Tin Road Tai Wai, Sha Tin New Territories Hong Kong	Chinese
Mr. Lee Kam Wan (李錦運)	Unit D, 12/F, Tower 3 Vision City 1 Yeung Uk Road Tsuen Wan New Territories Hong Kong	Chinese
Mr. Leung Wai Ping Noel (梁偉平)	Flat D, 6/F Sun Kei Building 40 Hennessy Road Wan Chai Hong Kong	British National (Overseas)

Please refer to the section headed “Directors, Senior Management and Employees” in this prospectus for further information on the abovementioned Directors.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor

Innovax Capital Limited

A licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities

Room 2002
20/F Chinachem Century Tower
178 Gloucester Road
Wan Chai
Hong Kong

Joint Bookrunners and Joint Lead Managers

Pacific Foundation Securities Limited

A licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 9 (asset management) regulated activities

11/F, New World Tower II
16–18 Queen's Road Central
Hong Kong

Innovax Securities Limited

A licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities

Unit A–C
20/F Neich Tower
128 Gloucester Road
Wan Chai
Hong Kong

Co-lead Managers

Ample Orient Capital Limited

A licensed corporation under the SFO to carry out type 1 (dealing in securities) regulated activities

Room A, 17/F, Fortune House
61 Connaught Road Central
Central, Hong Kong

Guotai Junan Securities (Hong Kong) Limited

A licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities

27/F., Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Public Offer Underwriters

Pacific Foundation Securities Limited

A licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 9 (asset management) regulated activities

11/F, New World Tower II
16–18 Queen's Road Central
Hong Kong

Innovax Securities Limited

A licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities

Unit A–C
20/F Neich Tower
128 Gloucester Road
Wan Chai
Hong Kong

Ample Orient Capital Limited

A licensed corporation under the SFO to carry out type 1 (dealing in securities) regulated activities

Room A, 17/F, Fortune House
61 Connaught Road Central
Central, Hong Kong

Guotai Junan Securities (Hong Kong) Limited

A licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities

27/F., Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Freeman Securities Limited

A licensed corporation under the SFO to carry out type 1 (dealing in securities) regulated activities

38/F, Bank of China Tower, 1 Garden Road,
Hong Kong

Nuada Limited

A licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities

Unit 1805–08, 18/F, OfficePlus @Sheung Wan,
93–103 Wing Lok Street
Sheung Wan, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Pulsar Capital Limited

A licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities

Unit 318, 3/F, Shui On Centre
6–8 Harbour Road
Wanchai, Hong Kong

Quasar Securities Co., Limited

A licensed corporation under the SFO to carry out type 1 (dealing in securities) regulated activities

Unit A 12/F Harbour Commercial Building
122–124 Connaught Road
Central, Hong Kong

Telecom Digital Securities Limited

A licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 2 (dealing in futures contracts) regulated activities

Units 3608–12 Tower 2 Metroplaza
223 Hing Fong Road
Kwai Fong, N.T., Hong Kong

Legal advisers to our Company

As to Hong Kong law:

MinterEllison

Solicitors, Hong Kong
Level 25, One Pacific Place
88 Queensway
Hong Kong

As to Cayman Islands law:

Conyers Dill & Pearman

Cayman Islands attorneys-at-law
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Legal advisers to the Sole Sponsor and the Underwriters

As to Hong Kong law:

P. C. Woo & Co.

Solicitors, Hong Kong
Room 1225, 12/F, Prince's Building
10 Chater Road
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Auditor and reporting accountants	Deloitte Touche Tohmatsu <i>Certified Public Accountants</i> 35/F One Pacific Place 88 Queensway Hong Kong
Independent industry consultant	Ipsos Limited 22/F, Leighton Centre 77 Leighton Road Causeway Bay Hong Kong
Internal control consultant	SHINEWING Risk Services Limited 43/F The Lee Gardens 33 Hysan Avenue Causeway Bay Hong Kong
Compliance adviser	Innovax Capital Limited <i>A licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities</i> Room 2002 20/F Chinachem Century Tower 178 Gloucester Road Wan Chai Hong Kong
Property valuer	Asset Appraisal Limited Room 901, 9/F On Hong Commercial Building No. 145 Hennessy Road Wanchai Hong Kong
Receiving bank	DBS Bank (Hong Kong) Limited 16/F, The Center 99 Queen's Road Central Central, Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business in Hong Kong	Unit B, 5/F Goodwill Industrial Building 36–44 Pak Tin Par Street Tsuen Wan Hong Kong
Company's website	<u>www.oceanoneholding.com</u> <i>(the contents of this website do not form part of this prospectus)</i>
Compliance officer	Ms. Tse Chun Ha Amy Flat D, 12/F Block 17, The Cairnhill 108 Route Twisk Tsuen Wan New Territories Hong Kong
Company secretary	Mr. Tsui Siu Hung Raymond <i>HKICPA</i> Flat 2906, Block B Kai Tin Tower, No. 61 Kai Tin Road Lam Tin, Kowloon Hong Kong
Authorised representatives (for the purpose of the GEM Listing Rules)	Ms. Tse Chun Ha Amy Flat D, 12/F Block 17, The Cairnhill 108 Route Twisk Tsuen Wan New Territories Hong Kong Mr. Tsui Siu Hung Raymond Flat 2906, Block B Kai Tin Tower, No. 61 Kai Tin Road Lam Tin, Kowloon Hong Kong

CORPORATE INFORMATION

Audit Committee	Mr. So Yuk Ki (<i>Chairman</i>) Mr. Lee Kam Wan Mr. Leung Wai Ping Noel
Remuneration Committee	Mr. So Yuk Ki (<i>Chairman</i>) Ms. Tse Chun Ha Amy Mr. Leung Wai Ping Noel
Nomination committee	Mr. Chan Kin Fung (<i>Chairman</i>) Mr. So Yuk Ki Mr. Lee Kam Wan
Principal share registrar and transfer office	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	Citibank, N.A. 21/F Citi Tower, One Bay East 83 Hoi Bun Road, Kwun Tong Kowloon, Hong Kong Nanyang Commercial Bank, Limited 151 Des Voeux Road Central Hong Kong

INDUSTRY OVERVIEW

This and other sections of this prospectus contain information relating to the industry in which we operate. Certain information and statistics contained in this section have been derived from various official and publicly available sources. In addition, certain information and statistics set forth in this section have been extracted from a market research report commissioned by us and prepared by Ipsos, an independent industry research company. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information and statistics. We have no reason to believe that such information or statistics is false or misleading in any material respect or that any fact has been omitted that would render such information or statistics false or misleading in any material respect. However, such information and statistics have not been independently verified by us, the Sole Sponsor, any of the Underwriters, our or their respective directors and officers or any other parties involved in the Share Offer. No representation is given as to the accuracy. Our Directors confirm that after due and reasonable consideration, there is no adverse change in the market information since the date of the Ipsos Report which may qualify, contradict or have a material impact on the information in this section.

SOURCE AND RELIABILITY OF INFORMATION

Background of Ipsos

We commissioned Ipsos, an independent industry research company, to conduct an analysis of, and to report on, the frozen seafood import wholesale industry in Hong Kong and Macau. A total fee of HK\$465,000 was charged by Ipsos for the preparation of the Ipsos Report. The Ipsos Report has been prepared by Ipsos independent of the Group's influence. Except as otherwise noted, the information and statistics set forth in this section have been extracted from the Ipsos Report. The payment of such amount was not conditional on our Group's successful listing or on the results of the Ipsos Report.

Ipsos has been engaged in a number of market assessment projects in connection with initial public offerings in Hong Kong. Ipsos is part of a group of companies which employs approximately 16,000 personnel worldwide across 87 countries. Ipsos conducts research on market profiles, market sizes and market shares and performs segmentation analysis, distribution and value analysis, competitor tracking and corporate intelligence.

The Ipsos Report includes information on the frozen seafood import wholesale industry in Hong Kong and Macau. The information contained in the Ipsos Report is derived by means of data and intelligence gathering which include: (i) desktop research; and (ii) primary research, including interviews with key stakeholders including frozen seafood importer wholesalers, seafood distributors, restaurant groups, and relevant associations in Hong Kong and Macau.

Information gathered by Ipsos has been analysed, assessed and validated using Ipsos in-house analysis models and techniques. According to Ipsos, this methodology ensures a full circle and multilevel information sourcing process, where information gathered can be cross-referenced to ensure accuracy. All statistics are based on information available as at the date of the Ipsos Report. Other sources of information, including government, trade associations or marketplace participants, may have provided some of the information on which the analysis or data is based.

INDUSTRY OVERVIEW

Ipsos developed its estimates or forecasts on the following principal bases and assumptions: (i) it is assumed that the supply of and demand for products and services of the frozen seafood industry in Hong Kong are stable over the forecast period; and (ii) it is assumed that there is no external shock such as financial crisis or natural disasters to affect the demand and supply of the frozen seafood import wholesale industry in Hong Kong during the forecast period.

OVERVIEW OF THE HONG KONG ECONOMY

The GDP of Hong Kong maintained a steady growth at a CAGR of approximately 2.5%, from approximately HK\$2,133.4 billion in 2012 to approximately HK\$2,358.6 billion in 2016 as a result of the economic integration with Mainland China in terms of trade, tourism, investment and stable job and income condition in Hong Kong. The GDP growth in import and export for wholesale and retail trades, construction and accommodation and food service are some of the major sectors contributing to the increase of total GDP in Hong Kong. GDP in Hong Kong is expected to increase from approximately HK\$2,390.0 billion in 2017 to approximately HK\$2,691.2 billion in 2021 at a CAGR of approximately 3.0%, which is attributable to recovery of global economy and capital investment from Mainland China.

The total private consumption expenditure on food in Hong Kong steadily increased from HK\$179,633 million in 2011 to HK\$245,498 million in 2016, representing a CAGR at 6.4%. The growth in total private consumption expenditure on food, which was supported by GDP growth and increasing average household disposable income, is providing an optimistic outlook of consumption expenditure on food in Hong Kong market, including frozen seafood.

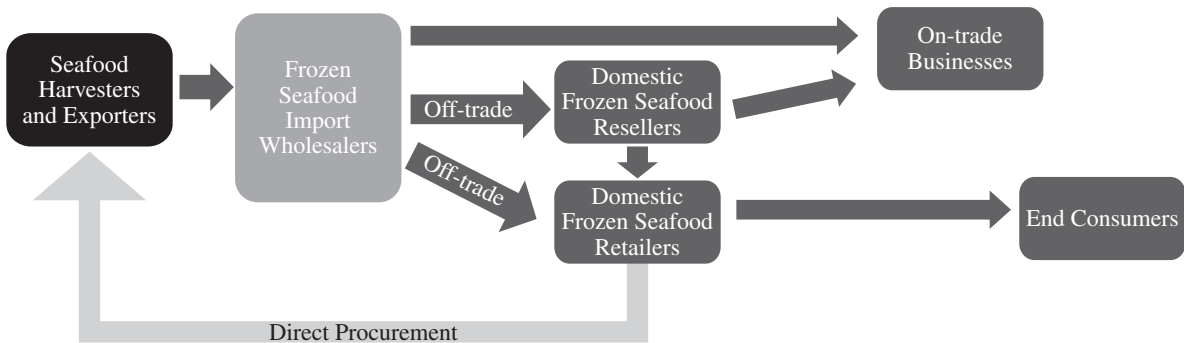
OVERVIEW OF THE FROZEN SEAFOOD IMPORT WHOLESALE INDUSTRY IN HONG KONG AND MACAU

As a leading culinary capital in the Asia-Pacific region, demand for seafood remains high in Hong Kong which is driven by strong consumption of seafood by local consumers and a large amount of inflow tourists. A report from The Food and Agriculture Organization of the United Nations (FAO) indicated that Hong Kong had consumed about 505,553 tons of seafood in 2011, equal to around 71.2 kg per person, which is 4.1 times higher than the global average. Growth of imported frozen seafood in Hong Kong is also attributable to the free economy where there are no import duties on seafood. Internationally standardised food storage and transportation, in particular logistics and transportation facilities and cold storage warehouses are also important to the frozen seafood import wholesale industry. Moreover, as of 2016, there were a total of 24,992 licensed restaurants in Hong Kong covering a diverse range of cuisines that span Eastern and Western cultures, which boost the demand for frozen seafood. As one of the most favoured cuisines in Hong Kong, Japanese cuisine restaurants are one of the major types of restaurants with high demand for seafood, including frozen seafood.

As tourism is one of the backbones of the economy of Macau, seafood consumption is largely driven by businesses such as hotels and restaurants. These establishments generate significant demand for frozen seafood, especially from catering and buffet services. An increase in the number of restaurants and similar establishments from 1,626 in 2012 to 2,284 in 2015 as well as an increase in the number of hotel establishments from 100 in 2012 to 107 in 2016 also contribute to the demand for frozen seafood. Similar to Hong Kong, Japanese cuisine is very popular in Macau and as of April 2017, the number of Japanese cuisine restaurants in Macau reached 224.

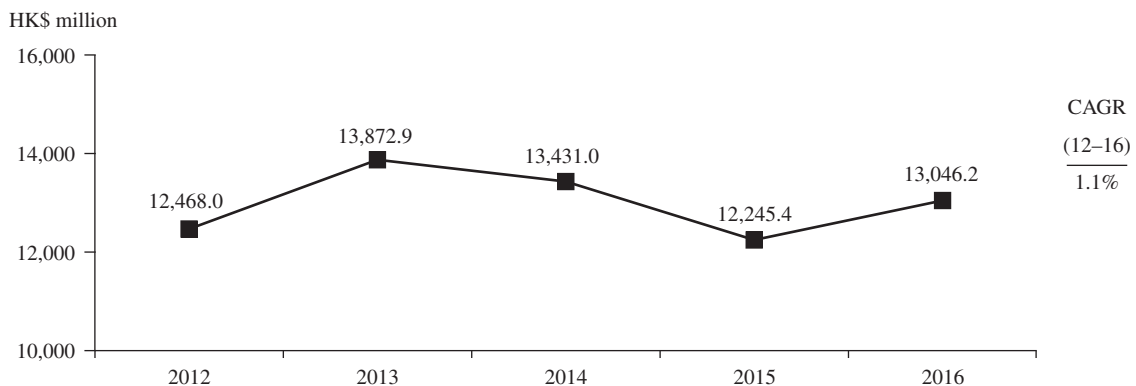
INDUSTRY OVERVIEW

The frozen seafood import wholesale industry consists of six major players: seafood harvesters and exporters; frozen seafood import wholesalers; on-trade businesses such as restaurants, bars and hotels; off-trade businesses including retailers and resellers with different functions; and end consumers. Import wholesalers' business involves various stages including procurement from seafood harvesters and exporters, cold storage, wholesales and distribution. It is common practice that import wholesalers usually participate in both on-trade and off-trade business channels, with customers that span restaurants, hotels, bars, domestic resellers and retailers. It is also not uncommon for import wholesalers to purchase from their customers (including resellers or retailers) when they need to replenish certain stock in a timely manner. Frozen seafood retailers in Hong Kong include supermarkets, grocery stores, public markets and specialty stores. It is not uncommon that some retailers will sell the original packages of frozen seafood, while some other retailers will re-package the frozen seafood they procure with their own brands. Also, some domestic chain retailers will procure frozen seafood directly from international processors and exporters to ensure a more competitive price. Frozen seafood resellers sell to smaller on-trade businesses and off-trade retailers as these smaller establishments may find it difficult to directly procure from import wholesalers due to their low order quantity or lack of business relationship. On-trade businesses refer to restaurants, hotels, bars and other dining places which often procure frozen seafood from both import wholesalers and domestic resellers. Finally, end consumers mainly refer to household customers, a significant group of consumers for frozen seafood due to its convenience and affordable price.



HISTORICAL IMPORT VALUE OF FROZEN SEAFOOD IN HONG KONG AND HISTORICAL FROZEN SEAFOOD RE-EXPORT VALUE TO MACAU

Historical Import Value of Frozen Seafood in Hong Kong from 2012 to 2016

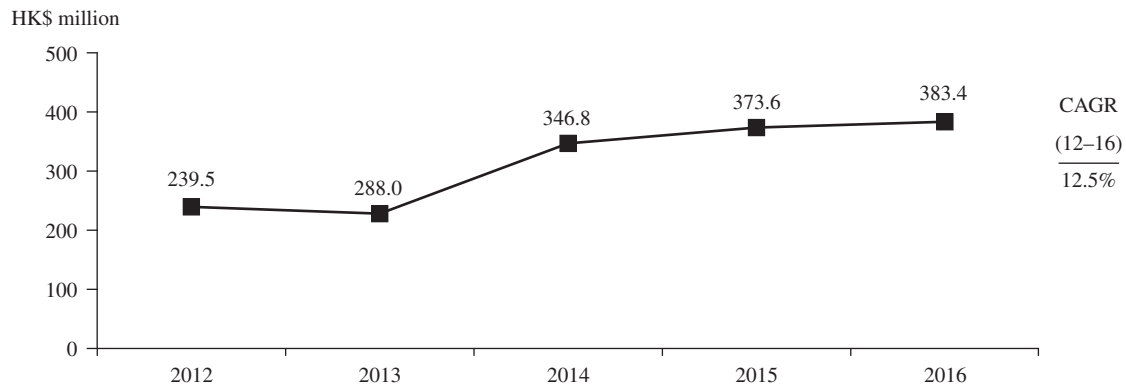


Source: Census and Statistics Department, HKSAR; Ipsos Report

INDUSTRY OVERVIEW

Historical import value of frozen seafood in Hong Kong climbed slightly from HK\$12,468.0 million in 2012 to HK\$13,046.2 million in 2016 at a CAGR of about 1.1%. The increase in total private consumption expenditure on food between 2012 and 2016 was one of the main drivers to the growth of value and volume of frozen seafood. Also, the frozen seafood import wholesale business has been encouraged as frozen seafood can be freely imported into Hong Kong without tax and import duty. The decline throughout the period of 2013 to 2015 was primarily as a result of a decrease in seafood consumption by inflow tourists due to the anti-corruption campaign in China.

Historical Re-export Value of Frozen Seafood from Hong Kong to Macau from 2012 to 2016



Source: Census and Statistics Department, HKSAR; Ipsos Report

Historical re-export value of frozen seafood from Hong Kong to Macau increased from HK\$239.5 million in 2012 to HK\$383.4 million in 2016 at a CAGR of 12.5%. The growth in re-export value was mainly attributable to the increase in Chinese tourists visiting Macau from 7,131,904 in 2012 to 9,579,412 in 2016. Due to the geographical proximity, Hong Kong is an important source of frozen seafood for the growing demand in Macau.

TOP FIVE FROZEN SEAFOOD IMPORT ORIGINS IN HONG KONG IN 2016

Mainland China is the largest frozen seafood import origin in Hong Kong with an import value of HK\$3,119.8 million which accounted for 23.9% of Hong Kong's total frozen seafood import value in 2016. Japan is the second largest import origin accounting for 22.7% of total import value in 2016, followed by Vietnam, France and Kenya which together accounted for 10.7% of total import value in 2016.

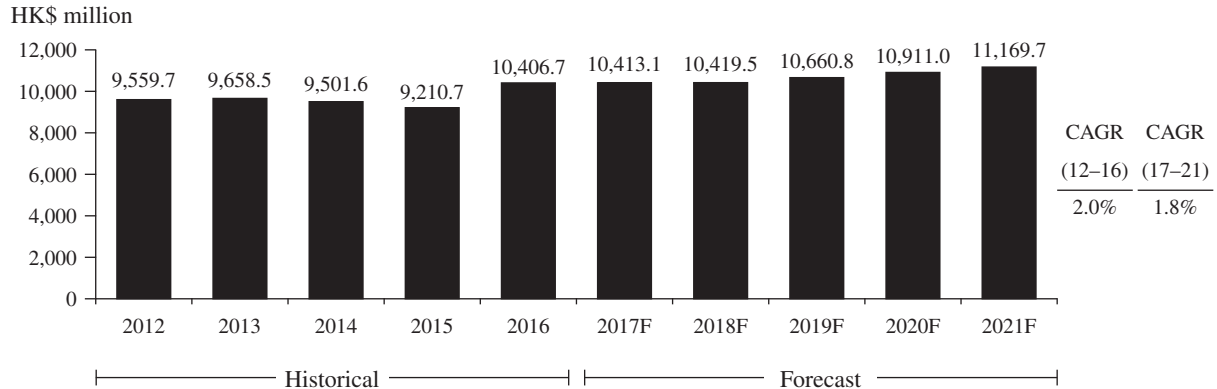
Rank	Origin	Value HK\$ million	Volume kg	Share of total frozen seafood import value of Top 5 origins %	Share of total frozen seafood import value %
1	Mainland China	3,119.8	70,766,491	41.7	23.9
2	Japan	2,962.9	6,141,283	39.6	22.7
3	Vietnam	984.6	28,915,297	13.2	7.5
4	France	231.9	1,046,963	3.1	1.8
5	Kenya	178.7	401,834	2.4	1.4
Total		7,477.9	107,271,868	100.0	57.3

Source: Ipsos Report

INDUSTRY OVERVIEW

MARKET VALUE OF THE FROZEN SEAFOOD IMPORT WHOLESALE INDUSTRY IN HONG KONG

Total Revenue of the Frozen Seafood Import Wholesale Industry in Hong Kong from 2012 to 2021



Source: Ipsos Report

The total revenue of the frozen seafood import wholesale industry increased from approximately HK\$9,599.7 million in 2012 to approximately HK\$10,406.7 million in 2016 at a CAGR of approximately 2.0%, despite the slight decline between 2014 and 2015. The key drivers for growth of the frozen seafood import wholesale industry in Hong Kong are the continuing consumption of seafood from Hong Kong people, adaptability in a variety of cuisines, and improvements in quality of frozen seafood.

The total revenue of the frozen seafood import wholesale industry slightly dropped at a CAGR of -2.3% from 2013 to 2015. The main reason for the decline is due to the decrease in spending on frozen seafood from inflow tourists, especially the spending from Chinese tourists after the anti-corruption campaign and the Hong Kong Protest in 2014.

Total revenue of the frozen seafood import wholesale industry in Hong Kong is expected to maintain a steady growth from approximately HK\$10,413.1 million in 2017 to approximately HK\$11,169.7 million in 2021 at a CAGR of 1.8%. Given the stable growth in the Hong Kong economy, steady demand of seafood dining culture (including frozen seafood), and the improving convenience and quality of frozen seafood, the growth of revenue of frozen seafood import wholesale industry in Hong Kong is expected to increase gradually. Moreover, the growing aquaculture is expected to become essential support to the global seafood supply as wild seafood production is reaching its limit. By 2030, as one of the key types of frozen seafood, it is possible that total fish supply will split equally between wild seafood harvesting and aquaculture. Meanwhile, the growth is also subjected to developments in changing dining culture in Hong Kong, seafood safety issues and conservation considerations.

INDUSTRY OVERVIEW

COMPETITIVE LANDSCAPE OF THE FROZEN SEAFOOD IMPORT WHOLESALE INDUSTRY IN HONG KONG AND MACAU

In 2016, our Group accounted for approximately 2.1% of the total revenue of the frozen seafood import wholesale industry in Hong Kong, and approximately 7.3% of the re-export value of frozen seafood from Hong Kong to Macau.

The frozen seafood import wholesaler industry in Hong Kong is fragmented with a competitively distributed market among players. The number of frozen seafood import wholesales companies increased from 380 to 580 throughout the period of 2012 to 2016. As a food importer is only required to register once for all kind of food to be imported or distributed, frozen seafood import wholesalers can be categorised into two main types: players who particularly focus on frozen seafood, and players who import and wholesale a wider range of frozen food, including frozen meat. Moreover, some frozen seafood import wholesalers may focus on specific categories of products to serve a specific cuisine, such as Japanese and Chinese cuisines.

FOOD SAFETY REGULATIONS

The local regulations or standards for food safety differs between each country. As a result, the health certificate requirements of exported frozen seafood products are mainly dependent on the import requirements of the importing country. The following are the major local regulations, standards and certificate requirements on food safety of the respective countries of origins of our Group's major products:

- Japan:

Food safety is mainly governed by the Food Sanitation Act and The Food Safety Basic Law. Exporters generally issue health certificates which have been verified by the Chamber of Commerce & Industry of Japan.

- Vietnam:

According to the Law on Food Safety regulation, health certificates will generally be issued by the Ministry of Agriculture and Rural Development of the Socialist Republic of Vietnam.

- China:

The major regulation for food safety is the Food Safety Law of the People's Republic of China. Sanitary certificates are generally issued by the Entry-Exit Inspection and Quarantine of the People's Republic of China.

INDUSTRY OVERVIEW

In Hong Kong, the fundamental requirement of food products is that no food intended for sale should be unfit for human consumption, according to Part V of Public Health and Municipal Services Ordinance, Cap. 132 and its subsidiary legislation. However, there is no strict regulation for food importers in Hong Kong to obtain health certificates for imported food products. Instead, they are only strongly encouraged by the Food and Environmental Hygiene Department to obtain health certificates issued by the relevant health authorities of the countries of origin to accompany their imports certifying that the food products concerned are fit for human consumption. Nevertheless, it is an industry practice for frozen seafood importers to ensure that their suppliers can provide the relevant health inspection reports or health certificates prior to importing.

Factors of Competition

Competitive prices

Unlike fresh and chilled seafood, a competitive price is a vital factor for frozen seafood import wholesalers business to gain and retain customers, followed by product quality and reliable supply. It is important for import wholesalers to procure frozen seafood products at a competitive price without sacrificing the quality of products, especially in terms of food safety. Also, owning a cold storage warehouse or managing a logistics team can be effective business strategies for frozen seafood import wholesalers in Hong Kong to control operating costs.

An established customer base

It is common practice for on-trade businesses, such as restaurants, hotels and bars, off-trade retailers and off-trade resellers to rely on a few reliable suppliers that they currently work with. They do not switch between import wholesalers frequently unless there is a problem on the supplier's side where price, quality or supply stability will be affected. Therefore, it is important for frozen seafood import wholesalers to maintain positive business relationships with existing customers, while simultaneously making efforts to reach potential new customers to turn them into long-term customers. For example, exhibitions such as Seafood Expo Asia can be a constructive platform to develop and expand customer base.

Strong supplier relations with international seafood harvesters and exporters

By developing business relationships with international seafood harvesters and exporters, import wholesalers will benefit from a stable supply of quality products at a competitive purchase price. For example, Maruha Nichiro Corporation is ranked as the largest seafood company in the world in terms of revenue in 2015, with a frozen seafood supply business that spans Asian, American and European markets. It is no doubt that having strong relations with large seafood companies help secure a more sufficient and stable supply of frozen seafood products.

INDUSTRY OVERVIEW

Market Drivers

Continuing consumption of frozen seafood

According to the Food and Agriculture Organization of the United Nations, Hong Kong is one of the highest consumers of seafood per capita, ranking within the top 10 highest seafood consumers per capita in the world. In 2011, statistics from the Food and Agriculture Organization of the United Nations also indicated that Hong Kong has consumed about 505,553 tons of seafood in 2011, equal to around 71.2 kg per person, which is 4.1 times higher than the global average.

High domestic consumption of seafood is also attributed to Hong Kong's coastal geographic location and history as a fishing village where the local diet was based on seafood. The continuing improvements in refrigeration techniques increase the availability of frozen seafood in the market. Compared with fresh seafood, frozen seafood is less expensive and a substitute for other protein sources. With continuing population growth and expenditure on food, local demand for seafood at affordable prices is expected to drive the domestic market.

Limited domestic food production

As a service based tertiary economy, Hong Kong has limited local food production, relying on imports to support domestic demand for food. According to Hong Kong's Agriculture, Fisheries & Conservation Department, Hong Kong's domestic supply of seafood accounts for approximately 28% of total seafood consumed in Hong Kong. Together with increasing disposable income and the demand for quality and diversity of food choices, the limited food production and local demand to source seafood from an increasing variety of import origins is expected to support the continuing growth and demand in the frozen seafood import wholesale industry.

Increasing popularity of frozen seafood

Hong Kong imports a wide range of seafood including tuna, skipjack or strip-bellied bonito, herring, sardines, brisling, cod, mackerel, hake, shrimp, crab etc. from over 65 countries around the world. Compared to other protein sources such as meat and poultry, frozen seafood is an increasing alternative affordable protein source compared to fresh seafood and other meat and poultry, especially since Hong Kong people are paying more attention to a healthy diet and fish is considered one of the healthiest sources of protein. The increasing affordability and popularity of frozen seafood in Hong Kong is expected to continue driving the market for frozen seafood import wholesalers.

Entry Barriers

Established relationships with suppliers and strong customer networks

Long-term relationships established with foreign suppliers are a key factor for frozen seafood import wholesalers. By establishing business relationships with large global seafood companies, frozen seafood import wholesalers can ensure a stable supply of quality products. On the other hand, strong relationships with customers, such as local resellers, helps secure a stable demand for products. As a result, established supplier relationships and customer networks are an entry barrier of the industry as new entrants may find it much harder to ensure a stable supply of products and at the same time secure a stable demand for their products.

INDUSTRY OVERVIEW

Limitation in cold storage warehouse facilities

Seafood refrigeration availability influences the quality and prices of frozen seafood products. Due to a decreasing number of cold storage warehouse rental companies, and the mismatch between industrial land usage supply and demand for cold storage facilities, players who do not own a cold storage warehouse may find it hard to obtain cold storage rental services in Hong Kong. Consequently, it is difficult for new entrants to enter the frozen seafood import wholesale industry unless they can secure a cold storage rental service or a self-owned cold storage warehouse for large amounts of frozen seafood products inventory.

Stable and sufficient capital

Stable and sufficient capital is essential for new players to enter the frozen seafood import wholesale industry. Given that it is common practice for frozen seafood import wholesalers to pay suppliers in advance, either fully or partly, sufficient capital is vital for import wholesalers to maintain their business operations. Strong capital is also important for frozen seafood import wholesalers to support labour costs and overhead expenses such as warehouse maintenance and logistics facilities. Moreover, a timely payment record also contributes to the business relationship with key suppliers. Therefore, sufficient capital is required for a new player to establish and expand their frozen seafood import wholesale business.

Opportunities

Increasing disposable income

The average annual household disposable income in Hong Kong has grown from around HK\$293,514.1 to around HK\$363,171.3 from 2011 to 2016. Moreover, the private consumption expenditure on food in Hong Kong increased from HK\$179,633 million in 2011 to HK\$245,498 million in 2016. As Hong Kong has a long history of seafood consumption and culture, the constant increase in average household disposable income will boost seafood as well as frozen seafood consumption in the long run.

Hong Kong as a seafood hub in Asia

As a seafood and culinary hub in Asia, frozen seafood import wholesalers in Hong Kong enjoy great opportunities to develop their business through international exhibitions. For example, the Seafood Expo Asia held annually by Diversified Communication Hong Kong in the Hong Kong Convention & Exhibition Centre, provides a platform for players in the seafood industry from all around the world to look for new opportunities and grow their business. Meanwhile, it is an opportunity for frozen seafood import wholesalers in Hong Kong to expand their customer and supplier bases, diversify their range of products, enhance company reputation and strengthen existing business relationships.

INDUSTRY OVERVIEW

Increasing demand for seafood based cuisines

Seafood based cuisines, such as Japanese cuisine, consumes various types of live and frozen seafood e.g. frozen codfish, shrimp, crab, lobster, tuna sashimi, salmon sashimi and other Japanese snacks. Japanese cuisine has been increasingly popular in Hong Kong in recent years, and the consumer base for Japanese food consumption has increased and extended into all age groups in general. Typically, Japanese cuisine restaurants require seafood for raw consumption, where the food handling and quality for sushi grade food (for raw consumption) leads to higher prices for those specific food products. Further, the variety of Japanese cuisine restaurants promotes the consumption of frozen seafood for both cooked and for raw consumption, such as sashimi and sushi restaurants, the izakaya, Japanese buffet, Japanese noodle establishments, Japanese grill house, etc. Throughout the period from 2012 to 2016, the number of Japanese cuisine restaurants increased from 1,160 to 1,280 at a CAGR of approximately 2.5%. The increasing demand of seafood based cuisines, such as Japanese cuisine, could be an opportunity for industry growth.

Threats and Challenges

Seafood safety issues

Any food safety issues that arises for seafood products consumed in Hong Kong could be a potential threat to frozen seafood import wholesalers. In the past, there has been food safety concerns pertaining to particular seafood types, for example, Early Mortality Syndrome (EMS) in cultured shrimps spread among Asian countries and influenced the supply of shrimps and prawns since 2011; the Fukushima nuclear power plant incident in 2011 brought about food radiation concerns to seafood exported from Japan; chemical pollution in seafood such as malachite green and mercury contamination in fish and shellfish has impacted the demand for particular seafood types or from specific origins when seafood safety issues arise which in turn could be a potential threat to the stability of the frozen seafood import wholesale industry.

Insufficient cold storage in Hong Kong

Despite being a regional logistics hub, Hong Kong's lack of industrial land and a resulting warehouse shortage have been an issue for a long time. According to Center for Food Safety, there are 48 licensed cold stores as at 2016 August, which is still failing to meet cold storage needs for the increasing volume of import frozen seafood. Furthermore, due to the lack of cold storage in Hong Kong, there has been an increasing trend in cold storage warehouse rental prices, which will affect logistics and management costs for frozen seafood import wholesalers who rely on rented cold storage warehouses.

INDUSTRY OVERVIEW

Labour Shortage in cold storage industry and logistics industry

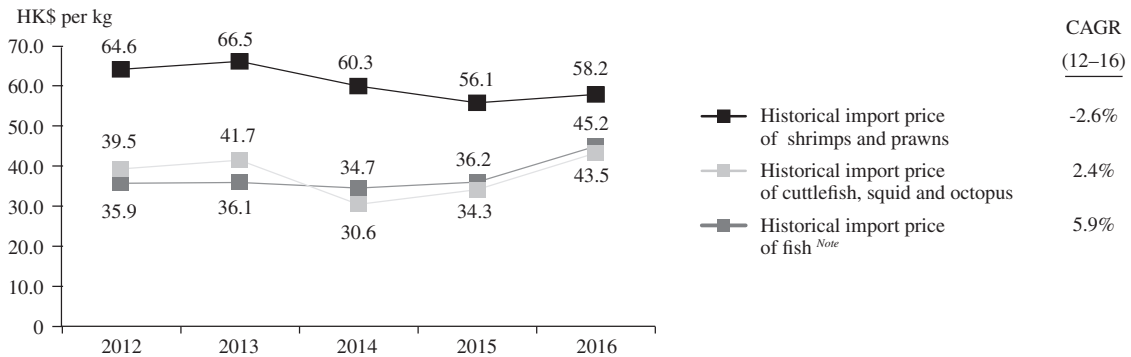
Due to the aging demographic structure and less willingness for the young generation to enter the industry, labour shortage in the cold storage industry and logistics industry has been a concerning issue in the frozen seafood import wholesale industry in Hong Kong. Throughout the period from 2012 to 2016, number of persons engaged in the cold storage industry decreased from 840 to 810 at a CAGR of approximately -0.9%. On the other hand, based on the latest figure, number of persons engaged in land freight transport dropped from 35,674 in 2011 to 32,128 in 2015 at a CAGR of approximately -2.6%. The labour shortage is negatively affecting operation costs and flexibility of the frozen seafood import wholesale industry.

Competitive Strengths of our Group

Our Directors believe that we enjoy a number of competitive strengths over our competitors. Further information on which is set forth in the section headed “Business — Our Competitive Strengths” in the prospectus.

HISTORICAL PRICE TREND OF KEY IMPORT PRODUCTS

Historical Import Price of Key Import Products in Hong Kong from 2012 to 2016



Note: Fish includes: (1) Salmonidae, not minced and not in fillets; (2) Flat fish, not minced and not in fillets; (3) Tunas, Skipjack or Stripe-bellied bonito, not minced and not in fillets; (4) Herrings, Sardines, Sardinella, Brislings or Sprats (Excluding livers and roes); (5) Cod (Excluding livers and roes); (6) Mackerel (Scombrids), not minced and not in fillets; (7) Hake, not minced and not in fillets; (8) Other fish, (Excluding livers and roes); (9) Fish fillets; (10) Fish meat (Other than fillets)

Source: Ipsos Report

The historical import price of shrimps and prawns witnessed a decrease from HK\$64.6 per kg in 2012 to HK\$58.2 per kg in 2016, at a CAGR of approximately -2.6%. While Hong Kong import price is affected by the global trade price, the global price decline for shrimps and prawns was mainly attributable to price competition, shrimp disease problems and slow demand in some key import markets, such as the US. The increase in import price of frozen shrimp and prawn in 2013 was mainly due to the decreased production volume. The quantity of shrimp and prawn production reduced due to the Early Mortality Syndrome (EMS), a disease in cultured shrimp, from China, Vietnam and Thailand. Since China and Vietnam are major import origins of Hong Kong for shrimp and prawn, the decrease in supply led to increased import price per kg given the continuing demand for consumption in Hong Kong.

INDUSTRY OVERVIEW

The historical import price of cuttlefish, squid and octopus increased from HK\$39.5 per kg in 2012 to HK\$43.5 per kg in 2016, at a CAGR of approximately 2.4%. As one of the key import origins, frozen cuttlefish, squid and octopus products from China brought significant influence to the import price trend in Hong Kong. Import price of cuttlefish, squid and octopus encountered a significant decrease from HK\$41.7 per kg in 2013 to HK\$30.6 per kg in 2014. The decrease was mainly due to dropped import price of cuttlefish, squid and octopus from China, as 71% of total import value were from China in 2014. In 2016, while China remained as a key import origin of cuttlefish, squid and octopus with around 73% of total import value in Hong Kong, the import price from China climbed from HK\$30.6 per kg in 2014 to HK\$43.5 per kg in 2016, which contributed to the increased in import price of cuttlefish, squid and octopus in 2016.

The historical import price of fish grew from HK\$35.9 per kg in 2012 to HK\$45.2 per kg in 2016, at a CAGR of approximately 5.9%. The average import price of fish includes various kinds of fish including fish fillets, whole fish and fish meat in a wide range, such as salmonidae, flat fish, tuna, herring, sardines, sardinella, brisling, sprat, etc. In relation to the increase throughout the period from 2012 to 2016, a strong and consistent demand for frozen fish from restaurants, hotel and bars that span various cuisines, and the very limited local frozen seafood supply, were the main factors that drove the growth in import value of frozen fish. In addition, economic recovery in Hong Kong has boosted local consumption in high quality frozen fish, such as sashimi grade products and other high quality products from Canada, Norway and Japan. Consequently, import price of fish recorded a stable growth between 2012 and 2016.

REGULATORY OVERVIEW

LAWS AND REGULATIONS IN HONG KONG

Our business operations in Hong Kong are principally subject to the following laws and regulations in Hong Kong:

- (i) Food Safety Ordinance;
- (ii) Food and Drugs (Composition and Labelling) Regulations;
- (iii) Import and Export (Registration) Regulations;
- (iv) Consumer Goods Safety Ordinance;
- (v) Sale of Goods Ordinance;
- (vi) Public Health and Municipal Services Ordinance;
- (vii) Trade Description Ordinance;
- (viii) Business Registration Ordinance;
- (ix) Employment Ordinance;
- (x) Minimum Wage Ordinance;
- (xi) Mandatory Provident Fund Schemes Ordinance;
- (xii) Employees' Compensation Ordinance;
- (xiii) Occupational Safety and Health Ordinance; and
- (xiv) Contract (Rights of Third Parties) Ordinance.

Registration as Food Importer and Distributor

The Food Safety Ordinance (Chapter 612 of the Laws of Hong Kong) came into full operation on 1 February 2012. The Food Safety Ordinance introduces a food tracing mechanism to help the Government to trace the source of the food more effectively and take prompt action when dealing with food incidents. The food tracing mechanism includes a registration scheme for food importers and food distributors and a record-keeping requirement relating to movement of food.

Under the Food Safety Ordinance, food importers and distributors, unless exempted, have to register with Food and Environmental Hygiene Department of Hong Kong (“**FEHD**”) before they can carry out food importation or distribution activities in Hong Kong. Food importation refers to the bringing or causing to be brought into Hong Kong of food by air, land or water. Food distribution refers to the supply of food in Hong Kong by wholesale. Registration under the Food Safety Ordinance is effective upon payment of a registration fee and is valid for a period of three years, unless revoked earlier, and may be renewed. Renewal of registration is effective for a period of three years. Registration may be renewed for more than once. A registration under the Food Safety Ordinance may be revoked by

REGULATORY OVERVIEW

the Director if he or she is satisfied that the person has repeatedly contravened the Food Safety Ordinance in the preceding 12 months. FEHD has devised a demerit point system by which the registration of a food importer or distributor may be revoked if 20 or more demerit points have been accumulated within a period of 12 months. Demerit points are assigned and entered against a person's registration upon conviction of an offence under the Ordinance, yet these points will be recorded according to the date of the offence and not the date of conviction. Demerit points entered into in relation to an offence will be cancelled for the purpose of this system after a period of 12 months counting from the date of the offence. Where any information provided in the application for registration or renewal changes, the registered food importer or distributor is required to give written notice to the Director of FEHD of such change within 30 days after the change occurs.

Further, the Food Safety Ordinance imposes the certain respective record-keeping obligations on food importers, food distributors and all other persons who acquire food in the course of business to enhance traceability of food in Hong Kong. Pursuant to the Food Safety Ordinance, the Director of FEHD has the power to inspect, use and make public disclosure of the records required to be kept under the Food Safety Ordinance. Moreover, as stipulated by the Food Safety Ordinance, the Director of FEHD also has power to make "food safety orders" against any person including (amongst other things) orders prohibiting the import or supply of any food for a specified period or directing a recall, destruction or disposal of any food, if he or she has reasonable grounds to believe that the making of such orders is necessary to prevent or reduce a possibility of danger to public health or to mitigate any adverse consequence of a danger to public health.

Food Labelling

The Food and Drugs (Composition and Labelling) Regulations (Chapter 132W of the Laws of Hong Kong) ("**FDR**") regulates nutrition facts labels on packaged foods sold in Hong Kong.

Regulation 4A(1) of the FDR stipulates that all prepackaged food should be labelled in either English or Chinese or in both languages with its food name or designation, list of ingredients, indication of "best before" or "use by" date, statement of special conditions for storage or instructions for use, count, weight or volume and name and address of manufacturer or packer.

Regulation 4B(1) states that, the prepackaged food shall be legibly marked or labelled with a list of nutrients setting out the energy value of the food, the content of certain nutrients contained in the food and if applicable, the content of any other nutrient contained in the food for which a nutrition claim is made on the food label.

Under Regulation 5(1AA), any person who advertises for sale, sells or manufactures for sale any prepackaged food which is not marked or labelled in compliance with Regulation 4A(1) or 4B(1); or has on its label any nutrition claim that does not conform to the statutory requirements set out in Schedule 5, commits an offence and is liable on conviction to a fine of HK\$50,000 and to imprisonment for six months.

REGULATORY OVERVIEW

Import Declaration

Regulations 4 and 5 of the Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong) (“**Import and Export Registration Regulations**”) provide that every person who imports or exports any article other than an exempted article shall lodge an accurate and complete import or export declaration relating to such article using services provided by a specific body with the Commissioner of Customs and Excise within 14 days after the importation and exportation of the article.

Any person failing to declare within 14 days after the importation without reasonable excuse is liable to a fine of HK\$1,000 upon summary conviction and HK\$100 in respect of every day such declaration has not been lodged. Furthermore, the Import and Export Registration Regulations also provide that any person knowingly or recklessly lodges any declaration with the Commissioner of Customs and Excise that is inaccurate in any material particular shall be liable to a fine of HK\$10,000 upon summary conviction.

Consumer Goods Safety

The Consumer Goods Safety Ordinance (Chapter 456 of the Laws of Hong Kong) (“**CGSO**”) imposes a statutory duty on manufacturers, importers and suppliers of consumer goods to ensure that any consumer good supplied complies with the general safety requirement or, where an approved standard(s) applies to the consumer good, the proved safety standard(s) or specifications prescribed by the Secretary for Commerce and Economic Development of Hong Kong.

Under the CGSO, a person or business must not manufacture, import or supply a consumer good in Hong Kong unless the consumer good is reasonably safe having regard to all the circumstances (“**general safety requirement of consumer goods**”) and complies with all requirements of the approved safety standard(s) or specifications established by regulation applicable to the consumer good. The Commissioner of Customs and Excise is empowered to serve prohibition notices prohibiting the person or business supplying consumer goods from supplying those goods for a specified period not exceeding six months, and serve recall notices requiring the immediate withdrawal of any consumer goods or products which may cause serious injury and do not comply with an approved standard or safety standard or specification established by regulation or are believed to be unsafe contrary to the general safety requirement of consumer goods.

Any person or business who or which violates the general safety requirement or applicable approved standards commits an offence under the CGSO and may be subject to a fine and/or imprisonment.

Sale of Goods in Hong Kong

The Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) (“**SOGO**”) governs, among other things, the scope of certain implied terms or conditions and warranties generally relating to the safety and suitability of goods supplied under a contract for the sale of goods in Hong Kong. Warranties relating to the safety and suitability of goods supplied include that goods for sale must be of merchantable quality and as such are, among other things, free from defects, safe and durable. The SOGO applies only to sellers of goods in Hong Kong. A breach of warranty by the seller under the Sale of Goods Ordinance may entitle the buyer to reject the goods, set up against the seller a diminution or extinction of the price or maintain an action against the seller for damages.

REGULATORY OVERVIEW

Public Health

Pursuant to the Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong) (“**PHMSO**”), no person or business shall add any substance to any food, use any substance as an ingredient in the preparation of any food, abstract any constituent from any food, or subject any food to any other process or treatment so as to render the food injurious to health. No person or business shall sell any such food for human consumption.

Under Section 62(1) of the PHMSO, the FEHD is empowered to collect food samples at point of entry into Hong Kong for analyses, including bacteriological and chemical examination, to ensure that are safe and fit for human consumption. The FEHD also has the power to seize, remove, destroy or dispose of any food which appears to be unfit for human consumption. Under the PHMSO, a person may be guilty of an offence for selling any food which is not of the nature, not of the substance, or not of the quality, of the food demanded by the purchaser. It is also an offence under the PHMSO if a person sells, or offers or exposes for sale or has in his possession for the purpose of sale any food intended for, but unfit, for human consumption. It is also an offence for a food seller to apply for a label, which falsely describes the food or is calculated to mislead as to its nature, substance or quality.

Trade Description

The Trade Description Ordinance (Chapter 362 of the Laws of Hong Kong) provides for, among others, the prohibition of false trade descriptions, false, misleading or incomplete information, false marks and misstatements in respect of goods provided in the course of trade or suppliers of such goods. In general, a person commits an offence punishable by a fine of HK\$500,000 and imprisonment for five years (on conviction on indictment), or on summary conviction to a fine at level 6 (currently at HK\$100,000) and imprisonment for two years if he:

- (a) in the course of any trade or business:
 - (i) applies a false trade description to any goods; or
 - (ii) supplies or offers to supply any goods to which a false trade description is applied; or
- (b) has in his possession for sale or for any purpose of trade or manufacture any goods to which a false trade description is applied.

Carrying on Business

Under the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong), every person (a company or individual) carrying on a business in Hong Kong is required to register with the Inland Revenue Department and is required by the Business Registration Ordinance to obtain a business registration certificate within one month of the commencement of the business. Such business registration serves to notify the Inland Revenue Department of the establishment of a business in Hong Kong and therefore, designed to facilitate the Inland Revenue Department to collect tax from businesses in Hong Kong.

REGULATORY OVERVIEW

Employment

The Employment Ordinance (Chapter 57 of the Laws of Hong Kong) provides for the protection of the wages of employees, regulates general conditions of employment and employment agencies, and for matters connected therewith. Under the Employment Ordinance, employees who are employed under a continuous contract are entitled to additional benefits including but not limited to rest days, paid annual leave, sickness allowance, severance payment and long service payment.

Where an employer wilfully and without reasonable excuse fails to pay wages to an employee when it becomes due, or fails to pay interest on the outstanding amount of wages to the employee is liable on conviction to a fine and imprisonment. Where an employer who is no longer able to pay wages due, he should terminate the contract of employment in accordance with its terms.

Minimum Wage

The current Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) provides for a prescribed minimum hourly wage rate during the wage period for every employee engaged under a contract of employment under the Employment Ordinance. As at the Latest Practicable Date, the prescribed minimum hourly wage rate was HK\$34.5 per hour. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by the Minimum Wage Ordinance is void.

Mandatory Provident Fund

Under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), employers shall participate in a Mandatory Provident Fund Scheme (“**MPF Scheme**”) for employees employed under the jurisdiction of the Employment Ordinance. Under the Mandatory Provident Fund Schemes Ordinance, except for exempt persons, employees (full-time and part-time) and self-employed persons who are at least 18 but under 65 years of age are required to join an MPF Scheme.

Under the MPF Scheme, both the employer and each of its employees are each required to make contributions to the plan at 5% of the employee’s relevant income, subject to a monthly relevant income cap of HK\$30,000 for employers and a minimum and maximum monthly relevant income cap of HK\$7,100 and HK\$30,000 respectively for employees. Where the employee’s income exceeds HK\$30,000, both the employer and employee shall contribute a monthly sum of HK\$1,500 to the plan. This contribution amount will immediately be vested in the employee as his/her accrued benefits in the MPF Scheme. Employers found to have evaded payment of MPF contributions, deducted employer contributions from an employee’s pay, or failed to enrol their employees to an MPF Scheme, may be liable to a financial penalty and potential criminal prosecution.

REGULATORY OVERVIEW

Employees' Compensation

Under the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), all employers (including contractors and subcontractors) are required to take out insurance policies to cover their liabilities both under the Employees' Compensation Ordinance and at common law for injuries at work in respect of all their employees (including full-time and part-time employees). An employer who fails to secure an insurance cover commits an offence and is liable on conviction to a fine and imprisonment.

Occupational Safety and Health

Under the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), employers must ensure the safety and health of their workplace by (i) providing and maintaining plant and work systems that are safe and without risks to health; (ii) making arrangement for ensuring safety and health in connection with the use, handling, storage or transport of plant or substances; (iii) providing all necessary information, instruction, training and supervision for ensuring safety and health; (iv) providing and maintaining safe access to and egress from the workplace; and (v) providing and maintaining a safe and healthy work environment. An employer who fails to comply with the above may be liable on conviction to a fine and imprisonment, if he did so intentionally, knowingly or recklessly.

The Occupational Safety and Health Regulation (Chapter 509A of the Laws of Hong Kong) further sets out basic requirements for accident prevention, fire precaution, workplace environment control, hygiene at workplaces, first aid, as well as what employers and employees are expected to do in manual handling operations.

Third Party Contract Rights

The Contract (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) enables a party who is not a party to a contract to enforce a term of a contract if the contract expressly provides that such third party may do so or if the relevant term of the contract purports to confer a benefit on an identifiable third party. The Contract (Rights of Third Parties) Ordinance refers to the enforceability of "a term" as opposed to the whole contract by a third party. The parties may specify in the contract what terms are enforceable by which third party and what terms are not and exclude the operation of the Contract (Rights of Third Parties) Ordinance to the remaining terms of the contract. The parties may also exclude the operation of the Contract (Rights of Third Parties) Ordinance by including in the contract a provision that a person who is not a party to the contract shall not have any rights under the Contracts (Rights of Third Parties) Ordinance to enforce any term of the contract.

HISTORY, REORGANISATION AND GROUP STRUCTURE

HISTORY AND DEVELOPMENT

Overview

Our Company was incorporated in the Cayman Islands on 18 April 2017 in anticipation of the Listing. As at the Latest Practicable Date, our Company had two subsidiaries, namely Ocean One (BVI) and Quality Products. Ocean One (BVI) is an investment holding company incorporated in the BVI. Quality Products is our principal operating subsidiary incorporated in Hong Kong.

The history of our Group can be traced back to 2002 when Quality Products was incorporated by Mr. Chan with his own accumulated wealth. Quality Products commenced its operations of import and wholesale of frozen seafood products in Hong Kong in the same year.

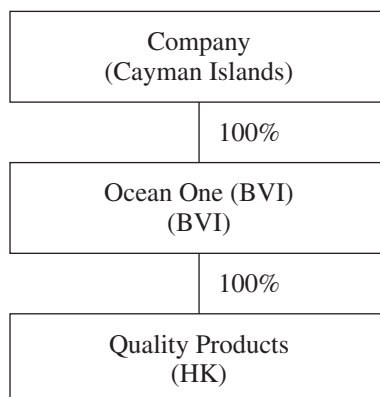
Milestones of our Group

- | | |
|------|---|
| 2002 | Quality Products was incorporated in Hong Kong as a limited liability company and engaged in import and wholesale of frozen seafood products in Hong Kong
Our Group first commenced procuring frozen seafood products from China |
| 2003 | Our Group first commenced procuring frozen seafood products from Japan |
| 2006 | Our Group first commenced procuring frozen seafood products from Vietnam
Our Group commenced sale of our products to Great Way International Limited (a company which operates restaurants under the business names Itamae Sushi (板前壽司) and Itacho Sushi (板長壽司)) |
| 2008 | Our Group purchased and owned our first cold storage warehouse in Hong Kong |
| 2010 | Our Group first commenced procuring frozen seafood products from USA |
| 2015 | Our Group commenced sale of our products to Global Prosperity International Develop Limited (a company which operates restaurants under the business name Daikiya (大喜屋))
Our Group first commenced procuring frozen seafood products from Argentina |
| 2016 | Our Group entered into a sole and exclusive agency agreement with Maruha Nichiro Corporation (the world's largest seafood company in terms of revenue in 2015), and first commenced procuring frozen seafood products from Spain
Our Group was awarded "Best Partner Award" by Citi Commercial Bank
Our Group commenced sale of our products to Angliss Hong Kong Food Service Limited (安得利香港餐飲有限公司)
Our operations was first accredited by Accredited Certification International Limited with (i) ISO 9001:2015 Quality Management System Certification; and (ii) Hazard Analysis Critical Control Point (HACCP) Management System Certification |
| 2017 | Our Group was awarded "Best Partner Award" by Citi Commercial Bank |

HISTORY, REORGANISATION AND GROUP STRUCTURE

OUR GROUP STRUCTURE AND CORPORATE HISTORY

The following chart sets forth the corporate structure of our Group immediately following completion of the Share Offer and the Capitalisation Issue:



The following describes the corporate history of our Company and our subsidiaries.

Our Company

Our Company was incorporated in the Cayman Islands on 18 April 2017 in anticipation of the Listing, with one subscriber Share allotted and issued as nil-paid to Kevin Butler, an Independent Third Party. On 18 April 2017, Kevin Butler transferred his one Share to Karlson for nil consideration.

On 29 May 2017, as part of the Reorganisation, our Company acquired the entire issued share capital of Ocean One (BVI) from Mr. Chan and in consideration and exchange, our Company allotted and issued one Share to Karlson, credited as fully paid up, at the direction of Mr. Chan and credited as fully-paid up at par the one nil-paid Share held by Karlson.

As a result of our Reorganisation, our Company became the holding company of our Group, holding through our immediate holding company, Ocean One (BVI) which in turn holds our operating subsidiary, Quality Products.

On 21 September 2017, the authorised share capital of our Company was increased from HK\$390,000 divided into 39,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of an additional 9,961,000,000 Shares, ranking pari passu in all respect with the then existing Shares.

Ocean One (BVI)

Ocean One (BVI) was incorporated as limited liability company in the BVI on 21 March 2017 with an issued share capital of US\$1.00 comprising one share of US\$1.00 each allotted and issued to Mr. Chan.

HISTORY, REORGANISATION AND GROUP STRUCTURE

On 31 March 2017, as part of the Reorganisation, Ocean One (BVI) acquired the entire issued share capital of Quality Products from Mr. Chan at its net asset value as at 27 March 2017, and in consideration and exchange, Ocean One (BVI) allotted and issued one share of US\$1.00 each of Ocean One (BVI) to Mr. Chan, credited as fully paid up.

Ocean One (BVI) is principally engaged in investment holding.

Quality Products

Quality Products was incorporated in Hong Kong as a limited liability company on 14 August 2002 with an issued share capital of HK\$10,000 comprising 10,000 shares of HK\$1.00 each.

Immediately prior to the Reorganisation, the issued share capital of Quality Products was HK\$3,000,000 comprising 3,000,000 shares with no par value.

On 31 March 2017, as part of the Reorganisation, the entire issued share capital of Quality Products was transferred from Mr. Chan to Ocean One (BVI) at its net asset value as at 27 March 2017, and in consideration and exchange, Ocean One (BVI) allotted and issued one share of Ocean One (BVI) to Mr. Chan, credited as fully paid up.

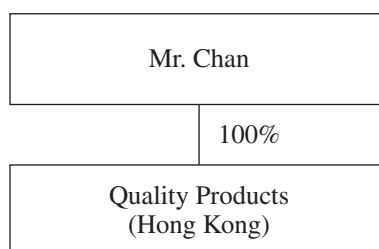
As a result of the Reorganisation, Quality Products became a direct wholly-owned subsidiary of Ocean One (BVI).

On 5 June 2017, Quality Products allotted and issued one new share with no par value to Ocean One (BVI), at the direction of Mr. Chan, in consideration of the capitalisation of loan in an aggregate amount of HK\$12.0 million owed by Quality Products to Mr. Chan.

Since its establishment in 2002, Quality Products had been beneficially wholly-owned by Mr. Chan until 31 March 2017 when Mr. Chan transferred the entire issued share capital thereof to Ocean One (BVI) as part of the Reorganisation. Quality Products is the principal operating subsidiary of our Group.

REORGANISATION

The following chart sets forth the shareholding and corporate structure of our Group immediately prior to the Reorganisation:

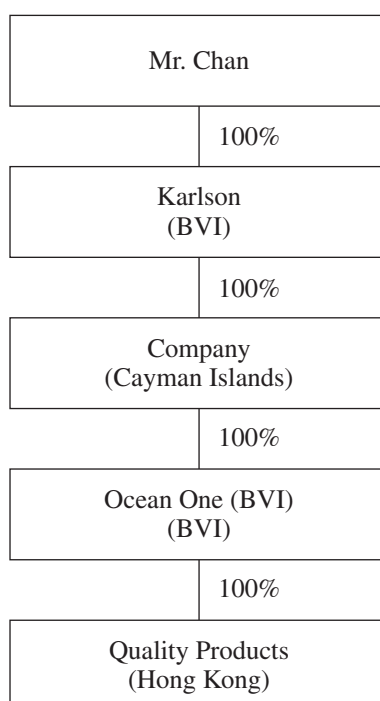


HISTORY, REORGANISATION AND GROUP STRUCTURE

In preparation for the Listing, our Group underwent the Reorganisation. The main steps of the Reorganisation were:

- (a) On 21 March 2017, Ocean One (BVI) was incorporated as limited liability company in the BVI with an issued share capital of US\$1.00 comprising one share of US\$1.00 each allotted and issued to Mr. Chan.
- (b) On 31 March 2017, Ocean One (BVI) acquired the entire issued share capital of Quality Products from Mr. Chan at its net asset value as at 27 March 2017, and in consideration and exchange, Ocean One (BVI) allotted and issued one share of US\$1.00 each of Ocean One (BVI) to Mr. Chan, credited as fully paid up.
- (c) On 18 April 2017, our Company was incorporated in the Cayman Islands with an authorised share capital of HK\$390,000 divided into 39,000,000 Shares, with one subscriber Share allotted and issued as nil-paid to Kevin Butler, an Independent Third Party. On 18 April 2017, Kevin Butler transferred his one Share to Karlson for nil consideration.
- (d) On 29 May 2017, our Company acquired the entire issued share capital of Ocean One (BVI) from Mr. Chan and in consideration and exchange, our Company allotted and issued one Share to Karlson, credited as fully paid up, at the direction of Mr. Chan and credited as fully-paid up at par the one Share held by Karlson.

The following chart sets forth the shareholding and corporate structure of our Group immediately upon the completion of the Reorganisation but immediately before the Share Offer and the Capitalisation Issue:



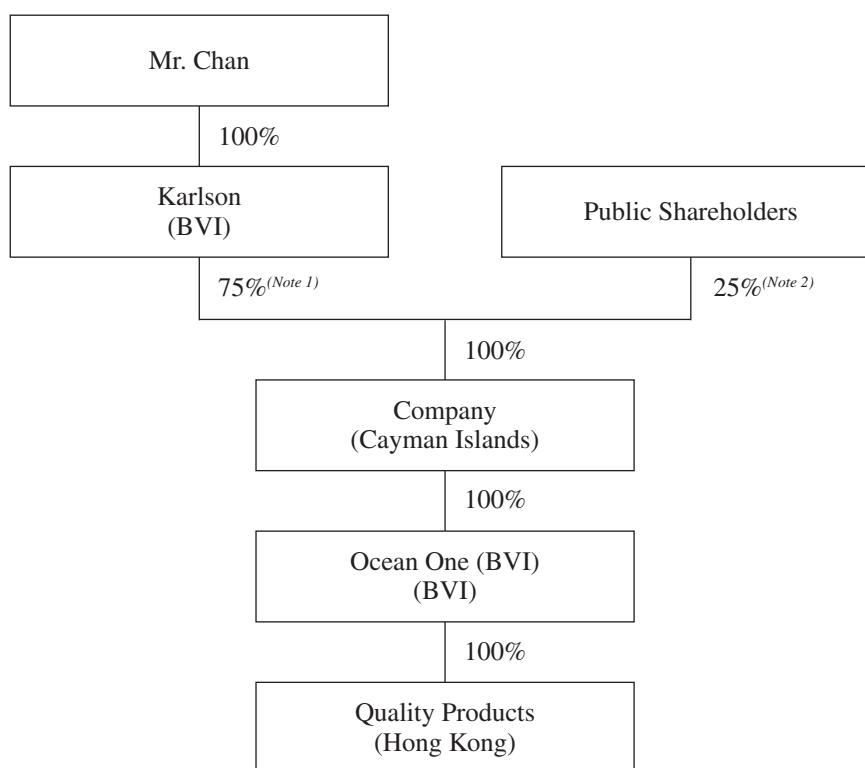
HISTORY, REORGANISATION AND GROUP STRUCTURE

Capitalisation Issue and Share Offer

Conditional upon the share premium account of our Company being credited as a result of the issuance of new Shares under the Share Offer, a capitalisation of HK\$2,099,999.98 standing to the credit of the share premium account of our Company will have to be applied in paying in full at par 209,999,998 Shares to be allotted and issued to Karlson, being the sole shareholder of our Company immediately prior to the Share Offer.

Immediately following completion of the Share Offer and Capitalisation Issue, Karlson will be beneficially interested in 75% of the entire issued share capital of our Company (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued pursuant to the exercise of the options that may be granted under the Share Option Scheme) and the public Shareholders will be interested in 25% of the entire issued share capital of our Company.

The following chart sets forth our shareholding and corporate structure immediately following completion of the Share Offer and the Capitalisation Issue, taking no account of any Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option or options that may be granted under the Share Option Scheme:



Notes:

1. Assuming the Offer Size Adjustment Option is exercised in full but without taking into account the Shares to be issued pursuant to the exercise of the options that may be granted under the Share Option Scheme, Karlson's interest will be diluted to approximately 72.3% of the entire issued share capital of our Company.
2. Assuming the Offer Size Adjustment Option is exercised in full but without taking into account the Shares to be issued pursuant to the exercise of the options that may be granted under the Share Option Scheme, the public Shareholders' interest will be increased to approximately 27.7% of the entire issued share capital of our Company.

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OVERVIEW

We are an established frozen seafood importer and wholesaler in Hong Kong with over 14 years of experience in the frozen seafood import and wholesale industry. We specialise in offering a diverse and wide range of frozen seafood products sourced from suppliers located overseas to Frozen Seafood Resellers and Frozen Seafood Catering Service Providers in Hong Kong and Macau.

Our diversified portfolio of frozen seafood products with more than 80 product varieties in total could be classified into seven major categories, namely (i) prawns; (ii) scallops, oysters and surf clams; (iii) fishes; (iv) crabs and roe; (v) octopuses and cuttlefishes; (vi) processed seafood products; and (vii) miscellaneous products.

Through our dealings over the years, we have built strong relationships with a broad network of frozen seafood suppliers from over 10 countries, such as Japan, Vietnam and China. As at the Latest Practicable Date, we had a supplier network of over 50 suppliers, comprising (i) Seafood Harvesters and Exporters; (ii) Frozen Seafood Processors and Exporters; and (iii) Frozen Seafood Exporters. As a result of our continuous effort in enriching our product offerings and securing stable supply of products, we added over 10 new overseas suppliers to our procurement network and introduced over 10 new product varieties during the Track Record Period. The procurements from Frozen Seafood Processors and Exporters and Frozen Seafood Exporters enable us to identify and source a wide variety of frozen seafood supplies with different origins in a cost effective way, whereas the procurements directly from Seafood Harvesters and Exporters in foreign countries (whose principal business involves harvesting of seafood and hence serves as primary sources of frozen seafood products in the supply chain) allow us to reduce reliance on different intermediaries in the supply chain and hence lower our purchase costs. Our Directors believe that by sourcing frozen seafood products from various countries and different level of suppliers in the supply chain, we are able to, among other things, (i) establish a diversified portfolio that covers a wide array of products with different tastes and prices; (ii) procure seasonal frozen seafood products in a timely manner; and (iii) lower our procurement costs and enhance our profit margins.

While we generally procure frozen seafood products from suppliers through purchase orders with no long term agreement, we have entered into sole and exclusive agency agreements with three of our suppliers in Japan, China and Taiwan, respectively, for the sale of frozen seafood products such as fish, scallops, oysters and abalones in both Hong Kong and Macau. We have also entered into non-exclusive sale agency agreements with two of our suppliers in Japan for the sale of processed seafood products and miscellaneous products. Our Directors believe that these agency agreements signify our solid relationships with the relevant suppliers, thereby enabling us to secure sufficient supplies of highly demanded products and to offer unique products to our customers, and in turn solidify our market position in the industry. In addition, to enhance our brand visibility and awareness, we commenced offering certain products such as tempura prawns, tuna and tilapia to our customers that bear our own trademarks on the package in 2014. For further details of our own branded products, please refer to the paragraph headed “Our products — Own Branded Products” in this section below.

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Since our business model requires storage and stocking of a wide range of frozen seafood products whose quality and tastiness are susceptible to temperature changes, proper storage of products under optimal temperature and conditions is therefore vital to our operations and development. During the Track Record Period and up to the Latest Practicable Date, we primarily stored our products in our (i) own Pak Tin Par Owned Warehouse; and (ii) self-operated Pak Tin Par Leased Warehouse leased from Eastern Mark (a company wholly-owned by Mr. Chan, our Controlling Shareholder and executive Director), both located in Tsuen Wan, Hong Kong with aggregate designated storage capacity of approximately 630.0 CBM.

Our cold storage warehouses are generally operated to maintain product temperature at around -22°C to -40°C (which are lower than the temperature of -18°C for frozen cold storage warehouses as recommended under the Code of Practice for the Processing and Handling of Quick Frozen Food issued by Codex Alimentarius Commission), enabling us to preserve the optimal quality and tastiness of frozen seafood products for a longer period of time. We are therefore capable of offering both in season and non-season seafood products to our customers throughout the year with sufficient supply.

Our Directors believe that by self-operating our cold storage warehouses, we could enjoy better control over (i) the design, setup and maintenance of the warehouses to ensure optimal storage condition for our products; (ii) the availability and sufficiency of storage capacity for us to store various imported products and to control inventory level in order to maintain a stable supply and diversified product portfolio; and (iii) our overall operation costs and efficiency and hence ensuring competitive pricing of our products. For the two years ended 31 March 2017, the aggregate utilisation rates of our two cold storage warehouses reached approximately 90.7% and 94.5% respectively. We also engaged a logistics service provider (who is an Independent Third Party) for cold storage warehousing services from time to time on a needed basis. As (i) there is limited storage capacity in our two self-operated cold storage warehouses to support further enrichment of our product offerings and expansion of business operations; and (ii) we have not entered into any long term warehousing arrangement with the relevant service provider and hence such services may not be available or sufficient to us when needed, we intend to acquire and set up an additional cold storage warehouse in proximity to our existing self-operated warehouses to facilitate the future development of our business. For further details, please refer to the paragraph headed “Our Business Strategies — Acquisition and Set Up New Warehousing Facility in Hong Kong to Support our Future Expansion” in this section below.

OUR COMPETITIVE STRENGTHS

We believe that our success is attributable to, among other things, the following competitive strengths:

We possess strong sourcing capabilities and offer a wide-array of frozen seafood products to meet the diverse needs of our customers

We offer a wide-ranging selection of frozen seafood products procured from more than 50 suppliers located in various major frozen seafood exporting countries, such as Japan, Vietnam, China, USA, Taiwan, Singapore, Myanmar, Argentina, Thailand, Spain and Malaysia. Through our dealings over the years and leveraging on our solid track record, we have established stable relationships with our suppliers which enabled us to source over 80 kinds of products covering different price ranges and qualities during the Track Record Period and up to the Latest Practicable Date to satisfy the diverse needs of our customers in Hong Kong and Macau.

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Some of our major suppliers are market leaders in the global frozen seafood products industry. For example, we have cooperated with Maruha Nichiro Corporation (the largest seafood company in the world in terms of revenue in 2015 according to the Ipsos Report, and one of our top five suppliers for each of the two years ended 31 March 2017) for more than 11 years, and have been their sole and exclusive agent since 2016 to sell and promote their frozen seafood products (including, without limitation, scallops, oysters and surf clams) in both Hong Kong and Macau. We believe that our established relationship with Maruha Nichiro Corporation is important for our customers to consider us as a preferred business partner, as it serves (i) to ensure a reliable supply of quality frozen seafood products at a competitive purchase price; and (ii) as an endorsement of our procurement capability and reputation in the frozen seafood industry.

We strategically procure frozen seafood products not only from Frozen Seafood Processors and Exporters and Frozen Seafood Exporters which allows us to source a wide variety of frozen seafood products with diversified origins in a cost effective way, but also from Seafood Harvesters and Exporters (such as Maruha Nichiro Corporation), in foreign countries whose operations involve harvesting of seafood and hence serve as primary sources of frozen seafood products in the supply chain. This enables us to reduce the reliance on different intermediaries in the supply chain and lower our procurement costs, thereby allowing us to offer frozen seafood products to our customers at competitive prices. As part of our efforts in expanding our procurement network and product portfolio, we commenced procurement from over 10 new overseas suppliers and introduced over 10 new product varieties during the Track Record Period. Apart from the cooperation with Maruha Nichiro Corporation, we are also the exclusive sales agent for frozen seafood products of two other overseas suppliers in China and Taiwan. With such exclusive sales arrangements, our Group could offer unique frozen seafood products to our customers and maintain our competitiveness in the industry.

As part of our strategies to enhance our customers' convenience, satisfaction and loyalty, we also offer warehousing and frozen storage services as well as timely and flexible delivery services to our customers that are complimentary and as supplemental to our frozen seafood products offerings. We generally deliver our products through our in-house transportation team and vehicles in accordance with the delivery schedule as stipulated in the purchase orders placed by our customers. Alternatively, upon our customers' requests, we allow our customers to store the ordered frozen seafood products in our cold storage warehouses for a short period of time and deliver such ordered products to our customers all in one go or on separate occasions. These enable our customers to secure supplies of frozen seafood products that are highly demanded while minimising their needs for storage space.

We believe that our extensive procurement network and comprehensive product assortment, coupled with our timely and flexible delivery services, enable us to provide a convenient and cost effective procurement option to customers with a single point of contact, thereby enhancing our customers' loyalty, allowing us to keep abreast of latest market trends and demands, and further expanding our market shares in the frozen seafood industry in Hong Kong and Macau.

Our cold storage warehouses provide optimal storage condition to preserve the quality of our products

Our Directors believe that one of the key challenges in the frozen seafood industry is the proper storage of frozen seafood products under optimal temperature and conditions in order to preserve the quality of frozen seafood products. Owing to the limited number of cold storage warehouse facilities providers in Hong Kong, it is difficult to find proper cold storage warehouse facilities for rental, which leads to high rental prices of cold storage warehouse facilities according to the Ipsos Report.

We take pride in our ability to offer our customers quality and hygienic frozen seafood products. We currently store most of our frozen seafood products in our Pak Tin Par Owned Warehouse and Pak Tin Par Leased Warehouse. According to the Ipsos Report, owning a cold storage warehouse is an effective strategy for import wholesalers to control operation costs and to compete in the frozen seafood industry by offering products at competitive prices. As at the Latest Practicable Date, our self-owned Pak Tin Par Owned Warehouse in Tsuen Wan, Hong Kong had a total floor area of approximately 5,600 sq. ft. and we had set up in it a cold storage warehouse with designated storage capacity of approximately 270.0 CBM. Furthermore, we have also leased our Pak Tin Par Leased Warehouse in Tsuen Wan, Hong Kong with a total floor area of approximately 9,000 sq. ft. from Eastern Mark (a company wholly-owned by our Controlling Shareholder and executive Director, Mr. Chan) and set up in it a cold storage warehouse with designated storage capacity of approximately 360.0 CBM. The Pak Tin Par Owned Warehouse and Pak Tin Par Leased Warehouse are located in the same building so as to facilitate our operations and logistics. Both of the cold storage warehouses are equipped with refrigerating machines that are generally operated to maintain warehouse temperature at around -22°C to -40°C, which enable us to preserve the optimal quality and tastiness of frozen seafood products for a longer period of time. With our cold storage warehouses designed and operated at storage temperature that is even colder than the temperature recommended under the Code of Practice for the Processing and Handling of Quick Frozen Food, our Group is capable of offering seasonal frozen seafood products to customers even during non-season time with considerably sufficient supply, thereby allowing us to outperform our existing or potential competitors and winning new customers.

In addition, to prevent our products from being tainted, decomposed or unwholesome during storage, we have set up operational guidelines covering various aspects of warehousing maintenance and operations. For instance, our cold storage warehouses are equipped with recorders to continuously log the temperature of the warehouses, and with a real time surveillance and alert system where an alarm would be triggered if the temperature of the warehouses raises to above -10°C over a prescribed set time. The warehouses are designed to be weather tight, and entrances of the warehouses are equipped with proper barriers to maintain the temperature of the warehouses during loading activities and to prevent entry of debris. Please refer to the paragraph headed “Cold Storage Warehouses Facilities” in this section below for further details.

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Furthermore, instructions and on-job trainings are provided from time to time to guide our logistics and warehousing staff on handling logistics and warehousing management related matters, including receipt and despatch of products, maintenance and safeguard of cold storage warehouses, methods of storage of products, quality assurance, record keeping and stock-taking. Our Directors believe that such measures allow our Group to achieve effective and efficient logistics and warehouse management, and hence lowering the risk of our products being tainted during the logistics or storage processes. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material damage, deterioration or contamination of our products due to malfunction of our cold storage warehouses, nor had we received any material complaints from customers regarding quality of our products supplied.

Leveraging on the advantages of our cold storage warehouses to provide optimal storage condition for preserving the quality of our products, our Directors believe that we are capable of providing a broad offering of quality and hygienic in season and non-season frozen seafood products throughout the year to our customers with sufficient stock availability, which are vital to the success and continued growth of our business. For the years ended 31 March 2016 and 2017, our two cold storage warehouses achieved aggregate utilisation rates of approximately 90.7% and 94.5% respectively. During the Track Record Period and up to the Latest Practicable Date, we also from time to time engaged a logistics service provider (who is an Independent Third Party) for cold storage warehousing services to enable us to stock and supply additional frozen seafood products on a temporary basis to fulfill any expected increase in sales. There is no long term agreement entered into with such service provider and all warehousing services are engaged from time to time on a needed basis, subject to the availability of storage capacity of the relevant service provider.

In order to (i) ensure we have guaranteed sufficient storage capacity to support the expansion of our business; (ii) further broaden our product portfolio; (iii) enjoy greater degree of control over the conditions of warehouses; and (iv) enhance our operation efficiency and better control our operation costs, we plan to replicate our success in our existing cold storage warehouses and allocate a portion of the net proceeds from the Share Offer to acquire and set up a new cold storage warehouse near Tsuen Wan, Hong Kong. For further details, please refer to the paragraph headed “Our Business Strategies — Acquisition and Set Up New Warehousing Facility in Hong Kong to Support our Future Expansion” in this section below.

We have an established reputation in the frozen seafood import and wholesale industry in Hong Kong

With over 14 years of experience in the frozen seafood import and wholesale industry, we have become an established frozen seafood importer and wholesaler in Hong Kong.

We are able to maintain close connections with our suppliers, which our Directors believe is mainly attributable to (i) our ability to place bulk purchases with suppliers on an on-going basis; (ii) our commitment to make timely payments to suppliers (as evidenced by our short payables turnover days of approximately 6.1 days for the year ended 31 March 2017); and (iii) our established reputation and penetration in Hong Kong and Macau of offering quality frozen seafood

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products. Since our establishment, we have expanded our diversified product portfolio to over 80 product varieties sourced from suppliers located in more than 10 countries, such as Japan, Vietnam, China, USA, Taiwan, Singapore, Myanmar, Argentina, Thailand, Spain and Malaysia.

We have also established a strong and diverse customer base. According to the Ipsos Report, it is common for customers in the downstream of frozen seafood industry to rely on one or two reliable suppliers, and therefore it is important for frozen seafood import wholesalers to maintain a cooperative business relationship with their existing customers, as well as reaching out to potential new customers and turning them into long-term customers simultaneously. We primarily focus on providing quality frozen seafood products to Frozen Seafood Resellers and Frozen Seafood Catering Service Providers in Hong Kong and Macau. We had served more than 190 customers during the Track Record Period and up to the Latest Practicable Date, including Greatway International Limited (which operates restaurants under the business names Itamae Sushi (板前壽司) and Itacho Sushi (板長壽司)), Global Prosperity International Develop Limited, (which operates restaurants under the business name Daikiya (大喜屋)) and Angliss Hong Kong Food Service Limited (安得利香港餐飲有限公司). Furthermore, we have established stable business relationships with our top five customers, ranging from one to 13 years. By focusing on serving established Frozen Seafood Resellers and Frozen Seafood Catering Service Providers who generally place bulk purchases instead of serving small-scale retail customers or end-consumers, our Directors believe that such business model enables us to (i) avoid direct competition with our customers whose target customers are end-consumers of frozen seafood products; (ii) have a stable line of business with established customers who we believed to have higher payment credibility; and (iii) reduce our administrative burden and improve our operational efficiency.

In addition, we take pride in our commitment to offer quality frozen seafood products and to accommodate the needs of our customers. We have established and implemented operational guidelines covering various aspects of our logistics and warehousing operations, inventory management, and quality control procedures and requirements. Our quality control procedures have been accredited with HACCP and ISO 9001:2015 certifications, which serve as endorsements of our dedication to provide quality products to our customers. Furthermore, with our in-house logistics team and cold storage trucks, we are able to offer timely and flexible delivery services to our customers, which in turn help them minimise their storage spaces and operation costs.

Our Directors believe that by leveraging on our established reputation, long-term presence in the industry, extensive product portfolio offerings and commitment to provide quality products, we are capable of developing close business relationships with our existing customers and suppliers as well as seizing new opportunities in the frozen seafood import and wholesale industry in Hong Kong, and excelling in this competitive industry.

We have a competent management team with in depth experience and knowledge in the frozen seafood industry

Our Directors believe that our competent and dedicated management team has been and will continue to be crucial to the management and success of our business. Our management team has a proven track record of identifying customers and end-consumers' preferences and market trends, executing sound business strategies to guide our expansion and establishing long-term and stable relationships with customers and suppliers. The key members of our senior management team have

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experience ranging from three to 17 years in the frozen seafood import and wholesale industry. The management of our Group is led by our chairman, chief executive officer and executive Director Mr. Chan, who has accumulated over 17 years of experience in the industry and possesses in-depth knowledge in managing frozen seafood import and wholesale business. Mr. Chan is responsible for the overall strategic direction, management and operations of our Group. Our management team also includes the heads of different teams which are responsible for different areas of product procurement, sales and customer services, and logistics and warehouse management. The in-depth experience and knowledge of our Directors and senior management in the frozen seafood industry enable our management to have a comprehensive understanding of the market conditions of the frozen seafood industry and to formulate sound and tailored business strategies that could satisfy the preferences and requirements of our customers and end-consumers in an effective and timely manner. Please refer to the section headed “Directors, Senior Management and Employees” in this prospectus for further details and biographies of our Directors and senior management.

OUR BUSINESS STRATEGIES

We intend to strengthen our market position and increase our market share by pursuing the following strategies:

Further expand our product mix and enhance the diversity of our product offerings

According to the Ipsos Report, the frozen seafood import wholesaler industry in Hong Kong is fragmented with a competitively distributed market among players. In 2016, our Group was one of the key frozen seafood import wholesalers in Hong Kong, accounting for approximately 2.1% of the total revenue of the frozen seafood import wholesale industry in Hong Kong, and approximately 7.3% of the re-export value of frozen seafood from Hong Kong to Macau.

The total revenue of the frozen seafood import wholesale industry in Hong Kong is expected to maintain a steady growth from approximately HK\$10,413.1 million in 2017 to approximately HK\$11,169.7 million in 2021 at a CAGR of 1.8%, according to the Ipsos Report. Despite the relatively mature and stable development of the frozen seafood import wholesale industry in Hong Kong, our Directors believe that there will continue to be sufficient market demand for our existing or new products and our Group will have much growth potential in the industry, primarily because we have a principal business focus on supplying frozen seafood products that are believed to be used by our customers and/or end-consumers in Japanese cuisines. Pursuant to the Ipsos Report, given the increasing trend in consumer demand for Japanese cuisines, it is expected that the rising demand of frozen seafood by Japanese restaurants will be the major market driver of the Hong Kong frozen seafood import wholesale industry. From 2012 to 2016, the number of Japanese cuisine establishments increased from 1,160 to 1,280. As such, it ensures a stable but growing market demand for frozen seafood products, particularly frozen seafood products for Japanese cuisines, to be introduced. Since (i) our Group has an extensive product portfolio of approximately over 80 products covering different qualities, price ranges and degree of pre-processing before being frozen; (ii) around 30 of our products (such as cuttlefish, Hokkaido scallop and ama-ebi) are ready for raw consumption and could readily be served as sashimi in Japanese cuisines; (iii) apart from the products that are ready for raw consumption, a substantial portion of our other frozen seafood products are generally used by our customers for Japanese cuisines; and (iv) we intend to

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introduce new product offerings (details of which are set out in the paragraph below) that are also generally used in Japanese cuisines, our Directors believe that our Group is well-positioned to capture such anticipated growth in demand for frozen seafood products in Hong Kong.

In light of the above and to meet our customers' different product needs, we plan to further enrich our frozen seafood product offerings by introducing new brands and new frozen seafood products. Leveraging on our extensive suppliers network, our Group intends to source and introduce new types of products that fall within our existing seven major product categories but from other countries, of other qualities and price ranges, and with different degree of pre-processing before being frozen. For instance, we currently target to introduce new products such as centre-peeled red shrimps from Argentina and imitation crab sticks from Thailand in the near future, both of which are targeted to be used for Japanese cuisine. The centre-peeled red shrimps enjoy an advantage over our existing red shrimps products as they can save the processing time in removing the shrimp shells at the restaurants and be more ready for consumption. For the Thailand imitation crab sticks, they have lower purchase price than our existing Japanese imitation crab sticks products and therefore could allow our Group to further penetrate into the mid-tier market segment. We believe that such new product offerings enable us to capture market sub-segments with higher growth potential and profit margin, as well as to expand our sources of revenue. With the expansion of our product offerings, we can provide customers with a more pleasant one-stop service experience.

We also plan to enter into exclusive agency arrangements or sale agency arrangements with more foreign suppliers of brands which we consider to have promising potential in Hong Kong and Macau markets and carry a large series of new products. We select such suppliers based on a number of criteria including but not limited to pricing, product popularity, reliability of supply, responsiveness to our orders, competitiveness of credit terms offered and delivery lead time. The entering into of exclusive agency arrangements or sale agency arrangements will allow us to enrich our product portfolio by securing new products under such brands and to maintain our competitiveness by continuing to carry a broad product portfolio.

During the Track Record Period, we entered into legally binding sole and exclusive agency agreements with three of our suppliers, including Maruha Nichiro Corporation. Our minimum purchase commitments per year under the three exclusive agency agreements amounted to not less than HK\$2.0 million, HK\$4.0 million and JPY200.0 million, respectively. We also entered into legally binding non-exclusive sale agency agreements with two suppliers which do not impose any minimum purchase obligations on us. We had identified one new foreign supplier for potential exclusive agency arrangement or sale agency arrangement. As at the Latest Practicable Date, we had commenced negotiations with the relevant supplier but had not entered into any letter of intent or agreement for such agency arrangement.

During the Track Record Period, although the two suppliers that have entered into non-exclusive agency agreements with us did not impose any minimum purchase obligations on us, we believe it is commercially viable if our Group shall decide to enter into non-exclusive agency agreements with new suppliers which impose a minimum purchase obligation as (i) it can expand our supplier network and product offerings, especially with new suppliers who have an existing

distribution network in Hong Kong who would normally impose minimum purchase obligations on us to protect their existing sales channel; and (ii) it helps our Group to secure a stable supply of the frozen seafood products.

According to the Ipsos Report, it is a common practice in the Hong Kong frozen seafood import wholesale industry for overseas frozen seafood suppliers to impose minimum purchase commitments in exclusive agency agreements, primarily because such minimum purchase commitments enable the relevant suppliers to secure certain amount of sales volume and to achieve their own sales target. From the perspective of import wholesalers, it is also a crucial method to secure stable supply of quality frozen seafood products, as it helps establishing credible partnerships between the overseas frozen seafood suppliers and the import wholesalers. Given that the ability to secure stable supply of frozen seafood products is vital to their success, frozen seafood import wholesalers are generally willing to make a minimum purchase commitment under the agency agreements in exchange for exclusivity in selling the frozen seafood products so procured in regions where they operate in, according to the Ipsos Report. Based on our experience in the industry and the negotiations with the existing and potential suppliers, our Directors believe that the new exclusive agency agreements or sale agency agreements will require minimum purchase commitment of around HK\$3.0 million to HK\$7.0 million per year, which is within the range of minimum purchase commitments under our existing exclusive agency agreements.

In light of our desire to replicate our success with the existing exclusive agency arrangements and sale agency arrangements, we intend to utilise approximately 34.1% of our net proceeds from the Share Offer to diversify our product portfolio through, among other things, satisfying the minimum purchase commitments under the new exclusive agency arrangements or sale agency arrangements. With the net proceeds received from the Share Offer, we will have a larger sum of cash available to satisfy the minimum purchase commitment requirements without imposing significant pressure on our cash-flow status.

Acquisition and set up new warehousing facility in Hong Kong to support our future expansion

As illustrated in the paragraph headed “Our Competitive Strengths” above, our Directors believe that our ability to provide an extensive offering of both in season and non-season frozen seafood products to our customers in a timely manner with sufficient stock and price stability is vital to the success and continuous growth of our business. As at the Latest Practicable Date, our frozen seafood products portfolio consisted of more than 80 product varieties sourced from more than 10 countries, such as Japan, Vietnam and China. Most of our inventories are stored in our two self-operated warehouses in Tsuen Wan, Hong Kong for wholesale purpose. As the nature of our business model requires the stocking up of considerably high level of frozen seafood inventories of various types and price ranges such that we could swiftly fulfil the diverse needs of our customers, the aggregate utilisation rates of our two self-operated warehouses have been maintained at the level of 90.7% and 94.5% for the years ended 31 March 2016 and 2017, respectively, which were considerably high and close to reach our maximum designated storage capacity. We also from time to time engaged cold storage warehousing services from an independent logistic service provider to store our products on a temporary and needed basis.

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According to the Ipsos Report, the total revenue of the frozen seafood products industry in Hong Kong is expected to grow at a CAGR of approximately 1.8%, reaching HK\$11,169.7 million in 2021. In light of the forecasted growing demand of frozen seafood products, we plan to further broaden our product portfolio such that we could strengthen our ability in fulfilling our customers' diversified product needs, further details of which are set out in the paragraph headed "Our Business Strategies — Further Expand our Product Mix and Enhance the Diversity of our Product Offerings" in this section below. Taking into account (i) the extra storage capacity required to support our anticipated business growth; (ii) the stability and sustainability of our business; and (iii) the business operational risks that we may have in the event that we fail to renew the lease for one of our self-operated cold storage warehouses with Eastern Mark or that the independent logistics service provider fails to offer sufficient warehousing capacities in a timely manner, we plan to further expand our storage capacity by acquiring a new warehouse in Tsuen Wan, Hong Kong. The new warehouse is currently expected to be strategically located in proximity to our existing self-operated warehouses such that we could easily and efficiently arrange delivery of different kinds of products from all the warehouses, thereby reducing our delivery time.

Based on (i) our current operations and the historical growth of sales quantity ordered by our customers during the Track Record Period; (ii) our experience in operating the existing warehouses; (iii) the need to further enrich our product portfolio; and (iv) our estimated sales growth in the future, our Directors are of the view that a new property with floor area of approximately 9,000 sq. ft. would be viable for our Group to operate economically and practically in the future. The new warehouse is expected to increase our designated storage capacity by approximately 360.0 CBM by the end of 2018, which was determined taking into account (i) our existing designated storage capacity and storage utilisation rates; (ii) the new product offerings with both existing and new suppliers which is expected to take up an average of approximately 73.4 CBM for the year ending 31 March 2019; (iii) our expected growth rate of our business in the future after taking reference from our historical growth rate during the Track Record Period and the growth of the frozen seafood import wholesale industry in Hong Kong according to the Ipsos Report; and (iv) our frozen seafood products temporarily stored at the cold storage warehouse operated by the independent logistics service provider.

Our Directors believe that such proposed increase in our designated storage capacity is commercially justifiable, primarily because it could (i) enable us to broaden our future product offerings (e.g. centre-peeled red shrimps from Argentina and imitation crab sticks from Thailand, both of which are targeted to be used for Japanese cuisine) as we would be able to increase our storage capacity and maintain our competitiveness in the fragmented and competitive yet steadily growing Hong Kong frozen seafood industry; (ii) provide us with sufficient and guaranteed storage space for the products that we intend to procure under our existing and new exclusive agency agreements and sale agency agreements (which may impose minimum purchase commitments on us); (iii) increase our stability in storage by reducing our reliance on the independent logistic service provider who may not be able to provide cold storage warehousing services with sufficient storage capacity, for a long period of time, in a timely manner or at all; and (iv) bring about operational stability to our Group in the coming future as it could minimise the risks of relocation and business interruptions, and the relocation and renovation costs and expenses to be incurred, upon expiry or termination of the tenancies.

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Our main considerations of a suitable warehouse include (i) size of the property; (ii) proximity to our existing cold storage warehouses; (iii) the need and ease of renovation for installing suitable refrigerating and storage systems; (iv) ancillary facilities of the building (e.g. the availability of parking spaces for logistics purpose and the maximum loading capacity of elevators). Our Group disposed of an investment property (which was an industrial property unit) (the “**Disposed Property**”) in the year ended 31 March 2017, further details of which are set out in the section headed “Financial Information — Period to Period Comparison of Results of Operations — Year ended 31 March 2016 compared to year ended 31 March 2017) — Other gains and losses” in this prospectus. We intended to acquire a new property as warehouse instead of utilising the Disposed Property as warehouse for our future use primarily because (i) the building in which the Disposed Property locates lacked loading bay that could cater the demands of our truck fleet and hence we were not able to load and unload our products from trucks efficiently or at all; (ii) with only one lift in the building assigned for cargo caused inconvenience to our delivery and transportation processes (especially when such lift is under maintenance or regular checks); and (iii) the Disposed Property only has a gross floor area of approximately 3,300 sq. ft. (which was significantly smaller than the respective gross floor area of our two existing cold storage warehouses of approximately 5,627 sq. ft. and 8,750 sq. ft.) and could not offer sufficient space for us to set up and operate a cold storage warehouse practically and economically.

As at the Latest Practicable Date, we were in the process of identifying suitable warehouses locating in Tsuen Wan, Hong Kong. Once we identified and acquired the suitable warehouse, we plan to carry out renovations in accordance with the requirements of HACCP and ISO 9001:2015, being accreditations that our Group currently possess. By establishing a cold storage and quality control system that meets the internationally recognised requirements, we will be able to (i) take systematic and effective action to protect our products from deteriorating; (ii) maintain the efficiency of our management and operations throughout all of our warehouses; and (iii) ensure that the products from each of our warehouses will be stored under consistent condition and of similar quality.

We also plan to recruit more warehouse and office staff in order to facilitate the smooth operation of the new warehouse and accommodate the anticipated increase in purchases from our customers as a result of our business development and enhanced product offering.

We plan to utilise approximately 47.0% of our net proceeds from the Share Offer to acquire and set up our new warehousing facility for the purpose of increasing our storage capacity and to recruit additional warehouse and office staff, and any shortfall will be funded by our internal resources or bank borrowings, as appropriate. Given the significant amount of down payment and renovation costs required for the acquisition and setting up of new warehouse, the net proceeds from the Share Offer would allow our Group to finance the relevant capital expenditure without creating undue burden on our indebtedness level or reliance on our Controlling Shareholders for financial assistance. For further details, please refer to the section headed “Future Plans and Use of Proceeds — Reasons for the Share Offer and Use of Proceeds — Use of Proceeds” in this prospectus.

Further enhance our logistics and delivery services

During the Track Record Period and up to the Latest Practicable Date, we relied on our own logistics and warehouse management team and truck fleet for delivery of products from our cold storage warehouses to our customers. We believe that an efficient logistics and delivery system which enables us to reduce lead time of delivery is important for us to maintain quality control over our products, increase our customers' satisfaction levels and sustain our future growth. Further, as we plan to expand our operations through acquiring and operating a new cold storage warehouse, we expect that the importance of our logistics and delivery system will further increase. Accordingly, we plan to enhance our logistics and delivery capability and efficiency. As at the Latest Practicable Date, we owned two cold storage trucks (which has remaining useful life of around two and nine years respectively) for delivery of products to our customers. Our two cold storage trucks have loading capacity of approximately 1.3 tonnes and 4.0 tonnes respectively. This offered our Group a designated delivery capacity of approximately 148.2 tonnes and 193.8 tonnes per month for the two years ended 31 March 2017. Our cold storage trucks attained aggregate utilisation rate of approximately 95.9% and 98.7% for the two years ended 31 March 2017. Please refer to the paragraph headed "Logistics — Delivery to our customers" in this section of prospectus for further details. We believe that by having our in-house logistics and warehouse management team and owning our cold storage trucks allow our Group to offer timely and flexible delivery services to our customers, which would in turn help to lower our customers' operation and storage costs. The new cold storage truck is expected to have a loading capacity of approximately 5.0 tonnes and to offer a designated delivery capacity of approximately 120.0 tonnes per month.

We target to expand our truck fleet by purchasing one extra cold storage truck to further strengthen quality control, facilitate logistics services and save our operating costs in the long run. In addition, we plan to purchase two car park lots located in the building where our new warehouse will situate so as to facilitate efficient loading and unloading of goods, thereby improving our operation efficiency. We also plan to expand our logistics team through hiring additional logistics and office staff to operate our enlarged truck fleet. We currently intend to utilise approximately 13.3% of our net proceeds from the Share Offer for the purchase of the cold storage truck and the car park lots and the employment of additional logistics staff. For further details, please refer to the section headed "Future Plans and Use of Proceeds — Reasons for the Share Offer and Use of Proceeds — Use of Proceeds" in this prospectus.

Implementation of business strategies

As at the Latest Practicable Date, our Group had not identified any target for acquisition and did not have any acquisition plan save as described in this section above. For further details of our business plan, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

BUSINESS

OUR PRODUCTS

Our frozen seafood products

Our Group has been an importer and wholesaler in Hong Kong for over 14 years offering a comprehensive range of frozen seafood products. During the Track Record Period and up to the Latest Practicable Date, we had a diversified product portfolio of over 80 product varieties. Amongst our products, 30 of them are for raw consumption, such as cuttlefish sashimi, Hokkaido scallop sashimi and ama-ebi. Our products were sourced from suppliers located in various major seafood exporting countries, such as Japan, Vietnam, China, Taiwan, USA, Singapore, Myanmar, Argentina, Thailand, Spain and Malaysia, during the Track Record Period.

The table below sets out certain basic information about the top selling products of each of the seven major categories of products which our Group offered during the Track Record Period:

Product Category	Key products	No. of Product Types ⁽¹⁾	Price range <i>HK\$</i>	Range of shelf Life <i>month</i>
1. Prawns	Argentina red shrimp, ama-ebi, spot prawn, prawn tempura, black tiger prawn, vannamei shrimp	15	49–320/kg	12–24
2. Scallops, oysters and surf clams	Scallop, surf clam, Hiroshima oyster	8	69–338/kg	18–24
3. Fishes	Eel, Hamachi fillet, swordfish, cod fish, tuna fish	13	17–220/kg	18–24
4. Crabs and roe	Soft-shell crab, fish roe, salmon roe	8	57–590/kg	18–24
5. Octopuses and cuttlefishes	Cuttlefish sashimi, mongo ika, octopuses	7	34–229/kg	18–24
6. Processed seafood products	Imitation crab stick, herring and fried oyster	22	19–530/kg	12–24
7. Miscellaneous products	Tamagoyaki, cheese rice cake, seaweed	8	29–250/kg	12–24

Note:

1. The number of product types does not take into account packaging and size variations.



BUSINESS

Revenue generated by our products

Our revenue during the Track Record Period was mainly derived from the sales of (i) prawns which accounted for approximately 32.2% and 35.8%; and (ii) scallops, oysters and surf clams which accounted for approximately 16.9% and 19.1%, respectively, of our total revenue for the two years ended 31 March 2017. The table below sets out the amount and percentage of our total sales revenue for each of our major product categories during the Track Record Period:

	For the year ended 31 March			
	2016		2017	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Prawns	53,354	32.2	77,872	35.8
Scallops, oysters and surf clams	27,938	16.9	41,679	19.1
Fishes	31,462	19.0	31,764	14.6
Crabs and roe	12,875	7.8	10,628	4.9
Octopuses and cuttlefishes	7,383	4.5	9,047	4.2
Processed seafood products	23,554	14.2	35,255	16.2
Miscellaneous products	8,922	5.4	11,202	5.2
 Total:	 165,488	 100.0	 217,447	 100.0

Own branded products

To increase our brand visibility and awareness, our Group commenced offering products that bear our own trademarks, namely Q Seafoods 菊[®] Q[®], Ocean Best  and Taste One 津味  on the package in 2014. The products offered under our own brands include, without limitation, tempura prawns, tuna fish and tilapia. Since the launch of our own branded products in 2014, the sales of own branded products gradually increased and accounted for approximately 20.0% and 17.1% of our total revenue for the years ended 31 March 2016 and 2017, respectively.

We do not engage in any frozen seafood harvesting or processing activities. All of our own branded products are produced by third party suppliers. As at the Latest Practicable Date, our Group had entered into trademark authorisation agreements with four of our suppliers with regard to the use of our trademarks on products concerned. The salient terms of the legally binding trademark authorisation agreements are as follows:

Term	:	The trademark authorisation agreements are framework agreements and generally effective for an indefinite period, subject to termination in writing by the relevant suppliers and our Group.
Authorisation	:	The relevant supplier is authorised to produce and manufacture certain frozen seafood products using our Group's trademarks on a non-exclusive basis.

The supplier shall not use the relevant trademarks of our Group to produce and manufacture products for any third party or for any purposes other than in accordance with the trademark authorisation agreement.

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- Quality assurance : The suppliers shall:
- (i) manufacture frozen seafood products in compliance with all quality, health and food safety related laws, rules and regulations in Hong Kong and in jurisdictions where the suppliers situate;
 - (ii) only use factories and follow strictly quality and production standards and procedures accepted by our Group for manufacturing frozen seafood products;
 - (iii) provide official health certificate and any other relevant certificates to our Group;
 - (iv) take absolute responsibility for the quality of the products supplied and our Group shall be entitled to claim against the supplier for any loss and/or damages suffered by our Group arising from problems with the products.
- Pricing : The prices of products shall be determined with reference to the suppliers' costs for production and shall be separately agreed with our Group for each procurement.

The trademark authorisation agreements set out the arrangement framework for the production of our own branded products, and detailed terms (such as purchase price and quantity, delivery, passing of title and risks) are generally set out in the subsequent purchase orders we place with the relevant suppliers. There is no minimum purchase commitment under these trademark authorisation agreements. The table below sets forth the revenue and gross profit margin of our normal frozen seafood products and our own branded products for the periods indicated:

Type(s) of products	Year ended 31 March					
	2016			2017		
	Revenue	Gross profit margin		Revenue	Gross profit margin	
	<i>HK\$'000</i>	%	%	<i>HK\$'000</i>	%	%
Third party products	132,316	80.0	10.2	180,264	82.9	11.6
Own branded products	<u>33,172</u>	<u>20.0</u>	<u>18.7</u>	<u>37,183</u>	<u>17.1</u>	<u>14.9</u>
Total	<u><u>165,488</u></u>	<u><u>100.0</u></u>	<u><u>11.9</u></u>	<u><u>217,447</u></u>	<u><u>100.0</u></u>	<u><u>12.2</u></u>

Our Directors believe that the offering of products under our own brands is a marketing strategy that serves to promote our brand name and awareness, as our existing customers, potential customers and other customers and market participants down the supply chain may take note of our name and brands from the package upon procurement. Our Directors are of the view that the offering of our own branded products does not deviate from our current business model as a frozen seafood importer and wholesaler as it does not result in our Group engaging in any seafood harvesting or processing activities.

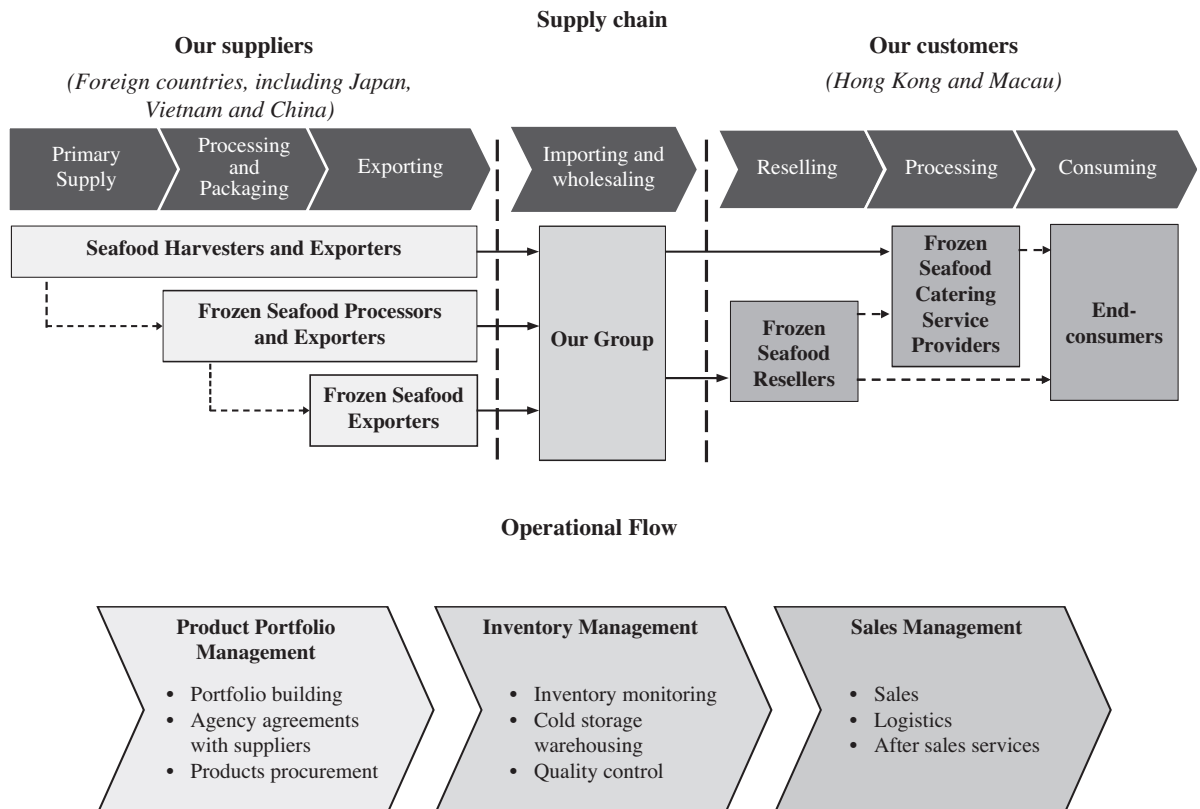
BUSINESS

During the Track Record Period, the gross profit margins for our own branded products was higher than that of the third party branded products, which was primarily due to (i) our own branded products were mainly composed of prawns and fishes that generally offer higher gross profit margins; and (ii) bulk purchase discounts offered by suppliers attributable to large volume of own branded products procured from suppliers in every purchase. Please refer to the section headed “Financial Information — Period to Period Comparison of Results of Operations — Gross Profit and Gross Profit Margin” in the prospectus for further explanation of such difference.

As at the Latest Practicable Date, we planned to focus on our current business model and operations and implementing the plans and strategies as disclosed in the paragraph headed “Our Business Strategies” in this section. While we will continue to offer own branded products to our customers, no concrete plan has been formulated regarding the future development of this segment of business. We will continue to monitor the demand and market responses for our own branded products and formulate concrete development plan as and when appropriate.

OUR BUSINESS MODEL

The following diagrams set forth our Group’s business model and general workflow of our operations:



Product Portfolio Management

Our Directors believe that our capabilities of offering a wide spectrum of products to customers as well as introducing new products that meet the changing market trend and consumers' preferences are vital to our success in the frozen seafood industry. We have always placed a strong emphasis on building a diversified product portfolio through careful selection of suppliers and products.

Portfolio Building

Since our establishment in 2002, we have established a broad supplier base comprising (i) Seafood Harvesters and Exporters; (ii) Frozen Seafood Processors and Exporters; and (iii) Frozen Seafood Exporters, who are primarily located overseas in countries such as Japan, Vietnam, China, Taiwan, USA, Singapore, Myanmar, Argentina, Thailand, Spain and Malaysia. During the Track Record Period and up to the Latest Practicable Date, we sourced frozen seafood products from over 50 suppliers.

We actively manage our product portfolio and conduct reviews on a regular basis based on, among other things, our (i) customers' demand and preferences; (ii) procurement costs; and (iii) suppliers network. With the aim of capturing and catering for changing customer or consumer preferences and tastes, we had launched over 10 new frozen seafood product varieties during the Track Record Period. As a result of our effort in continuously enhancing our product offerings during our years of operations, we have been able to establish a diversified product portfolio that covers a wide array of tastes and prices to accommodate our customers' demands. Please refer to the paragraph headed "Our Products" in this section for further details of our products.

Agency Agreements with Suppliers

While we generally procure frozen seafood products from a majority of our suppliers by way of purchase orders, we entered into three sole and exclusive agency agreements and two non-exclusive sale agency agreements with our suppliers regarding the procurement of frozen products such as fish, scallops, oysters and abalones from various countries, including Japan, China and Taiwan. For instance, we are the sole and exclusive agent of Maruha Nichiro Corporation, the world's largest seafood company in terms of revenue in 2015, for the sale and promotion of their frozen seafood products in Hong Kong and Macau. Such agency agreements generally have contractual terms ranging from one to five years. For further details, please refer to the paragraph headed "Our Suppliers — Agency Agreements with our Suppliers" in this section below.

Our Directors believe that the entering into of legally binding agency agreements with suppliers, whether exclusive in nature or not, is beneficial to our Group in consolidating our market position primarily because such arrangements solidify the business relationships, as well as cultivate confidence and mutual co-operation, between our Group and our suppliers, thereby allowing our Group to secure sufficient supplies of highly demanded products and to maintain a diversified product offering.

In addition, the sole and exclusive agency agreements enable our Group to sell distinctive frozen seafood products to customers with exclusivity, giving us the ability to (i) maintain our competitive strengths over our competitors in light of our capability in selling products that they may not be able to offer; and (ii) enhance the diversity of our product portfolio for capturing the tastes and preferences of customers and end-consumers and receiving greater market demand.

Products Procurement

Upon receiving our purchase orders, our suppliers will arrange for the delivery of their products to the shipping agent at the foreign container terminal. It generally takes three to seven days for our foreign suppliers to deliver the frozen seafood products to Hong Kong through shipment. In order to monitor the shipment of frozen seafood products from different countries, our shipment management personnel prepares and updates the shipment schedule once new shipment has been scheduled. The shipment schedule sets out the date and time of the expected arrival of shipments of products from different countries for generally the upcoming three months. Our sales team, procurement team and logistics and warehouse management team can also access the shipment schedule such that they can be updated with the latest shipment information and arrange for their work in accordance with the shipment schedule.

Upon receiving the arrival notices of the shipment to Hong Kong, the third party transportation service provider engaged by our Group will generally unload the products from the Hong Kong container terminal and deliver the products to our cold storage warehouses. For details of our transportation arrangement, please refer to the paragraphs headed “Logistics” in this section below.

Inventory Management

Our business model requires storage and stocking of a wide range of frozen seafood products that have specified shelf life. An effective and successful inventory management is therefore crucial for lowering the risk of obsolescence for our inventory and the incidences of overstocking while continuing to maintain a diversified product portfolio. Our Directors believe that successful inventory management generally requires (i) constant inventory monitoring to maintain sufficient inventory level; (ii) proper cold storage warehousing; and (iii) stringent quality control on our products.

Inventory Monitoring

Our Group has adopted an ERP system to constantly monitor our inventory level. In order to maintain accurate inventory records, we also conduct quarterly inventory counts to ensure the actual inventory level matches the inventory information stored in our ERP system. During the Track Record Period, as confirmed by our Directors, there had not been any material discrepancy between the quarterly inventory counts and the inventory record kept by our ERP system.

We procure and source frozen seafood products from our foreign suppliers on an ongoing basis to maintain a reasonable level of inventory at our cold storage warehouses at a pre-set value to meet our business needs based on (i) the record of historical orders made by our customers as captured by our existing ERP system; and (ii) our sales projection derived from customers’ preferences and market trend. When our inventory level falls below a pre-set value, our procurement team will make further purchases from suppliers.

In addition, instead of procuring the same quantity and types of products on a regular basis, our procurement amounts are adjusted based on various factors including, among others, the review of historical sales trend and exchange of market information between members of our procurement and sales teams periodically.

BUSINESS

Our average inventory turnover days were 52.8 days and 47.6 days during the Track Record Period, respectively. We usually review and adjust our inventory level in advance in order to accommodate the anticipated increase in demand and needs of our products to avoid supply shortage and loss of profit. We also make procurement in large quantities each time and on an ongoing basis after taking into account the lead time between order and actual delivery of products supplied by our overseas suppliers. By purchasing in large quantities, we can reduce our overhead expenses such as administrative and transportation costs.

Our Directors believe that we have managed our inventory at a reasonable level based on our historical sales and the assessment by our management team, which minimises storage space and carrying costs, enhances working capital efficiency and reduces the risk of deterioration of products while in storage, which is especially important for our quality control policy.

Cold Storage Warehousing

Our Directors believe that one of the key challenges in the frozen seafood industry is the proper storage of frozen seafood products under optimal temperature and conditions in order to preserve the quality and tastiness of such products.

As at the Latest Practicable Date, products procured from our suppliers were generally stored at (i) the Pak Tin Par Owned Warehouse owned by our Group; and (ii) the Pak Tin Par Leased Warehouse rented from Eastern Mark, both in Tsuen Wan, Hong Kong. We also from time to time engaged an independent logistics service provider for cold storage warehousing services on a need basis during the Track Record Period. For details of our cold storage warehouses, please refer to the paragraph headed “Cold Storage Warehouses Facilities” in this section below.

Quality Control

For all products we sourced from our foreign suppliers, we will require the suppliers to produce a health inspection report or health certificate in respect of the products delivered to us issued by the relevant government authorities or recognised authorities to certify that the products had achieved certain food safety standard (if applicable) or are fit for human consumption.

After the products (whether they are for raw consumption or not) have arrived at our cold storage warehouses, they are subject to the same quality control procedures where our logistics and warehouse management team will conduct quality checks on the received products to ensure that they are in good conditions for sale. Any products failing to pass the quality checks may be returned to the suppliers at the cost of the relevant suppliers. We have also established a food safety committee, which comprises Mr. Chan and the heads of purchasing and sales departments, to monitor, maintain and enhance our quality control systems and to ensure their on-going compliance with the HACCP and ISO 9001 requirements. For further details, please refer to the paragraph headed “Quality Control” in this section below.

Furthermore, in accordance with the HACCP and ISO 9001 requirements, our Group takes a “first-in, first-out” approach to handle our stocks. Those products which are delivered to our warehouses earlier in time will be sold to customers first. Such approach minimises the chance of deterioration and obsolescence of products. We may also offer price reduction to products when their shelf-life is less than six months. We would also dispose damaged products that are unsold, returned or expired.

Sales Management

Sales

Upon agreeing the amount and price of purchase, our customers will place purchase orders with us. As our procurement team will monitor our inventory level continuously, we generally have sufficient stock at our cold storage warehouses available to complete the orders. Upon receipt of the purchase orders, our logistics and warehouse management team will collect the products from the cold storage warehouses and arrange for delivery to our customers within the same or next business day or such other dates as specified by our customers.

In certain occasions where we do not have sufficient stock to fulfil unexpected bulk purchases from customers in a timely manner, our procurement team may source and procure the required products from frozen seafood resellers in Hong Kong, who may or may not be our existing customers, to ensure that we have sufficient stocks to swiftly satisfy our customers' demands and maintain our relationships with customers. For further details, please refer to the paragraph headed "Entities who are our Customers and also our Suppliers" in this section below.

Our Group sells all the products sourced from our suppliers directly to our customers, comprising (i) Frozen Seafood Resellers; and (ii) Frozen Seafood Catering Service Providers, without engaging any third party distributor or agent for sales of any products. We assign our sales representatives to each of our customers to manage the marketing and sales of our products and to provide customer services, including order tracking and enquiries, promoting seafood products to targeted customers, and offering after-sales services including products return and follow up on complaints.

Logistics

Our customers generally have specific delivery destinations for their purchase orders and they may require same-day delivery services or delivery services within short notice. Our logistics and warehouse management team coordinates and arranges transportation for delivery of products to our customers to ensure the products reach our customers in a timely manner. Our logistics and warehouse management team delivers products by the two cold storage trucks owned by our Group to different destinations around Hong Kong on a daily basis during the Track Record Period. The two cold storage trucks are equipped with refrigerators to maintain storage temperature at around -15°C to -18°C for the purpose of preserving the quality of our products during delivery. For our customers located in Macau, we deliver the products to the designated shipping terminal in Hong Kong and the customers will arrange for the delivery of the products to their specific delivery destinations.

For details of our transportation arrangement, please refer to the paragraph headed "Logistics — Delivery to our Customers" in this section below.

After Sales Services

After we deliver our products to the customers, we generally accept return or exchange of product with quality problems if our customer makes the request within three business days from the date of delivery, after examination and upon approval by our management.

OUR CUSTOMERS

As at the Latest Practicable Date, we served over 190 customers in Hong Kong and Macau which varied in terms of sizes, nature and operating models. Our core customers are mainly divided into two categories, namely (i) Frozen Seafood Resellers; and (ii) Frozen Seafood Catering Service Providers.

Frozen Seafood Resellers

Our major source of revenue during the Track Record Period was derived from our sales to the Frozen Seafood Resellers, such as local integrated food product wholesaling companies and resellers, and food trade companies in Hong Kong and Macau. These Frozen Seafood Resellers are primarily frozen seafood companies whose principal operations involve (i) procuring frozen seafood products from various large-scale import wholesalers (such as our Group); (ii) repackaging the frozen seafood products so procured into various quantities and product mix if so required or desired by their customers; and (iii) selling the procured and/or repackaged frozen seafood products to various Frozen Seafood Catering Service Providers and/or end-consumers.

During the Track Record Period and up to the Latest Practicable Date, we did not adopt any distributorship business model in selling our frozen seafood products and all the Frozen Seafood Resellers are considered by our Directors as end-customers of our Group, primarily because (i) these customers generally buy our products on per purchase order basis and we have a seller-buyer relationship with them; (ii) we do not accept any return or exchange of our products sold to the Frozen Seafood Resellers except for products with quality issues; (iii) we have no ownership, managerial or contractual control over any of the Frozen Seafood Resellers or their sales, pricing and marketing activities; (iv) we have no restrictions on the Frozen Seafood Resellers regarding their geographical coverage, sales target, minimum purchase requirements or target customers; and (v) the Frozen Seafood Resellers are not required to provide us with any information regarding their sales, inventory levels and customers' demands of our products.

As each of the Frozen Seafood Resellers has its own established end-consumers network, by selling our products directly to such Frozen Seafood Resellers by way of wholesale instead of retail to the end-consumers, our Directors believe that we could (i) minimise our costs, expenses and efforts on operations and sales and marketing as we are able to sell large volume of products to a limited number of Frozen Seafood Resellers without having the need to approach vast number of end-consumers or to set up any retail stores; and (ii) strengthen our presence in the Hong Kong and Macau markets and allow our frozen seafood products (including our own branded products) to penetrate into these markets more quickly and effectively.

Frozen Seafood Catering Service Providers

During the Track Record Period, we also sold our frozen seafood products directly to Frozen Seafood Catering Service Providers, such as restaurants, hotels food chain stores, food processing operators and other entities, located in Hong Kong and Macau. We generally enter into business relationship directly with Frozen Seafood Catering Service Providers which have chain operations. Otherwise we will not directly contract with them but may refer them to the Frozen Seafood Resellers whom we sell our frozen seafood products to.

BUSINESS

The table below sets forth the breakdown of our revenue by types of customers for the periods indicated:

Type(s) of customer	Year ended 31 March			
	2016		2017	
	Revenue <i>HK\$'000</i>	%	Revenue <i>HK\$'000</i>	%
Frozen Seafood Resellers	150,117	90.7	195,456	89.9
Frozen Seafood Catering Service Providers	15,371	9.3	21,991	10.1
Total	165,488	100.0	217,447	100.0

The table below illustrates the breakdown of our revenue by geographical location where our customers are located for the periods indicated:

Geographical location	Year ended 31 March			
	2016		2017	
	Revenue <i>HK\$'000</i>	%	Revenue <i>HK\$'000</i>	%
Hong Kong	137,598	83.1	186,305	85.7
Macau	27,890	16.9	31,142	14.3
Total	165,488	100.0	217,447	100.0

Major customers

The five largest customers of our Group in aggregate accounted for approximately 24.2% and 23.8% of our total revenue during the Track Record Period, being less than 30% of our total revenue, respectively. Our largest customer accounted for approximately 6.3% and 5.6% of our total revenue, respectively. All of our five largest customers are based in Hong Kong or Macau. Up to the Latest Practicable Date, we had established a relationship with our five largest customers ranging from one to 13 years during the Track Record Period.

BUSINESS

The table below sets out the revenue from our Group's top five customers based on the ranking in respect of revenue generated by our Group during the Track Record Period:

Rank	Customer	Principal business activities	Type(s) of products provided by our Group	Approximate years of relationship with our Group as at the Latest Practicable Date	Typical credit term offered to our customers	Payment method	Revenue HK\$'000	As a percentage of total revenue %
<i>For the year ended 31 March 2016</i>								
1	Customer A	Food wholesaler	Fishes, octopuses and cuttlefishes, processed seafood products, prawns, crabs and roe, scallops, oysters and surf clams	Over 3	7 days after month end	Cheque	10,361	6.3%
2	Customer B	Food wholesaler	Crabs and roe, fishes, octopuses and cuttlefishes, prawns, scallops, oysters and surf clams, processed seafood products	Over 12	20 days after month end	Bank transfer	7,983	4.8%
3	Customer C	Food wholesaler	Crabs and roe, fishes, octopuses and cuttlefishes, prawns, scallops, oysters and surf clams, processed seafood products	Over 13	15 days after month end	Cheque	7,880	4.8%
4	Great Way International Limited ⁽¹⁾	Restaurant operator	Crabs and roe, fishes, octopuses and cuttlefishes, prawns, processed seafood products	Over 10	30 days after month end	Bank transfer	7,591	4.6%
5	Customer D	Food wholesaler	Crabs and roe, fishes, octopuses and cuttlefishes, prawns, scallops, oysters and surf clams, processed seafood products	Over 11	20 days after month end	Bank transfer	6,204	3.7%
Total							40,019	24.2%

Note:

- Operates restaurant under the business names Itamae Sushi (板前壽司) and Itacho Sushi (板長壽司).

BUSINESS

Rank	Customer	Principal business activities	Type(s) of products provided by our Group	Approximate years of relationship with our Group as at the Latest Practicable Date	Typical credit term offered to our customers	Payment method	Revenue HK\$'000	As a percentage of total revenue %
<i>For the year ended 31 March 2017</i>								
1	Customer A	Food wholesaler	Fishes, octopuses and cuttlefishes, processed seafood products, prawns, crabs and roe, scallops, oysters and surf clams	Over 3	7 days after month end	Cheque	12,192	5.6%
2	Global Prosperity International Develop Ltd. ⁽¹⁾	Restaurant operator	Crab and roe, prawns, scallops, oysters and surf clams, processed seafood products	Over 1	7 days after month end	Cheque	12,147	5.6%
3	Customer D	Food wholesaler	Crabs and roe, fishes, octopuses and cuttlefishes, prawns, scallops, oysters and surf clams, processed seafood products	Over 11	20 days after month end	Bank transfer	10,103	4.6%
4	Customer E	Food wholesaler	Crabs and roe, fishes, octopuses and cuttlefishes, prawns, scallops, oysters and surf clams, processed seafood products	Over 6	10 days after month end	Bank transfer	8,767	4.0%
5	Customer F	Food wholesaler	Crabs and roe, fishes, octopuses and cuttlefishes, prawns, scallops, oysters and surf clams, processed seafood products	Over 4	7 days after month end	Cheque	8,595	4.0%
Total							51,804	23.8%

Note:

- Operates restaurant under the business name Daikiya (大喜屋).

All of our five largest customers during the Track Record Period had continuous business relationship with us since they had started purchasing from us. During the Track Record Period and up to the Latest Practicable Date, our Group had not experienced any material cancellation of orders by our customers.

BUSINESS

Through our years of operations, we have established a wide customer base and our Directors believe that we have no over-reliance on any single customer. Since (i) frozen seafood products could be stored by our customers for a considerably long period of time and as such our customers may not be required to place regular purchase orders of similar quantities for each year; (ii) we do not have any long term agreements or minimum purchase arrangements with our customers and our customers make purchases on a per purchase order and on a needed basis; and (iii) our products have diverse selling prices and our customers usually procure products of different mix per purchase depending on their needs and therefore revenue generated from the same customer could vary between periods, the composition of our major customers may change every year. For instance, Great Way International Limited, which was one of our five largest customers for the year ended 31 March 2016, ceased to be our five largest customers but remained our ten largest customers for the year ended 31 March 2017, primarily due to the decrease in sales of our fishes and crabs and roe, which was partially offset by the increase in sales of prawns.

To the best knowledge and belief of our Directors after making all reasonable enquiries, none of our Directors or any Shareholders, who owns more than 5% of the share capital of our Company immediately following completion of the Share Offer and the Capitalisation Issue, nor any of their respective associates, has any interest in any of the five largest customers of our Group for each of the financial year and period over the Track Record Period. During the Track Record Period, some of our revenue were generated from sales to customers who are connected persons of our Group. Please refer to the section headed “Connected Transactions” in this prospectus for further details.

Salient terms of the contracts or arrangements with our customers

We generally do not enter into any long term contract with our customers. Our customers generally place purchase orders with us by phone, facsimile or email and we would then issue an invoice which constitutes our contract with the customer and generally contains the following summarised terms:

Product description	:	The product code, quantity required and unit price of the product are set out.
Payment and credit term	:	Full payment by cash, cheque or wire transfer upon delivery or within a credit period of generally up to 60 days.
Place of delivery	:	Product will be delivered by our Group to a venue in Hong Kong as designated by the customer. For customer based in Macau, we are generally required to deliver the product to a shipping terminal in Hong Kong.
Delivery lead time	:	Generally not more than six hours.
Product return or exchange	:	We generally accept return or exchange of product with quality problems if our customer makes the request within three business days from the date of delivery.

BUSINESS

SALES AND MARKETING

Credit policy and payment methods

Our sales to customers take place in the form of cash/cheque on delivery or sales on credit. New customers are generally required to settle all payments immediately upon product delivery and generally credit term will only be granted if they have maintained business relationship with our Group for at least 12 months. For major customers with which we have maintained stable business relationship, we generally offer sales on credit for a credit period ranging from 0 to 60 days. Payment from our customers is usually settled by way of cash, cheque or bank transfer. Our management closely monitors the credit exposure and repayment conditions of our customers. We will make specific provisions if our management believes that any customer is or is likely to be in financial distress and is unable to settle its long outstanding trade amount. For further details of our credit policy, please refer to the section headed “Financial Information — Liquidity and Capital Resources — Trade and Other Receivables” in this prospectus. We had not made any provision for impairment of trade receivables during the Track Record Period.

Pricing policy

Our Group has adopted a “cost-plus” pricing policy, pursuant to which we set target prices with different profit margins over the products we sell.

The price of frozen seafood products we offer to our customers for each purchase varies. The management of our Group will review and revise the price list of our frozen seafood products every month after taking into account, among other things, the procurement costs as quoted to us by our suppliers, the type of products, the volume of orders, principal business activities of the customers and prevailing market conditions. Our management will also take reference of the pricing of our competitors and may adjust the prices of the products based on the prevailing market trends, sourcing prices, seasonality and the pricing strategy as determined by the management of our Group. The prices of the products are adjusted from time to time and are recorded in our ERP system.

Our Directors believe that we are able to pass on part of the increase in our procurement costs to our customers under our pricing policy. Comparing the pricing of similar products offered by our competitors from time to time, we believe that our price set for our products during the Track Record Period represented good value for money and remained competitive with those set by our competitors while capable of maintaining reasonable profit margins.

We may offer sales discounts when the shelf life of the particular frozen seafood products is less than six months to minimise the risk of obsolescence for our inventory. The percentage of sales discounts is determined on individual basis through the parties’ negotiations. During the Track Record Period, the sales discounts we offered to our customers generally ranged from approximately 1% to 10% to the initial marked price.

Product return and exchange policy

We generally accept return or exchange of products with quality problems if our customer makes the request within three business days from the date of delivery, after examination of the products concerned and upon approval by our management.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product return due to product quality defects or damages, as well as any liability claims in relation to the same.

Inventory policy

We regularly review our inventory levels for slow moving inventory or inventory which declines in market value. When expired products are discovered, our logistics and warehouse management team will notify the finance department to write off the inventory in our ERP system. Once the expired products have been identified and verified, the items will be removed from the physical stock location and adjustment will be made to our ERP system.

During the Track Record Period, we had not written-off any inventory and no provision for impairment of inventories was recorded.

Please refer to the paragraph headed “Financial Information — Liquidity and Capital Resources — Inventories” in this prospectus for further details of our inventories.

Foreign Exchange Policy

As we conduct business with a number of overseas suppliers, such as those in Japan, Vietnam and USA, certain of our costs or our payments are denominated in USD and JPY, which are currencies different than our revenue. As a result, we are exposed to foreign exchange risk. While we currently do not have any hedging policy to mitigate our foreign exchange risk, we have adopted the following measures to mitigate such risk:

- (i) we are generally able to pass on the cost arising from exchange rate fluctuations to our customers by adopting a cost-plus pricing model. To ensure that we price our products accurately, our financial controller would closely monitor our ERP system so that it correctly captures the costs, including the exchange rate fluctuations; product price lists are updated regularly to reflect any changes associated with the costs;
- (ii) our financial controller would closely monitor the movement of relevant exchange rates to ensure that the net exposure is kept at an acceptable level;
- (iii) in the event that the relevant exchange rates fluctuate to a considerable extent, our financial controller will report to our Directors such that appropriate actions could be carried out in a timely manner to address any foreign exchange risk;
- (iv) we would consider negotiating with some of our key Japanese suppliers to arrange purchases in USD instead of JPY to mitigate our foreign exchange risk; and
- (v) our Directors would from time to time review the analysis prepared by our finance department and financial controller and assess whether there is any material and adverse impact on our financial performance and whether we should enter into any hedging or derivative financial instruments to manage such foreign exchange risk exposures.

BUSINESS

As (i) our Group has adopted the above measures and a pricing policy which takes into account the changes in procurement costs as a result of fluctuation in relevant exchange rates; and (ii) we were able to maintain our gross profit margin at approximately 11.9% and 12.2% for the two years ended 31 March 2017 respectively, our Directors consider that our exposure to foreign exchange risk is insignificant and it is currently not necessary to adopt any hedging strategy.

Seasonality

The sales of certain of our frozen seafood products may be subject to seasonality. During the Track Record Period, we recorded relatively higher revenue during holiday seasons, in particular the summer holidays in August and Christmas holidays in December. We believe this seasonal pattern is primarily due to the increase in consumer spending on dining-out during the holiday seasons which in turn brings increased revenue to suppliers of frozen seafood products.

Marketing and promotion

To enhance the visibility and marketability of the products we sell and to promote our corporate image, we advertise by means of email, facsimile, text messaging and phone calls and by direct promotion to our customers. We also cooperate with our suppliers and launch our own branded products to our customers so as to enhance our brand awareness. Please refer to the paragraph headed “Our Products — Own Branded Products” above in this section for further details. In addition, we believe that new customers will know about our Group by word of mouth due to our established operation history and presence, proven track record and well-established relationship with our existing customers. Our executive Directors and head of sales team are responsible for liaising and maintaining our relationship with customers.

OUR SUPPLIERS

During the Track Record Period and up to the Latest Practicable Date, we sourced frozen seafood products from over 50 suppliers, comprising (i) Seafood Harvesters and Exporters; (ii) Frozen Seafood Processors and Exporters; and (iii) Frozen Seafood Exporters, who are primarily located in various countries such as Japan, Vietnam, China, Taiwan, USA, Singapore, Myanmar, Argentina, Thailand, Spain and Malaysia. During the Track Record Period, our suppliers included five Seafood Harvesters and Exporters which engage in the business activities of direct harvesting of seafood, out of which three of them engage in commercial fishing and two of them engage in fish farming.

Selection of suppliers

We consider the selection of suppliers to be of utmost importance as we believe the supply of quality products is one of the key factors for us to succeed in the frozen seafood import and wholesale industry. Since our establishment in 2002, we started to approach and commence procurement of frozen seafood products from Seafood Harvesters and Exporters in foreign countries. In recent years, we have also started to establish business relationship with Frozen Seafood Processors and Exporters and Frozen Seafood Exporters in foreign countries. We are generally able to lower our purchase costs through directly purchasing from Seafood Harvesters and Exporters in foreign countries since they generally cover the primary sources of frozen seafood products. We continue to source our products from Frozen Seafood Processors and Exporters and Frozen Seafood Exporters which enables us to identify and source a wide variety of frozen seafood supplies with different origins in a cost effective way.

BUSINESS

When selecting and evaluating a potential supplier, we generally consider (i) the portfolio of products capable to be offered by such potential supplier; (ii) the pricing of its products; and (iii) the quality of its products. We may also request for small quantities of sample products from potential suppliers. In addition, before placing any bulk purchases, we will try to promote and sell small quantities of the new products to our customers and test if there is positive feedback from the market. If there is positive feedback, we may increase our order from such potential suppliers by batches before we decide to select them as our suppliers. Once a supplier has been selected, we approach the supplier to discuss details of business cooperation and for some of our suppliers, we may enter into agency agreements with them. Please refer to the paragraph headed “Business — Our Suppliers — Agency Agreements with our Suppliers” below in this section for further details.

As part of our efforts in expanding our procurement network and product portfolio, we commenced procurement from over 10 new overseas suppliers during the Track Record Period, and introduced over 10 new products during the same period.

Major suppliers

The total purchases of our Group amounted to approximately HK\$146.6 million and HK\$193.7 million, respectively, during the Track Record Period. The five largest suppliers of our Group in aggregate accounted for approximately 67.0% and 57.4% of our total purchases during the same periods, and our largest supplier accounted for approximately 20.2% and 19.1% of our total purchases, respectively. Up to the Latest Practicable Date, we had established a relationship of a range from over one to 13 years with our five largest suppliers during the Track Record Period.

The table below sets out the amount and percentage of our total costs of purchases from each of countries where our suppliers are located at during the Track Record Period:

Countries	Year ended 31 March			
	2016		2017	
	Purchase <i>HK\$'000</i>	%	Purchase <i>HK\$'000</i>	%
Japan	78,348	53.5	107,436	55.5
Vietnam	20,279	13.8	25,661	13.3
China	27,776	18.9	17,894	9.2
Others	20,184	13.8	42,664	22.0
Total	146,587	100.0	193,655	100.0

BUSINESS

The table below sets out certain information of our Group's top five suppliers based on the ranking of cost of purchases incurred by our Group, during the Track Record Period:

Rank	Supplier	Principal business activities	Type(s) of products provided to our Group	Approximate years of relationship with our Group as at the Latest Practicable Date	Typical credit term offered to our suppliers	Payment method	Amount of purchases <i>HK\$'000</i>	As a percentage of total purchases %
<i>For the year ended 31 March 2016</i>								
1	Supplier A	Food wholesaler located in Japan	Fishes, octopuses and cuttlefishes, processed seafood products, prawns, scallops, oysters and surf clams	Over 13	30 days	Bank transfer	29,590	20.2%
2	Maruha Nichiro Corporation	Food wholesaler located in Japan	Prawns, scallops, oysters and surf clams	Over 11	0 days	Bank transfer	20,340	13.9%
3	Supplier B	Food wholesaler located in Japan	Fishes, octopuses and cuttlefishes, processed seafood products, prawns, scallops, oysters and surf clams	Over 6	30 days	Bank transfer	18,925	12.9%
4	Supplier C	Food wholesaler located in Vietnam	Octopuses and cuttlefishes, processed seafood products, prawns	Over 5	0 days	Bank transfer	17,939	12.2%
5	Supplier D	Food wholesaler located in China	Fishes	Over 3	15 days	Bank transfer	11,472	7.8%
							98,266	67.0%
Total								

BUSINESS

Rank	Supplier	Principal business activities	Type(s) of products provided to our Group	Approximate years of relationship with our Group as at the Latest Practicable Date	Typical credit term offered to our suppliers	Payment method	Amount of purchases <i>HKS'000</i>	As a percentage of total purchases %
<i>For the year ended 31 March 2017</i>								
1	Maruha Nichiro Corporation	Food wholesaler located in Japan	Prawns, scallops, oysters and surf clams	Over 11	0 days	Bank transfer	36,930	19.1%
2	Supplier A	Food wholesaler located in Japan	Fishes, octopuses and cuttlefishes, processed seafood products, prawns, scallops, oysters and surf clams	Over 13	30 days	Bank transfer	24,300	12.5%
3	Supplier C	Food wholesaler located in Vietnam	Octopuses and cuttlefishes, processed seafood products, prawns	Over 5	0 days	Bank transfer	20,595	10.6%
4	Supplier B	Food wholesaler located in Japan	Fishes, octopuses and cuttlefishes, processed seafood products, prawns, scallops, oysters and surf clams	Over 6	30 days	Bank transfer	15,220	7.9%
5	Supplier E	Food wholesaler located in Japan	Processed seafood products and scallops, oysters and surf clams	Over 1	14 days	Bank transfer	14,048	7.3%
Total							111,093	57.4%

To the best knowledge and belief of our Directors after making all reasonable enquiries, none of our Directors or any Shareholders, who owns more than 5% of the share capital of our Company immediately following completion of the Share Offer and the Capitalisation Issue, nor any of their respective associates, has any interest in any of the five largest suppliers of our Group for each of the two years ended 31 March 2016 and 2017.

Agency agreements with our suppliers

Save as disclosed in the paragraphs headed “Exclusive Agency Agreements” and “Sale Agency Agreements” in this section below, we did not enter into any long term agreement with our suppliers for the procurement of frozen seafood products during the Track Record Period. We generally place purchase orders with our suppliers by phone, facsimile, text messaging or email, who would then issue the relevant invoices to us which constitute our contracts with the suppliers. The purchase orders would set out, among other things, the description of the products purchased, the quantity of products required by us, unit price of the products and place of delivery.

BUSINESS

Exclusive Agency Agreements

During the Track Record Period, we entered into legally binding sole and exclusive agency agreements with three of our major suppliers (including Maruha Nichiro Corporation). Our Directors believe that the entering into of the sole and exclusive agency agreements allow us to maintain a stable supply of distinctive products throughout the year and it is easier for us to promote the brand of products in Hong Kong and Macau. The salient terms of the existing sole and exclusive agency agreement are as follows:

- | | | |
|-----------------------------|---|---|
| Principal and agent | : | Our Group is appointed as the sole and exclusive agent of the supplier (i.e. the principal) to sell and promote its products. |
| Contractual term | : | The agreement is generally effective for a fixed period of time (generally around one to five years) and provides an option for extension. |
| Area of sale | : | Hong Kong and Macau. |
| Price and Payment | : | Our Group is generally required to pay to the supplier for the cost of the relevant products per purchase order. The cost of the products is calculated based upon the cost net freight (CNF) price as set forth on the invoice issued by the supplier. |
| Minimum purchase commitment | : | Our supplier may require us to place purchase orders for their products of not less than a certain purchase amount. Our minimum purchase commitments per year under the three exclusive agency agreements amounted to not less than HK\$2.0 million, HK\$4.0 million and JPY200.0 million, respectively. |
| Obligation of the supplier | : | The supplier should provide health inspection report or health certificate to our Group in accordance with the approved quality, health and safety standards of the relevant jurisdictions. Our suppliers undertake to comply with their major local laws, rules and regulations, and in particular, major local health and safety standards and seafood harvesting laws and regulations. |
| Delivery | : | The products are delivered to us at the supplier's cost, while we are responsible for providing sufficient storage capacity and timely transportation arrangement and delivery of products to our customers. |
| Termination | : | Either party may terminate the agreement upon prior written notice to the other party in accordance with the agreement. |

Our Directors confirm that, as at the Latest Practicable Date, there was no material breach of the terms of the exclusive agency agreements entered into between our Group and the relevant suppliers.

BUSINESS

Sale Agency Agreements

During the Track Record Period, we entered into legally binding non-exclusive sale agency agreements with two of our suppliers in Japan. The salient terms of these sale agency agreement are as follows:

- | | | |
|----------------------------|---|---|
| Principal and agent | : | Our Group is appointed as a sales agent of the supplier (i.e. the principal) to sell and promote its products. |
| Contractual term | : | The agreement is generally effective for a fixed period of time (generally around three to five years) and provides an option for extension. |
| Area of sale | : | Hong Kong and Macau. |
| Price and Payment | : | Our Group is generally required to pay to the supplier for the cost of the relevant products per purchase order. The cost of the products is calculated based upon the cost net freight (CNF) price as set forth on the invoice issued by the supplier. |
| Obligation of the supplier | : | The supplier should provide health inspection report or health certificate to our Group in accordance with the approved quality, health and safety standards of the relevant jurisdictions. Our suppliers undertake to comply with their major local laws, rules and regulations, and in particular, major local health and safety standards and seafood harvesting laws and regulations. |
| Termination | : | Either party may terminate the agreement upon prior written notice to the other party in accordance with the agreement. |

Our Directors confirm that, as at the Latest Practicable Date, there was no material breach of the terms of the non-exclusive sale agency agreements entered into between our Group and the relevant suppliers.

During the Track Record Period and up to the Latest Practicable Date, we had a buyer-seller relationship with the suppliers who we entered into exclusive agency agreements or sale agency agreements with. We did not act as distributor in selling the frozen seafood products procured from these suppliers. We generally buy out products from such suppliers on per purchase order basis and are considered as end-customers from these customers' point of view. As such, our Directors believe that the procurements from these suppliers are identical to the procurements from other suppliers who we did not enter into any long term agreement with.

BUSINESS

ENTITIES WHO ARE OUR CUSTOMERS AND ALSO OUR SUPPLIERS

During the Track Record Period, to the best knowledge and belief of our Directors, an aggregate of 13 of our customers and/or their related companies were also our suppliers (the “**Customer(s) — Supplier(s)**”) which comprised five customers for the year ended 31 March 2016 and 10 customers for the year ended 31 March 2017. Our Group would source frozen seafood products from Frozen Seafood Resellers in Hong Kong, who may or may not be our existing customers, only when (i) there is a purchase order for our products at an unexpectedly large quantities, which we do not have adequate inventory at our cold storage warehouses to meet the demand; or (ii) there is a delay in the shipment of products from the suppliers which leads to temporary insufficiency of supply. According to the Ipsos Report, and our Directors also concur, that it is not uncommon in the industry for a frozen seafood importer and wholesaler to enter into such arrangement when they need to replenish certain stock in a timely manner. Generally speaking, our Group has no obligation to commit to sell such large amount of products to our customers if we do not have sufficient stock. We enter into such arrangement only in order to satisfy the needs of our customers, to promote a stable business relationship with our customers and to maintain our reputation in the industry.

The table below sets forth the total sales and total purchases attributable to our Customers-Suppliers for the two years ended 31 March 2017:

	For the year ended 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Number of Customers — Suppliers transacted with	5	10
Sales to Customers — Suppliers		
Revenue	18,617	34,296
Percentage of our company’s total revenue	11.2%	15.8%
Cost of goods sold	16,218	29,894
Percentage of our company’s total cost of goods sold	11.1%	15.7%
Average gross profit margin	12.9%	12.8%
Purchase from Customers — Suppliers		
Purchase	374	3,003
Percentage of our company’s total purchases	0.3%	1.6%

Gross profit margins for the sale of products to these 13 Customers — Suppliers for the years ended 31 March 2016 and 2017 are comparable to our overall gross profit margins for the same period. Based on their historical record and credit, we granted a credit period of not more than 30 days to these 13 Customers — Suppliers, which was in line with the credit period we granted to our other customers.

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To the best knowledge and belief of our Directors after making all reasonable enquiries, save for Ichiban who is a connected person of our Company (further details of which are set out in the section headed “Connected Transactions” in this prospectus), these Customers — Suppliers and their respective ultimate beneficial owners are Independent Third Parties. Ichiban is neither a top five supplier or top five customer of our Group during the Track Record Period. These 13 Customers — Suppliers together with their related group companies are primarily Frozen Seafood Resellers in Hong Kong.

Negotiations of the terms of our sales to and purchases from these 13 Customers — Suppliers were conducted on individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. Our Directors confirmed that, during the Track Record Period, the products we purchased from these 13 Customers — Suppliers and/or their related companies were not the same as those products we previously sold to these 13 Customers — Suppliers. The terms of transactions with these 13 entities are similar to those transactions with our other customers and suppliers.

COLD STORAGE WAREHOUSES FACILITIES

As at the Latest Practicable Date, we owned a property located in Tsuen Wan, Hong Kong with total floor area of approximately 5,600 sq. ft. and set up in it a cold storage warehouse with designated storage capacity of approximately 270.0 CBM. We have also rented a property located in Tsuen Wan, Hong Kong from Eastern Mark (a company wholly-owned by our Controlling Shareholder and executive Director, namely Mr. Chan) with total floor area of approximately 9,000 sq. ft. and set up a cold storage warehouse with designated storage capacity of approximately 360.0 CBM. For the two years ended 31 March 2017, the two cold storage warehouses achieved aggregate storage utilisation rate of approximately 90.7% and 94.5%, respectively. As at the Latest Practicable Date, we carried more than 80 product varieties in our product portfolio, out of which 30 were for raw consumption, such as cuttlefish sashimi, Hokkaido scallop sashimi, and ama-ebi.

The lowest temperature which the refrigerating machines in our cold storage warehouse can generate is -40°C and we generally maintain the temperatures in our cold storage warehouse at around -22°C to -40°C , which is below the frozen seafood cold storage temperature of -18°C recommended under the Code of Practice for the Processing and Handling of Quick Frozen Food. According to the Ipsos Report, a lower temperature of refrigeration may keep the freshness of frozen seafood products and ensure the products to be stored up to one to two years, which is an advantage for our Group to ensure our frozen seafood products can be stored for a longer time with lower risk to spoilage. Our Directors believe that our ability to maintain such low temperature at our cold storage warehouse is the key factor to provide good quality of frozen seafood products and to lengthen the period of optimal tastiness for our frozen seafood products. We are therefore capable of offering both in season and non-season seafood products to our customers throughout the year with sufficient supply.

BUSINESS

We have set up operational guidelines covering various aspects of warehousing maintenance and operations to prevent our products from being tainted, decomposed or unwholesome during storage. Our cold storage warehouses are equipped with recorders to continuously log the temperature of the warehouses, and with real time surveillance and alert system which alarm would be triggered if the temperature of the warehouse raises to above -10°C over a prescribed set time. The warehouses are designed to be weather tight, and entrances of the warehouses are equipped with proper barriers to maintain the temperature of the warehouses during loading activities and to prevent entry of debris. Floors, walls and ceiling of the cold storage warehouses are required to be maintained in a sanitary state and free from flaking paint, flaking rust and physical damage which may serve as a source of contamination. Maintenance is undertaken from time to time to repair or replace damaged refrigerating machines, walls, floors, ceiling, doors or other equipment inside the cold storage warehouses.

Each of refrigerating machines in our cold storage warehouses is supported by four to six compressors. Therefore, in case there is any failure to the compressors of our refrigerating machines, the other compressors will continue to run and maintain the temperature of the cold storage warehouses at specified temperature. In case there is any failure to electricity supply, we can contact third party electricity supplier to quickly provide us with temporary back-up electricity supply in order to support our cold storage system, and the sealed design of our cold storage warehouses enable the temperature of the stored frozen seafood products to be maintained for a period of time even during the time of electricity supply failure. During the Track Record Period and up to the Latest Practicable Date, our Group had not encountered any material failure or insufficiency in electricity supply. In view of the above contingency plans, we believe that the risk of power failure to our business affecting the quality of our frozen seafood products is low.

During the Track Record Period and up to the Latest Practicable date, we from time to time engaged a logistics service provider, who is an Independent Third Party, for the provision of cold storage warehousing services in Hong Kong on a temporary and needed basis to store our frozen seafood products. To the best knowledge and belief of our Directors, such cold storage warehouse is generally operated at around -18°C which is a storage temperature higher than our self-operated cold storage warehouses. Our Group therefore generally stores products which are less susceptible to spoilage in a less cold temperature in such cold storage warehouse on a temporary basis.

There is no long term agreement or arrangement between our Group and the relevant service provider, and as such there is no guarantee of sufficient storage capacity available from the service provider. The service provider generally charged a monthly warehousing fee determined with reference to the volume of our products stored. During the Track Record Period, we incurred rental expenses for the rented cold storage warehouses of approximately HK\$148,000 and HK\$330,000, respectively.

BUSINESS

The table below sets forth the details of our two self-operated cold storage warehouses for the periods indicated below:

Property	Total floor area of property <i>sq. ft.</i>	Designated storage capacity of warehouse <i>CBM¹</i>	Storage utilisation rate ²	
			For the year ended 31 March 2016 %	For the year ended 31 March 2017 %
Unit A, 8/F, Goodwill Industrial Building, 36-44 Pak Tin Par Street, Tsuen Wan, Hong Kong	5,627	270.0	91.6	94.2
Unit A & B, 5/F, Goodwill Industrial Building, 36-44 Pak Tin Par Street, Tsuen Wan, Hong Kong	8,750	360.0	90.0	94.8
Aggregate storage utilisation rate ³		630.0	90.7	94.5

Note:

1. Designated storage capacity is derived from (i) the actual floor area that has been generally used for storage purpose in each of the warehouse premises during the Track Record Period; and (ii) the maximum height that products can be stacked up for storage in each of the warehouse premises taking into account the safeness and ease in loading and unloading of products.
2. Storage utilisation rate for a particular period is the mean of the quarterly utilisation rate of the four quarters in that period. Quarterly utilisation rate is calculated by the total cubic metres of inventory stored in the warehouse on the last day of the quarter over designated storage capacity.
3. Aggregate storage utilisation rate for a particular period is the mean of the aggregate quarterly utilisation rate of the four quarters in that period. Aggregate quarterly utilisation rate is calculated by the total cubic metres of inventory stored in the warehouses on the last day of the quarter over aggregate designated storage capacity.

In line with our strategy to further enrich our product portfolio, our Group plans to increase our self-operated cold storage warehouse storage space to store our products and to support our expected growth. We plan to replicate our success in our cold storage warehouse and purchase a property in proximity to our existing warehouses for setting up a new cold storage warehouse of approximately 9,000 sq. ft. For further details, please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus.

BUSINESS

QUALITY CONTROL

Procurement and Sourcing

Our procurement team performs evaluations on new suppliers before we place purchase order(s) and on existing suppliers from time to time. Factors such as results from web search, proof of qualifications and reputation in the industry are considered. Supplier evaluation reports are then prepared by our procurement team and approved by our chairman, executive Director and chief executive officer, Mr. Chan. Purchases would only be made from suppliers which are on our approved suppliers list.

Our Group has implemented quality control measures by requiring our suppliers to provide us with the relevant health inspection reports or health certificates of the products before purchasing from them. Generally speaking, our overseas suppliers are required to provide us with health inspection report or health certificate in respect of the products delivered to us issued by the relevant government authorities or recognised authorities or institutions to certify that the products has achieved certain food safety standard (if applicable or) fit for human consumption. During the Track Record Period, our Group's five largest suppliers were located in Japan, China and Vietnam. Based on their expertise and experience in the frozen seafood industry and upon making due enquiries with the relevant suppliers and taking into account the advice by our Japanese, Vietnamese and PRC legal advisers, respectively, our Directors believe that the followings are the major local food safety regulations or standards which our Group's five largest suppliers are subject to and the health certificates such suppliers possess:

Country in which our five largest suppliers locate in	Name of local regulations or standards	Type of health certificates the suppliers possess
Japan	(i) Food Sanitation Act (Act No. 233 of December 24, 1947) (ii) The Food Safety Basic Law	Health Certificate issued by the suppliers and verified by the Chamber of Commerce & Industry of Japan on the signature of the supplier <i>(Note 1)</i>
Vietnam	(i) Law on Food Safety (2010)	Health Certificate issued by the Ministry of Agriculture and Rural Development of the Socialist Republic of Vietnam (“ MoARD ”) <i>(Note 2)</i>
China	(i) Food Safety Law of the People's Republic of China (2015)	Sanitary certificate issued by the Entry-Exit Inspection and Quarantine of the People's Republic of China <i>(Note 3)</i>

Notes:

- (1) Our Directors, as advised by our Japanese legal advisers, are of the view that there is no agreement between the Japanese government and the Hong Kong government to require exports of seafood from Japan to Hong Kong to possess health certificates. Our request for the Japanese suppliers to provide the health certificates to us is a quality control measure adopted by our Group voluntarily.

BUSINESS

- (2) Our Directors, as advised by our Vietnamese legal advisers, are of the view that the health certificates issued by MoARD may be recognised to be effective between Vietnam and countries under mutual recognition agreements, and the health certificates confirm the compliance with food safety regulations of the particular consignment of the exported seafood products.
- (3) Our Directors, as advised by our PRC legal advisers, are of the view that the possession of the health certificates of our suppliers in the PRC confirms the compliance of (i) the food safety standards as agreed between the PRC and the importing jurisdiction, i.e. Hong Kong; or (ii) the safety standards of aquatic products exported by the PRC.

The legality of our suppliers' operations, including whether they comply with local safety regulations or standards, or whether they have breached any international and/or other respective territorial laws, has always been our priority. For suppliers who have entered into exclusive agency agreements and the sale agency agreements with our Group, they undertake to comply with their major local laws, rules and regulations, and in particular, major local health and safety standards and seafood harvesting laws and regulations.

Our major suppliers are located in Japan, Vietnam and the PRC. To the best of our Directors' knowledge and belief after having made reasonable enquiries, Japan, Vietnam and the PRC imposed certain fishing moratoria and trawling restrictions in hope of preventing overfishing and replenishing marine livestock. The duration of moratorium and restrictions on trawling methods varies not only between these countries, but also within the same country, depending on the territorial waters concerned. Since most of the frozen seafood we procured from our major suppliers in these countries were generally harvested from fishing farms, the relevant suppliers were not subject to the said fishing moratoria and trawling restrictions for the harvesting of such seafood. The remaining types of frozen seafood that were wild caught in these countries and subject to relevant fishing moratoria and trawling restrictions include (i) cuttlefish and pacific saury in Japan; (ii) swordfish, tuna and cuttlefish in Vietnam; and (iii) fish roe in the PRC.

To check whether our suppliers who are Seafood Harvesters and Exporters which engage in commercial fishing may have complied with the relevant fishing moratoria or trawling restrictions in their respective countries, our Group have implemented additional internal control procedures in respect of these suppliers. For potential new suppliers who engage in commercial fishing, our Group will (i) obtain their legal catch certificates and/or fishing licenses and/or certificates of origin; (ii) require the relevant suppliers to provide written undertakings to our Group that they will at all times comply with the relevant fishing moratorium and trawling restrictions in their respective countries and (iii) carry out background checks with emphasis on their business history, credibility, any breaches of fishing moratoria or trawling restrictions and possession of certifications in HACCP and ISO. For existing Seafood Harvesters and Exporters which engage in commercial fishing, we will (i) obtain written confirmations and undertakings from the relevant suppliers on an annual basis confirming that they have complied with the relevant fishing moratorium and trawling restrictions in their respective countries and undertaking and undertaking that they will continue to so comply; (ii) perform web search, public record search and media search from time to time to check whether there are any news about our Seafood Harvesters and Exporters with commercial fishing activities breaching any relevant laws and regulations, catching limits, fishing moratoria or trawling restrictions or supplying endangered species; (iii) request for legal catch certificates and/or certificates of origin for future shipments of wild caught products; (iv) conduct regular review on our existing suppliers; (v) perform regular checks on our procurement list to ensure that no endangered species would be procured; and (vi) timely monitor whether there are updates on relevant laws and regulations regarding fishing moratoria issued by relevant government authorities, coupled with detailed checking of catch certificates and/or certificates of origin to ensure no illegal

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catching in restricted zones. We will also endeavor to refrain from procuring any wild caught seafood products from the relevant suppliers if, to the best of our knowledge and belief, the regions concerned are subject to fishing moratorium and trawling restrictions at the material time, and will instead look for alternative supplies in other regions or from fishing farms in order to maintain sufficient supplies. To the best of their knowledge and belief, our Directors are not aware of any of our suppliers who are Seafood Harvesters and Exporters which engage in commercial fishing having breached the fishing moratoria or trawling restrictions in Japan, Vietnam or the PRC during the Track Record Period and up to the Latest Practicable Date.

Food Safety Committee and Internal Control and Compliance Manual

Our Group has set up a food safety committee in accordance with the HACCP and ISO 9001 requirements to maintain, evaluate and improve our quality control policies and procedures and to ensure that we are kept abreast of the development in food safety laws, regulations, guidelines and requirements that would have material effect on our operations or the frozen seafood industry. Our food safety committee is led by Mr. Chan (our chairman, chief executive officer and executive Director) and comprises Mrs. Chan (our executive Director) and Mr. Ho Chi Lok (our head of sales and marketing), all of whom have established experience in the frozen seafood industry. Please refer to the section headed “Directors, Senior Management and Employees” in this prospectus for further details of their biographies. The members of our food safety committee are also responsible for inspecting the health certificates from the suppliers.

To ensure that the members of our food safety committee is kept abreast of the development in food safety laws, regulations, guidelines and requirements in various countries, (i) members of our food safety committee would meet from time to time to discuss matters regarding food safety, including major news in the frozen seafood industry in Hong Kong and other jurisdictions in which our suppliers locate and updates in relevant laws, regulations, guidelines and requirements; (ii) we would regularly review the various guidelines, requirements and orders issued by the Food and Environmental Hygiene Department in Hong Kong and enhance our internal quality control procedures accordingly to ensure compliance; and (iii) we would actively communicate with our suppliers in order to update ourselves on the food safety requirements in jurisdictions where they situate and conduct further desktop researches on our own to enquire into the relevant updates. Our Directors believe that by adopting the above measures, we could keep ourselves updated on the food safety requirements in different countries in a timely manner, and in turn make necessary amendments to our quality control measures. These measures would also enable ourselves to assess whether the health certificates provided by our suppliers will provide sufficient comfort on the issue of food safety.

Our procurement team regularly checks whether our internal control and compliance manual has set out the relevant compliance requirements laid down by the relevant authorities in Hong Kong, such as (i) application for registration of food importers and distributors; (ii) update the main food categories and classifications applicable to us when there are changes of food types; and (iii) renewal of the registrations, and will update the same when necessary to ensure our food safety measures are up to the latest standard.

Logistics, Inventories and Sales Management

Upon receipt of products delivered to us by our suppliers, our logistics and warehouse management team will conduct quality checking by (i) checking the relevant health certificates against the products to confirm that the products we procured are the subjects as stated under the health certificates provided by our suppliers; (ii) inspecting the packaging labels or certificates of origin of the relevant products to ascertain where such products originate and whether the import or sale of such products would subject to any specific regulations or requirements; (iii) inspecting their expiry dates to avoid inadvertent procurement of expired or close-to-expire food products; and (iv) inspecting their quantities and appearance to ensure compliance with the requirements we imposed and that the products are frozen at suitable temperatures and in proper packaging and in good condition for sale. After the frozen seafood products have been stored into our cold storage warehouses, we will closely monitor the temperature at the cold storage warehouses in order to ensure the temperature at the cold storage warehouses shall not be higher than the temperature recommended by our internal guidelines, our suppliers and the relevant food safety standards or recommendations. Our logistics and warehouse management team possesses relevant experience and knowledge in quality checking, members of which (i) have a range of three to nine years of experience in the frozen seafood import and wholesale industry; and (ii) have attended HACCP and ISO 9001 training programmes conducted by our Group which include quality checking procedures.

To minimise the risk of obsolescence for our inventory, we may offer sales discounts in the range of around 1% to 10% of the initial marked price when our frozen seafood products are close to expiry date (with shelf life less than six months). For any damaged products that are unsold, returned or expired, we would dispose of such products to ensure the food safety for products we supply to our customers. During the Track Record Period, we had not written off any material amount for or provided for impairment of inventory as a result of damaged products that were unsold, returned or expired.

We also value our customers' feedback on our products and have implemented measures to handle complaints, if any, in an effective manner. Our customer service personnel handles all customers' complaints promptly upon receipt by way of phone, facsimile and email to ensure a timely response to all customers' concerns. For serious complaints such as large quantity products return, our customer service personnel will report such matters to the head of sales team for investigation and resolution. The head of sales team may report such matters further to our executive Directors if necessary. We believe the above measures can protect the rights of our customers, especially for those who did not enter into formal contracts with our Group. Such measures also help us to reinforce our quality control standards to our customers and strengthen our customers' confidence in our products.

Quality Standards and Certifications

We have set up internal quality control policy and procedures which are accredited to have complied with the HACCP and ISO 9001 requirements. We obtained such certifications by applying to and passing documentary and on-site inspections by independent accreditation bodies. We have implemented various control procedures in accordance with the requirements of such quality standards and certifications. As part of maintaining such certifications, our operations are subject to annual inspections by accreditation bodies. In order to ensure strict compliance of our operations with the relevant standards, we conduct our own review from time to time to monitor the effectiveness of such control procedures. We also provide training to employees on food safety, proper handling of frozen seafood products, and requirements set by ISO 9001 and HACCP.

Food Safety Incident Management

The Fukushima Daiichi Nuclear Power Plant Incident

During the Track Record Period and up to the Latest Practicable Date, some of our frozen seafood products were procured from suppliers in Japan. For the two years ended 31 March 2017, the procurement from suppliers located in Japan accounted for approximately 53.5% and 55.5% of our total costs of purchases. Following the accident at the Fukushima Daiichi nuclear power plant in Japan in March 2011 (the “**Fukushima Daiichi Nuclear Power Plant Incident**”), the Centre for Food Safety (“**CFS**”) of the Food and Environmental Hygiene Department in Hong Kong announced that starting from 24 March 2011, it would prohibit (the “**Prohibition Order**”) imports of certain Japanese food, including, among other things, frozen aquatic products harvested, manufactured, processed or packed from five prefectures in Japan (namely Fukushima, Ibaraki, Tochigi, Gunma and Chiba) (the “**Five Prefectures**”), unless such products are accompanied by radiation certificates issued by the competent authority of Japan attesting that the radiation levels of the relevant products did not exceed the Guideline Levels for Radionuclides in Foods following Accidental Nuclear Contamination developed by the Codex Alimentarius Commission (the “**Codex Guideline Levels**”).

In response to the Fukushima Daiichi Nuclear Power Plant Incident and the Prohibition Order, our Group ceased to procure frozen seafood products from the Five Prefectures, and our Group had requested all our Japanese suppliers to include the names of prefectures in which the frozen seafood products were harvested on the health certificates of the frozen seafood products we procured to ensure compliance with the Prohibition Order. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had not procured any of our frozen seafood products or products that were subject to the Prohibition Order from the Five Prefectures.

In addition, to minimise the chance of inadvertently procuring products which were harvested from the Five Prefectures and/or subject to the Prohibition Order from suppliers located in jurisdictions other than Japan, our Group would generally inspect the certificates of origin or packaging labels of the products (which would usually state the origin of the products) before we place any purchase orders with our suppliers. Based on the results of our inspections, our Directors believe that the food products we procured from suppliers located in other jurisdictions were not originated from Japan and hence were not subject to the Prohibition Order.

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Taking into account (i) the abovementioned specific measures taken by our Group in respect of procurement of food products from our Japanese suppliers to ensure its compliance with the Prohibition Order; (ii) we had not procured any frozen seafood food products or products that were subject to the Prohibition Order from the Five Prefectures subsequent to the Fukushima Daiichi Nuclear Power Plant Incident in March 2011 and up to the Latest Practicable Date; (iii) we possess strong sourcing capabilities and procure our frozen seafood products from other major frozen seafood exporting countries apart from Japan, such as Vietnam, China, and USA, and as such do not place any over-reliance on our suppliers in Japan; (iv) based on the relevant health certificates and/or package labels, the products we procured from suppliers located in jurisdictions other than Japan were not originated from Japan and therefore we had no imminent risk of inadvertent procurement of products which were harvested from the Five Prefectures and/or subject to the Prohibition Order; and (v) we had enjoyed continued growth in revenue and gross profit during the Track Record Period, our Directors believe that the Fukushima Daiichi Nuclear Power Plant Incident and the Prohibition Order had no material adverse impact on our Group's business, operations and financial performance, and are expected to continue to be so in the near future.

The Listeria Incident

On 5 August 2016, we were informed by the CFS that some fish roe we sold to a Macau customer was suspected to be contaminated with bacteria *Listeria monocytogenes* (the "**Listeria Incident**"). In response, we immediately ceased procuring products from the supplier of the contaminated fish roe. As part of our response measures under our quality control system, during the period from 5 August 2016 to 25 August 2016, our Group voluntarily requested customers to return all related fish roe sourced from our Group and amount of sales returned was approximately HK\$15,000. Some samples of our roe products were taken by CFS for testing. On 17 August 2016, we were notified by the CFS that all the test results were found satisfactory with none of the samples detected to contain *Listeria monocytogenes*. Upon the notification from CFS, we resumed procuring the products from the supplier of the contaminated fish roe on 4 September 2016. Considering the relevant test results and to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, the Listeria Incident was not attributable to any material deficiency in our quality control measures during the procurement, storage or transportation stages, and was due to the deficient cold storage conditions of our customers or third parties after our delivery of the products to the customers. In order to prevent recurrence of food safety incidents, we require our customers to inform us the time that they will pick up our products at the designated location, and we require our logistics and warehouse management team to deliver the products to the designated location at a time as close as the time of pick up as practicable, so as to minimise the time gap between the arrival of our products at the designated location and the pick-up time by our customers. We also encourage our customers to provide adequate cold storage facilities at the designated location of delivery of products to them. Although our Group recorded a decrease of approximately 17.8% in revenue recognised from the sales of crabs and roe during the Track Record Period primarily as a result of the Listeria Incident, our overall revenue increased by approximately 31.4% during the same period in light of our diversified product portfolio which provided us with multiple growth drivers across various product categories (in particular the increase in sales of (i) prawns; (ii) scallops, oysters and surf clams; and (iii) processed seafood products, during the Track Record Period). Since (i) the aggregate sales amount of the fish roe we voluntarily recalled only amounted to approximately 0.007% of our total revenue for the year ended 31 March 2017; (ii) the costs incurred by our Group for the relevant product recall were minimal; and (iii) there were no material complaints, claims or disputes received by our Group from the relevant Macau customer or any other

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customers or end-consumers with regard to our fish roe products during the Track Record Period and up to the Latest Practicable Date, our Directors believe that the Listeria Incident (a) had, and would in the future have, no material adverse impact on our overall financial conditions and operations; and (b) had no material adverse impact on the reputation of our Group.

During the Track Record Period and up to the Latest Practicable Date, save for the Listeria Incident, our Group had not been involved in any major food safety or quality incidents, nor did we experience any customer complaints, product liability claims or disputes which had a material adverse effect on our business or results of operations, or any voluntary or mandatory product recalls.

Being a frozen seafood importer and wholesaler, we are subject to certain potential risks in relation to food safety of frozen seafood products. However, our Directors believe that the raw food processing and handling related laws and regulations that are specifically applicable to the retail food business or the supply of food for immediate consumption in Hong Kong are not applicable to our Group. Moreover, we generally maintain the temperature in our cold storage warehouse at around -22°C to -40°C to store our frozen seafood products, being quality control measures and temperature that exceed the recommendation of -18°C as suggested by the Codex Alimentarius Commission. Nevertheless, our business operations are still subject to certain food safety related laws and regulations, further details of which are set out in the section headed “Regulatory Overview” in this prospectus. For details of the potential risks in relation to food safety of frozen seafood products risks, please refer to the section headed “Risk Factors — Risks Relating to our Group’s Business and Operations — Our Business and Reputation may be Affected by Product Liability Claims, Food Safety Concerns, Litigation, Customer Complaints, Product Tampering, Quality Control Concerns or Adverse Publicity to our Products” in this prospectus.

LOGISTICS

Delivery from our foreign suppliers to Hong Kong

Upon receiving our purchase orders, our suppliers will arrange for the delivery of their products to the shipping agent at the foreign container terminal. In general, it takes three to seven days for our foreign suppliers to deliver the frozen seafood products to Hong Kong through shipment. In order to monitor the shipment of frozen seafood products from different countries, our shipping management personnel prepares and updates the shipment schedule once new shipment has been scheduled. The shipment schedule sets out the date and time of the expected arrival of shipments of products from different countries for the upcoming three months. Our sales team, procurement team and logistics and warehouse management team can also access the shipment schedule such that they can be updated with the latest shipment information and arrange for their work in accordance with the shipment schedule.

The product liability of the frozen seafood products lies with the suppliers during the period of time from the production of the products to the delivery of products to the shipping terminal in Hong Kong.

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Delivery from Hong Kong shipping terminal to our cold storage warehouses

During the Track Record Period, we entered into sub-contracting agreement with a transportation services provider, who is an Independent Third Party, to unload products supplied by our foreign suppliers from the containers at the shipping terminal in Hong Kong and to deliver the same to our cold storage warehouses at our expense. The agreement is effective for an indefinite period and either contractual party is entitled to terminate the sub-contracting agreement by way of written notice. According to the arrangement between our Group and the transportation services provider, upon receiving the arrival notice of shipment to Hong Kong, the transportation service provider will arrange for unloading products supplied by our foreign suppliers from the containers at the shipping terminal in Hong Kong and delivery of products to cold storage warehouses designated by us based on the arrival notice listing out the delivery information, including date, quantity, pick-up location and recipient name and address we provide to them prior to delivery. The fees for the transportation services are determined on a cost per unit basis and we are required to settle the transportation fees within 30 days from the issue of invoices.

For the years ended 31 March 2016 and 2017, we incurred approximately HK\$555,000 and HK\$653,000 in utilising transportation services from the service provider, representing approximately 0.4% and 0.3% of our total costs of sales during the same period, respectively.

We have access to and are able to appoint alternative third party transportation service providers which offer similar services on comparable commercial terms if our current service providers are unable to perform their obligations. During the Track Record Period and up to the Latest Practicable Date, our Group had not experienced any material losses to our inventories or products, nor material disruption to our business operations which were caused by failures of the transportation service provider in providing their services.

The product liability of the frozen seafood products lies with the independent transportation services provider during the period of time from the shipping terminal in Hong Kong to our cold storage warehouses.

Delivery to our customers

For the delivery of products to our customers, our customers generally have specific delivery destinations for their purchase orders and they may require same-day delivery services or delivery services within short notice. Our logistics and warehouse management team coordinates and arranges transportation for delivery of products to our customers to ensure the products reach our customers in a timely manner. Our logistics and warehouse management team delivers products with the two cold storage trucks owned by our Group (with remaining useful life of around two and nine years respectively) to different destinations throughout Hong Kong on a daily basis during the Track Record Period. Our two cold storage trucks have loading capacity of approximately 1.3 tonnes and 4.0 tonnes respectively. This offered our Group a designated delivery capacity of approximately 148.2 tonnes and 193.8 tonnes per month for the two years ended 31 March 2017. The designated delivery capacity per month is derived from (i) the total loading capacities of our two cold storage trucks; (ii) the actual number of working days per month for the relevant month; and (iii) the average number of deliveries per working day based on our customers' orders. Our designated delivery capacity for the year ended 31 March 2016 was lower primarily because one of the trucks was only acquired and came into operation in around December 2015. Our cold storage trucks attained aggregate utilisation rate (which is calculated

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by dividing the actual tonnes of delivery made by us per month for the relevant year by the aggregate of designated delivery capacity per month) of approximately 95.9% and 98.7% for the two years ended 31 March 2017. For our customers located in Macau, we deliver the products to the designated shipping terminal in Hong Kong and the customers will arrange for the delivery of the products to their specific delivery destinations. The risk and ownership of the products pass to our Macau customers when the products are loaded on board at the terminal of shipment.

We typically inspect our cold storage trucks before they leave our cold storage warehouse facilities and we follow our internal storage and transportation procedures to ensure that our products are transported under proper conditions. We also inspect the products and to confirm the quantity of products to be delivered and the destination for delivery.

COMPETITION

According to the Industry Report, the frozen seafood import wholesale industry in which we operate in is competitive and fragmented. The number of frozen seafood import wholesales companies increased from 380 in 2012 to 580 in 2016, with a total revenue of approximately HK\$10,406.7 million. The total revenue of the frozen seafood industry is expected to increase from approximately HK\$10,413.7 million in 2017 to approximately HK\$11,169.7 million in 2021, with a CAGR of approximately 1.8%. Our Group accounted for a market share of 2.1% in the frozen seafood import wholesales industry in 2016.

There are various entry barriers for new market players to establish business presence in the frozen seafood import wholesale industry in Hong Kong. According to the Ipsos Report, these include stable and adequate capital, established relationship with supplier and strong distributor network, sufficient cold storage and proper handling of frozen food. Please refer to the section headed “Industry Overview” in this prospectus for further information on the competitive landscape of the frozen seafood import wholesale industry in Hong Kong.

EMPLOYEES

As at 31 March 2016 and 31 March 2017 and as at the Latest Practicable Date, our Group had a total of 11, 15 and 16 full-time employees, respectively. The table below sets out a breakdown of our full-time employees by functions as at the Latest Practicable Date:

Function	Number of employees
Management and procurement	3
Logistics and warehouse	6
Sales and customers services	4
Finance	2
Administration and shipping	<u>1</u>
Total	<u><u>16</u></u>

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We generally recruit our employees from the open market by placing recruitment advertisements and posting job listings on newspapers and the Labour Department. Our Group values human resources and assesses the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the business development of our Group.

The remuneration payable to our employees includes basic salaries, allowances, retirement benefit schemes contributions and discretionary bonuses. The ability to recruit and retain experienced and skilled labour is crucial to our business development and growth. The basic salaries of our employees are generally determined by the employee's rank, position, qualification, experience and performance. The discretionary bonuses are paid on an annual basis, depending on the duration of services and performance of the individual staff and the profit of our Group in the preceding financial year. We assess the remuneration package offered to our employees on an annual basis to determine whether any adjustment to the basic salaries and bonus should be made. For the years ended 31 March 2016 and 2017, our staff costs were approximately HK\$2.5 million and HK\$2.9 million respectively, out of which HK\$1.8 million and HK\$2.0 million were included in administrative expenses, and the remaining staff costs of HK\$0.7 million and HK\$0.9 million were included in selling and distribution expenses for the same period. For further details, please refer to the section headed "Financial Information" in this prospectus.

We provide training sessions to our employees at different positions. We provide a variety of practical training courses to our staff. For instance, we provide courses in relation to product and service quality control, induction training on warehouse and hygienic control, risk analysis, and internal, external and management control. We invited outside speakers in conducting some of the training sessions.

During the Track Record Period, our Group had not experienced any significant difficulties in recruiting employees, and had not experienced any significant staff or labour disputes. Our Directors confirm that our Group's relationship with our employees is satisfactory in general. Our Directors consider that the management policies, working environment, career prospects and benefits extended to our employees have contributed to building a good employee relations and employee retention. During the Track Record Period and up to the Latest Practicable Date, there was no labour union established by our employees.

INSURANCE

Our insurance coverage includes fire and water damage insurance, cargo insurance, vehicle insurance, office insurance and public liability insurance.

We review our insurance policies from time to time for adequacy in the breadth of coverage as our business continues to expand. Our Directors are of the view that our insurance coverage is in line with the general coverage in the industry and is adequate for our operations. As at the Latest Practicable Date, we had not made nor been the subject of any material insurance claims. However, our business operations are susceptible to potential losses caused by a wide range of business disruptions and we may not be fully indemnified for our losses under our current insurance coverage. Please refer to the section headed "Risk Factors — Risks Relating to our Group's Business and Operations — Our Insurance Coverage may not be Sufficient to Cover All Losses or Potential Claims from our Customers which would Affect our Business, Financial Addition and Results of Operations" in this prospectus for more details.

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HEALTH AND WORK SAFETY

We value health and work safety of our employees is of utmost importance and we have provided our employees with guidance from time to time on work safety laws to ensure that our employees are kept abreast of our safety procedures and policies. Our Directors believe that high standards in these areas underpin a critical aspect of operating efficiency and effectiveness, which indirectly help our Group compete effectively in this competitive industry.

We have implemented a wide scope of internal training programmes and an integrated management memorandum, through which our Group educates and reminds our employees of the importance of and the correct practices for health and safety in the workplace. The personnel at our human resources and administration department has to record and keep track of any injuries of our employees that have occurred during their performing of work duties, to ensure insurance claims and treatments are effectively pursued to protect our employees and our Group.

During the Track Record Period, there had not been any major injuries of our employees that would have caused material adverse impact on the business, operations or financial performance of our Group.

ENVIRONMENTAL MATTERS

Due to the nature of our business, our Group's operational activities do not directly generate industrial pollutants, and as such our Group did not directly incur costs of compliance with applicable environmental protection rules and regulations during the Track Record Period. As at the Latest Practicable Date, our Group had not come across any material non-compliance issues in respect of any applicable laws and regulations on environmental protection. Therefore, with our past experience, our Directors expect that our Group will not directly incur significant costs for compliance with applicable environmental protection rules and regulations in the future.

PROPERTIES

As at the Latest Practicable Date, our Group owned one property in Hong Kong. The property, located at Unit A, 8/F, Goodwill Industrial Building, 36–44 Pak Tin Par Street, Tsuen Wan, Hong Kong, is primarily used as cold storage warehouse for storage of our products.

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The table below lists out the address and function of our leased properties in Hong Kong as at the Latest Practicable Date:

Address	Gross floor area	Monthly rental	Function	Lease period
Unit A & B, 5/F, Goodwill Industrial Building, 36-44 Pak Tin Par Street, Tsuen Wan, Hong Kong ("Property A")	8,750 sq. ft.	HK\$66,000	Office premise and cold storage warehouse	1 April 2017 to 31 March 2020
Carpark G6, Goodwill Industrial Building, 36-44 Pak Tin Par Street, Tsuen Wan, Hong Kong ("Property B")	N/A	HK\$5,000	Carpark	1 April 2017 to 31 March 2020
Carpark G3, Goodwill Industrial Building, 36-44 Pak Tin Par Street, Tsuen Wan, Hong Kong ("Property C")	N/A	HK\$3,500	Carpark	No contractual lease term

Property A is leased from Eastern Mark, a company wholly-owned by our Controlling Shareholder and executive Director, namely Mr. Chan, while Property B is leased from Mr. Chan. Property C is leased from an Independent Third Party. For further details relating to the leasing of Property A and Property B, please refer to the section headed "Connected Transactions" in this prospectus.

Our Directors do not foresee any major difficulties or impediments in renewing the relevant leases upon their expiration. Please refer to the paragraph headed "Cold Storage Warehouses Facilities" in this section for further details.







INTELLECTUAL PROPERTY

As at the Latest Practicable Date, our Group had four registered trademarks in Hong Kong. Set out below is a summary of our material intellectual property rights, which were determined by the Directors on the basis of their materiality to our business operation, financial position and prospects:

Trademark	Place of Registration	Class	Registration Number	Registration Date	Expiry Date
Q Seafoods 菊	Hong Kong	35	303804840	14 June 2016	13 June 2026



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Trademark	Place of Registration	Class	Registration Number	Registration Date	Expiry Date
QPHK 大津 (a)  (b) 	Hong Kong	35	303846844	22 July 2016	21 July 2026
Ocean Best (a)  (b) 	Hong Kong	29	303797164	06 June 2016	5 June 2026
Taste One 津味 (a)  (b) 	Hong Kong	29	303771775	11 May 2016	10 May 2026

Further details of our intellectual property portfolio are provided in the section headed “Statutory and General Information — 2. Further Information about the Business — B. Our Intellectual Property rights” in Appendix V to this prospectus.

As at the Latest Practicable Date, we were not involved in any proceedings with regard to, and we have not received notice of any claims of, infringement of any intellectual property rights that may be threatened or pending in which we may be involved either as a claimant or respondent.

RESEARCH AND DEVELOPMENT

During the Track Record Period and up to the Latest Practicable Date, we did not engage in any research and development activities, and our Directors had no pending plans to engage in any research and development activities in the upcoming foreseeable future.

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LICENCES, CERTIFICATES AND REGISTRATIONS

The table below set out the details of our major licences, certificates and registrations as at the Latest Practicable Date:

Licence, certificate or registration	Issuing body	Date of expiry
Registration of food importer/food distributor	Food and Environmental Hygiene Department	31 January 2018 ^(Note 1)
Hazard Analysis Critical Control Point (HACCP) Management System Certification	Accredited Certification International Limited	1 October 2019
ISO 9001 Quality Management System Certification	Accredited Certification International Limited	1 October 2019

Note:

- (1) As at the Latest Practicable Date, our Group had not commenced the process for renewal of the registration. Our Group currently intends to renew its registration tentatively in early January 2018 before the expiry of registration. Since the renewal of such registration does not require approval from the Food and Environmental Hygiene Department, our Directors believe that there will not be any material impediment for us to renew the registration.

Under the Food Safety Ordinance (“FSO”), food importers and distributors, unless exempted, have to register with Food and Environmental Hygiene Department of Hong Kong before they can carry out food importation or distribution activities in Hong Kong. Registration under the FSO is effective upon payment of a registration fee and is valid for a period of three years, unless revoked earlier, and may be renewed. Renewal of registration is effective for a period of three years. For details, please refer to the section headed “Regulatory Overview” in this prospectus.

The HACCP Management System Certification and the ISO 9001 Quality Management System Certification are not necessary for the sale of our products; however, our Directors believe that they could enhance our Group’s existing and potential customer’s confidence towards our Group and recognise our Group’s quality standards and management system as conforming to international standards.

Our Directors confirm that our Group had obtained all necessary licences and permits for our business operations in Hong Kong in compliance with relevant laws and regulations as at the Latest Practicable Date. Our Directors confirm that our Group did not experience any material difficulties in obtaining and/or renewing such licences and permits. Furthermore, our Directors are not aware of any circumstances that would significantly hinder or delay the renewal of such licences and permits upon their expiration. Therefore, our Directors do not foresee any major difficulties in compliance with such registration that would cause material impacts on our Group’s operations and business.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, there had not been any material or systemic non-compliance of our Group and there were no pending or threatened litigations, arbitrations or claims of material importance against our Group that would have a material or adverse effect on our results of operations or financial condition.

INTERNAL CONTROL AND RISK MANAGEMENT MEASURES

Our Directors are responsible for formulating and overseeing the implementation of our internal control measures and the effectiveness of our risk management system, which is designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance.

To manage our external and internal risks and to ensure the smooth operations of our business, we have engaged an internal control consultant (“**Internal Control Consultant**”) in February 2017 to assist our Group to review and provide recommendations on improving our internal control system. The Internal Control Consultant has reviewed and provided recommendations on our internal control system, including the following material recommendations:

- (i) we shall grant the right of access to our accounting system to proper personnel only in order to minimise the risk of misstatement of financial information;
- (ii) we shall establish dual control in payment procedures to avoid the risk of misappropriation of funds;
- (iii) we shall establish detailed financial budget including the revenue and receipts, cost of services and expenditures, recruitment and payroll and capital expenditures, as well as the cash flow forecast, so as to accurately identify the financial needs and performance of our Group’s business;
- (iv) we shall establish formal timetable in governing month-end and year-end financial closing procedures, performing bank reconciliation and close in accounting system on a monthly basis in order to ensure accurate and efficient financial and accounting system recordings; and
- (v) we shall set up an off-site back-up server, place server in an exclusive room with hydrometer and thermometer, and establish an effective password management policies so as to minimize the risk of data-loss or unauthorised entry into our Group’s server.

The Internal Control Consultant conducted a follow up review in May 2017 based on the recommendations, and concluded that all remedial measures have been implemented. In particular, we have adopted a series of internal control policies, procedures and programs designated to achieve effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Highlights of our internal control system include the following:

BUSINESS

Internal Audit: we put in place the internal audit charter that clearly states the roles and responsibilities, authority and reporting relationship of our internal audit function. We have outsourced the internal audit function to an external consultant to evaluate and assess the Group's risk management and internal control mechanism periodically.

Employee handbook and policies: employee handbook has been established by our management to define, amongst others, our code of conduct. Our employee handbook has been distributed to and acknowledged by each of our staff.

Conflict of interests: mechanisms for our employees to declare conflict of interests have been established in our internal control policy. All of our employees shall declare on potential conflict of interests on an annual basis, or as and when required.

The following set out the key risk management and control procedures for our business:

Operational risk management

Mr. Chan, our executive Director, is responsible for maintaining our operations and assessing the operational risks of our business. He is responsible for implementing our risk management policies and procedures. Recognising the importance of food safety, we have implemented internal quality control policy and procedures according to HACCP and ISO 9001 standards. In order to ensure strict compliance of our operations with the standards, we conduct our own reviews to monitor the effectiveness of such control procedures.

Risk control

There were certain risks that require management's attention, including insufficient written records of approval processes, failure to detect unethical behaviours, absence of dual control in financial system. In order to control such risks, our Group has endorsed staff handbook, internal control and compliance manual which require all Directors and employees of our Group to observe.

Regulatory risk management

Upon Listing, our Group may be exposed to the risks of non-compliance with the GEM Listing Rules. We have engaged Innovax Capital Limited as our compliance adviser as required under Rule 6A.19 of the GEM Listing Rules. Our Group will also consider to retain a Hong Kong legal adviser to advise us on compliance matters in relation to applicable Hong Kong laws and regulations.

LIQUIDITY MANAGEMENT MEASURES

As (i) our business model requires stocking of a wide range of frozen seafood products with sufficient quantities in order to fulfill our customers' purchases in a timely manner; and (ii) there may be potential mismatch in time between receipt of payments from our customers and payment to our suppliers, the management of liquidity is essential to the success of our business. Please refer to the section headed "Risk Factors — Our cash flow may deteriorate due to potential mismatch in time between receipt of payments from our customers and payments to our suppliers, and we may take a long time to collect our trade receivables" in this prospectus for further details of the relevant risks involved as a result of such cash flow mismatch.

Our liquidity management focuses on ensuring sufficiency of liquidity and safety of capital. Our finance department prepares financial budget and cash flow forecast on an annual basis to anticipate the working capital required for the financial year. Monthly variance analysis is also prepared to analyse the actual figures against the forecast with material variations being evaluated by our financial controller and reported to the chief executive officer, who are responsible for monitoring and managing liquidity risk on a continuous basis. In addition, our Group may from time to time consider negotiating with some of our suppliers for extending the credit terms in order to improve our working capital position. Regarding contracts entered into with our new customers, we would generally negotiate a shorter credit term to further improve our working capital position.

With our liquidity management measures in place, our Directors believe that we could enhance our liquidity management, improve our working capital allocation and operation efficiency and control our liquidity risk.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS

Our Board is responsible for and has general powers for the management and conduct of our business. Our Board consists of five Directors, including two executive Directors and three independent non-executive Directors. The following table sets out certain information with respect to our Directors as at the Latest Practicable Date:

Name	Age	Title	Date of joining our Group	Date of appointment as our Director	Role and responsibilities	Relationship with other Director(s) and/or senior management
Mr. Chan Kin Fung (陳建峰) (formerly known as Chan Tsan Fong (陳燦芳))	45	Chairman, chief executive officer and executive Director	August 2002	April 2017	Responsible for overseeing the day-to-day operations overall business strategy and planning of our Group	Spouse of Ms. Tse Chun Ha Amy
Ms. Tse Chun Ha Amy (謝春霞)	41	Executive Director	August 2002	May 2017	Responsible for product procurement and administration of our Group	Spouse of Mr. Chan Kin Fung
Mr. So Yuk Ki (蘇玉祺)	47	Independent non-executive Director	September 2017	September 2017	Responsible for providing independent advice to the Board	Not applicable
Mr. Lee Kam Wan (李錦輝)	46	Independent non-executive Director	September 2017	September 2017	Responsible for providing independent advice to the Board	Not applicable
Mr. Leung Wai Ping Noel (梁偉平)	49	Independent non-executive Director	September 2017	September 2017	Responsible for providing independent advice to the Board	Not applicable

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

The following table sets out certain information with respect to members of our senior management team as at the Latest Practicable Date:

Name	Age	Title	Date of joining our Group	Role and responsibilities	Relationship with other Director(s) and/or senior management
Mr. Chan Kin Fung (陳建峰) (formerly known as Chan Tsan Fong (陳燦芳))	45	Chairman, chief executive officer and executive Director	August 2002	Responsible for overseeing the day-to-day operations overall business strategy and planning of our Group	Spouse of Ms. Tse Chun Ha Amy
Ms. Tse Chun Ha Amy (謝春霞)	41	Executive Director	August 2002	Responsible for product procurement and administration of our Group	Spouse of Mr. Chan Kin Fung
Mr. Fu Wan Chung George Simon (胡允聰)	50	Financial controller	May 2017	Responsible for the overall financial management of our Group	Not applicable
Mr. Ho Chi Lok (何志樂)	30	Head of sales and marketing	April 2008	Responsible for overseeing the sales and marketing activities of our Group	Not applicable
Mr. Po Muk Chuen (布木全)	51	Head of operations and logistics	October 2014	Responsible for overseeing the operations and logistics of our Group	Not applicable

Executive Directors

Mr. CHAN Kin Fung (陳建峰) (formerly known as Chan Tsan Fong (陳燦芳)), aged 45, is the chairman, chief executive officer and executive Director of our Group. Mr. Chan is primarily responsible for overseeing the day-to-day operations, overall business strategy and planning of our Group. Mr. Chan is the founder of our Group. Mr. Chan is the spouse of Ms. Tse Chun Ha Amy, our executive Director. Mr. Chan has over 17 years of experience in the frozen seafood import and wholesale industry. Before founding our Group in August 2002, Mr. Chan served as (i) the marketing director of Ichiban Pacific (H.K.) Ltd., a company principally engaged in wholesale of integrated Japanese food and a deemed connected person of our Company after Listing (further details of which please refer to the section headed “Connected Transactions — Non-exempt Continuing Connected Transactions” in this prospectus), responsible for product and business development and marketing from January 2000 to July 2002, and (ii) the administration manager of Huang Shi Chang Fa Property Development Co. Ltd, which engaged in property development, responsible for implementation of administrative policies and daily administration work from November 1995 to September 1999.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Chan obtained a Degree of Master of Social Science (Money, Banking and Finance) from the University of Birmingham in December 1995.

Mr. Chan was a director of the following company which was incorporated in Hong Kong prior to its dissolution pursuant to section 291AA(9) of the Predecessor Companies Ordinance:

Name of the company	Principal business activities prior to dissolution	Date of submission of application for deregistration	Date of deregistration
Mega Glory Limited	Property Investment	28 July 2010	17 December 2010

Mr. Chan has confirmed that the above deregistration was voluntary by way of submitting an application to the Companies Registry of Hong Kong pursuant to section 291AA(9) of the Predecessor Companies Ordinance and the above company had no outstanding liabilities at the time of it being dissolved by deregistration.

Ms. TSE Chun Ha Amy (謝春霞), aged 41, is an executive Director of our Group. Mrs. Chan is primarily responsible for product procurement and administration of our Group. Mrs. Chan is the spouse of Mr. Chan, who is the chairman, chief executive officer and executive Director of our Group. Mrs. Chan has approximately 14 years of experience in the frozen seafood import and wholesale industry. Mrs. Chan joined our Group in 2002 and was a director of Quality Products from August 2002 to July 2009. Mrs. Chan ceased to be a director of Quality Products in July 2009 and has been the head of purchasing of Quality Products, responsible for product procurement and administration. Mrs. Chan was also a teacher at a primary school in Hong Kong from September 2005 to August 2008.

Mrs. Chan completed a Diploma Course for Advanced Putonghua Trainers in the Beijing Normal University in February 2002 and obtained a Bachelor of Education in Primary Education (Honours) from the Open University of Hong Kong in June 2005.

Independent Non-executive Directors

Mr. SO Yuk Ki (蘇玉祺), aged 47, is an independent non-executive Director of our Group. Mr. So has approximately 23 years of experience in finance and accounting. Since July 2006, Mr. So has been the manager of the management division, finance management department of China Everbright Holdings Company Limited. Mr. So also worked in various companies responsible for finance and accounting aspects, among which he served as (i) the manager of the finance department of Canon Hongkong Company Limited from January 2005 to June 2006 and the credit control manager of the same company from March 2001 to December 2004; (ii) an accountant at Health Food Enterprise Ltd. from June 1999 to December 2000; (iii) an internal auditor officer of China Aerospace International Holdings Ltd. (stock code: 31), a company whose shares are listed on the Stock Exchange, from May 1994 to June 1997 and the accounting manager of the same company from June 1997 to August 1998; and (iv) an accounts and audit clerk of T. H. Yu & Co., CPAs from February 1993 to April 1994.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. So obtained a Bachelor of Science (Honours) in Computer Studies from City Polytechnic of Hong Kong (currently known as the City University of Hong Kong) in November 1992 and a Bachelor of Laws from the Peking University in July 1998. Mr. So also completed the Diploma Course in Advanced Securities Markets Analysis jointly organised by the Asia-Pacific Institute of Business of the Chinese University of Hong Kong and the Stock Exchange of Hong Kong from September 1999 to April 2000.

Mr. So is a certified public accountant (non-practising) of the Hong Kong Institute of Certified Public Accountants.

Mr. LEE Kam Wan (李錦運), aged 46, is an independent non-executive Director of our Group. Mr. Lee has approximately 20 years of experience in finance and accounting. Since April 2002, Mr. Lee has been engaging in self-practice at Lee Kam Wan Certified Public Accountant. Mr. Lee also worked in various companies responsible for finance and accounting aspects, among which he served as (i) the financial controller and company secretary at United Food Holdings Limited, a company whose shares are listed on the Singapore Stock Exchange (stock code: AZR), from June 2000 to September 2002; (ii) a senior accountant at Deloitte Touche Tohmatsu from August 1997 to May 2000; (iii) a staff accountant II at Ernst & Young from January 1997 to July 1997; (iv) an accounting supervisor of Yearlead Development Ltd. from May 1996 to November 1996; and (v) a junior accountant then an assistant accountant at Kwan Wong Tan & Fong Certified Public Accountants from May 1994 to June 1996.

Mr. Lee obtained a Bachelor of Business Administration (Honours) from the Chinese University of Hong Kong in December 1994.

Mr. Lee is a certified public accountant and an associate of the Hong Kong Institute of Certified Public Accountants. He is also a fellow member of The Association of Chartered Certified Accountants and an ordinary member of the Hong Kong Securities Institute.

Mr. LEUNG Wai Ping Noel (梁偉平), aged 49, is an independent non-executive Director of our Group. Mr. Leung has approximately 28 years of experience in finance and accounting. Since 1999, Mr. Leung has been engaging in self-practice at Leung Wai Ping Noel, Certified Public Accountant. Since July 2017, Mr. Leung has also been the chief financial officer of Full Apex International Limited, a wholly-owned subsidiary of Full Apex (Holdings) Limited whose shares are listed on the Singapore Stock Exchange (stock code: BTY.SI). Mr. Leung also worked in various companies responsible for finance and accounting aspects, among which he served as (i) the chief financial officer of United Food Holdings Limited, a company whose shares are listed on the Singapore Stock Exchange (stock code: AZR) from January 2016 to June 2017; (ii) the group financial controller and company secretary of Reyoung Pharmaceutical Holdings Limited, a company whose shares was listed on the Singapore Stock Exchange from 8 September 2005 to 21 April 2011, from July 2008 to December 2015; (iii) the financial controller and company secretary of Goldmond Holdings Limited (currently known as Combest Holdings Limited), a company whose shares are listed on the Stock Exchange (stock code: 8190), from May 2005 to June 2008; (iv) the finance manager of Propet International (HK) Limited from February 2003 to May 2005; (v) an accountant at Techmerge Holdings Limited from June 1999 to April 2001; (vi) an audit senior and subsequently an audit supervisor at David M.K. Yeung & Co., Certified Public Accountants from July 1994 to April 1999; (vii) an audit semi-senior at Hoosang, Lyn, Li & Co., Certified Public

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Accountants from November 1991 to May 1994; (viii) a senior accounts clerk of Regal Touch International Limited from March 1990 to October 1991; and (ix) an audit junior at Hoosang, Lyn, Li & Co., Certified Public Accountants from July 1989 to March 1990.

Mr. Leung obtained the following degrees and postgraduate diploma:

Qualification	University	Obtained in
Doctor of Business Administration	City University of Hong Kong	February 2011
Master of Arts in International Accounting	City University of Hong Kong	November 2005
Master of Arts in Professional Accounting and Information Systems	City University of Hong Kong	November 2003
Master of Business Administration (Business Finance)	University of Lincoln	July 2002
Postgraduate Diploma in Professional Accounting	City University of Hong Kong	November 1997

Mr. Leung is a certified public accountant and an associate member of the Hong Kong Institute of Certified Public Accountants. He is also a fellow member of The Association of Chartered Certified Accountants.

Disclosure required under Rule 17.50(2) of the GEM Listing Rules

Save as disclosed in this prospectus, each of our Directors confirms that (i) he/she has no interests in the Shares within the meaning of Part XV of the SFO, (ii) he/she is independent from, and is not related to, any other Directors, members of senior management, Substantial Shareholders or Controlling Shareholders, (iii) he/she has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years, and (iv) there is no other information which is required to be disclosed pursuant to any of the requirements under Rules 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with his/her appointment.

SENIOR MANAGEMENT

Our senior management comprises our executive Directors and the following persons:

Mr. FU Wan Chung George Simon (胡允聰), aged 50, is the financial controller of our Group. Mr. Fu joined our Group in May 2017. Mr. Fu has approximately 30 years of experience in finance and accounting. Before joining our Group, Mr. Fu worked in various companies responsible for finance and accounting aspects, among which he served as (i) a senior finance manager at Eminens Limited from April 2010 to February 2017; (ii) a vice president of finance at Hollysys Automation Technologies Ltd., a company whose shares are listed on the Nasdaq Stock Market, from September 2007 to February 2009; (iii) the chief financial officer of China Expert Technology Inc., a company whose shares were quoted on the U.S. Over the Counter Bulletin Board, from November 2005 to July 2007; (iv) the financial controller of Innovative Information Systems Ltd. from March 2001 to July 2005; (v) the finance and accounts manager of Zen Pacific Construction Ltd. from October 2000 to March 2001 and the finance and accounts assistant manager of the same company from May 1999 to September 2000; (vi) the commercial services manager of Edward Keller Ltd from January 1998 to September 1998; (vii) the

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

commercial services manager of The Hagemeyer-Cosa Liebermann Group from January 1997 to December 1997 and an accountant of the same company from November 1994 to December 1996; (viii) an audit officer of Legend Holdings Ltd. (currently known as Lenovo Group Limited), a company whose shares are listed on the Stock Exchange (stock code: 992), from August 1993 to November 1994; (ix) an internal auditor of Winner Company (H.K.) Ltd. from July 1992 to August 1993; and (x) an accountant at KPMG Peat Marwick from October 1986 to September 1989.

Mr. Fu was awarded the degree of Bachelor of Arts in Accountancy (Honours) by the Hong Kong Polytechnic in October 1992.

Mr. Fu was admitted a fellow of The Association of Chartered Certified Accountants in January 2002.

Mr. HO Chi Lok (何志樂), aged 30, is the head of sales and marketing of our Group. Mr. Ho has approximately nine years of experience in the frozen seafood import and wholesale industry. Mr. Ho joined our Group in 2008 as the head of sales and marketing and has been responsible for overseeing the sales and marketing activities of our Group.

Mr. Ho received his secondary school education at Salesians of Don Bosco Ng Siu Mui Secondary School until 2004.

Mr. PO Muk Chuen (布木全), aged 51, is the head of operations and logistics of our Group. Mr. Po has approximately 3 years of experience in the frozen seafood import and wholesale industry. Mr. Po joined our Group in 2014 as the head of operations and logistics and has been responsible for overseeing the operations and logistics of our Group. Prior to joining our Group, Mr. Po was the head of transport and warehouse of a company which engaged in logistic services from February 2008 to April 2014.

Mr. Po received his secondary school education at Caritas Tuen Mun Marden Foundation Secondary School until 1984.

COMPANY SECRETARY

Mr. TSUI Siu Hung Raymond (徐兆鴻), aged 40, is the company secretary of our Group. Mr. Tsui has approximately 9 years of experience in accounting and corporate governance. Mr. Tsui has been a director and partner of Tsui & Partners CPA Limited since March 2014. Since 2008, Mr. Tsui has been acting as the company secretary of various listed companies in Hong Kong, details as set out below:

Company	Position	Period
Sino Haijing Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 1106)	Company Secretary	December 2015–Present
Guru Online (Holdings) Limited, a company whose shares are listed on the Stock Exchange (stock code: 8121)	Company Secretary	May 2015–Present

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Company	Position	Period
Vongroup Limited, a company whose shares are listed on the Stock Exchange (stock code: 318)	Company Secretary	February 2010–Present
China Health Group Limited, a company whose shares are listed on the Stock Exchange (stock code: 673)	Company Secretary	March 2009–Present
Kong Shum Union Property Management (Holding) Limited, a company whose shares are listed on the Stock Exchange (stock code: 8181)	Company Secretary	March 2013–April 2015
Share Economy Group Limited, a company whose shares are listed on the Stock Exchange (stock code: 1178)	Company Secretary	February 2008–May 2014

Mr. Tsui obtained a degree of Bachelor of Business Administration (Honours) in Professional Accountancy from the Chinese University of Hong Kong in December 1999.

Mr. Tsui is a practising certified public accountant in Hong Kong. He is a fellow of the Hong Kong Institute of Certified Public Accountants, and was also admitted as a fellow of The Association of Certified Chartered Accountants in March 2008.

COMPLIANCE OFFICER

Ms. TSE Chun Ha Amy (謝春霞), aged 41, who is our executive Director, is the compliance officer of our Company. Please refer to the paragraph headed “Executive Directors” in this section for details of her qualifications and experience.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

We place high value on our corporate governance practice and our Board firmly believes that a good corporate governance practice can improve accountability and transparency for the benefit of our Shareholders. Our corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules (the “**Corporate Governance Code**”). Our Board will also review and monitor the practices of our Company from time to time with an aim to maintain and improve high standards of corporate governance practices. Except for the deviation from paragraph A.2.1 of the Corporate Governance Code as stated below, our Company’s corporate governance practices have complied with the Corporate Governance Code. Paragraph A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chan is the chairman and the chief executive officer of our Group. Considering that Mr. Chan has been operating and involved in the management of our Group since 2002, our Directors believe that it is in the best interests of our Group to have Mr. Chan taking up both roles for the purpose of ensuring

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

consistent leadership of our Group and for effective management, business development and overall strategic planning for our Group. Therefore, the Board considers that the deviation from paragraph A.2.1 of the Corporate Governance Code is appropriate in such circumstances. From a corporate governance point of view, the decisions of our Board are made collectively by way of voting and therefore the chairman should not be able to monopolise the voting of our Board. Our Board considers that the balance of power between our Board and our senior management can still be maintained under the current structure. Our Board shall review the structure from time to time to ensure appropriate action is taken should the need arise.

BOARD COMMITTEES

Audit Committee

We have established an audit committee in accordance with Rule 5.28 of the GEM Listing Rules. We have also adopted written terms of reference for our audit committee in compliance with paragraph C.3 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of our audit committee are to make recommendations to our Board on the appointment and dismissal of the external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the internal control procedures of the Company. Our audit committee currently consists of three independent non-executive Directors: Mr. So Yuk Ki, Mr. Lee Kam Wan and Mr. Leung Wai Ping Noel. Mr. So Yuk Ki is the chairman of our audit committee.

Remuneration Committee

We have established a remuneration committee in accordance with Rule 5.34 of the GEM Listing Rules. We have also adopted written terms of reference for our remuneration committee in compliance with paragraph B.1.2 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of our remuneration committee are to make recommendation to our Board on the overall remuneration policy and the structure relating to all Directors and senior management of our Group, review performance-based remuneration and ensure none of our Directors determine their own remuneration. Our remuneration committee currently consists of Mr. So Yuk Ki, Ms. Tse Chun Ha Amy and Mr. Leung Wai Ping Noel. Mr. So Yuk Ki is the chairman of our remuneration committee.

Nomination Committee

We have established a nomination committee with written terms of reference adopted in compliance with paragraph A.5.2 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of our nomination committee are to review the structure, size and composition (including the skills, knowledge and experience) of our Board at least annually and make recommendation to our Board on any proposed changes to our Board to complement the Company's corporate strategy; identify individuals suitably qualified as potential board members and select or make recommendations to our Board on the selection of individuals nominated for directorships; to assess the independence of independent non-executive Directors; and make recommendations to our Board on the appointment or reappointment of Directors and succession planning of Directors, in particular that of our chairman and the chief executive officer. Our nomination committee currently consists of Mr. Chan Kin Fung, Mr. So Yuk Ki and Mr. Lee Kam Wan. Mr. Chan Kin Fung is the chairman of our nomination committee.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

COMPLIANCE ADVISER

We have appointed Innovax Capital Limited as our compliance adviser in accordance with Rule 6A.19 of the GEM Listing Rules to provide us with services including providing guidance and advice in connection with compliance with requirements under the GEM Listing Rules. The term of appointment shall commence on the Listing Date and shall end on the publication date of our financial results for the second full financial year after the Listing in compliance with Rule 18.03 of the GEM Listing Rules. Our Company will pay to Innovax Capital Limited an agreed fee for its provision of services with the scope required under the GEM Listing Rules.

Pursuant to Rule 6A.23 of the GEM Listing Rules, we will consult with and, if necessary, seek advice from the compliance adviser in the following circumstances:

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues or share repurchase;
- (iii) where we propose to use the net proceeds from the Share Offer in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- (iv) where the Stock Exchange makes an inquiry to our Company concerning unusual movements in the price and trading volume of our shares and/or any other matters.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries and allowances, performance related incentive payments and retirement benefit schemes contributions subject to applicable laws, rules and regulations.

The aggregate amount of remuneration including salaries and allowances, performance related incentive payments and retirement benefit schemes contributions which were paid to our Directors for the two years ended 31 March 2017 were approximately HK\$1.1 million and HK\$1.2 million, respectively.

Our Group's five highest paid individuals included our two executive Directors. Excluding these two Directors, the aggregate amount of remuneration including salaries and allowances, performance related incentive payments and retirement benefit schemes contributions which were paid to our three highest paid individuals for the two years ended 31 March 2017 were approximately HK\$596,000 and HK\$693,000, respectively.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Our Company regularly reviews and determines the remuneration and compensation packages of our Directors and senior management. After Listing, the remuneration committee of our Company will review and determine the remuneration and compensation packages of our Directors and senior management with reference to the market condition, salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group. Under such arrangement and pursuant to our Directors' service contracts referred to in the section headed "Statutory and General Information — 3. Further Information about our Directors, Senior Management and Staff — A. Particulars of Directors' Service Agreement" in Appendix V to this prospectus, the aggregate amount of remuneration including salaries, allowances and benefits in kind payable to our Directors (excluding any discretionary bonuses) for the year ending 31 March 2018 is estimated to be approximately HK\$1.3 million.

Save as disclosed above, during the Track Record Period, no other payments including contributions to pension schemes have been paid or are payable by us or any of our subsidiaries to our Directors, and no payments were made by us to any of our Directors or senior management as an inducement to join or upon joining our Group or as compensation for loss of office. None of our Directors waived any remuneration during the Track Record Period.

SHARE OPTION SCHEME

The Company has conditionally adopted the Share Option Scheme pursuant to which selected participants may be granted options to subscribe for shares as incentives or rewards for their service rendered to our Group and any entity in which any member of our Group holds an equity interest. For details of the Share Option Scheme, please refer to the section headed "Statutory and General Information — 5. Share Option Scheme" in Appendix V to this prospectus.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately upon completion of the Share Offer and the Capitalisation Issue and taking no account of the Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option or Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme, our Company will be owned as to 75% by Karlson which is in turn entirely owned by Mr. Chan. Accordingly, Mr. Chan and Karlson are our Controlling Shareholders.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, none of our Controlling Shareholders or Directors or their respective close associate was interested in any business (other than our Group's business) which competes or may compete, either directly or indirectly, with the business of our Group that would require disclosure under Rule 11.04 of the GEM Listing Rules. Having considered the following factors, our Directors believe that we are capable of carrying out our business independently from, and do not place reliance on, our Controlling Shareholders and their respective close associate after Listing.

Management Independence

As stated above, our Controlling Shareholders and their respective close associates are not interested in any other business which competes or may compete, either directly or indirectly, with the business or our Group as at the Latest Practicable Date. Therefore, there is no competition that would adversely affect the management independence of our Group.

Our Board consists of five Directors, comprising two executive Directors and three independent non-executive Directors.

Each of our Directors is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the best interests of our Company, and does not allow any conflict between his/her duties as a director and his/her personal interest to exist. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meeting in respect of such transaction and shall not be counted in the quorum. Our independent non-executive Directors will also bring independent judgment to the decision-making process of our Board. In addition, we have an independent senior management team with the relevant industry expertise and experience to implement our Group's policies and strategies.

Based on the above, our Directors are of the view that our Company is capable of managing its business independently from our Controlling Shareholders and his/its respective close associates after the Listing.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Operational Independence

Our operations are independent of and not connected with any of our Controlling Shareholders and their respective close associates, associates and/or deemed connected persons. Despite the fact that we will continue to have (i) exempt continuing connected transactions with each of Eastern Mark (a close associate of Mr. Chan, our Controlling Shareholder) and Mr. Chan (our Controlling Shareholder) and (ii) non-exempt continuing connected transactions with each of Nakamura (an associate of Mr. Chan, our Controlling Shareholder) and Ichiban (a deemed connected person of Mr. Chan, our Controlling Shareholder) after Listing, particulars of which are set out in the section headed “Connected Transactions” in this prospectus, having considered that:

- (i) we have established our own organisational structure comprising individual departments, each with specific areas of responsibilities;
- (ii) we have not shared our operational resources, such as suppliers, customers, marketing sales and general administration resources with our Controlling Shareholders and/or their respective close associates, associates and deemed connected persons;
- (iii) properties comparable to those that we have been leasing from Eastern Mark and Mr. Chan with similar rental are available in the vicinity and the cost of relocation (if applicable) is not substantial;
- (iv) there is no operational dependence by us on Nakamura and/or Ichiban given that (i) both Nakamura and Ichiban were not our top five largest customers during the Track Record Period and our annual sales to each of them only accounted for approximately 1.6% and 0.2% of our total revenue for the year ended 31 March 2017, respectively, and (ii) the transactions with Nakamura and Ichiban were entered into and will continue to be entered into in the ordinary and usual course of business of our Group, and the terms of which will be on normal commercial terms;
- (v) there is no operational dependence by us on Ichiban although Ichiban was also one of our suppliers during Track Record Period given that our purchases from Ichiban during Track Record Period was insignificant;
- (vi) our Controlling Shareholders and/or any of their respective close associates, associates and deemed connected persons have no interest in any of our top five largest customers, suppliers or other business partners; and
- (vii) we hold all relevant licences necessary for carrying on our businesses and have sufficient capital, equipment and employees to operate our business independently of our Controlling Shareholders.

Our Directors consider that the operations of our Group do not rely on and can operate independently from our Controlling Shareholders or any of their respective close associates, associates and deemed connected persons.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Financial Independence

We have our own independent financial system and we make financial decisions according to our business needs. We also have our own internal control and accounting systems and accounting and finance department to perform independent treasury function for cash receipts and payments and independent accounting and reporting functions. We are able to obtain financing from third parties or from our internally generated funds without reliance on our Controlling Shareholders.

All outstanding loans or borrowings from our Controlling Shareholders and/or any of their respective close associates and associates will be fully settled before the Listing. All our bank borrowings that are secured and guaranteed by our Controlling Shareholders and/or any of their respective close associates and associates will be released and replaced by a corporate guarantee provided by our Company upon Listing. Our Directors believe that we are able to maintain financial independence from our Controlling Shareholders and/or their respective close associates, associates and deemed connected persons after the Listing.

Independence of Major Suppliers

Our Directors confirm that our Controlling Shareholders, Directors and their respective close associates did not have any relationship with the major suppliers of our Group (other than the business contracts in the ordinary and usual course of business of our Group) during the Track Record Period and up to the Latest Practicable Date.

Independence of Major Customers

During the Track Record Period and up to the Latest Practicable Date, Nakamura and Ichiban were our customers. Nakamura is an associate of Mr. Chan, our Controlling Shareholder and Ichiban a deemed connected person of Mr. Chan, our Controlling Shareholder. Neither Nakamura nor Ichiban was one of our top five largest customers during the Track Record Period.

Our Directors confirm that save as the above, our Controlling Shareholder, Directors and their respective close associates did not have any relationship with the major customers of our Group (other than the business contracts in the ordinary and usual course of business of our Group) during the Track Record Period and up to the Latest Practicable Date.

NON-COMPETITION UNDERTAKINGS

None of our Controlling Shareholders is interested in any business which is, whether directly or indirectly, in competition with our business. In order to ensure that our Controlling Shareholders will not engage in any business undertaking in competition with our Group in the future, each of our Controlling Shareholders and Mrs. Chan has entered into the Deed of Non-competition in favour of our Company (for itself and as trustee for its subsidiaries from time to time) to the effect that each of them will not, and will procure each of their respective close associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our businesses.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Each of our Controlling Shareholders and Mrs. Chan (the “**Covenantors**”) has undertaken to us in the Deed of Non-competition that it/he/she will not, and will procure its/his/her close associates (other than members of our Group) not to directly or indirectly be involved in or undertake any business (other than our business) that, among others, at any time during the Relevant Period (as defined below), the Covenantor shall:

- (i) save for engaging in the Restricted Business (as defined below) through our Group, not, and shall procure that none of its/his/her close associates (other than our Group) shall, directly or indirectly, carry on, invest, participate or be engaged in any business which competes or may compete with the Restricted Business; and
- (ii) promptly provide our Company with any relevant information in respect of any new business opportunity (“**New Business Opportunity**”) within Hong Kong which competes or may compete with the Restricted Business or future business of our Group of which it/he/she or its/his/her close associates may have knowledge and will give our Company an option exercisable by our Company within 30 days upon receipt of the written notification of relevant information to take up such New Business Opportunity and it/he and its/his close associates may only take up such New Business Opportunity after our independent non-executive Directors have separately reviewed and decided that our Group should decline such New Business Opportunity.

For the above purposes:

- (i) “**Restricted Business**” means the business engaged by our Group in Hong Kong from time to time including the import and wholesale of frozen seafood products in Hong Kong; and
- (ii) “**Relevant Period**” means the period commencing from the Listing Date and expiring on the earlier of the dates below:
 - (a) the date on which the Shares cease to be listed on the Stock Exchange;
 - (b) the date on which the Controlling Shareholders and/or its/his close associate(s) cease to be our Controlling Shareholders for the purpose of the GEM Listing Rules; and
 - (c) the date on which our Company ceases to engage in the Restricted Business.

Pursuant to the Deed of Non-competition, each of the Covenantors has also unconditionally and irrevocably granted to our Company (for itself and as trustee for its subsidiaries from time to time) the options to purchase any interest in any business of the relevant Covenantor or its/his/her affiliates resulting from a New Business Opportunity which has been offered to us, but has not been purchased by us, and has been retained by the relevant Covenantor or its/his/her affiliates.

Notwithstanding the aforesaid, the non-competition undertaking as set out above shall not prevent the Covenantors and its/his/her respective close associates from holding, directly or individually our Shares, or other securities in us and our subsidiaries; and/or acquiring a direct or indirect shareholding interest of not more than five per cent in a company listed on any stock exchange anywhere in the world and engaged in any Restricted Business.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The Deed of Non-competition and the rights and obligations thereunder are conditional upon: (i) the Listing Division granting the listing of, and the permission to deal in, the Shares as described in this document, and (ii) the Listing and dealings in the Shares on GEM taking place.

The Deed of Non-Competition will take effect on the Listing Date and will remain in full force and be terminated upon the earlier of:

- (i) the date on which our Shares cease to be listed on the Stock Exchange;
- (ii) the date on which the relevant Controlling Shareholders and/or its/his close associate(s) cease to be our Controlling Shareholders for the purpose of the GEM Listing Rules; and
- (iii) the date on which our Company ceases to engage in the Restricted Business.

RULE 11.04 OF THE GEM LISTING RULES

Our Controlling Shareholders, Directors and their respective close associates do not have any interest, apart from our Group's business, which competes or may compete, directly or indirectly, with our Group's business, and which requires disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

CORPORATE GOVERNANCE MEASURES

In order to ensure the performance of the above non-competition undertakings, the Covenantors will:

- (i) in case of any actual or potential conflict of interest, abstain from attending and voting at any meeting or part of any meeting convened to consider any new business opportunity (unless their attendance is specifically requested by our non-interested Directors), and shall not be counted towards the quorum for such meeting;
- (ii) as required by our Company, provide all information necessary for our independent non-executive Directors to conduct an annual examination with regard to the compliance of the terms of the Deed of Non-competition and the enforcement of it;
- (iii) where our independent non-executive Directors shall deem fit, make a declaration in relation to the compliance of the terms of the Deed of Non-competition in the annual report of our Company; and
- (iv) that during the period when the Deed of Non-competition is in force, fully and effectually indemnify our Company against any losses, liabilities, damages, costs, fees and expenses as a result of any breach on the part of the Covenantor of any statement, warranty or undertaking made under the Deed of Non-competition.

Our Company will disclose either in the annual report of our Company or issue a public announcement in relation to any decisions made by our independent non-executive Directors with regard to the compliance of the terms of the Deed of Non-competition and the enforcement of it and, where applicable, the reason(s) why any New Business Opportunity referred to our Company by our Controlling Shareholder was not taken up.

CONNECTED TRANSACTIONS

During the Track Record Period, our Group entered into certain related party transactions, details of which are set out in note 30 of the Accountants' Report in Appendix I to this prospectus. During the Track Record Period, our Group entered into certain connected transactions, including the supply of goods by Ichiban to our Group as disclosed in "Business — Entities who are our customers and also our suppliers" in this prospectus. Save as disclosed below, these related party transactions and connected transactions of our Group were discontinued before Listing.

Following the Listing, the following transactions will continue between our Group and our connected persons which will constitute continuing connected transactions of our Company under the GEM Listing Rules.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

Leasing of Property and Carpark

During the Track Record Period and up to the Latest Practicable Date, Quality Products, as lessee, has been leasing (i) premises from Eastern Mark for use as our office and cold storage warehouse and (ii) a carpark from Mr. Chan for use as our carpark. On 8 September 2017, Quality Products entered into a lease agreement with each of (i) Eastern Mark ("**Lease Agreement One**"), and (ii) Mr. Chan ("**Lease Agreement Two**" together with Lease Agreement One, the "**Lease Agreements**") for the renewal of the leases, details as set out below:

	Lease Agreement One	Lease Agreement Two
Parties:	Eastern Mark (Landlord) and Quality Products (Tenant)	Mr. Chan (Landlord) and Quality Products (Tenant)
Property:	Units A and B, 5/F, Goodwill Industrial Building, 36–44 Pak Tin Par Street, Tsuen Wan, Hong Kong (" Leased Property ")	Carpark G6, Goodwill Industrial Building, 36–44 Pak Tin Par Street, Tsuen Wan, Hong Kong (" Leased Carpark ")
Monthly rental:	HK\$66,000	HK\$5,000
Terms:	1 April 2017 to 31 March 2020	1 April 2017 to 31 March 2020
Use of Premises:	Office and cold storage warehouse	Carpark

CONNECTED TRANSACTIONS

Connected Person

Mr. Chan is our Controlling Shareholder, chairman, chief executive officer and executive Director. Eastern Mark is a company wholly-owned by Mr. Chan for investment holding. Accordingly, each of Mr. Chan and Eastern Mark is a connected person of our Company after Listing and each of the transactions contemplated under the Lease Agreements will constitute a continuing connected transaction of our Company under Chapter 20 of the GEM Listing Rules upon Listing. Our Directors confirm that as Eastern Mark is an investment holding company, it does not and may not compete with the business of our Group.

Historical Transaction Amounts

For each of the two years ended 31 March 2017, the aggregate amount of rental paid by our Group to (i) Eastern Mark for the lease of the Leased Property were HK\$765,000 and HK\$765,000 respectively; and (ii) Mr. Chan for the lease of the Leased Carpark were HK\$54,000 and HK\$54,000 respectively.

Annual Caps and Basis

The aggregate rental payable by our Group to Eastern Mark for the Leased Property for the three years ending 31 March 2020 will not exceed HK\$792,000, HK\$792,000 and HK\$792,000 respectively. The rental payable under the Lease Agreement One is payable on a monthly basis and was determined after arm's length negotiations with reference to the prevailing market rents payable for similar properties to be leased from Independent Third Parties at similar location. The annual caps of the rental fees under the Lease Agreement One are determined based on the actual annual amount of rental payable by our Group for the Leased Property.

The aggregate rental payable by our Group to Mr. Chan for the Leased Carpark for the three years ending 31 March 2020 will not exceed HK\$60,000, HK\$60,000 and HK\$60,000 respectively. The rental payable under the Lease Agreement Two is payable on a monthly basis and was determined after arm's length negotiations with reference to the prevailing market rents payable for similar properties to be leased from Independent Third Parties at similar location. The annual caps of the rental fees under the Lease Agreement Two are determined based on the actual annual amount of rental payable by our Group for the Leased Carpark.

Reasons for the Transactions

Since 2015, our Group has been using the Leased Property as our office and cold storage warehouse. Having considered the rentals of similar properties in the proximity, and additional renovation and associated costs which we may incur if we move out of the Leased Property and relocate to another premises, our Directors consider that it is desirable and in the interests of our Company and the Shareholders as a whole to continue using the Leased Property as our office and cold storage warehouse.

Since 2015, our Group has been using the Leased Carpark as our carpark. Having considered the rentals of similar properties in the proximity, our Directors consider that it is desirable and in the interests of our Company and the Shareholders as a whole to continue using the Leased Carpark as our carpark.

CONNECTED TRANSACTIONS

Implications under the GEM Listing Rules

As Eastern Mark is a company wholly-owned by Mr. Chan, the transactions contemplated under the Lease Agreements are aggregated for the purpose of considering our Company's compliance obligations under the GEM Listing Rules pursuant to Rule 20.79 of the GEM Listing Rules. As the largest aggregated annual cap under the Lease Agreements will not exceed HK\$3,000,000 and each of the applicable percentage ratios (other than the profits ratio) in respect of such aggregated annual caps is less than 5%, the transactions contemplated under the Lease Agreements, which will constitute de minimis continuing connected transactions of our Company after the Listing under Rule 20.74 (1)(c) of the GEM Listing Rules, are exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Sale of Goods to Nakamura and Ichiban

During the Track Record Period, (i) Nakamura and (ii) Ichiban purchased frozen seafood products from Quality Products respectively. On 8 September 2017, Quality Products entered into a master sales agreement with each of (i) Nakamura ("**Nakamura Sales Agreement**") and (ii) Ichiban ("**Ichiban Sales Agreement**") together with Nakamura Sales Agreement, the "**Sales Agreements**", the principal terms of which are set out below:

	Nakamura Sales Agreement	Ichiban Sales Agreement
Parties:	Quality Products and Nakamura	Quality Products and Ichiban
Sale and purchase:	Subject to our acceptance of the purchase order placed by Nakamura for every individual transaction, we agree to sell and Nakamura agrees to purchase frozen seafood products during the term of Nakamura Sales Agreement.	Subject to our acceptance of the purchase order placed by Ichiban for every individual transaction, we agree to sell and Ichiban agrees to purchase frozen seafood products during the term of Ichiban Sales Agreement.
Terms:	Three years commencing from 1 April 2017 to 31 March 2020.	Three years commencing from 1 April 2017 to 31 March 2020.

CONNECTED TRANSACTIONS

Nakamura Sales Agreement

Ichiban Sales Agreement

Pricing basis:

The prices of the frozen seafood products to be sold to Nakamura will be determined after arm's length negotiations between the parties from time to time and will be no more favourable than the terms we offer to Independent Third Parties having regard to the quantity, specifications and/or other conditions of the products to be offered. The selling price of our frozen seafood products for each purchase order shall be determined with reference to, among others, the following:

- (i) the quantity and other specific requirements (such as the country of origin or the grading of seafood products) required;
- (ii) our procurement costs for the required products, including the cost for sourcing the required products and other associated cost;
- (iii) our prevailing price list, as updated by our management regularly and from time to time after taken into account, among others, our procurement costs, prevailing market conditions and trends, seasonality and our pricing strategy, for the required products that are applicable to all Independent Third Party customers;

The prices of the frozen seafood products to be sold to Ichiban will be determined after arm's length negotiations between the parties from time to time and will be no more favourable than the terms we offer to Independent Third Parties having regard to the quantity, specifications and/or other conditions of the products to be offered. The selling price of our frozen seafood products for each purchase order shall be determined with reference to, among others, the following:

- (i) the quantity and other specific requirements (such as the country of origin or the grading of seafood products) required;
- (ii) our procurement costs for the required products, including the cost for sourcing the required products and other associated cost;
- (iii) our prevailing price list, as updated by our management regularly and from time to time after taken into account, among others, our procurement costs, prevailing market conditions and trends, seasonality and our pricing strategy, for the required products that are applicable to all Independent Third Party customers;

CONNECTED TRANSACTIONS

Nakamura Sales Agreement

Ichiban Sales Agreement

(iv) the prevailing price and terms that we offer to our Independent Third Party customers for products of comparable quantity, quality, specifications and conditions; and

(iv) the prevailing price and terms that we offer to our Independent Third Party customers for products of comparable quantity, quality, specifications and conditions; and

(v) upon determining the final price and terms, our management will compare such price and terms with those we offer to Independent Third Party customers to ensure that no more favourable terms will be offered to Nakamura.

(v) upon determining the final price and terms, our management will compare such price and terms with those we offer to Independent Third Party customers to ensure that no more favourable terms will be offered to Ichiban.

Payment terms:

The time and method of payment in respect of the frozen seafood products supplied by us to Nakamura will be in line with our internal policy and our general practice for sales to Independent Third Parties, namely full payment upon delivery or, subject to prior agreement between the parties, within a credit period of up to 60 days.

The time and method of payment in respect of the frozen seafood products supplied by us to Ichiban will be in line with our internal policy and our general practice for sales to Independent Third Parties, namely full payment upon delivery or, subject to prior agreement between the parties, within a credit period of up to 60 days.

Connected Person

Nakamura is a sole proprietorship established in Hong Kong by Mr. Chan Tsan Piu, the brother of Mr. Chan. Ichiban is a company owned as to 80% by Mr. Chan Tsan Kan, the cousin of Mr. Chan, and 20% by Ms. Sun Chung Ching, the spouse of Mr. Chan Tsan Kan. Accordingly, each of Nakamura and Ichiban is a connected person of our Company after Listing and each of the transactions contemplated under the Sales Agreements will constitute a continuing connected transaction of our Company under Chapter 20 of the GEM Listing Rules upon Listing.

CONNECTED TRANSACTIONS

Neither Nakamura nor Ichiban was among our top five largest customers during the Track Record Period. Our annual sales to each of them only accounted for approximately 1.6% and 0.2% of our total revenue for the year ended 31 March 2017, respectively. Both Nakamura and Ichiban are Frozen Seafood Resellers whose operations involve the procurement of frozen seafood products from import wholesalers, and if needed, repackage the procured seafood products into various smaller quantities and product mix, for sale to their customers which are principally restaurants. The business model, scale of operations as well as target customers of both Nakamura and Ichiban are different from those of our Group. In a typical supply chain, a product flows from the harvester and exporter to the import wholesaler and then to the retailer, who sells the product to the end customer. Our Group lies in the middle of the supply chain as the large-scale wholesaler of a variety of imported frozen seafood products whose target customers include Frozen Seafood Resellers and Frozen Seafood Catering Service Providers. Nakamura and Ichiban, on the other hand, lie in the downstream of the supply chain whose role is analogous to a retailer and whose operation scale is much smaller than a wholesaler and whose target customers are principally restaurants. In view of the aforesaid, our Directors confirm that neither Nakamura nor Ichiban competes or may compete with the business of our Group.

Ichiban was also one of our suppliers during Track Record Period and our purchases from Ichiban during Track Record Period was insignificant. Since April 2017, we have discontinued purchasing from Ichiban.

Historical Transaction Amounts

During the Track Record Period, we offered a discount of approximately 4% on the price of our frozen seafood products sold to Nakamura. Save as aforesaid, our Directors confirm that the terms of our sale to Nakamura during the Track Record Period were in line with the terms we offered the same products to Independent Third Parties.

Our Directors confirm that the terms of our sale to Ichiban during the Track Record Period were in line with the terms we offered the same products to Independent Third Parties.

For each of the two years ended 31 March 2017 and the two months ended 31 May 2017, the aggregate amount of purchase from our Group by (i) Nakamura were approximately HK\$4.4 million, HK\$3.5 million and HK\$404,000 respectively and (ii) Ichiban were nil, approximately HK\$375,000 and HK\$289,000 respectively.

Annual Caps and Basis

We expect that the maximum aggregate annual amount of purchase by Nakamura from our Group for the three years ending 31 March 2020 will be HK\$4.4 million, HK\$4.8 million and HK\$5.3 million respectively. The annual caps under the Nakamura Sales Agreement are determined based on an annual increment of approximately 10% from the average annual transaction amount for the two years ended 31 March 2017 and with reference to (i) the historical transaction amounts for each of the four years ended 31 March 2017, which amounted to approximately HK\$4.7 million, HK\$4.5 million, HK\$4.4 million and HK\$3.5 million, demonstrated a consistent stable demand over the years despite a decrease for the year ended 31 March 2017, which was due to the decrease in demand for some of our products, namely spot prawn, Argentina red shrimp, vannamei shrimp, sushi seaweed, Hiroshima oyster and boiled scallop; (ii) the estimated volume of frozen seafood products required by Nakamura for the three years ending 31 March 2020, which is expected to rise by approximately 5% each year; (iii) the prevailing market prices

CONNECTED TRANSACTIONS

of the frozen seafood products which is expected to rise by approximately 5% each year taking into account inflation, the historical and anticipated market price trend and based on the Directors' judgement by reference to our Group's past experience and historical purchases from our suppliers; and (iv) the expected increase in our costs in sourcing the frozen seafood products (including the product procurement costs as described in (iii) above and other costs) for the three years ending 31 March 2020 which is expected to rise by 5% each year assuming other costs remain stable. Notwithstanding that the actual transaction amount for the two months ended 31 May 2017 amounted only to approximately HK\$404,000 (unaudited), based on the historical transaction records of Nakamura which suggested a relatively lower demand from April to June and a higher demand over the periods from July to August and December to January, and in view of the consistent stable annual demand from Nakamura in the past few years as mentioned above, our Directors consider that their expectation of an increased demand by Nakamura for the three years ending 31 March 2020 is reasonable. Our Group has ceased to offer Nakamura the aforesaid 4% discount or any discount on the price of our frozen seafood products since June 2017. Our Directors confirm that the terms to be offered by our Group to Nakamura after Listing will be in line with the terms our Group offers the same products to Independent Third Parties.

We expect that the maximum aggregate annual amount of purchase by Ichiban from our Group for the three years ending 31 March 2020 will be HK\$1.8 million, HK\$2.0 million and HK\$2.2 million respectively. Given that Ichiban only commenced to purchase from us since April 2016, the annual cap under the Ichiban Sales Agreement for the year ending 31 March 2018 is determined with reference to (i) the actual transaction amount for the two months ended 31 May 2017, which amounted to approximately HK\$289,000 (unaudited); (ii) the estimated volume of frozen seafood products required by Ichiban for the year ending 31 March 2018 which is expected to be stable and consistent with the actual demand for the two months ended 31 May 2017; and (iii) the current prevailing market prices of the frozen seafood products. The annual caps for the next two years ending 31 March 2020 are determined based on an annual increment of approximately 10% from the estimated annual cap for the year ending 31 March 2018 and with reference to (i) the estimated volume of frozen seafood products required by Ichiban for the two years ending 31 March 2020, which is expected to rise by approximately 5% each year; (ii) the prevailing market prices of the frozen seafood products which is expected to rise by approximately 5% each year taking into account inflation, the historical and anticipated market price trend and based on our Directors' judgement by reference to our Group's past experience and historical purchases from our suppliers; and (iii) the expected increase in our costs in sourcing the frozen seafood products (including the product procurement costs as described in (ii) above and other costs) for the two years ending 31 March 2020 which is expected to rise by 5% each year assuming other costs remain stable.

Reasons for the Transactions

Given that the terms under each of the Sales Agreements are on normal commercial terms and in view of our stable recurring business relationship with each of Nakamura and Ichiban in the past, our Directors consider that the transactions contemplated under Sales Agreements will continue to provide a constant and stable revenue to our Group and is in the interests of our Company and our Shareholders as a whole.

CONNECTED TRANSACTIONS

Implication under the GEM Listing Rules

Nakamura is an associate of Mr. Chan and Ichiban is a deemed connected person of our Company by virtue of his relationship with Mr. Chan, and they are considered as parties connected with one another. Accordingly, the transactions contemplated under the Sales Agreements are aggregated for the purpose of considering our Company's compliance obligations under the GEM Listing Rules pursuant to Rule 20.79 of the GEM Listing Rules. As the largest aggregated annual cap under the Sales Agreements is less than HK\$10,000,000 and each of the applicable percentage ratios (other than the profits ratio) in respect of such aggregated annual cap is less than 25%, the transactions contemplated under the Sales Agreements, which will constitute non-exempt continuing connected transactions of our Company after the Listing under Rule 20.74 (2)(b) of the GEM Listing Rules, are subject to the reporting, annual review and announcement requirements, but are exempt from the circular and the independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

WAIVER

As the non-exempt continuing connected transactions contemplated under the Sales Agreements will continue after the Listing on a recurring basis, we have, pursuant to Rule 20.103 of the GEM Listing Rules, applied for and the Stock Exchange has granted a waiver from strict compliance with the relevant announcement requirement under Chapter 20 of the GEM Listing Rules provided that such non-exempt continuing connected transactions will be carried out in accordance with the requirements of GEM Listing Rules, and the annual transaction amount in respect of each of such non-exempt continuing connected transactions does not exceed the annual caps. Our Company will comply with other applicable provisions set out in Chapter 20 of the GEM Listing Rules in relation to the continuing connected transactions of our Group.

VIEW OF OUR DIRECTORS

Our Directors (including our independent non-executive Directors) consider that, save for the discounted price our Group offered to Nakamura during the Track Record Period as described above, all the above continuing connected transactions have been entered into on arm's length basis and in the ordinary and usual course of business of the Group, and that the transactions contemplated under each of the Lease Agreements and Sales Agreements and their respective annual caps have been and will be entered into on normal commercial terms or better, fair and reasonable and in the interests of our Group and our Shareholders as a whole.

VIEW OF THE SOLE SPONSOR

The Sole Sponsor considers that, save for the discounted price our Group offered to Nakamura during the Track Record Period as described above, the above non-exempt continuing connected transactions have been entered into on arm's length basis and in the ordinary and usual course of business of the Group, and that the transactions contemplated under each of the Sales Agreements and their respective annual caps have been and will be entered into on normal commercial terms or better, fair and reasonable and in the interests of our Group and our Shareholders as a whole.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following persons or entities will, immediately following the completion of the Capitalisation Issue and the Share Offer (assuming the Offer Size Adjustment Option is not exercised and taking no account of any Shares that may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register required to be kept under Section 336 of the SFO, or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Name	Capacity	Number of Shares held (L) (Note 1)	Approximate percentage of shareholding in our Company (%)
Karlson	Beneficial owner	210,000,000 (L)	75
Mr. Chan	Interest of controlled corporation	210,000,000 (L) (Note 2)	75
Mrs. Chan	Interest of spouse	210,000,000 (L) (Note 3)	75

Notes:

1. The letter "L" denotes the entity/person's long position in the Shares.
2. These Shares are held by Karlson, the entire issued share capital of which is held by Mr. Chan. Accordingly, Mr. Chan is deemed to be interested in the Shares held by Karlson by virtue of the SFO.
3. Mrs. Chan is the spouse of Mr. Chan. Accordingly, Mrs. Chan is deemed to be interested in Mr. Chan's interest in our Company by virtue of the SFO.

Save as disclosed above, our Directors are not aware of any person who will, immediately following completion of the Capitalisation Issue and the Share Offer (assuming the Offer Size Adjustment Option is not exercised and without taking into account any Shares to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register required to be kept under Section 336 of the SFO, or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

SHARE CAPITAL

AUTHORISED AND ISSUED SHARE CAPITAL

The authorised and issued share capital of the Company immediately after the Capitalisation Issue and Share Offer (without taking into account the exercise of the Offer Size Adjustment Option and the options which may be granted under the Share Option Scheme) will be as follows:

Authorised share capital

	<i>HK\$</i>
<u>10,000,000,000</u> Shares	<u>100,000,000.00</u>

Issue share capital

	<i>HK\$</i>
2 Shares in issue as at the date of this prospectus	0.02
209,999,998 Shares to be issued pursuant to the Capitalisation Issue	2,099,999.98
<u>70,000,000</u> Shares to be issued in the Share Offer	<u>700,000.00</u>
<u>280,000,000</u>	<u>2,800,000.00</u>

Assuming the Offer Size Adjustment Option is exercised in full, the issued share capital of the Company immediately after the Capitalisation Issue and Share Offer (without taking into account the options which may be granted under the Share Option Scheme) will be as follows:

	<i>HK\$</i>
2 Shares in issue as at the date of this prospectus	0.02
209,999,998 Shares to be issued pursuant to the Capitalisation Issue	2,099,999.98
70,000,000 Shares to be issued in the Share Offer	700,000.00
10,500,000 Shares to be issued upon exercise of the Offer Size	105,000.00
Adjustment Option in full	
<u>290,500,000</u>	<u>2,905,000.00</u>

Assumptions

The above tables assume that the Share Offer has become unconditional and the issue of Offer Shares pursuant thereto is made as described herein. It does not take into account: (i) any Shares which may be allotted and issued (a) pursuant to the exercise of the Offer Size Adjustment Option; or (b) pursuant to the exercise of the options which may be granted under Share Option Scheme; (ii) any Shares which may be allotted and issued pursuant to the issuing mandate (as described below); or (iii) any Shares which may be repurchased by the Company pursuant to the buy-back mandate (as described below).

SHARE CAPITAL

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at least 25% of the total issued share capital of the Company must at all times be held by the public. The 70,000,000 Offer Shares represent 25% of the issued share capital of the Company upon Listing.

RANKING

The Offer Shares will rank *pari passu* in all respects with all of the Shares now in issue or to be issued as mentioned in this prospectus, and in particular, will rank in full for all dividends or other distributions hereafter declared, made or paid on the Shares on or after the date on which they are issued, save for any entitlement to the Capitalisation Issue.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme, the major terms of which are set out in the section headed “Statutory and General Information — 5. Share Option Scheme” in Appendix V to this prospectus. No option was granted under the Share Option Scheme.

ISSUING MANDATE

Subject to the Share Offer becoming unconditional, the Directors have been granted a general and unconditional mandate to allot, issue and deal with the Shares not exceeding:

- (i) 20% of the aggregate number of issued Shares immediately following the completion of the Share Offer and the Capitalisation Issue (not including Shares which may be allotted and issued pursuant to the Offer Size Adjustment Option and the exercise of options which may be granted under the Share Option Scheme); and
- (ii) the aggregate number of Shares purchased by the Company (if any) pursuant to the general mandate to buy-back Shares as described below.

The Directors may, in addition to the Shares which they are authorised to issue under the mandate, allot, issue and deal in the Shares pursuant to a rights issue, exercise of subscription rights attaching to any warrants of the Company, scrip dividends or similar arrangements or the exercise of subscription rights attaching to share options under the Share Option Scheme or any other option scheme or similar arrangement for the time being adopted.

The issuing mandate will expire at the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the Company is required by the Articles or any applicable law to hold our next annual general meeting; or
- (iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

SHARE CAPITAL

Further details of this issuing mandate are contained in the paragraph headed “1. Further information about our Company — C. Written resolutions of our sole Shareholder passed on 21 September 2017” in Appendix V to this prospectus.

BUY-BACK MANDATE

Subject to the Share Offer becoming unconditional, the Directors have been granted a general and unconditional mandate to exercise all the powers of the Company to purchase Shares of not more than 10% of the aggregate number of issued Shares immediately following the completion of the Share Offer and the Capitalisation Issue (not including Shares which may be allotted and issued pursuant to the Offer Size Adjustment Option and the exercise of the options which may be granted under the Share Option Scheme).

This mandate only relates to purchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and such purchases are made in accordance with the requirements of the GEM Listing Rules and all applicable laws, regulations and rules. A summary of the relevant GEM Listing Rules is set out in the section headed “Statutory and General Information — 1. Further Information about our Company — F. Buy-back by our Company of its own Securities” in Appendix V to this prospectus.

The buy-back mandate will expire at the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the Company is required by the Articles or any applicable law to hold our next annual general meeting; or
- (iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

Further details of this buy-back mandate are contained in the section headed “Statutory and General Information — 1. Further information about our Company — C. Written Resolutions of our Shareholders passed on 21 September 2017” and “Statutory and General Information — 1. Further information about our Company — F. Buy-back by the Company of its own Securities” in Appendix V to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

The circumstances under which general meetings and class meetings are required are provided in the Articles and Association. For details, please see the section headed “Summary of the Constitution of the Company and the Cayman Islands Company Law” in Appendix IV to this prospectus.

FINANCIAL INFORMATION

You should read this section in conjunction with our combined financial statements, including the notes thereto, as set out in the Accountants' Report set out in Appendix I to this prospectus. Our Company's combined financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"). You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Company in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Company believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Company's expectations and projections will depend on a number of risks and uncertainties over which our Company does not have control. For further information, you should refer to the section "Risk factors" in this prospectus.

OVERVIEW

We are an established frozen seafood importer and wholesaler in Hong Kong with over 14 years of experience in the frozen seafood import and wholesale industry. We specialise in offering a diverse and wide range of frozen seafood products sourced from overseas suppliers to Frozen Seafood Resellers and Frozen Seafood Catering Service Providers in Hong Kong and Macau. Our diversified portfolio of frozen seafood products with more than 80 product varieties in total could be classified into seven major categories, namely (i) prawns; (ii) scallops, oysters and surf clams; (iii) fishes; (iv) crabs and roe; (v) octopuses and cuttlefishes; (vi) processed seafood products; and (vii) miscellaneous products.

We have built strong relationship with a broad network of frozen seafood suppliers from over 10 countries. As part of our strategy to solidify our market position and to secure sufficient supplies, we have entered into sole and exclusive agency agreements with three of our suppliers in Japan, China and Taiwan, respectively.

During the Track Record Period and up to the Latest Practicable Date, we primarily stored our products in our two self-operated warehouses, which are of a lower temperature than the temperature for frozen cold storage warehouses recommended under the Code of Practice for the Processing and Handling of Quick Frozen Food, which enables us to preserve the optimal quality of frozen seafood products.

Our Group was accredited with HACCP Management System Certification and ISO 9001 Quality Management System Certification. For details of the major licenses and qualifications held by our Group as at the Latest Practicable Date, please refer to the section headed "Business — Licences, Certificates and Registrations" in this prospectus.

FINANCIAL INFORMATION

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

The major factors affecting our business, financial condition and results of operations are set out below.

(i) Economic conditions of Hong Kong and Macau

During the Track Record Period, we derived our revenue from Hong Kong and Macau market. For the two years ended 31 March 2017, revenue derived from the Hong Kong market accounted for approximately 83.1% and 85.7% respectively; and the revenue derived from the Macau market accounted for approximately 16.9% and 14.3% respectively. As such, the demand of the frozen seafood products by Frozen Seafood Resellers and Frozen Seafood Catering Service Providers are susceptible to the general economic conditions of Hong Kong and Macau and the household disposal income of Hong Kong and Macau citizens. Any adverse change in the economic conditions of Hong Kong and Macau may lead to a drop in the household disposal income and possibly a decreased ability to spend on food and beverage such as frozen food products, resulting in a drop in the demand of our products. If the demand on our products drop, our business, financial condition and results of operation may be adversely affected.

(ii) Changes in the trend of the frozen seafood market of Hong Kong and Macau

Our Group principally operates in the Hong Kong frozen seafood market. Our major customers are mainly Frozen Seafood Resellers and Frozen Seafood Catering Service Providers in Hong Kong and Macau who place purchase orders with us depending on their end-consumers' demands. Changes in their end-consumers' spending level and preferences are affected by a number of factors beyond our control, such as taste and general consumer confidence on the food safety of frozen seafood products, which is a significant consideration in the frozen seafood industry in Hong Kong and Macau. Such changes will affect the demand of our products from Frozen Seafood Resellers and Frozen Seafood Catering Service Providers, and may affect our business, financial condition and results of operations.

(iii) Fluctuations in our cost of goods sold

Our cost of goods sold mainly represents (i) the cost of frozen seafood products purchased from suppliers; and (ii) transportation costs, shipping handling charges and others which mainly includes packaging charges and processing fees. Cost of goods sold is the largest component of our operational costs, and has a direct and significant impact on our profit margins.

For the years ended 31 March 2016 and 2017, our total cost of goods sold amounted to approximately HK\$145.7 million and HK\$191.0 million, respectively, representing approximately 88.0% and 87.9% of our total revenue in the respective periods. The increase in our cost of goods sold during the Track Record Period was directly correlated with the increase in revenue for the relevant periods.

FINANCIAL INFORMATION

We purchase frozen seafood products from our suppliers through purchase orders with our suppliers during the Track Record Period and up to the Latest Practicable Date. Any change in the purchase prices of these products could directly and significantly impact our cost of goods sold, which in turn could adversely affect our profit margins and results of operations. For further details, please refer to the section headed “Risk Factors — Risk relating to Our Group’s Business and Operations” in this prospectus.

The following sensitivity analysis is for reference only and illustrates the impact of hypothetical fluctuations in our cost of goods sold on our profit before tax during the Track Record Period. Fluctuations are assumed to be 3.0%, 6.0% and 10.0% for each of the years ended 31 March 2016 and 2017, respectively. The hypothetical fluctuation rate of 3.0% equals to the expected increase in GDP in Hong Kong during the years 2017 to 2021 at CAGR of approximately 3.0% under the Ipsos Report. While none of the hypothetical fluctuation ratios applied in the sensitivity analysis equals the historical fluctuations in cost of goods sold, we believe that the application of hypothetical fluctuations of 3.0%, 6.0% and 10.0% in the cost of goods sold presents a meaningful analysis of the potential impact of changes in the cost of goods sold on our revenue and profitability.

Hypothetical fluctuation in cost of goods sold	-10%	-6%	-3%	3%	6%	10%
For the year ended 31 March 2016						
Change in cost of goods sold (HK\$’000)	(14,574)	(8,744)	(4,372)	4,372	8,744	14,574
Effect on profit before tax (HK\$’000)	14,574	8,744	4,372	(4,372)	(8,744)	(14,574)
For the year ended 31 March 2017						
Change in cost of goods sold (HK\$’000)	(19,096)	(11,457)	(5,729)	5,729	11,457	19,096
Effect on profit before tax (HK\$’000)	19,096	11,457	5,729	(5,729)	(11,457)	(19,096)

(iv) Seasonal fluctuations

Our business and results of operations are subject to seasonal fluctuations. During the Track Record Period, we recorded relatively higher sales of our products during holiday seasons, in particular the summer holidays in August and Christmas holidays in December. These seasonal patterns may cause results of operations to fluctuate from period to period. Comparisons of our results of operations across different periods of a given year as an indicator of our performance may not be meaningful and should not be relied upon as indicators of our future performance. For further details, please refer to the section headed “Risk Factors — Risks Relating to our Group’s Business and Operations — Our Group’s Operating Results may Fluctuate due to Seasonality and Other Factors.” in this prospectus.

FINANCIAL INFORMATION

(v) Competition

According to the Ipsos Report, the frozen seafood import wholesales industry becomes increasingly competitive and the number of frozen seafood import wholesales companies in Hong Kong increased from 380 in 2012 to 580 in 2016 at a CAGR of approximately 11.2%. Our financial condition and results of operations could be adversely affected if we fail to maintain and expand our market share and compete effectively by rapidly responding to market trends and differentiating our product portfolio from those offered by our competitors. In addition, in order to strengthen our competitiveness, we intend to implement our business strategies as set out in the sections headed “Business — Our Business Strategies” and “Future Plans and Use of Proceeds” in this prospectus. Failure to implement our business strategies could adversely affect our business, results of operations and financial condition.

BASIS OF PRESENTATION

Our Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law on 18 April 2017. Before the completion of the Reorganisation, the operations of our Group were carried out by Quality Products, which was wholly-owned by Mr. Chan. In preparation of the Listing, the companies comprising our Group underwent the Reorganisation, further details of which are explained in the section headed “History, Reorganisation and Group Structure” in this prospectus.

Pursuant to the completion of the Reorganisation, on 29 May 2017, our Company has become the holding company of the companies now comprising our Group. Our Group comprising our Company and subsidiaries resulting from the Reorganisation is regarded as a continuing entity, accordingly, the combined financial statements has been prepared as if our Company had always been the holding company of our Group.

When necessary, adjustments are made to the financial statements of our subsidiaries to bring their accounting policies into line with our Group’s accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of our Group are eliminated in full on combination.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our combined financial statements. Our significant accounting policies, judgments and estimates that are important for you to understand our financial condition and results of operations, are set forth in detail in Note 4 and Note 5 of Appendix I to this prospectus respectively. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Our estimates are based on historical experience, latest information and other assumptions that we believe to be reasonable under the circumstances. Actual results may differ under different assumptions and conditions. We believe the following accounting policies, estimates and judgments are of critical importance to us in the preparation of our combined financial statements.

FINANCIAL INFORMATION

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customers' returns and discounts.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to our Group. Revenue from the sale of frozen seafood products is recognised when the goods are delivered and titles have passed. Revenue from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and any subsequent accumulated impairment losses. Depreciation is calculated to write off the cost of items of property, plant and equipment over their estimated useful lives using the straight line method.

Investment property

Investment property is property held to earn rentals and/or for capital appreciation.

Investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment property over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the investment property is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Our Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

FINANCIAL INFORMATION

Our Group as lessee

Assets held under finance leases are recognised as assets of our Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with our Group's general policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of our Group's accounting policies, which are described in Note 4 in the Accountants' Report of our Company set out in Appendix I, our Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

FINANCIAL INFORMATION

Estimated impairment loss recognised on trade receivables

As at 31 March 2016 and 31 March 2017, the carrying amount of trade receivables is approximately HK\$16.1 million and HK\$19.2 million, respectively. During the Track Record Period, our Group had not provided impairment loss on trade receivables. Please refer to Note 5 in Appendix I to this prospectus for further details.

Estimated allowance for inventories

As at 31 March 2016 and 31 March 2017, the carrying amount of inventories is approximately HK\$22.8 million and HK\$27.0 million, respectively. During the Track Record Period, our Group had not written-off any inventory and no provision for impairment of inventories was recorded. Please refer to Note 5 in the Accountants' Report set forth in Appendix I to this prospectus for further details.

RESULTS OF OPERATIONS

The table below sets out our Group's combined statements of profit or loss and other comprehensive income for the years ended 31 March 2016 and 2017. This information is derived and should be read in conjunction with the combined financial information contained in the Accountants' Report set forth in Appendix I to this prospectus.

	For the year ended 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	165,488	217,447
Cost of goods sold	(145,741)	(190,957)
Gross profit	19,747	26,490
Other income	309	283
Other (loss) gain	(943)	4,097
Selling and distribution costs	(3,335)	(3,850)
Administration expenses	(3,050)	(3,407)
Finance costs	(1,853)	(1,259)
Listing expenses	—	(2,078)
	10,875	20,276
Profit before taxation	10,875	20,276
Taxation	(1,796)	(3,003)
	9,079	17,273
Profit and total comprehensive income for the year	9,079	17,273

FINANCIAL INFORMATION

DESCRIPTION OF SELECTED ITEMS IN COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

During the Track Record Period, our Group's revenue was principally generated from sale of frozen seafood products, which could be classified into seven major categories, namely (i) prawns; (ii) scallops, oysters and surf clams; (iii) fishes; (iv) crabs and roe; (v) octopuses and cuttlefishes; (vi) processed seafood products; and (vii) miscellaneous products. Our frozen seafood products are primarily sold to Frozen Seafood Resellers and Frozen Seafood Catering Service Providers in Hong Kong and Macau. Our revenue is measured at the fair value of amounts received or receivable from sales of products, net of estimated customer returns and discounts. For the years ended 31 March 2016 and 2017, our revenue amounted to approximately HK\$165.5 million and HK\$217.4 million, respectively.

Breakdown of revenue by product categories

The table below sets forth the breakdown of (i) our revenue and percentage contribution to our total revenue; and (ii) average selling price and sales volume by product categories for the periods indicated:

	For the year ended 31 March							
	2016				2017			
	Revenue	Average price	Sales volume	Revenue	Average price	Sales volume	Revenue	Sales volume
<i>HK\$'000</i>	<i>%</i>	<i>HK\$ per kg</i>	<i>kg '000</i>	<i>HK\$'000</i>	<i>%</i>	<i>HK\$ per kg</i>	<i>kg '000</i>	<i>kg '000</i>
Prawns	53,354	32.2	114.2	467.4	77,872	35.8	110.6	704.4
Scallops, oysters and surf clams	27,938	16.9	126.2	221.4	41,679	19.1	151.4	275.3
Fishes	31,462	19.0	115.8	271.6	31,764	14.6	110.8	286.6
Crabs and roe	12,875	7.8	109.0	118.1	10,628	4.9	83.6	127.2
Octopuses and cuttlefishes	7,383	4.5	83.4	88.5	9,047	4.2	92.0	98.3
Processed seafood products	23,554	14.2	106.5	221.1	35,255	16.2	85.8	411.0
Miscellaneous products	8,922	5.4	59.8	149.2	11,202	5.2	60.7	184.5
Total:	<u>165,488</u>	<u>100.0</u>	<u>107.6</u>	<u>1,537.3</u>	<u>217,447</u>	<u>100.0</u>	<u>104.2</u>	<u>2,087.3</u>

During the Track Record Period, sales of prawns remained the largest contributor to our revenue and accounted for approximately 32.2% and 35.8% respectively. For the year ended 31 March 2016, fishes was the second largest contributor to our revenue and accounted for approximately 19.0% to our total revenue. Sales of scallops, oysters and surf clams was the second largest contributor to our revenue for the year ended 31 March 2017 and accounted for approximately 19.1% to our total revenue.

FINANCIAL INFORMATION

Our Group commenced offering frozen seafood products that bear our own trademarks on the package in 2014. For details of our own branded products, please refer to the section headed “Business — Our Products — Own Branded Products” in this prospectus. The table below sets out the breakdown of our revenue and percentage contribution to our total revenue by (i) third party branded products; and (ii) our own branded products for the periods indicated:

	For the year ended 31 March			
	2016		2017	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Third party branded products	132,316	80.0	180,264	82.9
Own branded products	<u>33,172</u>	<u>20.0</u>	<u>37,183</u>	<u>17.1</u>
Total:	<u>165,488</u>	<u>100.0</u>	<u>217,447</u>	<u>100.0</u>

Breakdown of revenue by customers

The table below sets forth the breakdown of our revenue and percentage contribution to our total revenue by (i) Frozen Seafood Resellers; and (ii) Frozen Seafood Catering Service Providers for the periods indicated:

	For the year ended 31 March			
	2016		2017	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Frozen Seafood Resellers	150,117	90.7	195,456	89.9
Frozen Seafood Catering Service Providers	<u>15,371</u>	<u>9.3</u>	<u>21,991</u>	<u>10.1</u>
Total:	<u>165,488</u>	<u>100.0</u>	<u>217,447</u>	<u>100.0</u>

During the Track Record Period, our major source of revenue was derived from our sales to Frozen Seafood Resellers, such as local integrated food product wholesaling companies and resellers, and food trade companies, contributing to our total revenue of approximately 90.7% for the year ended 31 March 2016 and 89.9% for the year ended 31 March 2017, respectively. We also sold our frozen seafood products directly to Frozen Seafood Catering Service Providers, such as restaurants, food chain stores, food processing operators and other customers. Revenue contributed by Frozen Seafood Catering Service Providers remained relatively stable at approximately 9.3% for the year ended 31 March 2016 and approximately 10.1% for the year ended March 2017, respectively. We generally enter into business with Frozen Seafood Catering Service Providers directly if they have chain operations.

FINANCIAL INFORMATION

Breakdown of revenue by geographical location

The table below sets forth a breakdown of our revenue as derived from the sale of our frozen seafood products by geographical location and as a percentage of our revenue during the Track Record Period:

	For the year ended 31 March			
	2016		2017	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Hong Kong	137,598	83.1	186,305	85.7
Macau	<u>27,890</u>	<u>16.9</u>	<u>31,142</u>	<u>14.3</u>
Total:	<u><u>165,488</u></u>	<u><u>100.0</u></u>	<u><u>217,447</u></u>	<u><u>100.0</u></u>

Cost of goods sold

Our cost of goods sold mainly represents (i) the cost of frozen seafood products purchased from suppliers; and (ii) transportation costs, shipping handling charges and others which mainly include packaging charges and processing fees. For the years ended 31 March 2016 and 2017, our cost of goods sold amounted to approximately HK\$145.7 million and HK\$191.0 million, respectively. The increase in our cost of goods sold during the Track Record Period was generally in line with the increase in our revenue.

The table below sets forth the breakdown of components of our cost of goods sold during the Track Record Period:

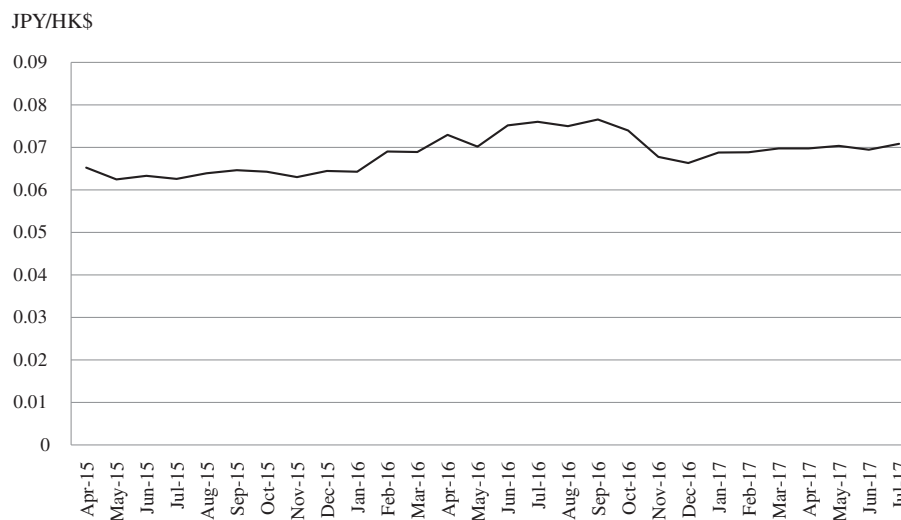
	For the year ended 31 March			
	2016		2017	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Cost of inventories	143,101	98.2	189,408	99.2
Transportation costs, shipping handling charges and others	<u>2,640</u>	<u>1.8</u>	<u>1,549</u>	<u>0.8</u>
Total:	<u><u>145,741</u></u>	<u><u>100.0</u></u>	<u><u>190,957</u></u>	<u><u>100.0</u></u>

FINANCIAL INFORMATION

During the Track Record Period, a substantial part of our supplies were settled in JPY and US\$. The table below sets forth the breakdown of our costs of purchases by currencies:

	For the year ended 31 March	
	2016	2017
	%	%
JPY	43.4	39.2
US\$	40.0	46.8
HK\$	16.6	14.0
Total	100.0	100.0

During the Track Record Period and up to 31 July 2017, the value of JPY against HK\$ at the end of each month had ranged from 0.06245 to 0.07654. The JPY:HK\$ exchange rates during the Track Record Period and up to 31 July 2017 are set out below:



Source: Bloomberg

In general, our Group is able to pass on the increase in procurement costs rising from exchange rate fluctuations to our customers by adjusting the pricing of our products, as our Group adopts a cost-plus pricing model. Please refer to the section headed “Notes to the Historical Financial Information — 35. Financial Instruments — Financial risk management objectives and policies — Currency risk — Sensitivity analysis” in Appendix I to this prospectus for sensitivity analysis on the effect of fluctuation JPY against HK\$ in relation to our Group’s monetary assets and liabilities denominated in JPY on our Group’s profit after tax.

FINANCIAL INFORMATION

Gross profit and gross profit margin

We experienced a growth in gross profit which was generally in line with our increase in revenue and our gross profit margin remained relatively stable during the Track Record Period. For the two years ended 31 March 2017, our overall gross profit amounted to approximately HK\$19.7 million and HK\$26.5 million and our gross profit margins were 11.9% and 12.2% respectively.

The table below sets forth our gross profit and gross profit margins by product categories during the Track Record Period:

	For the year ended 31 March			
	2016		2017	
	<i>HK\$'000</i>	<i>Gross profit margin %</i>	<i>HK\$'000</i>	<i>Gross profit margin %</i>
Prawns	7,149	13.4	10,397	13.4
Scallops, oysters and surf clams	2,144	7.7	3,653	8.8
Fishes	3,407	10.8	3,879	12.2
Crabs and roe	2,329	18.1	1,642	15.5
Octopuses and cuttlefishes	1,103	14.9	1,197	13.2
Processed seafood products	2,398	10.2	4,456	12.6
Miscellaneous products	<u>1,217</u>	<u>13.6</u>	<u>1,266</u>	<u>11.3</u>
Total:	<u><u>19,747</u></u>	<u><u>11.9</u></u>	<u><u>26,490</u></u>	<u><u>12.2</u></u>

Gross profit contributed by prawns remained the largest contributor and contributed approximately 36.2% for the year ended 31 March 2016 and 39.2% for the year ended 31 March 2017 to the total gross profit, respectively. Gross profit contributed by fishes was the second largest contributor for the year ended 31 March 2016, contributing 17.3% of the total gross profit. For the year ended 31 March 2017, the second largest contributor to the total gross profit was processed seafood products, contributing 16.8% to the total gross profit. For details of our changes in gross profit margins by product categories, please refer to the paragraph headed “Period to Period Comparison of Results of Operations” in this section.

FINANCIAL INFORMATION

The table below sets forth our gross profit and gross profit margins by (i) third party branded products; and (ii) our own branded products for the periods indicated:

	For the year ended 31 March			
	2016		2017	
	<i>HK\$'000</i>	<i>Gross profit margin %</i>	<i>HK\$'000</i>	<i>Gross profit margin %</i>
Third party branded products	13,539	10.2	20,937	11.6
Own branded products	<u>6,208</u>	<u>18.7</u>	<u>5,553</u>	<u>14.9</u>
Total:	<u><u>19,747</u></u>	<u><u>11.9</u></u>	<u><u>26,490</u></u>	<u><u>12.2</u></u>

Our own branded products had higher gross profit margins as compared to third party branded products was mainly due to (i) our own branded products were mainly composed of prawns and fishes which generally offer higher gross profit margins; and (ii) bulk purchase discounts offered by suppliers attributable to large volume of own branded products procured from these suppliers.

The gross profit margin of our own branded products decreased from 18.7% for the year ended 31 March 2016 to 14.9% for the year ended 31 March 2017 was mainly due to (i) the introduction of a new own branded tuna with lower gross profit margin as we adopted a lower markup to test the market and develop market presence; and (ii) the increase in procurement costs of an own branded prawns from a Vietnam supplier during the year ended 31 March 2017. In order to maintain our competitiveness, our Group did not pass on all the increase in our procurement costs to our customers, resulting in lower gross profit margin for our own branded products.

The table below sets forth our gross profit and gross profit margins by customers during the Track Record Period:

	For the year ended 31 March			
	2016		2017	
	<i>HK\$'000</i>	<i>Gross profit margin %</i>	<i>HK\$'000</i>	<i>Gross profit margin %</i>
Frozen Seafood Resellers	17,552	11.7	22,773	11.7
Frozen Seafood Catering Service Providers	<u>2,195</u>	<u>14.3</u>	<u>3,717</u>	<u>16.9</u>
Total:	<u><u>19,747</u></u>	<u><u>11.9</u></u>	<u><u>26,490</u></u>	<u><u>12.2</u></u>

During the Track Record Period, gross profit margin from sales to Frozen Seafood Catering Service Providers, such as restaurants, food chain stores, food processing operators and other customers were higher mainly because of a higher markup generally charged to Frozen Seafood Catering Service Providers due to their relatively more downstream position in the supply chain.

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Other income

Our other income mainly consists of rental income from the property owned by our Group. Our other income amounted to approximately HK\$309,000 and HK\$283,000 for the two years ended 31 March 2017 respectively.

Other gains and losses

Other gains and losses represent net foreign exchange loss and gain on disposal of an investment property. Most of our sales were settled in Hong Kong dollars while most of our supplies were settled in JPY. Our group recorded a net loss in other gains and losses of approximately HK\$943,000 for the year ended 31 March 2016, and recorded a net gain in other gains and losses of approximately HK\$4.1 million for the year ended 31 March 2017.

The investment property, located in Kwai Chung, the New Territories, was previously held by Quality Products for investment purposes. It was sold to an Independent Third Party in November 2016 and the consideration was determined with reference to the valuation of the said property by an independent valuer.

Selling and distribution costs

Our selling and distribution expenses mainly comprise (i) warehouse rental; (ii) staff cost of our sales, logistics and warehouse team; (iii) depreciation in our warehouse; (iv) warehouse utilities; and (v) transportation expenses in respect of the delivery of frozen seafood products to our customers. For the years ended 31 March 2016 and 2017, we recorded selling and distribution expenses of approximately HK\$3.3 million and HK\$3.9 million, respectively. The table below sets forth a breakdown of our selling and distribution expenses for the periods indicated:

	For the year ended 31 March			
	2016		2017	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Warehouse rental	783	23.5	965	25.1
Staff costs	654	19.6	867	22.5
Depreciation	841	25.2	847	22.0
Warehouse utilities	575	17.3	706	18.3
Transportation expenses	214	6.4	175	4.6
Others	268	8.0	290	7.5
	<u>3,335</u>	<u>100.0</u>	<u>3,850</u>	<u>100.0</u>
Total:	<u>3,335</u>	<u>100.0</u>	<u>3,850</u>	<u>100.0</u>

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Administrative expenses

Our administrative expenses mainly include (i) directors' remuneration; (ii) staff costs of our administration staff; (iii) professional fees; (iv) rent; rates and management fee; (v) office utilities; (vi) depreciation; and (vii) insurance. The table below sets forth a breakdown of our administrative expenses for the periods indicated:

	For the year ended 31 March			
	2016		2017	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Directors' remuneration	1,116	36.6	1,196	35.1
Staff costs	714	23.4	787	23.1
Professional fees	105	3.4	287	8.4
Rent, rates and management fee	289	9.5	285	8.4
Office utilities	149	4.9	228	6.7
Depreciation	195	6.4	191	5.6
Insurance	51	1.7	55	1.6
Others	431	14.1	378	11.1
	<u>3,050</u>	<u>100.0</u>	<u>3,407</u>	<u>100.0</u>
Total:	<u>3,050</u>	<u>100.0</u>	<u>3,407</u>	<u>100.0</u>

For the two years ended 31 March 2017, our administrative expenses were approximately HK\$3.1 million and HK\$3.4 million respectively, representing 1.9% and 1.6% of our total revenue for the same period.

Our staff costs primarily represent salaries, wages and bonuses, and contributions to retirement benefit schemes.

Finance costs

Finance costs represent interests on bank borrowings, bank overdrafts, and obligations under a finance lease. The table below sets forth the total finance costs of our Group and amount charged to profit or loss of our Group during the Track Record Period:

	For the year ended 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interests on:		
— bank borrowings	1,299	928
— bank overdrafts	551	319
— a finance lease	<u>3</u>	<u>12</u>
Total:	<u>1,853</u>	<u>1,259</u>

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Income tax expense

Our Group was not subject to any income tax in the Cayman Islands and BVI during the Track Record Period. The provision for Hong Kong profit tax was calculated at 16.5% of our estimated assessable profits for the Track Record Period. Our effective income tax rate, equal to the sum of our income tax expenses divided by our profit before tax, was approximately 16.5% and 14.8% for the two years ended 31 March 2017. The lower effective income tax rate was due to tax effect of listing expenses which was not deductible for tax purposes and gain from disposal of an investment property which was not taxable for tax purposes.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 March 2016 compared to year ended 31 March 2017

Revenue

The overall revenue of our Group increased by approximately HK\$51.9 million or approximately 31.4% from approximately HK\$165.5 million for the year ended 31 March 2016 to approximately HK\$217.4 million for the year ended 31 March 2017. The increase in revenue was mainly attributable to (i) the increase in revenue recognised from our top five customers for the year ended 31 March 2017 as compared to their respective revenue recognised during the year ended 31 March 2016 by approximately 79.7% or HK\$23.0 million; and (ii) the increase in sales volume from 1,537.3 tonnes for the year ended 31 March 2016 to 2,087.3 tonnes for the year ended 31 March 2017 principally due to the increase in total number of customers from 151 as at 31 March 2016 to 175 as at 31 March 2017, and the increase in average sales volume per customer from 10.2 tonnes for the year ended 31 March 2016 to 11.9 tonnes for the year ended 31 March 2017. The increase was also attributable to the increase in sales of our (i) prawns; (ii) scallops, oysters and surf clams; and (iii) processed seafood products, partially off-set by the decrease in sales of crabs and roe.

The revenue derived from the sales of prawns increased by approximately HK\$24.5 million or 45.9% from approximately HK\$53.4 million for the year ended 31 March 2016 to approximately HK\$77.9 million for the year ended 31 March 2017, primarily because of (i) increase in sales of prawns generated from four of our top five customers during the year ended 31 March 2017; and (ii) increase in sales in red shrimps imported from Argentina for the year ended 31 March 2017.

The sale of scallops, oysters and surf clams increased by approximately HK\$13.8 million or approximately 49.5% from approximately HK\$27.9 million for the year ended 31 March 2016 to approximately HK\$41.7 million for the year ended 31 March 2017. Such increase was primarily attributable to (i) increase in sales of scallops, oysters and surf clams generated from two of our top five customers during the year ended 31 March 2017; (ii) sales of Hokkaido scallops which our Group sourced from a new supplier in Japan during the year ended 31 March 2017; and (iii) increase in the average selling price of our scallops, oysters and surf clams by approximately 20.0% from approximately HK\$126.2/kg for the year ended 31 March 2016 to approximately HK\$151.4/kg for the year ended 31 March 2017.

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Processed seafood products that our Group sold include imitation crab sticks, fried oysters, abalones, and seafood salad. The revenue derived from the sales of processed seafood products increased by approximately HK\$11.7 million or approximately 49.6% from approximately HK\$23.6 million for the year ended 31 March 2016 to approximately HK\$35.3 million for the year ended 31 March 2017, primarily because of (i) the increase in the average selling price of imitation crab sticks from approximately HK\$60.0/kg to approximately HK\$75.0/kg; and (ii) direct sourcing of a brand of imitation crab sticks which were of high demand from a Japanese processor instead of intermediaries, enabling us to import larger quantities for sale to Frozen Seafood Resellers and Frozen Seafood Catering Service Providers.

The increase in revenue was partially off-set by a decrease of approximately HK\$2.3 million or approximately 17.8% recognised from the sales of crabs and roe from approximately HK\$12.9 million for the year ended 31 March 2016 to approximately HK\$10.6 million for the year ended 31 March 2017. In August 2016, it was alleged that the roe exported by our Group to Macau contained the bacteria *Listeria monocytogenes* (the “**Listeria Incident**”). While (i) our Directors believe that the Listeria Incident was unrelated to the quality of our products; (ii) our Group received a confirmation letter from the relevant food safety authority in Hong Kong stating that the subsequent roe samples were found satisfactory; and (iii) the product return related to the Listeria Incident only accounted for approximately 0.007% of our total sales for the year ended 31 March 2017, the Listeria Incident affected the market and reduced the demand for roe, leading to a drop in sales in roe of our Group for the year ended 31 March 2017. Please refer to section headed “Business — Quality Control” in this prospectus for further details.

Cost of goods sold

Our cost of goods sold increased by approximately HK\$45.3 million or approximately 31.1% from approximately HK\$145.7 million for the year ended 31 March 2016 to approximately HK\$191.0 million for the year ended 31 March 2017. Such increase is generally in line with the increase in our revenue by 31.4% during the same period.

Gross profit and gross profit margin

In line with our increase in revenue, our gross profit increased by approximately HK\$6.8 million or approximately 34.5% from approximately HK\$19.7 million for the year ended 31 March 2016 to approximately HK\$26.5 million for the year ended 31 March 2017. The increase in our gross profit was mainly due to (i) the increase in sales of our prawns, scallops, oysters and surf clams and processed seafood products; and (ii) the decrease in cost of goods sold of certain frozen seafood products mainly due to a change of suppliers, as explained above.

Our overall gross profit margin remained relatively stable at approximately 11.9% for the year ended 31 March 2016 and approximately 12.2% for the year ended 31 March 2017. Our stable gross profit margin was a result of the combined effects of an increase in gross profit margins of our (i) fishes and (ii) processed seafood products, partly off-set by the decrease in gross profit margins of our (i) crabs and roe; and (ii) octopuses and cuttlefishes.

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The gross profit margin of our fishes increased from approximately 10.8% for the year ended 31 March 2016 to approximately 12.2% for the year ended 31 March 2017, primarily because of a decrease in cost of goods sold mainly attributable to procurement of tuna from a new supplier in Vietnam.

The gross profit margin of our processed seafood products increased from approximately 10.2% for the year ended 31 March 2016 to approximately 12.6% for the year ended 31 March 2017, primarily because of (i) bulk purchase discounts offered by suppliers attributable to large volume of processed seafood products procured from these suppliers; and (ii) the decrease in the cost of goods sold of imitation crab sticks due to a change of supplier to processors instead of intermediaries.

The gross profit margin of our crabs and roe decreased from approximately 18.1% for the year ended 31 March 2016 to approximately 15.5% for the year ended 31 March 2017, primarily because of an increase in purchase costs of crabs while we did not transfer all our cost increase to our customers to maintain competitiveness.

The gross profit margin of our octopuses and cuttlefishes decreased from approximately 14.9% for the year ended 31 March 2016 to approximately 13.2% for the year ended 31 March 2017, primarily because of an increase in purchase costs of cuttlefish sushi slices while we did not increase the selling price substantially in order to maintain our market share.

Other income

Our other income remained relatively stable at approximately HK\$309,000 for the year ended 31 March 2016 and approximately HK\$283,000 for the year ended 31 March 2017.

Other gains and losses

Our group recorded from a net loss in other gains and losses of approximately HK\$943,000 for the year ended 31 March 2016 to a net gain in other gains and losses of approximately HK\$4.1 million, which was mainly attributable to (i) gain on disposal of an investment property of approximately HK\$4.5 million for the year ended 31 March 2017, where the disposal of such investment property was to primarily focus our operations in the frozen seafood import and wholesale industry; and (ii) the decrease in our net foreign exchange loss due to a decrease in realised and unrealised foreign exchange loss resulting from the fluctuation in exchange rate of JPY.

Selling and distribution costs

Selling and distribution costs increased by approximately HK\$515,000 or 18.2% from approximately HK\$3.3 million for the year ended 31 March 2016 to approximately HK\$3.9 million for the year ended 31 March 2017, which was mainly attributable to (i) increase in staff costs, which was mainly attributable to increase in headcount; and (ii) increase in warehouse rental from approximately HK\$783,000 for the year ended 31 March 2016 to approximately HK\$965,000 for the year ended 31 March 2017, which was due to increase in rental paid to a logistics service provider for storing certain of our frozen seafood products in their cold storage warehouses.

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Administrative expenses

Our administrative expenses increased by approximately HK\$357,000 or 9.7% from approximately HK\$3.1 million for the year ended 31 March 2016 to approximately HK\$3.4 million for the year ended 31 March 2017. The increase was primarily due to (i) increase in professional fees from approximately HK\$105,000 for the year ended 31 March 2016 to approximately HK\$287,000 for the year ended 31 March 2017 mainly due to increase in audit fees; (ii) increase of staff costs and directors' remuneration from approximately HK\$1.8 million for the year ended 31 March 2016 to approximately HK\$2.0 million for the year ended 31 March 2017, which was mainly attributable to increase in headcount; and (iii) increase in office utilities from approximately HK\$149,000 for the year ended 31 March 2016 to approximately HK\$228,000 for the year ended 31 March 2017.

Finance costs

Our finance costs decreased by approximately HK\$594,000 or 31.6% from approximately HK\$1.9 million for the year ended 31 March 2016 to HK\$1.3 million for the year ended 31 March 2017. The decrease was mainly due to the repayment of our bank borrowings and overdrafts during the year ended 31 March 2017.

Listing expenses

The increase of listing expenses from nil for the year ended 31 March 2016 to HK\$2.1 million for the year ended 31 March 2017 was because of the preparation for Listing of our Group commenced during the year ended 31 March 2017.

Income tax expense

Our income tax expense increased by approximately HK\$1.2 million or 66.7% from approximately HK\$1.8 million for the year ended 31 March 2016 to approximately HK\$3.0 million for the year ended 31 March 2017, which was consistent with the increase in profit before taxation for the year ended 31 March 2017 as compared to the year ended 31 March 2016.

Profit for the year

As a result of the foregoing, our profit for the year increased by approximately HK\$8.2 million or 90.1% from approximately HK\$9.1 million for the year ended 31 March 2016 to approximately HK\$17.3 million for the year ended 31 March 2017. The net profit margin of our Group increased from 5.5% for the year ended 31 March 2016 to 7.9% for the year ended 31 March 2017. The increase in our Group's profit for the year was mainly due to increase in our gross profit as discussed above and increase in other gains while partially offset by the listing expenses.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are mainly to finance our operations and satisfy our capital expenditure needs. During the Track Record Period, our principal sources of liquidity and capital resources were cash flow generated from operations, investing activities and financing activities. Please refer to the sections headed "Business — Liquidity Management Measures" for details of liquidity management measures we adopted to monitor and improve our working capital position.

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Cash flow

The table below sets forth the selected cash flow data from the combined statements of cash flows for the period as indicated. This information should be read together with the combined financial information contained in the Accountants' Report in Appendix I to this prospectus.

	For the year ended 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash from operating activities	6,741	5,657
Net cash (used in)/from investing activities	(2,921)	19,527
Net cash used in financing activities	(9,623)	(9,793)
Bank balances at end of the year	743	9,031

Net cash from operating activities

Net cash from operating activities primarily consisted of profit before taxation adjusted for non-cash items, such as depreciation of property, plant and equipment, depreciation of an investment property, finance costs, gain on disposal of an investment property and adjusted for the change in working capital.

Cash flow from operating activities is the major source of funds of our Group during the Track Record Period. We primarily derive our cash inflows from the sales of our frozen seafood products in Hong Kong and Macau. Our cash used in operations principally comprises payments for purchase of frozen seafood products from our suppliers.

For the year ended 31 March 2016, our net cash generated from operating activities was approximately HK\$6.7 million, primarily as a result of the combined effects of (i) approximately HK\$13.8 million operating cash flows before changes in working capital; (ii) increase in inventories of approximately HK\$3.5 million; (iii) increase in trade and other receivables of approximately HK\$1.9 million; (iv) decrease in trade and other payables of approximately HK\$454,000; and (v) profits tax paid of approximately HK\$1.2 million.

For the year ended 31 March 2017, our net cash generated from operating activities was approximately HK\$5.7 million, primarily as a result of the combined effects of (i) approximately HK\$18.1 million operating cash flows before changes in working capital; (ii) increase in inventories of approximately HK\$4.2 million; (iii) increase in trade and other receivables of approximately HK\$4.0 million; (iv) decrease in trade and other payables of approximately HK\$1.1 million; and (v) profits tax paid of approximately HK\$3.0 million.

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Net cash used in or from investing activities

For the year ended 31 March 2016, our net cash used in investing activities was approximately HK\$2.9 million. The amount was mainly attributable to (i) a placement of pledged bank deposit of approximately HK\$233.0 million; (ii) advances to a director of approximately HK\$8.8 million; (iii) purchases of property, plant and equipment of approximately HK\$131,000; and offset by (iv) withdrawal of pledged bank deposit of approximately HK\$230.7 million; and (v) repayments from a director of approximately HK\$8.3 million.

For the year ended 31 March 2017, our net cash generated from investing activities was approximately HK\$19.5 million. The amount was mainly attributable to (i) a placement of pledged bank deposit of approximately HK\$252.2 million; (ii) advances to a director of approximately HK\$1.8 million; (iii) purchases of property, plant and equipment of approximately HK\$26,000, and offset by (iv) withdrawal of pledged bank deposit of approximately HK\$253.4 million; (v) repayments from a director of approximately HK\$14.2 million; and (vi) proceeds from disposal of an investment property of approximately HK\$6.0 million.

Net cash used in financing activities

For the year ended 31 March 2016, our net cash used in financing activities was approximately HK\$9.6 million, mainly attributable to (i) repayments of bank borrowings of approximately HK\$17.9 million; (ii) repayments to a director of approximately HK\$23.5 million; (iii) dividends paid of approximately HK\$12.6 million; (iv) interest paid of approximately HK\$1.9 million; (v) repayments of obligation under a finance lease of approximately HK\$30,000, and offset by (vi) advances from a director of approximately HK\$23.5 million; and (vii) new bank borrowings raised of approximately HK\$22.8 million.

For the year ended 31 March 2017, our net cash used in financing activities was approximately HK\$9.8 million, mainly attributable to (i) repayments of bank borrowings of approximately HK\$18.0 million; (ii) repayments to a director of approximately HK\$18.9 million; (iii) dividends paid of approximately HK\$10.0 million; (iv) interest paid of approximately HK\$1.3 million; (v) repayments of obligation under a finance lease of approximately HK\$119,000, and offset by (vi) advances from a director of approximately HK\$23.5 million; and (vii) new bank borrowings raised of approximately HK\$15.0 million.

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Net current assets

The table below sets forth our current assets and current liabilities as at 31 March 2016, 31 March 2017 and 31 July 2017, respectively.

	As at 31 March		As at
	2016	2017	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(unaudited)
Current assets			
Inventories	22,754	27,001	23,773
Trade and other receivables	17,627	21,675	28,498
Amount due from a director	12,433	—	—
Pledged bank deposit	2,713	1,593	81
Bank balances and cash	743	9,031	2,614
	56,270	59,300	54,966
Current liabilities			
Trade and other payables	4,811	3,747	8,039
Amount due to a director	—	4,587	4,030
Amount due to a related company	—	9,460	—
Taxation payable	1,006	1,061	2,140
Bank overdrafts	15,004	7,901	—
Bank borrowings	34,433	21,971	16,783
Obligation under a finance lease	119	119	119
	55,373	48,846	31,111
Net current assets	897	10,454	23,855

Our current assets mainly included inventories, trade and other receivables, amount due from a director, pledged bank deposit and bank balances. Our current liabilities mainly included trade and other payables, amount due to a director, amount due to a related company, taxation payable, bank overdrafts, bank borrowings and obligation under a finance lease.

We recorded net current assets of approximately HK\$897,000 and HK\$10.5 million as at 31 March 2016 and 2017, respectively. The increase in the net current assets was mainly due to (i) an increase of approximately HK\$4.2 million in inventories; (ii) an increase of approximately HK\$4.1 million in trade and other receivables; (iii) an increase of approximately HK\$8.3 million in bank balances; (iv) a decrease of approximately HK\$7.1 million in bank overdrafts; and (v) a decrease of approximately HK\$12.4 million in bank borrowings. The change in net current assets was partially offset by (i) a decrease of approximately HK\$12.4 million in amount due from a director; (ii) a decrease of

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approximately HK\$1.1 million of a pledged bank deposit; (iii) an increase of approximately HK\$4.6 million in amount due to a director; and (iv) an increase of approximately HK\$9.5 million in amount due to a related company.

During the Track Record Period and up to the Latest Practicable Date, our Group mainly funded our operations through capital contribution from shareholder, cash generated from operations and external bank borrowings. Our liquidity resources is principally used for payment of purchase from our suppliers, operating expenses and capital expenditure. Despite the fact that we still had aggregate unutilised bank facilities of approximately HK\$46.5 million and net current assets of approximately HK\$11.4 million as at 30 April 2017, the amount due to Mr. Chan of HK\$12.0 million was capitalised by way of allotment and issue of one share in Quality Products to Ocean One (BVI) at the direction of Mr. Chan on 5 June 2017 with a view of improving our gearing and liquidity position prominently for sustainable business growth. All the remaining amounts due to Mr. Chan and his related company (namely Eastern Mark) will be settled upon Listing utilising our available cash and cash equivalents, cash generated from our operations and available bank facilities.

Following completion of our Listing, we would not only be benefited from (i) our enhanced corporate profile as a listed company on the Stock Exchange, and (ii) having direct access to an efficient and sustainable fund-raising platform for further equity and/or debt financing other than external bank borrowings, our gearing would also immediately and significantly decrease after receiving the net proceeds from the Share Offer.

Inventories

Our inventories increased by approximately HK\$4.2 million or 18.4% from approximately HK\$22.8 million as at 31 March 2016 to approximately HK\$27.0 million as at 31 March 2017. The increase was primarily attributable to (i) expansion in our operations; (ii) diversification of product portfolio with introduction of new products; and (iii) in line with the increase in revenue of approximately 31.4% for the same period.

We closely monitor our inventory through an ERP system. In addition, we also conduct quarterly inventory counts to ensure the accuracy of the inventory information stored in our ERP system. Please refer to the section headed “Business — Our Business Model — Inventory Management” for further details of our inventory control policies. No specific provision for obsolete inventories was made for the two years ended 31 March 2017.

The table below sets out the inventory turnover days for the periods indicated:

	For the year ended 31 March	
	2016	2017
	<i>Days</i>	<i>Days</i>
Inventory turnover days ^(Note)	52.8	47.6

Note: The inventory turnover days is calculated based on the average of the beginning and ending balance of inventories for the year divided by cost of goods sold for the year and multiplied by (i) 366 days for the year ended 31 March 2016; and (ii) 365 days for the year ended 31 March 2017.

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Our inventory turnover days decreased from 52.8 days for the year ended 31 March 2016 to 47.6 days for the year ended 31 March 2017 which was mainly due to the increase in cost of goods sold attributable to the increase in revenue for the year ended 31 March 2017.

As at 31 July 2017, approximately 89.3% of our inventories as at 31 March 2017 had been sold.

Trade and other receivables

Trade and other receivables primarily consist of trade receivables, prepayments and deposits. The table below sets out a summary of our trade and other receivables as at the dates indicated:

	As at 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	16,102	19,177
Prepayments	1,417	2,394
Deposits	108	104
Total	17,627	21,675

Our trade and other receivables increased by approximately HK\$4.1 million or 23.3% from approximately HK\$17.6 million as at 31 March 2016 to approximately HK\$21.7 million as at 31 March 2017, primarily due to increase in trade receivables and prepayments.

Analysis of trade receivables

Our trade receivables primarily represent amounts receivable from our customers who purchased our frozen seafood products. Our trade receivables increased from approximately HK\$16.1 million as at 31 March 2016 to approximately HK\$19.2 million as at 31 March 2017 which was mainly attributable to the increase in our sales of prawns, scallops, oysters and surf clams and processed seafood products for the year ended 31 March 2017.

During the Track Record Period, we conducted our sales mainly by (i) credit sales; and (ii) cash on delivery. We generally granted a credit period ranging from 0 to 60 days to our customers. Before accepting any new customer, our Group's management will assess the potential customer's credit quality and determine the credit limits and credit approvals for the customer. Our Group also review the credit limits granted to the customers periodically. We monitor our outstanding receivables closely to minimise the credit risk, and will consider, on a discretionary and case-by-case basis, to temporarily suspend the supply of our products to customers which have payment overdue for over 60 days.

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The table below sets forth a summary of aging analysis of trade receivables, which are presented based on the invoice dates at the end of each reporting period:

	As at 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	10,053	13,708
31–60 days	5,791	5,465
61–90 days	208	2
Over 90 days	50	2
Total	16,102	19,177

The table below sets forth a summary of aged analysis of trade receivables, which are past due but not impaired, at the end of each reporting period:

	As at 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Overdue by:		
0–30 days	6,707	6,646
31–60 days	584	76
61–90 days	8	2
Over 90 days	43	2
Total	7,342	6,726

As at 31 March 2016 and 2017, trade receivables of approximately HK\$7.3 million and HK\$6.7 million were past due but not impaired, representing approximately 45.6% and 35.1% of the trade receivables, respectively. Our Group has not provided for impairment loss as there has not been a significant change in credit quality of the trade receivable and the amounts are still considered recoverable based on the historical experience.

As at 31 March 2016, the amount of trade receivables overdue for over 31 days were approximately HK\$635,000 or 3.9% of the trade receivables. These related to several customers who have a long term relationship with our Group and such receivables were subsequently settled.

As at 31 July 2017, 100% of our trade receivables as at 31 March 2017 were subsequently settled.

Based on the historical experience of our Group, financial capabilities of the relevant customers and the subsequent settlements received from these customers, our Directors believe that no impairment allowance is necessary in respect of these balances, and the trade receivables that are past due but not impaired are generally recoverable.

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The table below sets out the average trade receivables turnover days for the periods indicated:

	For the year ended 31 March	
	2016	2017
	<i>Days</i>	<i>Days</i>
Trade receivables turnover days ^(Note)	34.9	29.6

Note: The trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables for the year divided by revenue for the year and multiplied by (i) 366 days for the year ended 31 March 2016; and (ii) 365 days for the year ended 31 March 2017.

Our trade receivables turnover days remained relatively stable at 34.9 days for the year ended 31 March 2016 and 29.6 days for the year ended 31 March 2017.

Analysis of other receivables

Prepayments represent prepayments to suppliers. The prepayments increased by approximately HK\$977,000 or by 71.4% from approximately HK\$1.4 million as at 31 March 2016 to approximately HK\$2.4 million as at 31 March 2017. Such increase was mainly attributable to prepayments payable to overseas suppliers to purchase frozen seafood products which was in line with market practice.

Deposits represent rental and utility deposits, which remained stable during the Track Record Period.

Pledged bank deposit

Our pledged bank deposit represents deposit balance in our bank accounts from time to time pledged to banks to secure the banking facilities granted to our Group. However, pursuant to the relevant bank facility letter, there is no minimum deposit amount or duration required to be deposited into the bank account. The balances of our pledged bank deposit were approximately HK\$2.7 million and HK\$1.6 million as at 31 March 2016 and 2017, respectively. The decrease of the pledged bank deposits of approximately HK\$1.1 million or 40.7% was because of a decrease of bank deposits in the bank account which was pledged to the relevant bank and there was no restriction on the minimum pledged bank deposit imposed by the relevant bank. The placement (amounting to approximately HK\$233.0 million and HK\$252.2 million for the two years ended 31 March 2017) and withdrawal (amounting to approximately HK\$230.7 million and HK\$253.4 million for the two years ended 31 March 2017) of pledged bank deposit under the combined statements of cash flows represent the amount deposited into and withdrawn from this bank account for the years ended 31 March 2016 and 2017, details of which are set out in Appendix I to this prospectus. As our Group primarily used the relevant bank account to (i) receive payments from our customers and settle payments to our suppliers; (ii) transfer funds to other bank accounts primarily for settling payments to our suppliers; and (iii) receive payments from/make payments to a Director as a source for funding our business operations and for repaying loans provided by him, respectively, the cash flows from placement and withdrawal of pledged bank deposits during the Track Record Period were significantly higher than the respective year-end balance of pledged bank deposit. During the Track Record Period and up to the Latest Practicable Date, our pledged bank deposit was not used to secure the bank borrowings of Eastern Mark.

FINANCIAL INFORMATION

The relevant fund movements from/to the pledged bank account shall be presented as investing activities rather than operating activities as our Group's pledged bank deposit represents an asset under charge for the purpose of maintaining the relevant banking facilities, regardless of the fact that a significant portion of the source of funds were related to collecting payments from our customers and the usage of funds were related to settling payments with our suppliers.

Trade and other payables

The table below sets forth the components of our trade and other payables as at the dates indicated:

	As at 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	3,264	3,142
Rental deposits received	36	—
Accruals	1,511	605
Total	4,811	3,747

Included in the trade and other payables is the amount of (i) JPY equivalent to approximately HK\$2.5 million and HK\$3.1 million; and (ii) US\$ equivalent to approximately HK\$39,000 and nil, as at 31 March 2016 and 2017, respectively.

Our trade payables primarily represent amounts payable to our suppliers for procurement of frozen seafood products. Settlement is generally made in accordance with the terms specified in the purchase orders governing the relevant transactions. Our suppliers generally grant us credit terms of 0 to 30 days from the date of billing invoices. We normally settle such payables by bank transfers.

Our trade payables remained relatively stable at approximately HK\$3.3 million as at 31 March 2016 and approximately HK\$3.1 million as at 31 March 2017, respectively.

The following table sets forth an aging analysis of trade payables presented based on the invoice dates at the end of each reporting period:

	For the year ended 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	3,264	3,142

FINANCIAL INFORMATION

The following table sets forth the average trade payables turnover days for the periods indicated:

	For the year ended 31 March	
	2016	2017
	<i>Days</i>	<i>Days</i>
Trade payables turnover days ^(Note)	10.1	6.1

Note: The trade payables turnover days is calculated based on the average of the beginning and ending balance of trade payables for the year divided by cost of goods sold for the year and multiplied by (i) 366 days for the year ended 31 March 2016; and (ii) 365 days for the year ended 31 March 2017.

Our trade payables turnover days remained low at 10.1 days for the year ended 31 March 2016 and 6.1 days for the year ended 31 March 2017.

As at 31 July 2017, 100.0% of our trade payables as at 31 March 2017 were subsequently settled.

Accruals mainly represent accruals on purchases with suppliers, staff costs and professional fees. Our accruals decreased from approximately HK\$1.5 million to approximately HK\$605,000 as at 31 March 2016 and 2017, respectively, which was mainly due to purchase accruals with a supplier located in China for inventories purchased as at 31 March 2016.

Amount due from/to a director

Our amounts due from a director were approximately HK\$12.4 million and nil as at 31 March 2016 and 2017, respectively. The amounts represented the amounts due from Mr. Chan and all amounts due from our director as at 31 March 2016 was subsequently settled in full by 31 March 2017.

Our amounts due to a director were nil, approximately HK\$4.6 million and HK\$4.0 million as at 31 March 2016 and 2017 and 31 July 2017, respectively. The amounts represented the amounts due to Mr. Chan for the operations of our Group and settlement of bank borrowings with a view to reduce the interest expenses. All amounts due to a director will be settled upon Listing utilising our available cash and cash equivalents, cash generated from our operations and available bank facilities.

All amounts due from/to a director were unsecured, unguaranteed, interest-free, non-trade nature and repayable on demand.

With a view of improving our gearing and liquidity position prominently for sustainable business growth, the amount due to Mr. Chan of HK\$12.0 million was capitalised by way of allotment and issue of one share in Quality Products to Ocean One (BVI) at the direction of Mr. Chan on 5 June 2017. Please refer to the section headed “Financial Information — Liquidity and Capital Resources — Net Current Assets” for further details.

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Amount due to a related company

Our amounts due to a related company were nil and approximately HK\$9.5 million as at 31 March 2016 and 2017, respectively. The amounts represented the advances from Eastern Mark, a company wholly-owned by Mr. Chan, which was unsecured, unguaranteed, interest-free, non-trade nature and repayable on demand. All amounts due to a related company will be settled upon Listing utilising our available cash and cash equivalents, cash generated from our operations and available bank facilities.

Taxation payable

The tax payable balances of our Group mainly represent the provisional profits tax netting off the profits tax paid in that year. The tax payable balances amounted to approximately HK\$1.0 million and HK\$1.1 million as at 31 March 2016 and 2017, respectively.

The provisional profits tax as calculated by the Inland Revenue Department based on current year's profit before taxation increased from approximately HK\$1.8 million to approximately HK\$3.1 million for the years ended 31 March 2016 and 2017, respectively, which was consistent with the increase in profit before taxation for the year ended 31 March 2017.

The profits tax paid by our Group represents the payment calculated by the Inland Revenue Department mainly based on (i) the profits tax paid for the current year net of provisional profits tax paid in prior year; and (ii) the provisional profits tax paid for the subsequent year. The amount of profits tax paid amounted to approximately HK\$1.2 million and HK\$3.0 million for the years ended 31 March 2016 and 2017, respectively, which was driven by the increase in profit before taxation for the year ended 31 March 2017.

As a result of the increase in both (i) provisional profits tax; and (ii) profits tax paid, the tax payable balances of our Group remained relatively stable at approximately HK\$1.0 million and HK\$1.1 million as at 31 March 2016 and 2017, respectively.

Property, plant and equipment

Our property, plant and equipment principally comprised leasehold land and buildings, equipment, furniture and fixtures and motor vehicles. As of 31 March 2016 and 2017, our property, plant and equipment amounted to approximately HK\$6.0 million and HK\$5.1 million, respectively. Leasehold land and buildings, which principally used as our cold storage warehouse for storage of our products, accounted for approximately 62.6% and 72.2% of our total property, plant and equipment, respectively, as at 31 March 2016 and 2017.

The decrease in property, plant and equipment in the Track Record Period was principally attributable to the depreciation of property, plant and equipment.

Property valuation

Asset Appraisal Limited, an independent property valuation firm, valued our property interests in leasehold land and buildings in Hong Kong as at 31 July 2017.

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For details of our Group's properties owned and leased, please refer to the section headed "Business — Properties" in this prospectus and the valuation report set out in the section "Property Valuation Report" in Appendix III to this prospectus.

The statement below shows the reconciliation of aggregate amounts of leasehold land and buildings carried at cost on the audited combined statements of financial position as at 31 March 2017 with the valuation of these properties as at 31 July 2017 as set out in the valuation report in Appendix III to this prospectus.

	<i>HK\$'000</i>
Carrying amounts of our property interests in leasehold land and buildings in Hong Kong as at 31 March 2017	3,662
Net revaluation surplus	<u>10,738^(Note 1)</u>
Valuation as at 31 July 2017	<u><u>14,400</u></u>

Note:

1. The net revaluation surplus of leasehold land and buildings under property, plant and equipment was not included in our Group's financial information for the year ended 31 March 2017 in accordance with our accounting policy to state such property interests at costs less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

INDEBTEDNESS

Bank overdrafts

Our Group's bank overdrafts were approximately HK\$15.0 million and HK\$7.9 million as at 31 March 2016 and 2017, respectively. Our Group's bank overdrafts were mainly used for procuring frozen seafood products from our suppliers. The bank overdrafts carry interest at prevailing market rate of 6% and 6% per annum as at 31 March 2016 and 31 March 2017, respectively.

As at 31 July 2017, being the latest practicable date for the purpose of this indebtedness statement, our Group did not incur any bank overdrafts.

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Bank borrowings

Our Group had bank borrowings of approximately HK\$34.4 million, HK\$22.0 million and HK\$16.8 million as at 31 March 2016 and 2017 and 31 July 2017, respectively. Our Group's bank borrowings were primarily used in financing the working capital requirement of our operations. The decrease in our Group's bank borrowings from approximately HK\$34.4 million as at 31 March 2016 to approximately HK\$22.0 million as at 31 March 2017, respectively were mainly due to (i) repayment of all of our import invoice financing loans in January 2017; and (ii) bank borrowings amounting to approximately HK\$9.5 million reassigned to Eastern Mark. The said bank borrowings of approximately HK\$9.5 million was initially obtained under the name of Quality Products and secured by collaterals provided by Mr. Chan and Mrs. Chan. Such bank borrowings were subsequently reassigned and obtained under the name of Eastern Mark as they were mortgage loans related to Eastern Mark and as such Eastern Mark will repay such bank borrowings. The table below sets forth the analysis of the carrying amount as at the dates indicated:

	As at 31 March		As at
	2016	2017	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(unaudited)
Carrying amounts payable ^(Note 1)			
Within one year	21,718	15,930	11,397
More than one year, but not more than two years	2,604	1,820	1,720
More than two years, but not more than five years	5,650	4,221	3,666
More than five years	<u>4,461</u>	<u>—</u>	<u>—</u>
Total	<u>34,433</u>	<u>21,971</u>	<u>16,783</u>

Note:

- The amounts of bank borrowings with carrying amounts payable more than one year are shown under current liabilities because the loan agreements contained a repayable on demand clause.

The table below sets forth the breakdown of types of bank borrowings as at the dates indicated:

	As at 31 March		As at
	2016	2017	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(unaudited)
Revolving loans	6,000	14,000	—
Import invoice financing loans	12,769	—	9,448
Term loans	<u>15,664</u>	<u>7,971</u>	<u>7,335</u>
Total	<u>34,433</u>	<u>21,971</u>	<u>16,783</u>

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The various types of bank overdrafts and borrowings available to our Group gave us the flexibility to draw down the desired type of bank loan after considering the terms of repayment, interest rates of each type of bank loan as well as the operation needs of our Group.

The table below sets forth the breakdown of fixed-rate and variable-rate bank borrowings as at the dates indicated:

	As at 31 March		As at
	2016	2017	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(unaudited)
Fixed-rate borrowings	12,769	—	9,448
Variable-rate borrowings	21,664	21,971	7,335
Total	34,433	21,971	16,783

The effective interest rate on our Group's fixed-rate borrowings ranges from 3.50% to 4.13% as at 31 March 2016. The effective interest rate on our Group's variable-rate borrowings ranges from (i) 1.98% to 3.75% as at 31 March 2016; and (ii) 3.00% to 3.75% as at 31 March 2017.

All our bank borrowings are secured and guaranteed. As at 31 March 2016 and 2017 and 31 July 2017, the bank borrowings were guaranteed by (i) Mr. Chan, an executive Director of the Company; (ii) Mrs. Chan, an executive Director of our Company; and (iii) Eastern Mark, a connected person of our Company. As at 31 March 2016 and 2017 and 31 July 2017, the Group, Mr. Chan, Mrs. Chan and Eastern Mark also pledged properties owned by them to secure the bank borrowings granted to our Group. Our Directors confirm that (i) the personal guarantees and corporate guarantee provided; and (ii) the assets pledged by Mr. Chan, Mrs. Chan and their respective close family members, and Eastern Mark will be released and replaced by a corporate guarantee provided by our Company upon Listing.

As at 31 July 2017, being the latest practicable date for the purpose of the indebtedness statement, our Group had aggregate unutilised bank facilities of approximately HK\$43.1 million and 18.0% of the aggregate bank facilities were utilised.

During the Track Record Period, the bank borrowing agreements were entered into with the lenders under normal standard terms and conditions and do not contain any special restrictive covenants. During the Track Record Period and as of the Latest Practicable Date, none of our lenders have claimed default against us under any of the terms in the bank borrowing agreements.

Our Directors confirm that our Group has not experienced any difficulty in obtaining bank borrowings, default in payment on bank borrowings or breach of finance covenants during the Track Record Period and up to the Latest Practicable Date and that they do not foresee any difficulty in obtaining bank borrowing after the Latest Practicable Date.

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Save as aforesaid or otherwise disclosed herein, we did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, debentures, finance lease obligations or material contingent liabilities or guarantees outstanding as at 31 July 2017.

As at 31 July 2017, being the latest practicable date for the purpose of the indebtedness statement, we have banking facilities of approximately HK\$52.5 million, which were secured and under the unlimited guarantees provided by Mr. Chan, Mrs. Chan and Eastern Mark. The guarantees will be released upon Listing and replaced by a corporate guarantee provided by our Company.

Obligation under a finance lease

We leased our motor vehicle under a finance lease with lease term of five years. As at 31 March 2016 and 2017 and 31 July 2017, the obligations under finance lease were approximately HK\$567,000, HK\$448,000 and HK\$408,000, respectively. Interest rates underlying all obligations under finance leases were fixed at respective contract date at 2% as at 31 March 2016 and 2017 and 31 July 2017, respectively. Our Group's obligation under the finance lease is unguaranteed and secured by the lessor's charge over the leased asset.

Amount due to a director

For indebtedness related to amount due to a director, please refer to the paragraph headed "Liquidity and Capital Resources" in this section.

WORKING CAPITAL

Taking into account the financial resources available to our Group, including the available cash and cash equivalents, bank facilities, cash flows generated from our operations, and the estimated net proceeds from the Share Offer, our Directors are of the view, and the Sole Sponsor concurs, that our Group has available sufficient working capital for our present requirements for at least the next 12 months commencing from the date of this prospectus.

CAPITAL EXPENDITURE

Capital expenditure

During the Track Record Period, we incurred capital expenditures for the purchase of equipment, furniture and fixtures, and motor vehicles. Our capital expenditures were approximately HK\$728,000 and HK\$26,000 for the years ended 31 March 2016 and 2017, respectively. We principally funded our capital expenditures through internal resources and bank borrowings.

We expect to incur approximately HK\$28.5 million capital expenditure for the year ended 31 March 2018 for (i) acquisition of a new cold storage warehouse; (ii) maintenance of our existing warehouse facilities; (iii) purchase of new car park lots; and (iv) expansion of our truck fleet.

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We expect to meet future capital expenditure requirements through our available cash and cash equivalents, cash generated from our operations and existing available bank facilities, as well as net proceeds from the Share Offer. Where our Directors consider appropriate and necessary, we may raise additional funds on terms that are acceptable to us.

COMMITMENTS

Operating lease commitments

As lessee

During the Track Record Period, our Group leases a car park, an office premise and warehouses under operating lease. The table below sets forth our Group's commitments for operating lease payments under non-cancellable operating lease with related parties, Mr. Chan and Eastern Mark, as at the dates indicated:

	As at 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	819	—

As lessor

The table below sets forth the future minimum lease payments our Group as lessor contracted with a tenant at the end of each reporting period

	As at 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	27	—

During the Track Record Period and up to the Latest Practicable Date, our Group, as lessee, has been leasing (i) premises from Eastern Mark for use as our office and cold storage warehouse; and (ii) a carpark from Mr. Chan for use as our carpark, where both transactions have been and will be entered into on normal commercial terms or better. Our Group had no operating lease commitment as at 31 March 2017 despite having leased the said premises and carpark from Eastern Mark and Mr. Chan, respectively, because the relevant lease agreements was expired on 31 March 2017 and the new lease agreements were entered into on 7 June 2017 and 6 June 2017 respectively.

CONTINGENT LIABILITIES

As at 31 March 2016 and 2017 and 31 July 2017, our Group provided guarantees given to a bank in respect of banking facility granted to Eastern Mark of approximately HK\$9.2 million, HK\$17.6 million and HK\$15.9 million, respectively. During the Track Record Period and up to the Latest Practicable Date, we have not breached any loan covenant and we expect that we will still be able to meet those covenants.

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Our Directors consider the fair value of the financial guarantees of the inception was not significant. Our Directors confirm that the guarantees provided by our Group to Eastern Mark will be released upon Listing.

POST BALANCE SHEET EVENTS

For significant events that took place subsequent to 31 March 2017, please refer to “Recent Developments and No Material Adverse Change” in this section and “Accountants’ Report — Notes to the Historical Financial Information — 36. Subsequent Events” set forth in Appendix I in this prospectus.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENT

As at the Latest Practicable Date, our Group had not entered into any material off-balance sheet commitments and arrangement.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set out in note 30 to the Accountants’ Report in Appendix I in this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms and/or that such terms were no less favourable to us than terms available from Independent Third Parties and were fair and reasonable and in the interest of the Shareholders as a whole.

KEY FINANCIAL RATIOS

The table below sets forth our selected key financial ratios during the Track Record Period:

	As at/for the year ended	
	31 March	
	2016	2017
Gross profit margin ^(Note 1)	11.9%	12.2%
Net profit margin ^(Note 2)	5.5%	7.9%
Gearing ratio ^(Note 3)	6.4x	2.0x
Current ratio ^(Note 4)	1.0x	1.2x
Quick ratio ^(Note 5)	0.6x	0.7x
Return on equity ^(Note 6)	116.2%	114.5%
Return on assets ^(Note 7)	14.2%	26.8%

Notes:

1. The gross profit margin is calculated by dividing the gross profit by the revenue for the respective year multiplied by 100%.
2. The net profit margin is calculated by dividing the net profit by the revenue for the respective year multiplied by 100%.
3. The gearing ratio is calculated by dividing total bank borrowings, bank overdrafts and obligation under a finance lease with total equity as at the end of respective periods multiplied by 100%.

FINANCIAL INFORMATION

4. The current ratio is calculated by dividing current assets with current liabilities as at the end of the respective periods.
5. The quick ratio is calculated by dividing current assets less inventories with current liabilities as at the end of respective periods multiplied by 100%.
6. Return on equity equals the net profit attributable to Shareholders divided by the total equity as at the end of the respective periods multiplied by 100%.
7. Return on assets is calculated by the net profit for the year divided by the total assets as at the end of the respective periods multiplied by 100%.

Gross profit margin

Gross profit margin is our gross profit for the year as a percentage of our total revenue for each financial year.

Our gross profit margin remained relatively stable at approximately 11.9% for the year ended 31 March 2016 and approximately 12.2% for the year ended 31 March 2017, respectively. For further information in relation to our gross profit margin, please refer to the paragraph headed “Description of Selected Items in Combined Statements of Profit or Loss and Other Comprehensive Income — Gross Profit and Gross Profit Margin” in this section.

Net profit margin

Net profit margin is our net profit for the year as a percentage of our total revenue for each financial year.

Our net profit margin increased from approximately 5.5% for the year ended 31 March 2016 to approximately 7.9% for the year ended 31 March 2017, primarily due to the increase in gross profit resulted from our prawns from approximately HK\$7.1 million to HK\$10.4 million during the same period, and gain on disposal of an investment property.

Gearing ratio

Gearing ratio is the total amount of our loans and borrowings as a percentage of total equity as at the end of each financial period.

Our gearing ratio decreased from approximately 6.4 times as at 31 March 2016 to approximately 2.0 times as at 31 March 2017 mainly because of the decrease in bank borrowings from approximately HK\$34.4 million as at 31 March 2016 to approximately HK\$22.0 million as at 31 March 2017 owing to settlement of bank borrowings by our Group and by Eastern Mark.

Before the Listing, our Group relied on external debt financing as one of our major sources of financing to fund the working capital requirements of our operations, resulting in a high gearing ratio during the Track Record Period. With a view of improving our gearing ratio and liquidity position prominently for sustainable business growth, (i) part of our bank borrowings were repaid during the year ended 31 March 2017; and (ii) HK\$12.0 million was capitalised by way of allotment and issue of one share in Quality Products to Ocean One (BVI) at the direction of Mr. Chan on 5 June 2017.

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Current ratio

Current ratio is derived by dividing our current assets by our current liabilities at the end of each financial period.

Our current ratio remained relatively stable at approximately 1.0 time as at 31 March 2016 and approximately 1.2 times as at 31 March 2017.

Quick ratio

Our quick ratio is derived by dividing current assets less inventory with current liabilities at the end of each financial period.

Our quick ratio remained relatively stable at approximately 0.6 time as at 31 March 2016 and 0.7 time as at 31 March 2017.

Return on equity

Our return on equity is our profit for the year as a percentage of our equity for each financial year.

Our return on equity remained relatively stable at approximately 116.2% as at 31 March 2016 and 114.5% as at 31 March 2017.

Return on assets

Return on assets is our profit for the year as a percentage of our total assets for each financial year.

Our return on assets increased from approximately 14.2% for the year ended 31 March 2016 to approximately 26.8% for the year ended 31 March 2017, primarily due to the increase in our net profit for the year ended 31 March 2017 as detailed above and disposal of an investment property.

FINANCIAL RISK MANAGEMENT

During our conduct of business, we are exposed to various types of market risks including currency risk, interest rate risk, credit risk and liquidity risk.

Details of the risks to which we are exposed to are set out in Note 35 to the Accountants' Report set out in Appendix I in this prospectus.

DIVIDENDS AND DISTRIBUTABLE RESERVES

During the year ended 31 March 2016 and 31 March 2017, dividends of HK\$12.6 million and HK\$10.0 million respectively were declared by Quality Products and distributed to Mr. Chan and were settled in full. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Board in the future.

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After completion of the Share Offer, while we currently have no plans to pay dividends to the Shareholders in the foreseeable future, we may distribute dividends by way of cash or by other means that our Directors consider appropriate. A decision to distribute any interim dividend or recommend any final dividend would require the approval of our Board and will be at its discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval. A decision to declare or pay any dividend in the future and the amount of any dividends depends on a number of factors, including but not limited to our results of operations, financial condition, working capital, capital requirements and other factors our Board may deem relevant. We will re-evaluate our dividend policy annually. Our Board has the absolute discretion to decide whether to declare or distribute dividends in any year. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year.

As at the Latest Practicable Date, our Company has no distributable reserves available for distribution to our Shareholders.

LISTING EXPENSES

The total estimated listing expenses in connection with the Share Offer are approximately HK\$24.0 million (based on the mid-point of the Offer Price of HK\$1.18 per Offer Share and assuming no Offer Size Adjustment Option will be exercised), of which approximately HK\$2.1 million had been charged to our combined statements of profit or loss and other comprehensive income for the year ended 31 March 2017, and approximately HK\$11.5 million is expected to be charged to our combined statements of profit or loss and other comprehensive income for the year ending 31 March 2018 and the remaining amount of approximately HK\$10.4 million is expected to be accounted for as a deduction from equity upon the Listing.

Our Directors consider that our financial results will be affected by the expenses in relation to the Share Offer as we expect to recognise approximately HK\$11.5 million in the combined statements of comprehensive income for the year ending 31 March 2018. Accordingly, the financial performance for the year ending 31 March 2018 is expected to be adversely affected by the estimated expenses in relation to the Listing.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

For details of our unaudited pro forma adjusted combined net tangible assets, please refer to the section headed "Unaudited Pro forma Financial Information" in Appendix II to this prospectus.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued to focus on our frozen seafood importing and wholesaling business and our business model remains unchanged. As at the Latest Practicable Date, we had identified one new foreign supplier for potential exclusive agency arrangement and/or sale agency arrangement. As at the Latest Practicable Date, we had commenced negotiations with the relevant supplier but had not entered into any letter of intent or agreement for such agency arrangements.

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Based on the unaudited financial information of our Group, we continued to record growth in our revenue and gross profit for the four months ended 31 July 2017 as compared to the corresponding period in 2016. Such growth was mainly attributable to increase in number of our customers and increase in sales of prawns.

With a view of improving our gearing and liquidity position prominently for sustainable business growth, an amount due to Mr. Chan of HK\$12.0 million was capitalised by way of allotment and issue of one share in Quality Products to Ocean One (BVI) at the direction of Mr. Chan on 5 June 2017. Please refer to the section headed “Financial Information — Liquidity and Capital Resources — Net Current Assets” for further details.

Save as disclosed in the paragraph headed “Listing Expenses” in this section and the aforesaid capitalisation of amount due to Mr. Chan, our Directors confirmed that since 31 March 2017 (being the date to which the latest audited combined financial statement of our Group were prepared) and up to the date of this prospectus, (i) there had been no material adverse change in the market conditions or the industry and environment in which our Group operates that materially and adversely affect our financial and operating position; (ii) there was no material adverse change in the business operations and financial position or prospect of our Group; and (iii) no event had occurred that would materially and adversely affect the information shown in the Accountants’ Report set out in Appendix I in this prospectus.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

As at the Latest Practicable Date, our Directors confirm that there were no circumstances that would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

BUSINESS OBJECTIVES

Our primary objectives are to strengthen our position in the frozen seafood import and wholesale industry and further expand our business operations with a view to create long-term Shareholders' value. We intend to achieve our objectives by implementing the future plans and business strategies as discussed in the section headed "Business — Our Business Strategies" in this prospectus.

REASONS FOR THE SHARE OFFER AND USE OF PROCEEDS

Reasons for the Share Offer

We strive to provide a comprehensive and high quality offering of frozen seafood products and to strengthen our position in the industry.

Implementation of business plan for sustained growth

As elaborated in the section headed "Business" in this prospectus, our Directors believe that the ability to provide a comprehensive and high quality offering of quality frozen seafood products to customers is one of the key element for us to maintain market competitiveness. We intend to further strengthen our warehousing and logistics capabilities so as to improve the quality of our services and enrich our product portfolio, primarily through (i) further diversification of our product mix and introduce new products to broaden our frozen seafood products and offerings; (ii) acquisition of new cold storage warehouse in proximity to our existing cold storage warehouses to increase our storage capacity; and (iii) purchase new car park lots near our new warehouse and expand our truck fleet to enhance our logistics efficiency and flexibility of delivery of products to customers.

The business plans that we have drawn up to strengthen our market position and expand our market share require considerable additional resources. Our Directors believe that the net proceeds from the Share Offer will enable us to finance a substantial part of our capital expenditure requirement under the business plans while enabling us to maintain a healthy gearing ratio and avoiding undue reliance on our Controlling Shareholders to provide additional guarantees or collaterals to secure our borrowings. This allows our Group to grow at a faster pace.

Business model with mismatch payment and credit terms create working capital needs

As described in the section headed "Risk Factors — Risk relating to our Group's business and operations — Our cash flow may deteriorate due to potential mismatch in time between receipt of payments from our customers and payments to our suppliers, and we may take a long time to collect our trade receivables" in this prospectus, since we generally give credit terms ranging from 0 to 60 days to our customers while our suppliers generally grant us a credit period ranging from 0 to 30 days, there are often time lags between receiving payments from our customers and making payments to our suppliers, resulting in potential cash flow mismatch. The extent of such cash flow mismatch is illustrated by the differences between our trade payables turnover days and trade receivables turnover days. For the two years ended 31 March 2017, our trade payables turnover days were approximately 10.1 days and 6.1 days respectively, while our trade receivables turnover days were approximately 34.9 days and 29.6 days respectively (further details of which are discussed in the section headed "Financial Information" in this

FUTURE PLANS AND USE OF PROCEEDS

prospectus). Given such disparity between our trade receivable turnover days and trade payable turnover days during the Track Record Period, we often have to incur and pay our procurement costs in advance of receiving our customers' payments to us.

While we have been able to maintain positive cash flows from our operating activities for the two years ended 31 March 2017, our Directors foresee an increasing need for additional capital to support the future growth in our business and operations, especially for the anticipated increase in demand for our products as a result of, among other things, (i) the planned expansion of our product portfolio to broaden the variety of and enhance the quality of our product offerings; and (ii) the general growth in the frozen seafood import wholesale industry in Hong Kong and Macau, according to the Ipsos Report. Furthermore, with the enhanced corporate profile and status, market visibility and brand awareness upon Listing, our Directors believe that the confidence of our existing and potential customers in our frozen seafood products would be effectively boosted, thereby allowing our Group to have greater bargaining power over negotiations for trade and better credit terms with suppliers and for better financing terms.

Better financing terms

During the Track Record Period, our Group relied on external debt financing as one of the major sources of financing to fund the working capital requirements for our operations. As at 31 March 2016 and 2017, (i) our Group had bank overdrafts of approximately HK\$15.0 million and HK\$7.9 million respectively; and (ii) bank borrowings of approximately HK\$34.4 million and HK\$22.0 million respectively. Our Group attained gearing ratio of 6.4x and 2.0x as at 31 March 2016 and 2017, respectively. As a result of such borrowings, we have recognised significant finance costs of approximately HK\$1.9 million and HK\$1.3 million for the years ended 31 March 2016 and 2017 respectively (representing approximately 20.9% and 7.5% of our Group's net profit for the same period), which are considered material expenses and cash outflow from our business operations. Moreover, given our relatively small scale of operations, the relevant banks generally required our Controlling Shareholders and us to pledge their assets and to provide personal or corporate guarantees to secure the bank borrowings granted to our Group. In view of the above, our Directors believe that a listing status will enable our Group to have enhanced corporate transparency, which in turn will lead to better financing terms on loans from the banks.

In addition, an initial listing creates an efficient and sustainable fund-raising platform for the Company to raise further capital through equity financing for our future expansion instead of having to rely on debt financing from banks prior to the Listing, and in the process attract wide and varied body of professional and institutional investors.

Benefits of the Listing

Our Directors believe that the Listing will also (i) boost existing and potential customers' confidence in our products, thereby allowing us to seek more competitive terms, survive competition and maintain profit margins; (ii) allow us to, if appropriate, acquire any potential target company, business or asset through equity considerations instead of cash considerations so as to lower the impact on our liquidity; (iii) improve our ability to recruit, motivate and retain key employees; (iv) serve as an endorsement and recognition of our established market position in the frozen seafood industry; and (v) provide us with broader shareholder base for better liquidity in our Shares and access to additional capital for growth from the Share Offer and after Listing to implement our future plans as set out in the section headed "Business — Our Business Strategies" in this prospectus and this section.

FUTURE PLANS AND USE OF PROCEEDS

More stringent internal control and corporate governance culture could also be instilled through the Listing process and continuous compliance with the requirements under the GEM Listing Rules and other applicable laws and regulations.

The possible use of proceeds outlined below may change in light of our evolving business needs and conditions and management requirements. In the event of any material modification to the use of proceeds as described below, we will issue announcement and make disclosure in our interim report and/or annual report for the relevant period as required by the Stock Exchange.

Use of proceeds

Our Directors estimate that the net proceeds from the Share Offer to our Company (after deduction of underwriting fees and estimated expenses payable by us in relation to the Share Offer, and assuming an Offer Price of HK\$1.18 per Share, being the mid-point of the proposed Offer Price range of HK\$1.08 to HK\$1.28 and the Offer Size Adjustment Option is not exercised) are estimated to be approximately HK\$58.60 million. We currently intend to apply the net proceeds as follows:

Business Strategy	From the	For the	For the	For the	For the	Total	Approximate percentage %
	Listing Date to 31 March 2018	six months ending 30 September 2018	six months ending 31 March 2019	six months ending 30 September 2019	six months ending 31 March 2020		
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
Broadening our product offerings by entering into exclusive agency agreements and/or sale agency agreements	4.00	4.00	4.00	4.00	4.00	20.00	34.13
Strengthening our warehouse storage capability	25.30	0.55	0.56	0.56	0.58	27.55	47.01
Enhancing our logistics capability	3.85	0.35	2.86	0.36	0.38	7.80	13.31
General working capital of our Group	<u>0.65</u>	<u>0.65</u>	<u>0.65</u>	<u>0.65</u>	<u>0.65</u>	<u>3.25</u>	<u>5.55</u>
Total	<u>33.80</u>	<u>5.55</u>	<u>8.07</u>	<u>5.57</u>	<u>5.61</u>	<u>58.60</u>	<u>100.0</u>

Our Directors intend to apply the net proceeds from the Share Offer for the purposes and in the amounts set out below:

- approximately HK\$20.00 million or approximately 34.13% of the net proceeds will be used to strengthen our ability in obtaining exclusive contracts and/or sale agency contracts on new products and fulfilling the minimum purchase amounts under such contracts so as to broaden our frozen seafood product offerings;
- approximately HK\$27.55 million or approximately 47.01% of the net proceeds will be used to strengthen our warehouse storage capability, among which:
 - approximately HK\$22.68 million or approximately 38.70% of the net proceeds will be used to settle the down payment for the acquisition of a new warehouse in Hong Kong;

FUTURE PLANS AND USE OF PROCEEDS

- approximately HK\$0.70 million or approximately 1.19% of the net proceeds will be used to renovate and furnish the new warehouse in accordance with the requirements of HACCP and ISO 9001:2015;
- approximately HK\$1.38 million or approximately 2.36% of the net proceeds will be used to settle the stamp duty arising from the acquisition of the new warehouse in Hong Kong;
- approximately HK\$1.00 million or approximately 1.71% of the net proceeds will be used to renovate and maintain our existing warehouses; and
- approximately HK\$1.79 million or approximately 3.05% of the net proceeds will be used to recruit three new staff for the operation of the new warehouse (being two stock keepers and one warehouse supporting staff);
- approximately HK\$7.80 million or approximately 13.31% of the net proceeds will be used to enhance our logistics capability, among which:
 - approximately HK\$5.00 million or approximately 8.53% of the net proceeds will be used to purchase two car park lots located in the building where our new warehouse situates;
 - approximately HK\$1.00 million or approximately 1.71% of the net proceeds will be used to purchase one cold storage truck; and
 - approximately HK\$1.80 million or approximately 3.07% of the net proceeds will be used to recruit three new logistics staff (being two drivers and delivery workers and one logistics supporting staff);
- approximately HK\$3.25 million or approximately 5.55% of the net proceeds will be used as the general working capital of our Group.

In the event that the Offer Size Adjustment Option is exercised in full, we estimate that we will receive additional net proceeds of approximately HK\$11.52 million, assuming an Offer Price of HK\$1.18 per Share, being the mid-point of the Offer Price range stated in this prospectus. We intend to apply the additional net proceeds to the above uses on a pro-rata basis.

If the Offer Price is fixed at the high end or low end of the stated Offer Price range, and assuming that the Offer Size Adjustment Option is not exercised, our net proceeds will be increased or decreased by approximately HK\$6.51 million, respectively. In this event, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

To the extent that the net proceeds from the Share Offer are not immediately required for the above purposes, it is the present intention of our Directors that such proceeds will be placed on short-term interest bearing deposits with authorised financial institutions in Hong Kong.

FUTURE PLANS AND USE OF PROCEEDS

COST SAVING ANALYSIS OF OUR EXPANSION PLAN

Based on our experience in the frozen seafood industry, past operational data and the prevailing market conditions, our Directors believe that the acquisition of new warehouse and new car park lots could bring about the following cost saving benefits to our Group for each financial year in the near future:

Acquisition of new warehouse

The prevailing purchase price for a property locating in Tsuen Wan, Hong Kong with floor area of approximately 9,000 sq. ft. and with ancillary facilities in the building that suit our operation purposes is currently estimated to be approximately HK\$32.4 million. If our Group is able to acquire the new warehouse at such prevailing market price, it is expected that we will incur annual depreciation charge (calculated on the basis that the property will fully depreciate in 50 years) of approximately HK\$648,000. On the other hand, the prevailing annual rental expenses for a similar property is estimated to be approximately HK\$1,080,000. The acquisition of new warehouse over rental could therefore enable our Group to save approximately HK\$432,000 per year.

Acquisition of two new car park lots

The prevailing purchase price for a suitable car park lot locating in Tsuen Wan, Hong Kong is currently estimated to be approximately HK\$2.5 million. If our Group is able to acquire two new car park lots at such prevailing market price, it is expected that we will incur annual depreciation charge (calculated on the basis that the property will fully depreciate in 50 years) of approximately HK\$100,000. On the other hand, the aggregate prevailing annual rental expenses for two similar car park lots is estimated to be approximately HK\$144,000. The acquisition of two new car park lots over rental could therefore enable our Group to save approximately HK\$44,000 per year.

It is also emphasised that apart from the immediate cost saving for our Group from acquiring the new warehouse and car park lots, our expansion plan could also bring about operational stability to our Group in the coming future as it could minimise the risks of relocation and business interruptions, and the relocation and renovation costs and expenses to be incurred, upon expiry or termination of the tenancies. In addition, our Directors believe that our expansion plan would also enable our Group to compete and grow sustainably in the frozen seafood industry, strengthen our competitive edges over our competitors, enhance our relationships with our suppliers and customers and increase our market presence and penetration, being benefits which are vital to our continued success and growth that are not possible to accurately quantify at present. Please refer to the section headed “Business — Our Business Strategies” in this prospectus for further details of the benefits and justifications of our expansion plan. As such, our Directors are of the view that our expansion plan is commercially justifiable and beneficial to our Company and our Shareholders as a whole.

FUTURE PLANS AND USE OF PROCEEDS

IMPLEMENTATION PLANS

Our Group's implementation plans are set forth below for the period from the Listing Date to 31 March 2020. Investors should note that our implementation plans are formulated on the bases and assumptions referred to in the paragraph headed "Bases and Key Assumptions" in this section. These bases and assumptions are inherently subject to uncertainties and unpredictable factors, in particular the risk factors as set forth in the section headed "Risk Factors" in this prospectus. Our actual course of business may vary from the business objectives as set out in this prospectus. There is no assurance that our plans will be accomplished. Whilst the actual course of events may invariably encounter unforeseeable changes and fluctuations, we shall use our best endeavours to anticipate changes, yet allowing for flexibility to implement the following plans. In the event of any material modifications to the use of proceeds as described above, we will issue announcement in accordance with the GEM Listing Rules and disclose in our interim report and/or annual report for the relevant period as required by the Stock Exchange.

From the Listing Date to 31 March 2018

Business strategy	Use of proceeds (HK\$)	Implementation activities
Broadening our product offerings by entering into exclusive agency agreements and/or sale agency agreements	4.00 million	— Enter into new exclusive contracts and/or sale agency contracts with suppliers — Acquire inventory to fulfill the minimum purchase amounts stated in the new exclusive contracts and/or sale agency contracts

FUTURE PLANS AND USE OF PROCEEDS

Business strategy	Use of proceeds (HK\$)	Implementation activities
Strengthen our warehouse storage capability	25.30 million (including HK\$22.68 million as down-payment for acquisition of new property, HK\$0.70 million for renovation of warehouse, HK\$1.38 million on stamp duty, HK\$0.19 million for maintenance of existing warehouse facilities and HK\$0.35 million for the salaries of newly recruited staff)	<ul style="list-style-type: none"> — Identify suitable property to be acquired — Negotiate the terms of sale and purchase agreement in relation to the acquisition of the warehouse — Settle the down payment and the stamp duty, obtain mortgage for the property — Design and renovate the warehouse in accordance with the requirements of ISO 9001:2015 — Carry out renovation work on our existing warehouses — Enter into employment contracts with newly recruited staff (including two warehouse staff and one office staff) and provide necessary trainings — Pay the salaries of newly recruited staff
Enhance our logistics capability	3.85 million (including HK\$2.50 million for the purchase of one car park lot, HK\$1.00 million for the purchase of one cold storage truck and HK\$0.35 million for the salaries of newly recruited staff)	<ul style="list-style-type: none"> — Negotiate the terms of sale and purchase agreements in relation to the acquisition of the one car park lot and one cold storage truck — Enter into employment contracts with newly recruited staff (including two logistics staff and one office staff) and provide necessary trainings — Pay the salaries of newly recruited staff
General working capital of our Group	0.65 million	
Total	33.80 million	

FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 30 September 2018

Business strategy	Use of proceeds (HK\$)	Implementation activities
Broadening our product offerings by entering into exclusive agency agreements and/or sale agency agreements	4.00 million	<ul style="list-style-type: none"> — Enter into new exclusive contracts and/or sale agency contracts with suppliers — Acquire inventory to fulfill the minimum purchase amounts stated in the new exclusive contracts and/or sale agency contracts
Strengthen our warehouse storage capability	0.55 million (including HK\$0.20 million for maintenance of existing warehouses and HK\$0.35 million for the salaries of newly recruited staff)	<ul style="list-style-type: none"> — Continue to carry out renovation work on our existing warehouses — Pay the salaries of newly recruited staff
Enhance our logistics capability	0.35 million	<ul style="list-style-type: none"> — Pay the salaries of newly recruited staff
General working capital of our Group	0.65 million	
Total	5.55 million	

FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 31 March 2019

Business strategy	Use of proceeds (HK\$)	Implementation activities
Broadening our product offerings by entering into exclusive agency agreements and/or sale agency agreements	4.00 million	<ul style="list-style-type: none"> — Enter into new exclusive contracts and/or sale agency contracts with suppliers — Acquire inventory to fulfill the minimum purchase amounts stated in the new exclusive contracts and/or sale agency contracts
Strengthen our warehouse storage capability	0.56 million (including HK\$0.20 million for maintenance of existing warehouses and HK\$0.36 million for the salaries of newly recruited staff)	<ul style="list-style-type: none"> — Continue to carry out renovation work on our existing warehouses — Pay the salaries of newly recruited staff
Enhance our logistics capability	2.86 million (including HK\$2.50 million for purchasing of one car park lot and HK\$0.36 million for the salaries of newly recruited staff)	<ul style="list-style-type: none"> — Negotiate the terms of sale and purchase agreement in relation to the acquisition of the one car park lot — Pay the salaries of newly recruited staff
General working capital of our Group	0.65 million	
Total	8.07 million	

FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 30 September 2019

Business strategy	Use of proceeds (HK\$)	Implementation activities
Broadening our product offerings by entering into exclusive agency agreements and/or sale agency agreements	4.00 million	<ul style="list-style-type: none"> — Enter into new exclusive contracts and/or sale agency contracts with suppliers — Acquire inventory to fulfill the minimum purchase amounts stated in the new exclusive contracts and/or sale agency contracts
Strengthen our warehouse storage capability	0.56 million (including HK\$0.20 million for maintenance of existing warehouses and HK\$0.36 million for the salaries of newly recruited staff)	<ul style="list-style-type: none"> — Continue to carry out renovation work on our existing warehouses — Pay the salaries of newly recruited staff
Enhance our logistics capability	0.36 million	<ul style="list-style-type: none"> — Pay the salaries of newly recruited staff
General working capital of our Group	0.65 million	
Total	5.57 million	

FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 31 March 2020

Business strategy	Use of proceeds (HK\$)	Implementation activities
Broadening our product offerings by entering into exclusive agency agreements and/or sale agency agreements	4.00 million	<ul style="list-style-type: none"> — Enter into new exclusive contracts and/or sale agency contracts with suppliers — Acquire inventory to fulfill the minimum purchase amounts stated in the new exclusive contracts and/or sale agency contracts
Strengthen our warehouse storage capability	0.58 million (including HK\$0.20 million for maintenance of existing warehouses and HK\$0.38 million for the salaries of newly recruited staff)	<ul style="list-style-type: none"> — Continue to carry out renovation work on our existing warehouses — Pay the salaries of newly recruited staff
Enhance our logistics capability	0.38 million	<ul style="list-style-type: none"> — Pay the salaries of newly recruited staff
General working capital of our Group	0.65 million	
Total	5.61 million	

BASES AND KEY ASSUMPTIONS

Our Directors have adopted the following principal bases and assumptions in the preparation of the implementation plans:

- (a) there will be no material changes in the existing government policies or political, legal, fiscal or economic conditions in Hong Kong and Macau;
- (b) our Group will be able to continually obtain adequate finance for our business and operate as a going concern in the foreseeable future. The respective offering financial institutions will not withdraw any of the existing available facilities;
- (c) there will be no material changes in legislation or regulations or rules in the operating regions which will adversely affect the business of our Group;
- (d) our Group will not be materially affected by any risk factors as set out in the section headed “Risk Factors” in this prospectus;

FUTURE PLANS AND USE OF PROCEEDS

- (e) there will be no material changes in the bases (such as inflation, interest rate and foreign exchange rate) or rates of taxation in Hong Kong. Taxation is expected to be paid in April of every year;
- (f) our Group's operations will not be adversely affected by interruptions or labour disputes, for reasons that are beyond the control of our Directors;
- (g) there will be no fund raising activities, other than the Listing;
- (h) there will be no change to the credit terms granted to customers and trade receivable turnover days is expected to remain stable;
- (i) the sales proceeds will be collected in the next month of respective sales transactions, after taking into account the historical settlement pattern of customers;
- (j) there will be no material changes in the credit period granted by the suppliers and that our Group will settle the invoice amount in accordance with the payment terms agreed;
- (k) the payments of staff costs, property rentals and related expenses, and other operating expenses are assumed to be made in the month in which they are incurred;
- (l) there will be no Share buy-back;
- (m) there will not be material changes in the market demand and the competitive landscape of the frozen seafood import and wholesale industry;
- (n) the Share Offer will be completed in accordance with and as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus;
- (o) there will be suitable property for warehouse to be acquired by our Group in close proximity to our existing cold storage warehouses in Tsuen Wan, Hong Kong, and reasonable terms can be negotiated in connection with the purchase;
- (p) we will settle 70% of the down payment for the warehouse to be purchased with the net proceeds from the Share Offer;
- (q) we will be able to obtain mortgage for 30% of the purchase price of the warehouse at an annual interest rate of 3% for a period of 20 years;
- (r) our Group is able to retain our major customers and suppliers;
- (s) our Group will be able to retain key staff in the management and main operational departments;
- (t) our Group will not experience significant changes in the product mix, the composition of products sourced domestically and overseas, the purchase costs of the products, purchase discounts and rebates granted to our Group;

FUTURE PLANS AND USE OF PROCEEDS

- (u) our Group will not experience significant changes in the customer mix and their respective product mix, as well as the sales pattern which includes the composition of cash and credit sales, sales discounts and rebates granted by our Group;
- (v) our Group will not face significant obsolescence of inventory or impairment on trade debtors and make significant provision;
- (w) our Group will not be subject to any significant product recall, return or liabilities;
- (x) there will be no change in the effectiveness of the licenses and permits obtained by our Group;
- (y) the listing expenses will be settled in accordance with the payment schedules as stated in the respective mandates with professional parties;
- (z) there will be no change to the existing accounting policies from those stated in the combined audited financial statements of our Group for the Track Record Period; and
- (aa) our Group will be able to continue our operations in substantially the same manner as our Group has been operating during the Track Record Period and our Group will be able to carry out the development plans without disruptions adversely affecting our operations or business objectives in any way.

These bases and assumptions are inherently subject to many uncertainties, variables, and unpredictable factors, in particular the risk factors set forth in the section headed “Risk Factors” in this document. There can be no assurance that our plans will materialise in accordance with the expected time frame or that the objectives of our Group will be accomplished at all.

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

Pacific Foundation Securities Limited
Innovax Securities Limited
Ample Orient Capital Limited
Guotai Junan Securities (Hong Kong) Limited
Freeman Securities Limited
Nuada Limited
Pulsar Capital Limited
Quasar Securities Co., Limited
Telecom Digital Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to offer the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including the additional Shares to be issued pursuant to the Capitalisation Issue and pursuant to the exercise of the Offer Size Adjustment Option and the options which may be granted under the Share Option Scheme) by the Listing Division and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally but not jointly agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

The Sole Sponsor and the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) shall have the absolute right upon giving a written notice to our Company (on behalf of the other parties thereto other than the Public Offer Underwriters and the Sole Sponsor) to terminate the Public Offer Underwriting Agreement if any of the following events occur at any time prior to 8:00 a.m. on the Listing Date (which is expected to be on Thursday, 19 October 2017):

- (a) there has come to the notice of the Sole Sponsor, the Joint Bookrunners, any Public Offer Underwriters:
 - (i) that any statement contained in this prospectus, any supplemental offering materials, press announcement, the formal notice to be issued on Friday, 29 September 2017 by the Company substantially in the agreed form pursuant to the GEM Listing Rules, the

UNDERWRITING

road show materials and any other document published or issued by or on behalf of the Company, the Sole Sponsor, the Joint Bookrunners or the Co-lead Managers for the purpose of or in connection with the Share Offer, considered by the Sole Sponsor, the Joint Bookrunners and/or the Co-lead Managers in its/their sole and absolute discretion, was when the same was issued, or has become, untrue, incorrect or misleading in any material respect; or

- (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission therefrom considered by the Sole Sponsor, the Joint Bookrunners and/or the Co-lead Managers in its/their sole and absolute discretion to be material to the Share Offer; or
- (iii) any material breach of any of the obligations imposed upon any party to the Public Offer Underwriting Agreement (other than on the Sole Sponsor, the Joint Bookrunners, the Co-lead Managers and the Public Offer Underwriters) as determined by the Sole Sponsor, the Joint Bookrunners and/or the Co-lead Managers in its/their sole and absolute discretion; or
- (iv) any material adverse change or development involving a prospective material change (whether or not permanent) in the business affairs, prospects or the financial or trading position of the Group; or
- (v) any material breach of any of the representations, warranties, agreements and undertakings given by the Company, the executive Directors, the Controlling Shareholders (the “**Warranties**”) under the Public Offer Underwriting Agreement, as determined by the Sole Sponsor, the Joint Bookrunners and/or the Co-lead Managers in its/their sole and absolute discretion; or
- (vi) any of the Warranties under the Public Offer Underwriting Agreement is untrue, inaccurate, misleading or breached in any material respect when given or repeated as determined by the Sole Sponsor, the Joint Bookrunners and/or the Co-lead Managers in its/their sole and absolute discretion; or
- (vii) approval by the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and the Shares in issue and to be issued pursuant to the Share Offer and the Capitalisation Issue on GEM and the Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any option which may be granted under the Share Option Scheme is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

UNDERWRITING

- (viii) that any of the experts described under “Statutory and General Information — 6. Other information — G. Qualifications of experts” in Appendix V to this prospectus, has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and reference to its name included in the form and context in which it respectively appears; or
- (b) there shall develop, occur, exist, continue to exist or come into effect:
- (i) any event or series of events of force majeure providing any Relevant jurisdiction (as defined in (ii) below), beyond the control of the Sole Sponsor, the Joint Bookrunners, the Co-lead Managers or the Public Offer Underwriters (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, war, threat of war, acts of God, acts of terrorism, riot, public disorder, economic sanctions, outbreak of diseases or epidemics including SARS and avian influenza and such related/ mutated forms or interruption or delay in transportation); or
 - (ii) any adverse change or development involving a prospective change, or any event or series of events currently in existence or otherwise, likely to result in any change or development (whether or not permanent) in local, national, regional or international, economic, currency, legal, exchange control, political, military, fiscal or regulatory conditions, circumstances or matters and/or disaster or any monetary or trading settlement systems in or affecting Hong Kong, Macau the PRC, the Cayman Islands, the BVI, the United States, the United Kingdom, the European Union (or any member thereof), Japan or any other jurisdiction relevant to any member of the Group (collectively, the “**Relevant Jurisdictions**”, each a “**Relevant Jurisdiction**”) (including any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ National Market, London Stock Exchange or any of the stock exchanges in the PRC, or a material fluctuation in the exchange rate of Hong Kong dollars against any foreign currency, or any interruption in securities settlement or clearance service or procedures in the Relevant Jurisdictions or anywhere in the world); or
 - (iii) any new publicly available laws, rules, regulations, guidelines, opinions, notices, circulars, orders, judgments, decrees or rulings (the “**Relevant Laws**”) of any court, government, governmental or regulatory authority or any other any public, regulatory, taxing, administrative or governmental, agency or authority, any self-regulatory organisation or any securities exchange authority, other authority and any court at the national, provincial, municipal or local level of the Relevant Jurisdictions (“**Government Authority**”) or policy or directive or change (whether or not forming part of a series of changes) or development in existing Relevant Laws or policy or directive or in the interpretation or application thereof by any court or Government Authority or other competent authority in the Relevant Jurisdictions; or

UNDERWRITING

- (iv) the imposition of economic or other sanctions, in whatever form, directly or indirectly, by, the Relevant Jurisdictions or any other country or organisation on the Relevant Jurisdictions; or
- (v) a change or development occurs involving a prospective material change in taxation or exchange control (or the implementation of any exchange control) or foreign investment regulations in the Relevant Jurisdictions; or
- (vi) any change or development involving a prospective change, or a materialisation of, any of the risks set forth in the section headed “Risk Factors” in this prospectus; or
- (vii) any litigation or claim of material importance of any third party being threatened or instigated against any member of the Group; or
- (viii) any valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or
- (ix) any material loss or damage sustained by any member of the Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (x) a petition is presented for the winding up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or
- (xi) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary of Hong Kong and/or the Hong Kong Monetary Authority or other competent authority) or the Relevant Jurisdictions; or
- (xii) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting the Relevant Jurisdictions; or
- (xiii) there is a change in the system under which the value of the HK\$ is linked to that of the US dollar or a devaluation of the HK\$ or Renminbi against any foreign currencies; or
- (xiv) the commencement by any judicial, regulatory, governmental or political body or organisation of any action, claim or proceedings against any Director or an announcement by any judicial, regulatory, governmental or political body or organisation that it intends to take any such action; or
- (xv) save as disclosed in this prospectus, a demand by any tax authority for payment for any tax liability for any member of the Group; or

UNDERWRITING

- (xvi) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company, or the chairman or chief executive officer of the Company vacating his office; or
- (xvii) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any Relevant Jurisdiction; or
- (xviii) save as disclosed in this prospectus, a contravention by any member of the Group of the GEM Listing Rules or any applicable laws or regulations in the Cayman Islands, Hong Kong, Macau and the BVI; or
- (xix) a prohibition on the Company for whatever reason from allotting and issuing the Offer Shares (including any Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option and/or the options to be granted under the Share Option Scheme) pursuant to the terms of the Share Offer; or
- (xx) other than with the approval of the Joint Bookrunners or the Co-lead Managers, the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the Share Offer) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the GEM Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (xxi) any event, act or omission which gives rise to or is likely to give rise to any liability of any of the Company, the executive Directors and the Controlling Shareholders pursuant to the indemnity contained in the Public Offer Underwriting Agreement; or
- (xxii) any non-compliance with Relevant Law(s) by the Company with respect to any matters relating to the Share Offer, the Offer Shares, the Listing and/or any other related matters,

which in the sole and absolute opinion of the Sole Sponsor, the Joint Bookrunners (for themselves and on behalf of the Underwriters) and/or the Co-lead Managers (1) is or shall have a material adverse change, or any development involving a prospective material adverse change, in the financial or operational condition or in the earnings, management, prospects, assets or liabilities of any member of the Group, whether or not arising in the ordinary course of business (“Material Adverse Effect”); or (2) has or shall have a Material Adverse Effect on the success, marketability or pricing of the Share Offer or the level of interest under the Share Offer; or (3) is or will or may make it inadvisable, inexpedient, impracticable or not commercially viable (i) for the Share Offer to proceed or (ii) for any material part of the Public Offer Underwriting Agreement to be performed or implemented as envisaged or (4) having any material non-compliance incident in respect of the Share Offer and/or the Listing, with consideration of Relevant Law(s).

UNDERWRITING

Undertakings to the Stock Exchange

Undertakings by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, our Company undertakes to the Stock Exchange that save as pursuant to the Share Offer (including the exercise of the Offer Size Adjustment Option and the grant and exercise of the options under the Share Option Scheme), no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) will be issued by us, or form the subject of any agreement by us to such an issue, within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealings), except pursuant to the Placing (including pursuant to the exercise of the Offer Size Adjustment Option), any exercise of the options which may be granted under the Share Option Scheme or any of the circumstances permitted pursuant to Rules 17.29(1) to (5) of the GEM Listing Rules.

Undertakings by our Controlling Shareholders

Each of the Controlling Shareholders, on a voluntary basis, undertakes to our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Underwriters and the Stock Exchange that, except pursuant to the Share Offer (including the exercise of the Offer Size Adjustment Option and the grant and exercise of the options under the Share Option Scheme) and for the circumstances permitted pursuant to Rule 13.18 of the GEM Listing Rules, he/it shall not, and shall procure that the relevant registered holder(s) of the Shares shall not,

- (a) within the period commencing on the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date which is first anniversary from the Listing Date (the “**First Anniversary Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/it is shown by this prospectus to be the beneficial owner; and
- (b) within the period of twelve months commencing on the date on which the First Anniversary Period expires (the “**Second Anniversary Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a Controlling Shareholder.

Each of the Controlling Shareholders further irrevocably undertakes and covenants with our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Public Offer Underwriters and the Stock Exchange that he/it shall, and shall procure that the relevant registered holder(s) shall,

- (a) in the event that he/it pledges or charges any direct or indirect interest in the Shares pursuant to a pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to

UNDERWRITING

Rule 13.18(4) of the GEM Listing Rules, at any time during and ending on the expiry of the Second Anniversary Period, inform our Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and

- (b) having pledged or charged any interest in the Shares under (c) above, inform our Company immediately in the event that he/it becomes aware that the pledgee or charge has disposed of or intends to dispose of such interest and of the number of Shares affected.

Pursuant to Rule 13.20 of the GEM Listing Rules, in the event that our Company has been informed of any matter under Rule 13.19 of the GEM Listing Rules as described above, we shall forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules.

Undertakings pursuant to the Public Offer Underwriting Agreement

Undertakings by our Company

Our Company irrevocably undertakes to and covenants with each of the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers and the Public Offer Underwriters, and each of the Controlling Shareholders and the executive Directors undertakes to and covenants with the Sole Sponsor, Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters to procure that, during the First Anniversary Period, save with the prior written consent of the Sole Sponsor, the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters and the Sole Sponsor) and the Co-lead Managers and in compliance with the GEM Listing Rules and the applicable laws, and save pursuant to the Share Offer, the Capitalisation Issue and the issue of Shares pursuant to the Share Option Scheme; or (iii) any other share option scheme of our Company adopted from time to time, our Company shall not:

- (a) at anytime during the First Anniversary Period:
 - (i) offer, allot or issue, or agree to offer, allot, issue (conditionally or unconditionally) any Shares or securities convertible into or exchangeable for equity securities of the Company (whether or not of a class already listed); or
 - (ii) grant or agree to grant (conditionally or unconditionally) any options, warrants or other rights carrying the rights to subscribe for or otherwise acquire or convertible or exchangeable into Shares or other securities of the Company (whether or not of a class already listed); or
 - (iii) enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company or any of its affiliates, either directly or indirectly, conditionally or unconditionally, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or any securities convertible into or exchangeable for such Shares (or any interest in any Shares or any voting or other right attaching to any Shares); or

UNDERWRITING

- (iv) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or securities convertible into or exchangeable for such Shares; or
 - (v) buy-back any Shares or securities of the Company; or
 - (vi) offer to or agree to do any of the foregoing or announce any intention to do so;
- (b) at anytime during the Second Anniversary Period do any of the acts set out in paragraph (a) above, so as to result in the Controlling Shareholders (together with any of its associates) either individually or taken together with the others of them cease to be a controlling shareholder of the Company (within the meaning of the GEM Listing Rules);
- (c) in the event that our Company does any of the acts set out in paragraphs (a) and (b) above after the expiry of the First Anniversary Period or the Second Anniversary Period, as the case may be, take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Undertaking by our Controlling Shareholders

Each of the Controlling Shareholders, on a voluntary basis, has irrevocably undertaken to and covenanted with each of the Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers and the Public Offer Underwriters that, without the prior written consent of each of the Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Co-lead Managers, it shall not directly or indirectly and shall procure that none of its associates or the companies controlled by it or any nominee or trustee holding in trust for it shall

- (a) during the First Anniversary Period:
- (i) sell, transfer or dispose of, offer to sell, contract to sell, transfer or dispose of, nor enter into any agreements to sell, transfer or dispose of or otherwise create any options, warrants, rights, interests or a mortgage, charge, pledge, lien, option, restriction, right of first refusal, security interest, claim, equity interest, right of pre-emption, third-party right or interest, or interests or rights of the same nature as the foregoing or other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, retention arrangement) having similar effect (“**Encumbrances**”) (including the creation or entry into of any option, right, warrant to purchase or otherwise transfer or dispose of, or any lending, charge, pledges or encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) on any of the Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such shares therein owned by it or any of its associates or in which it or any of its associates is, directly or indirectly, interested immediately after the completion of the Capitalisation Issue, the Share Offer and the issuance and allotment of any other Shares or securities of or interest in the Company

UNDERWRITING

arising or deriving therefrom as a result of capitalisation issue or scrip dividend or otherwise or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Shares or such securities; or

- (ii) sell, transfer or dispose of, offer to sell, contract to sell, transfer or dispose of, nor enter into any agreements to sell, transfer or dispose of or otherwise create any options, warrants, rights, interests or Encumbrances (including the creation or entry into of any agreement to create any pledge or charge or Encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition whether by actual disposition or effective economic disposition due to cash settlement or otherwise) on any shares or interest in any company controlled by it or any of its associates which is the beneficial owner (directly or indirectly) of any of such securities or any interests therein as referred to in paragraph (a) above (or any other shares or securities of or interest in such company arising or deriving therefrom as a result of capitalisation issue or scrip dividend or otherwise); or
 - (iii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (a)(i) and (a)(ii) above; or
 - (iv) announce any intention to enter into or effect any of the transactions referred to in paragraphs (a)(i), (a)(ii), or (a)(iii) above.
- (b) during the Second Anniversary Period:
- (i) sell, transfer, dispose of, offer to sell, transfer or disposal of nor enter into any agreement to sell, transfer or dispose of or create any options, warrants, rights, interests or Encumbrances (including the creation or entry into of any agreement to create any pledge or charge or Encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise)) on any shares in any company controlled by it or any of their associates which is the beneficial owner (directly or indirectly) of such Shares or any interests therein as aforesaid if, immediately following such disposal or creation of rights, the Controlling Shareholders (together with its associates) would, directly or indirectly, cease to be a controlling shareholder of the Company (within the meaning of the GEM Listing Rules) or cease to hold, directly or indirectly, a controlling interest of over 30%, or such lower amount as may from time to time be specified in the Takeovers Codes as being the level for triggering a mandatory general offer, in the Company;
 - (ii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraph (b)(i) above announce any intention to enter into or effect any of the transactions referred to in paragraph (b)(i) above.

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In the event of a disposal by it of any of the Shares or securities or any interest therein during the Second Anniversary Period, it will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for the Shares or other securities of the Company.

The Placing

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company will enter into the Placing Underwriting Agreement with, inter alia, the Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement and on the additional terms described below. Pursuant to the Placing Underwriting Agreement, we are offering the Placing Shares for subscription by way of Placing, on and subject to the terms and conditions in the Placing Underwriting Agreement and this prospectus, at the Offer Price. Under the Placing Underwriting Agreement, subject to, among other conditions, (i) the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on the GEM of the Stock Exchange; (ii) the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated; (iii) the Price Determination Agreement having been duly signed by the Company and the Joint Bookrunners (acting for themselves and on behalf of the Underwriters) on the date thereof and such agreement not subsequently having been terminated in accordance with its terms or otherwise; and (iv) certain other conditions set out in the Placing Underwriting Agreement, the Placing Underwriters have severally agreed to subscribe for, or procure subscribers for their respective applicable proportions of the Placing Shares on the terms and conditions of the Placing. The Placing Underwriting Agreement is expected to provide that it may be terminated on grounds similar to those provided in the Public Offer Underwriting Agreement. Potential investors are reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

It is expected that our Company will grant the Offer Size Adjustment Option to the Placing Underwriters, exercisable by the Joint Bookrunners on behalf of the Placing Underwriters at any time prior to the Listing Date, to require our Company to issue up to an aggregate of 10,500,000 additional new Shares, representing in aggregate 15% of the Offer Shares initially available under the Share Offer at the Offer Price, under the Placing to cover over-allocations (if any) in the Placing.

It is expected that, pursuant to the Placing Underwriting Agreement, our Company, our executive Directors and our Controlling Shareholders will give undertakings similar to those given pursuant to the Public Offer Underwriting Agreement, as described in the paragraph headed “Underwriting Arrangements and Expenses — The Public Offer — Undertakings Pursuant to the Public Offer Underwriting Agreement” in this section.

Total commission, fee and expenses

In connection with the Share Offer, the Public Offer Underwriters will, and the Placing Underwriters are expected to receive an underwriting commission of 7.0% of the aggregate Offer Price of all the Offer Shares, out of which they will pay any sub-underwriting commissions. If any of Offer Size Adjustment Option is exercised, the underwriting commission will be calculated in the same manner with the Offer Shares initially available for subscription. In connection with the Listing, the Sole Sponsor will receive a sponsorship and documentation fee.

UNDERWRITING

The aggregate commissions and estimated expenses, together with Listing fees, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Share Offer are estimated to be approximately HK\$23.5 million to HK\$24.6 million (assuming the Offer Size Adjustment Option is not exercised and the Offer Price ranging from HK\$1.08 to HK\$1.28 per Share) and are payable by our Company.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set forth in Rule 6A.07 of the GEM Listing Rules.

SOLE SPONSOR'S AND UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for their interests and obligations under the Underwriting Agreements and the sponsorship fee payable to the Sole Sponsor in respect of the Listing, none of the Sole Sponsor and the Underwriters are interested beneficially or non-beneficially in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

MINIMUM PUBLIC FLOAT

Our Directors will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 11.23 of the GEM Listing Rules after completion of the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

The Share Offer comprises:

- (a) the Public Offer of 7,000,000 new Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in the paragraph headed “The Public Offer” in this section; and
- (b) the Placing of an aggregate of 63,000,000 new Shares (subject to reallocation as mentioned below and the Offer Size Adjustment Option) in Hong Kong to professional, institutional and/or other investors.

Investors may apply for Offer Shares under the Public Offer or apply for or indicate an interest for Offer Shares under the Placing, but may not do both. References in this prospectus to applications, Application Forms, application monies or the procedures for application relate solely to the Public Offer.

The Offer Shares will represent 25% of the total issued share capital of our Company immediately after completion of the Share Offer and the Capitalisation Issue (assuming that the Offer Size Adjustment Option is not exercised).

THE PUBLIC OFFER

Number of Shares initially offered

We are initially offering 7,000,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Shares initially available under the Share Offer. Subject to the reallocation of Shares between the Public Offer and the Placing, the Public Offer Shares will represent approximately 2.5% of the total issued share capital of our Company immediately following the completion of the Share Offer and the Capitalisation Issue (assuming that the Offer Size Adjustment Option is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme). The Public Offer is open to members of the public in Hong Kong as well as to professional, institutional and/or other investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealings in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions as set out in the paragraph headed “Conditions of the Public Offer” in this section.

Allocation

Allocation of Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Reallocation

The allocation of Offer Shares between the Public Offer and the Placing is subject to reallocation on the following basis:

- (a) if the number of the Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Public Offer, then 14,000,000 Shares will be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be 21,000,000 Offer Shares, representing approximately 30% of the number of the Offer Shares initially available under the Share Offer (before any exercise of the Offer Size Adjustment Option);
- (b) if the number of the Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Public Offer, then 21,000,000 Shares will be reallocated to the Public Offer from the Placing, so that the total number of the number of Offer Shares available under the Public Offer will be 28,000,000 Offer Shares, representing approximately 40% of the number of the Offer Shares initially available under the Share Offer (before any exercise of the Offer Size Adjustment Option); and
- (c) if the number of the Offer Shares validly applied for under the Public Offer represents 100 times or more the number of the Offer Shares initially available for subscription under the Public Offer, then 28,000,000 Shares will be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be 35,000,000 Offer Shares, representing approximately 50% of the number of the Offer Shares initially available under the Share Offer (before any exercise of the Offer Size Adjustment Option).

In all cases, the number of Offer Shares allocated to the Placing will be correspondingly reduced. In addition, the Joint Bookrunners may in their sole and absolute discretion reallocate Offer Shares of the Placing to the Public Offer to satisfy valid applications under the Public Offer. The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Bookrunners.

In addition, if the Public Offer Shares are undersubscribed, the Joint Bookrunners have the authority to reallocate all or any of the unsubscribed Public Offer Shares to the Placing.

Applications

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the Placing.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Multiple or suspected multiple applications and any application for more than 100% of the Public Offer Shares initially comprised in the Public Offer are liable to be rejected.

Applicants under the Public Offer are required to pay, on application, the maximum price of HK\$1.28 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee, amounting to a total of HK\$2,585.80 per board lot of 2,000 Offer Shares. If the Offer Price, as finally determined in the manner described in the paragraph headed “Price Determination of the Share Offer” in this section, is less than the maximum price of HK\$1.28 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed “How to Apply for the Public Offer Shares” in this prospectus.

THE PLACING

Number of Offer Shares offered

The Placing will consist of an initial offering of 63,000,000 Shares (subject to reallocation and the Offer Size Adjustment Option), representing 90% of the total number of Offer Shares initially available under the Share Offer and approximately 22.5% of the total issued share capital immediately after completion of the Share Offer and the Capitalisation Issue (assuming that the Offer Size Adjustment Option is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme). The Placing will be offered by us to professional, institutional and/or other investors in Hong Kong.

Allocation

The Placing will include selective marketing of the Placing Shares to professional, institutional and/or other investors anticipated to have a sizeable demand for the Placing Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealings in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the Placing Shares pursuant to the Placing will be effected in accordance with the “book-building” process described in the paragraph headed “Price Determination of the Share Offer” below and based on a number of factors, including the level and timing of demand, and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and the Shareholders as a whole.

The Joint Bookrunners (for itself and on behalf of the Underwriters) may require any investor who has been offered Placing Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application of the Public Offer Shares under the Public Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Reallocation

The total number of Offer Shares to be issued pursuant to the Placing may change as a result of the clawback arrangement as described in the paragraph headed “The Public Offer — Reallocation” in this section and/or the exercise of the Offer Size Adjustment Option in whole or in part. In addition, the Joint Bookrunners may reallocate Placing Shares from the Placing to the Public Offer to satisfy the valid applications under the Public Offer that exceeds the number of Public Offer Shares initially offered. The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Bookrunners.

PRICE DETERMINATION OF THE SHARE OFFER

The Placing Underwriters will be soliciting from prospective investors’ indications of interest in acquiring Offer Shares in the Placing. Prospective investors will be required to specify the number of the Placing Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Public Offer.

Pricing for the Offer Shares for the purpose of the various offerings under the Share Offer will be fixed on the Price Determination Date, which is expected to be on or about Tuesday, 10 October 2017 by agreement between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company, and the number of Offer Shares to be allocated or sold under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$1.28 per Offer Share and is expected to be not less than HK\$1.08 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and/or other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Share Offer and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause there to be published on the website of our Company (www.oceanoneholding.com) and the website of the Stock Exchange (www.hkexnews.hk) a notice of the reduction or to be announced in such manner as permitted under the GEM Listing Rules and agreed between our Company and the Joint Bookrunners. Upon issue of such a notice, the number of Offer Shares offered in the Share Offer and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised offer price range. Before submitting applications for the Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer. In the event there is a reduction in the Offer Shares and/or

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

indicative Offer Price range, if the applicants have already submitted an application for the Public Offer Shares before the last day for lodging applications under the Public Offer, they will be allowed to subsequently withdraw their applications. However, if the Offer Price range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked. In the absence of any such notice so published, the Offer Price, if agreed upon with our Company and the Joint Bookrunners, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The net proceeds of the Share Offer accruing to our Company (after deduction of underwriting fees and estimated expenses payable by our Company in relation to the Share Offer) are estimated to be approximately HK\$58.6 million, assuming an Offer Price per Offer Share of HK\$1.18 (being the mid-point of the stated indicative Offer Price range of HK\$1.08 to HK\$1.28 per Offer Share).

The final Offer Price, the indications of interest in the Share Offer, the results of applications and the basis of allotment of the Public Offer Shares available under the Public Offer, are expected to be announced on Wednesday, 18 October 2017 on the website of our Company (www.oceanoneholding.com) and the website of the Stock Exchange (www.hkexnews.hk).

If the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or about Tuesday, 10 October 2017, the Share Offer will not become unconditional and will lapse immediately.

UNDERWRITING AGREEMENTS

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is conditional upon the Placing Underwriting Agreement being signed and becoming unconditional.

Our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers and the Placing Underwriters expect to enter into the Placing Underwriting Agreement relating to the Placing on or about the Price Determination Date. These underwriting arrangements, and the respective Underwriting Agreements, are summarised in the section headed “Underwriting” in this prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

OFFER SIZE ADJUSTMENT OPTION

In connection with the Share Offer, our Company granted to the Joint Bookrunners (for themselves and on behalf of the Underwriters) the Offer Size Adjustment Option to cover over-allocations under the Placing (if any). Pursuant to the Offer Size Adjustment Option, our Company may be required to allot and issue, at the final Offer Price, up to an aggregate of 10,500,000 additional new Shares, representing 15% of the Offer Shares initially available under the Share Offer.

The Offer Size Adjustment Option can only be exercised by the Joint Bookrunners (for themselves and on behalf of the Underwriters) prior to the Listing Date; otherwise it will lapse. The Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option will not be used for price stabilisation purpose and are not subject to the Securities and Futures (Price Stabilizing) Rules of the SFO (Chapter 571W of the Laws of Hong Kong).

If the Offer Size Adjustment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of the enlarged issued share capital of our Company in issue following completion of the Capitalisation Issue, the Share Offer and the exercise of the Offer Size Adjustment Option but without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme.

The additional net proceeds that we would receive if the Offer Size Adjustment Option is exercised in full (assuming the Offer Price of HK\$1.18 per Share (being the mid-point of the indicative Offer Price range)) are estimated to be approximately HK\$11.5 million, which would be applied to the respective uses on a pro-rata basis as disclosed in the section headed “Future Plans and Use of Proceeds — Reasons for the Share Offer and Use of Proceeds” in this prospectus.

We will disclose in the allotment results announcement whether the Offer Size Adjustment Option is exercised.

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Public Offer Shares pursuant to the Public Offer will be conditional on:

- (a) the Listing Division of the Stock Exchange granting listing of, and permission to deal in, the Shares being offered pursuant to the Share Offer (including any Shares to be issued upon the exercise of the Offer Size Adjustment Option) and the options that may be granted under the Share Option Scheme;
- (b) the Offer Price having been fixed on or about the Price Determination Date;
- (c) the execution and delivery of the Placing Underwriting Agreement on or about the Price Determination Date; and
- (d) the obligations of the Placing Underwriters under the Placing Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with its terms, on or before the dates and times specified in the Placing Underwriting Agreement.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

If, for any reason, the Offer Price is not agreed between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), or the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Share Offer will be published by on our Company's website (www.oceanoneholding.com) and the Stock Exchange's website (www.hkexnews.hk) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for the Public Offer Shares" in this prospectus. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bank or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Shares are expected to be issued on or about Wednesday, 18 October 2017 but will only become valid certificates of title at 8:00 a.m. on Thursday, 19 October 2017 provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting — Underwriting Arrangements and Expenses — The Public Offer — Grounds for Termination" in this prospectus has not been exercised.

DEALINGS

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 19 October 2017, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 19 October 2017.

The Shares will be traded in board lots of 2,000 Shares each. The stock code of the Shares is 8476.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Bookrunners, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Joint Bookrunners may accept or reject it at their discretion and on any conditions they think fit, including provision of evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- a connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer;
- an associate or close associate (both as defined in the GEM Listing Rules) of any of the above; or
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which application channel to use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form, or apply online via the **HK eIPO White Form** service at www.hkeipo.hk.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Prospectus and Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 29 September 2017 until 12:00 noon on Tuesday, 10 October 2017 from:

- (i) the following offices of the Public Offer Underwriters:
 - Pacific Foundation Securities Limited, 11/F, New World Tower II, 16–18 Queen's Road Central, Hong Kong
 - Innovax Securities Limited, Unit A–C, 20/F Neich Tower, 128 Gloucester Road, Wan Chai, Hong Kong
 - Ample Orient Capital Limited, Room A, 17/F, Fortune House, 61 Connaught Road Central, Central, Hong Kong
 - Guotai Junan Securities (Hong Kong) Limited, 27/F., Low Block Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- Freeman Securities Limited, 38/F., Bank of China Tower, 1 Garden Road, Hong Kong
- Nuada Limited, Unit 1805–08, 18/F, OfficePlus @Sheung Wan, 93–103 Wing Lok Street, Sheung Wan, Hong Kong
- Pulsar Capital Limited, Unit 318, 3/F, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong
- Quasar Securities Co., Limited, Unit A 12/F Harbour Commercial Building, 122–124 Connaught Road, Central, Hong Kong
- Telecom Digital Securities Limited, Units 3608–12 Tower 2 Metroplaza, 223 Hing Fong Road, Kwai Fong, N.T., Hong Kong

(ii) the following branches of the receiving bank, DBS Bank (Hong Kong) Limited:

District	Branch Name	Address
Hong Kong Island	United Centre Branch	Shops 1015–1018 on 1/F & Shops 2032–2034 on 2/F, United Centre, 95 Queensway, Admiralty
Kowloon	Canton Road — DBS Treasures Centre	G/F, Hanley House, 68 Canton Road, Tsimshatsui
	Nathan Road — SME Banking Centre	2/F, Wofoo Commercial Building, 574–576 Nathan Road, Mongkok
New Territories	Tuen Mun Town Plaza — SME Banking Centre	Shop 23, G/F, Tuen Mun Town Plaza (II), 3 Tuen Lung Street, Tuen Mun

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 29 September 2017 until 12:00 noon on Tuesday, 10 October 2017 from the Depository Counter of HKSCC at 1/F., One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Ting Hong Nominees Limited — Ocean One Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Friday, 29 September 2017	—	9:00 a.m. to 5:00 p.m.
Saturday, 30 September 2017	—	9:00 a.m. to 1:00 p.m.
Tuesday, 3 October 2017	—	9:00 a.m. to 5:00 p.m.
Wednesday, 4 October 2017	—	9:00 a.m. to 5:00 p.m.
Friday, 6 October 2017	—	9:00 a.m. to 5:00 p.m.
Saturday, 7 October 2017	—	9:00 a.m. to 1:00 p.m.
Monday, 9 October 2017	—	9:00 a.m. to 5:00 p.m.
Tuesday, 10 October 2017	—	9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 10 October 2017, the last application day or such later time as described in the paragraph headed "10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service at www.hkeipo.hk, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Bookrunners (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies (WUMP) Ordinance, the Companies Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (vi) agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;
- (viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that
 - (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and
 - (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in the paragraph headed “2. Who can Apply” above in this section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website at www.hkeipo.hk. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website at www.hkeipo.hk, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** Service Provider at www.hkeipo.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, 29 September 2017 until 11:30 a.m. on Tuesday, 10 October 2017 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 10 October 2017 or such later time under the paragraph headed “10. Effects of Bad Weather on the Opening of the Applications Lists” below in this section.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **HK eIPO White Form** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Center
1/F., One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Sponsor, the Joint Bookrunners and our Hong Kong Branch Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Public Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
 - confirm that you understand that our Company, our Directors and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
 - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (WUMP) Ordinance, Companies Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions for a minimum of 2,000 Public Offer Shares. Instructions for more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Time for inputting electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, 29 September 2017	—	9:00 a.m. to 8:30 p.m. ^(Note 1)
Saturday, 30 September 2017	—	8:00 a.m. to 1:00 p.m. ^(Note 1)
Tuesday, 3 October 2017	—	8:00 a.m. to 8:30 p.m. ^(Note 1)
Wednesday, 4 October 2017	—	8:00 a.m. to 8:30 p.m. ^(Note 1)
Friday, 6 October 2017	—	8:00 a.m. to 8:30 p.m. ^(Note 1)
Saturday, 7 October 2017	—	8:00 a.m. to 1:00 p.m. ^(Note 1)
Monday, 9 October 2017	—	8:00 a.m. to 8:30 p.m. ^(Note 1)
Tuesday, 10 October 2017	—	8:00 a.m. ^(Note 1) to 12:00 noon

Note:

1. These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Friday, 29 September 2017 until 12:00 noon on Tuesday, 10 October 2017 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Tuesday, 10 October 2017, the last application day or such later time as described in the paragraph headed “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Personal data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, 10 October 2017.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealings in securities; and

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 2,000 Public Offer Shares. Each application or **electronic application instructions** in respect of more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure and Conditions of the Share Offer” in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 10 October 2017. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If the application lists do not open and close on Tuesday, 10 October 2017 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Wednesday, 18 October 2017 on our Company’s website at www.oceanoneholding.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company’s website at www.oceanoneholding.com and the Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on Wednesday, 18 October 2017;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Wednesday, 18 October 2017 to 12:00 midnight on Tuesday, 24 October 2017;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, 18 October 2017 to Monday, 23 October 2017 (excluding Saturday and Sunday);
- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, 18 October 2017 to Friday, 20 October 2017 at all the receiving bank’s designated branches on a Business Day.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed “Structure and Conditions of the Share Offer” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website at www.hkeipo.hk;
- your payment is not made correctly or the cheque or banker 's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Bookrunners believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 100% of the Public Offer Shares initially available for subscription under the Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$1.28 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer set out in the section headed “Structure and Conditions of the Share Offer — Conditions of the Public Offer” in this prospectus are not fulfilled or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker 's cashier order will not be cleared.

Any refund of your application monies will be made on Wednesday, 18 October 2017.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or about Wednesday, 18 October 2017. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, 19 October 2017 provided that the Share Offer has become unconditional and the right of termination described in the section headed “Underwriting” in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 Public Offer Shares or more and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 18 October 2017 or such other date as notified by our

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Company as the date of collection/despatch of share certificates/refund cheques. If you are an individual who is eligible for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which is eligible for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified on your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) will be sent to the address on your Application Form on Wednesday, 18 October 2017, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) from the Hong Kong Branch Share Registrar from 9:00 a.m. to 1:00 p.m. on Wednesday, 18 October 2017 or such other date as notified by our Company as the date of collection/despatch of share certificates/refund cheques. If you are an individual who is eligible for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which is eligible for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified on your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) (where applicable) will be sent to the address on your Application Form on Wednesday, 18 October 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, 18 October 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- *If you apply through a designated CCASS participant (other than a CCASS Investor Participant)*

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

- *If you apply as a CCASS Investor Participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in the paragraph headed "10. Publication of results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 18 October 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form Service

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 18 October 2017, or such other date as notified by our Company as the date of despatch/collection of share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Wednesday, 18 October 2017 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Deposit of share certificates into CCASS and refund of application monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, 18 October 2017, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the paragraph headed "Publication of results" above on Wednesday, 18 October 2017. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 18 October 2017 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, 18 October 2017. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 18 October 2017.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-38, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF OCEAN ONE HOLDING LTD. AND INNOVAX CAPITAL LIMITED

Introduction

We report on the historical financial information of Ocean One Holding Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-38, which comprises the combined statements of financial position as at 31 March 2016 and 2017 and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the two years ended 31 March 2017 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-38 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 29 September 2017 (the "Prospectus") in connection with the initial listing of shares of the Company on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 March 2016 and 2017 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and the Companies (Winding up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which contains information about the dividends paid by entities now comprising the Group in respect of the Track Record Period.

No historical financial statements for the Company

No financial statements have been prepared for the Company since its date of incorporation.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

29 September 2017

HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on the consolidated financial statements of Ocean One (BVI) Holding Ltd. ("Ocean One (BVI)") prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>NOTES</i>	Year ended 31 March	
		2016	2017
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	6	165,488	217,447
Cost of goods sold		<u>(145,741)</u>	<u>(190,957)</u>
Gross profit		19,747	26,490
Other income	7	309	283
Other (loss) gain	8	(943)	4,097
Selling and distribution costs		(3,335)	(3,850)
Administrative expenses		(3,050)	(3,407)
Finance costs	9	(1,853)	(1,259)
Listing expenses		<u>—</u>	<u>(2,078)</u>
Profit before taxation	10	10,875	20,276
Taxation	12	<u>(1,796)</u>	<u>(3,003)</u>
Profit and total comprehensive income for the year		<u>9,079</u>	<u>17,273</u>

COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 31 March	
	NOTES	2016 HK\$'000	2017 HK\$'000
Non-current assets			
Property, plant and equipment	15	6,036	5,069
Investment property	16	<u>1,532</u>	<u>—</u>
		<u>7,568</u>	<u>5,069</u>
Current assets			
Inventories	17	22,754	27,001
Trade and other receivables	18	17,627	21,675
Amount due from a director	19	12,433	—
Pledged bank deposit	20	2,713	1,593
Bank balances	20	<u>743</u>	<u>9,031</u>
		<u>56,270</u>	<u>59,300</u>
Current liabilities			
Trade and other payables	21	4,811	3,747
Amount due to a director	19	—	4,587
Amount due to a related company	22	—	9,460
Taxation payable		1,006	1,061
Bank overdrafts	20	15,004	7,901
Bank borrowings	23	34,433	21,971
Obligation under a finance lease	24	<u>119</u>	<u>119</u>
		<u>55,373</u>	<u>48,846</u>
Net current assets		<u>897</u>	<u>10,454</u>
Total assets less current liabilities		<u>8,465</u>	<u>15,523</u>
Non-current liabilities			
Obligation under a finance lease	24	448	329
Deferred taxation	25	<u>202</u>	<u>106</u>
		<u>650</u>	<u>435</u>
Net assets		<u><u>7,815</u></u>	<u><u>15,088</u></u>
Capital and reserves			
Share capital	26	3,000	—
Reserves		<u>4,815</u>	<u>15,088</u>
Total equity		<u><u>7,815</u></u>	<u><u>15,088</u></u>

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Special reserve <i>HK\$'000</i> <i>(Note)</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2015	3,000	—	8,336	11,336
Profit and other comprehensive income for the year	—	—	9,079	9,079
Dividends paid (<i>Note 13</i>)	—	—	(12,600)	(12,600)
At 31 March 2016	3,000	—	4,815	7,815
Profit and other comprehensive income for the year	—	—	17,273	17,273
Dividends paid (<i>Note 13</i>)	—	—	(10,000)	(10,000)
Issue of shares on group reorganisation	—	—	—	—
Elimination on group reorganisation	(3,000)	3,000	—	—
At 31 March 2017	<u>—</u>	<u>3,000</u>	<u>12,088</u>	<u>15,088</u>

Note: The special reserve of the Group represents the difference between the nominal amount of the share capital of Quality Products (H.K.) Limited (“Quality Products”) and the nominal amount of share capital of Ocean One (BVI) pursuant to the Group Reorganisation as defined in Note 2.

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 March	
	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
OPERATING ACTIVITIES		
Profit before taxation	10,875	20,276
Adjustments for:		
Depreciation of property, plant and equipment	989	993
Depreciation of an investment property	47	45
Finance costs	1,853	1,259
Gain on disposal of an investment property	—	(4,513)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	13,764	18,060
Increase in inventories	(3,486)	(4,247)
Increase in trade and other receivables	(1,895)	(4,048)
Decrease in trade and other payables	(454)	(1,064)
	<hr/>	<hr/>
Cash generated from operations	7,929	8,701
Hong Kong Profits Tax paid	(1,188)	(3,044)
	<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES	<u>6,741</u>	<u>5,657</u>
INVESTING ACTIVITIES		
Placement of pledged bank deposit	(233,020)	(252,230)
Advances to a director	(8,799)	(1,813)
Purchases of property, plant and equipment	(131)	(26)
Withdrawal of pledged bank deposit	230,682	253,350
Repayments from a director	8,347	14,246
Proceed from disposal of an investment property	—	6,000
	<hr/>	<hr/>
NET CASH (USED IN) FROM INVESTING ACTIVITIES	<u>(2,921)</u>	<u>19,527</u>

	Year ended 31 March	
	2016	2017
	HK\$'000	HK\$'000
FINANCING ACTIVITIES		
Repayments to a director	(23,525)	(18,900)
Repayments of bank borrowings	(17,909)	(18,002)
Dividends paid	(12,600)	(10,000)
Interest paid	(1,853)	(1,259)
Repayments of obligation under a finance lease	(30)	(119)
Advances from a director	23,525	23,487
New bank borrowings raised	<u>22,769</u>	<u>15,000</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(9,623)</u>	<u>(9,793)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,803)	15,391
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>(8,458)</u>	<u>(14,261)</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>(14,261)</u></u>	<u><u>1,130</u></u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by		
Bank balances	743	9,031
Bank overdrafts	<u>(15,004)</u>	<u>(7,901)</u>
	<u><u>(14,261)</u></u>	<u><u>1,130</u></u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1. GENERAL**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 April 2017 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The addresses of the registered office and the principal place of business of the Company are set out in the section headed "Corporate information" of the Prospectus. The Company acts as an investment holding company and its subsidiaries are principally engaged in importing and wholesaling of frozen seafood products. The Company's immediate and ultimate holding company is Karlson Holding Limited ("Karlson") which is incorporated in the British Virgin Islands ("BVI") and controlled by Mr. Chan Kin Fung (formerly known as "Mr. Chan Tsan Fong") ("Mr. Chan").

The Historical Financial Information is presented in HK\$ which is also the functional currency of the Company and its subsidiaries.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with HKFRSs issued by the HKICPA.

The companies now comprising the Group underwent a group reorganisation as fully explained in the section headed "History, Reorganisation and Group Structure" of the Prospectus (the "Group Reorganisation") in preparation for the initial listing of the shares of the Company on the GEM of the Stock Exchange (the "Listing"). Before the completion of the Group Reorganisation, the operation of the Group was carried out by Quality Products, which was wholly and directly owned by Mr. Chan, the controlling shareholder of the Company. The Group Reorganisation included the following steps:

- (a) On 21 March 2017, Ocean One (BVI) was incorporated as limited liability company in BVI by issuing one share of United States dollars ("US\$") 1.00 to Mr. Chan.
- (b) On 31 March 2017, Ocean One (BVI) acquired the entire issued share capital of Quality Products from Mr. Chan by issuing one share of US\$1.00, credited as fully paid up.
- (c) On 18 April 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$390,000 divided into 39,000,000 shares of HK\$0.01 each with one subscriber share allotted and issued as nil-paid to Kelvin Butler, an independent third party. On 18 April 2017, Kelvin Butler transferred his one share to Karlson for nil consideration.
- (d) On 29 May 2017, the Company acquired the entire issued share capital of Ocean One (BVI) from Mr. Chan and in consideration and exchange, the Company allotted and issued one share to Karlson, credited as fully paid up, at the direction of Mr. Chan and credited as fully-paid up at par the one share held by Karlson. Thereafter, the Company become the holding company of the companies now comprising the Group.

The Group resulting from the Group Reorganisation, which involves interspersing the Company, Ocean One (BVI) and other investment holding company between Quality Products and Mr. Chan, is continued to be controlled by Mr. Chan and is regarded as a continuing entity. Accordingly, the combined statements of profit or loss and other comprehensive income, combined statements of changes of equity and combined statements of cash flows for the Track Record Period have been prepared to include the results, changes in equity and cash flows of the companies now comprising the Group as if the group structure upon the completion of the Group Reorganisation had been in existence throughout the Track Record Period, or since their respective dates of incorporation, where there is a shorter period. The combined statements of financial position of the Group as at 31 March 2016 and 31 March 2017 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure upon completion of the Group Reorganisation had been in existence at those dates taking into account the respective dates of incorporation, where applicable.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently adopted the HKFRSs issued by the HKICPA that are effective for the accounting period beginning on 1 April 2016 throughout the Track Record Period.

The Group has not early applied the following new and amendments to HKFRSs and interpretations that have been issued but are not yet effective:

HKFRS 9	Financial instruments ²
HKFRS 15	Revenue from contracts with customers and the related amendments ²
HKFRS 16	Leases ³
Hong Kong (IFRIC) Interpretation 22	Foreign currency transactions and advance consideration ²
Hong Kong (IFRIC) Interpretation 23	Uncertainty over income tax treatments ³
Amendments to HKAS 7	Disclosure initiative ¹
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses ¹
Amendments to HKAS 40	Transfers of investment property ²
Amendments to HKFRSs	Annual improvements to HKFRSs 2014–2016 cycle ⁴
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions ²
Amendments to HKFRS 4	Applying HKFRS 9 “Financial instruments” with HKFRS 4 “Insurance contracts” ²
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ⁵

¹ Effective for annual periods beginning on or after 1 January 2017.

² Effective for annual periods beginning on or after 1 January 2018.

³ Effective for annual periods beginning on or after 1 January 2019.

⁴ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

⁵ Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 “Financial instruments”

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirement of HKFRS 9 which is relevant to the Group is:

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 “Financial instruments: Recognition and measurement”. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

In general, the application of the expected credit loss model of HKFRS 9 will result in earlier recognition of credit losses for the respective items.

In the opinion of the directors of the Company, based on the historical experience of the Group, the default rate of the outstanding balances with customers and related parties is low. Hence, the directors of the Company anticipate that the application of HKFRS 9 would not have material impact on the Group’s future consolidated financial statements. The above assessments were made based on an analysis of the Group’s financial assets and financial liabilities as at 31 March 2017 on the basis of the facts and circumstances that existed at that date. As facts and circumstances may change during the period leading up to the initial date of application of HKFRS 9, which is expected to be 1 April 2018 as the Group does not intend to early apply the standard, the assessment of the potential impact is subject to change.

HKFRS 15 “Revenue from contracts with customers”

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction contracts” and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Group has performed a review of the existing contractual arrangements with its customers and the directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures but will not have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 “Leases”

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 “Leases” and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lease accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases for low-value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents finance lease payments as financing cash flows and operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned. In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group has no non-cancellable operating lease commitments as disclosed in note 27. Subsequent to the Track Record Period, the Group has entered into non-cancellable operating leases. The directors of the Company anticipate that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

The directors of the Company anticipate that the application of other new and amendments to HKFRSs and interpretations will have no material impact on the Group's future consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis and in accordance with the following accounting policies which conform to HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

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 the Historical Financial Information 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 within the scope of HKAS 17, 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".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of combination

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Combination of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Track Record Period are included in the combined statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customers' returns and discounts.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment property

Investment property is property held to earn rentals and/or for capital appreciation.

Investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment property over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the investment property is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Impairment

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from a director, pledged bank deposit and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by group entities are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade payables, amount due to a director, amount due to a related company, bank borrowings and bank overdrafts are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

- (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and
- (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the combined statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees such as wages and salaries after deducting any amount already paid.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the key sources of estimation uncertainty at the end of the reporting periods that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment loss recognised on trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise. As at 31 March 2016 and 31 March 2017, the carrying amount of trade receivables is HK\$16,102,000 and HK\$19,177,000, respectively.

Estimated allowance for inventories

The Group makes allowance for inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of obsolete inventories requires the use of judgment and estimates on the conditions and marketability of the inventories. Where the subsequent selling prices decline or costs necessary to make the sales increase, additional allowance may arise. As at 31 March 2016 and 31 March 2017, the carrying amount of inventories is HK\$22,754,000 and HK\$27,001,000, respectively.

6. REVENUE AND SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on importing and wholesaling of frozen seafood products during the Track Record Period. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs that are regularly reviewed by the executive directors of the Company, the chief operating decision maker ("CODM"). The CODM reviews the results of the Group as a whole in order to assess financial performance and allocation of resources. Accordingly, the operation of the Group constitutes only one single operating segment. Other than entity wide information, no further analysis of this single segment is presented.

Entity wide information is as follows:

Revenue from major products

The following is an analysis of the Group's revenue from its major products:

	Year ended 31 March	
	2016	2017
	HK\$'000	HK\$'000
Crabs and roe	12,875	10,628
Fishes	31,462	31,764
Octopuses and cuttlefishes	7,383	9,047
Prawns	53,354	77,872
Processed seafood products	23,554	35,255
Scallops, oysters and surf clams	27,938	41,679
Miscellaneous products	8,922	11,202
	<u>165,488</u>	<u>217,447</u>

Revenue by types of customers

The following is an analysis of the Group's revenue by types of customers:

	Year ended 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Frozen seafood resellers	150,117	195,456
Frozen seafood catering service providers	<u>15,371</u>	<u>21,991</u>
	<u><u>165,488</u></u>	<u><u>217,447</u></u>

Geographical information

Information about the Group's revenue from external customers presented based on the geographical location of the customers is as below:

	Year ended 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	137,598	186,305
Macau	<u>27,890</u>	<u>31,142</u>
	<u><u>165,488</u></u>	<u><u>217,447</u></u>

All of the Group's non-current assets are located in Hong Kong.

Information about major customers

No customers contributed over 10% of total revenue of the Group for each of the reporting period.

7. OTHER INCOME

	Year ended 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income (<i>Note</i>)	219	216
Others	<u>90</u>	<u>67</u>
	<u><u>309</u></u>	<u><u>283</u></u>

Note: During the year ended 31 March 2016 and 31 March 2017, direct operating expenses arising from investment property that generated rental income were HK\$39,000 and HK\$34,000, respectively.

8. OTHER (LOSS) GAIN

	Year ended 31 March	
	2016	2017
	HK\$'000	HK\$'000
Exchange loss, net	(943)	(416)
Gain on disposal of an investment property	—	4,513
	<u>(943)</u>	<u>4,097</u>

9. FINANCE COSTS

	Year ended 31 March	
	2016	2017
	HK\$'000	HK\$'000
Interests on:		
— bank borrowings	1,299	928
— bank overdrafts	551	319
— a finance lease	3	12
	<u>1,853</u>	<u>1,259</u>

10. PROFIT BEFORE TAXATION

	Year ended 31 March	
	2016	2017
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration (<i>Note 11(a)</i>)	1,116	1,196
Other staff costs	1,311	1,581
Retirement benefit schemes contributions	57	73
	<u>2,484</u>	<u>2,850</u>
Total staff costs		
Auditor's remuneration	60	150
Cost of inventories recognised as expenses	145,741	190,957
Depreciation of property, plant and equipment	989	993
Depreciation of an investment property	47	45
Operating lease rentals in respect of rented premises		
— Minimum lease payments	855	860
— Contingent rent (<i>Note</i>)	148	330
	<u>1,003</u>	<u>1,190</u>

Note: The contingent rent refers to the operating lease rentals based on weight of the goods stored in the warehouse calculated on pre-determined rate.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and Chief Executive's emoluments

Details of the emoluments paid or payable (including emoluments for the services as directors of the group entities prior to becoming directors of the Company) to the directors of the Company during the Track Record Period for their services rendered to the entities comprising the Group are as follows:

	Fees <i>HK\$'000</i>	Salaries and allowances <i>HK\$'000</i>	Performance related incentive payments <i>HK\$'000</i>	Retirement benefit schemes contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2016					
Executive directors					
Mr. Chan	—	360	360	18	738
Ms. Tse Chun Ha Amy	—	360	—	18	378
	<u>—</u>	<u>720</u>	<u>360</u>	<u>36</u>	<u>1,116</u>
For the year ended 31 March 2017					
Executive directors					
Mr. Chan	—	720	80	18	818
Ms. Tse Chun Ha Amy	—	360	—	18	378
	<u>—</u>	<u>1,080</u>	<u>80</u>	<u>36</u>	<u>1,196</u>

Mr. Chan and Ms. Tse Chun Ha Amy were appointed as directors of the Company on 18 April 2017 and 29 May 2017, respectively.

Mr. Chan is the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group.

No emoluments was paid or payable to the independent non-executive directors, namely Leung Wai Ping, Noel, So Yuk Ki and Lee Kam Wan, during the Track Record Period. These independent non-executive directors are appointed by the Company on 18 September 2017.

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, 2 and 2 were directors of the Company for the year ended 31 March 2016 and 31 March 2017, respectively, whose emoluments are included in the disclosures above. The emoluments of the remaining three individuals are as follows:

	Year ended 31 March	
	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Employees		
— salaries and allowances	511	612
— performance related incentive payments	57	49
— retirement benefit schemes contributions	<u>28</u>	<u>32</u>
	<u>596</u>	<u>693</u>

Their emoluments were within the following bands:

	Number of employees	
	Year ended 31 March	
	2016	2017
Nil to HK\$1,000,000	<u>3</u>	<u>3</u>

Performance related incentive payments were determined with reference to the Group's operating results, individual performances and comparable market statistics.

During the Track Record Period, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees), as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during the Track Record Period.

12. TAXATION

Tax charge comprises:

	Year ended 31 March	
	2016	2017
	HK\$'000	HK\$'000
Hong Kong Profits Tax:		
Current tax	1,870	3,099
Overprovision in prior years	(37)	—
Deferred taxation	<u>(37)</u>	<u>(96)</u>
	<u>1,796</u>	<u>3,003</u>

Ocean One (BVI) has no assessable profits during the Track Record Period.

Hong Kong Profits Tax of Quality Products is calculated at 16.50% of the estimated assessable profit for the Track Record Period.

The taxation charge for the Track Record Period can be reconciled to the profit before taxation per the combined statements of profit or loss and other comprehensive income as follows:

	Year ended 31 March	
	2016	2017
	HK\$'000	HK\$'000
Profit before taxation	<u>10,875</u>	<u>20,276</u>
Tax at Hong Kong Profits Tax rate of 16.50%	1,794	3,346
Tax effect of expenses not deductible for tax purposes	21	364
Tax effect of income not taxable for tax purposes	—	(745)
Overprovision in prior years	(37)	—
Others	<u>18</u>	<u>38</u>
Taxation charge	<u>1,796</u>	<u>3,003</u>

13. DIVIDENDS

No dividend was paid or declared by the Company since its incorporation. During the year ended 31 March 2016 and 31 March 2017, dividends of HK\$12,600,000 and HK\$10,000,000, representing HK\$4.20 per share and HK\$3.33 per share, respectively were declared and distributed by Quality Products to Mr. Chan.

14. EARNINGS PER SHARE

No earnings per share information is presented for the purpose of this report as its inclusion is not considered meaningful having regard to the Reorganisation of the Group and the result of the Group for the Track Record Period that is prepared on a combined basis as set out in note 2.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings <i>HK\$'000</i>	Equipment, furniture and fixtures <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST				
At 1 April 2015	4,693	4,487	455	9,635
Additions	<u>—</u>	<u>101</u>	<u>627</u>	<u>728</u>
At 31 March 2016	4,693	4,588	1,082	10,363
Additions	<u>—</u>	<u>26</u>	<u>—</u>	<u>26</u>
At 31 March 2017	<u>4,693</u>	<u>4,614</u>	<u>1,082</u>	<u>10,389</u>
DEPRECIATION				
At 1 April 2015	793	2,090	455	3,338
Provided for the year	<u>119</u>	<u>682</u>	<u>188</u>	<u>989</u>
At 31 March 2016	912	2,772	643	4,327
Provided for the year	<u>119</u>	<u>686</u>	<u>188</u>	<u>993</u>
At 31 March 2017	<u>1,031</u>	<u>3,458</u>	<u>831</u>	<u>5,320</u>
CARRYING VALUES				
At 31 March 2016	<u>3,781</u>	<u>1,816</u>	<u>439</u>	<u>6,036</u>
At 31 March 2017	<u>3,662</u>	<u>1,156</u>	<u>251</u>	<u>5,069</u>

All the Group's leasehold land and buildings are situated in Hong Kong.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold land and buildings	2.53%
Equipment, furniture and fixtures	20%
Motor vehicles	30%

As at 31 March 2016 and 31 March 2017, the carrying value of motor vehicles included an amount of HK\$439,000 and HK\$251,000, respectively in respect of asset held under a finance lease.

16. INVESTMENT PROPERTY

	<i>HK\$'000</i>
COST	
At 1 April 2015 and 31 March 2016	1,917
Disposal	<u>(1,917)</u>
At 31 March 2017	<u>—</u>
DEPRECIATION	
At 1 April 2015	338
Provided for the year	<u>47</u>
At 31 March 2016	385
Provided for the year	45
Eliminated on disposal	<u>(430)</u>
At 31 March 2017	<u>—</u>
CARRYING VALUES	
At 31 March 2016	<u>1,532</u>
At 31 March 2017	<u>—</u>

The Group's property interest held under operating leases to earn rentals or for capital appreciation purposes is measured using cost model and are classified and accounted for as investment property.

The fair value of the Group's investment property at 31 March 2016 was estimated at HK\$6,000,000. The fair value as at 31 March 2016 has been arrived at based on valuation carried out on that day by CS Surveyors Limited (located at 1st Floor, Kimley Commercial Building, 142-146 Queen's Road Central, Hong Kong), an independent valuer not connected with the Group and a member of Hong Kong Institute of Surveyors.

The fair value was determined based on direct comparison method assuming sales of the property interest in its existing state and making references to comparable market observable transactions of similar properties in similar locations and conditions as available in the relevant market. Those comparable properties are analysed and carefully weighed against all respective advantages and disadvantages of each property in order to arrive at a fair comparison of value. In estimating the fair value of the property, the highest and best use of the properties is their current use.

The investment property is situated in Hong Kong and depreciated on a straight-line basis at 2.43% per annum.

Details of the Group's investment property and information about the fair value hierarchy are as follows:

	Level 3 <i>HK\$'000</i>	Fair value <i>HK\$'000</i>
As at 31 March 2016		
Industrial property unit located in Hong Kong	<u>6,000</u>	<u>6,000</u>
As at 31 March 2017		
Industrial property unit located in Hong Kong	<u>N/A</u>	<u>N/A</u>

There were no transfers into or out of Level 3 during the year ended 31 March 2016 and 31 March 2017.

17. INVENTORIES

	As at 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finished goods	<u>22,754</u>	<u>27,001</u>

18. TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	16,102	19,177
Prepayments	1,417	2,394
Deposits	<u>108</u>	<u>104</u>
Total	<u>17,627</u>	<u>21,675</u>

The Group usually allows a credit period ranging from 0 to 60 days to its trade customers. The following is an aging analysis of the trade receivables presented based on the invoice dates at the end of each reporting period:

	As at 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	10,053	13,708
31 to 60 days	5,791	5,465
61 to 90 days	208	2
Over 90 days	<u>50</u>	<u>2</u>
	<u>16,102</u>	<u>19,177</u>

The management of the Group closely monitors the credit quality of trade receivables and considers the debtors that are neither past due nor impaired to be of a good credit quality. Before accepting any new customer, the Group's management will assess the potential customer's credit quality and determine the credit limits of each customer. Credit limits attributable to customers are reviewed periodically.

The Group has a policy for allowance of bad and doubtful debts which is based on the evaluation of collectibility and aging analysis of accounts and on management's judgement including the creditworthiness and the past collection history of each customer.

Included in the Group's trade receivables are debtors with aggregate carrying amount of approximately HK\$7,342,000 and HK\$6,726,000 as at 31 March 2016 and 31 March 2017, respectively, which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

The following is an aging analysis of trade receivables, which are past due but not impaired, at the end of each reporting period:

	As at 31 March	
	2016	2017
	HK\$'000	HK\$'000
Overdue by:		
0 to 30 days	6,707	6,646
31 to 60 days	584	76
61 to 90 days	8	2
Over 90 days	43	2
	<u>7,342</u>	<u>6,726</u>

Based on the historical experience of the Group, trade receivables that are past due but not impaired are generally recoverable.

19. AMOUNT DUE FROM (TO) A DIRECTOR

The amount due from (to) a director is unsecured, interest-free, non-trade nature and repayable on demand. The amount due to a director has been settled subsequent to 31 March 2017.

Amount due from a director

Particulars of amount due from a director are disclosed as follows:

	As at 1 April 2015 HK\$'000	As at 31 March		Maximum amount outstanding during the year ended 31 March	
		2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000
Mr. Chan	<u>11,981</u>	<u>12,433</u>	<u>—</u>	<u>14,452</u>	<u>12,433</u>

Amount due to a director

Particulars of amount due to a director are disclosed as follows:

	As at 31 March	
	2016	2017
	HK\$'000	HK\$'000
Mr. Chan	<u>—</u>	<u>4,587</u>

20. BANK BALANCES/PLEDGED BANK DEPOSIT/BANK OVERDRAFTS

Bank balances and pledged bank deposit carry interest at prevailing market rate ranging from 0.00% to 0.02% and 0.00% to 0.02% per annum as at 31 March 2016 and 31 March 2017, respectively.

Bank overdrafts carry interest at prevailing market rate of 6% and 6% per annum as at 31 March 2016 and 31 March 2017, respectively.

Included in bank balances is the following amount denominated in a currency other than the functional currency of the respective group entity:

	As at 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
US\$	<u>740</u>	<u>28</u>

21. TRADE AND OTHER PAYABLES

	As at 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	3,264	3,142
Rental deposits received	36	—
Accruals	<u>1,511</u>	<u>605</u>
	<u>4,811</u>	<u>3,747</u>

The credit period of trade payables is ranging from 0 to 30 days.

The following is an aging analysis of trade payables presented based on the invoice dates at the end of each reporting period:

	As at 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	<u>3,264</u>	<u>3,142</u>

Included in trade and other payables is the following amount denominated in currencies other than the functional currency of the respective group entity:

	As at 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Japanese Yen ("JPY")	2,523	3,106
US\$	<u>39</u>	<u>—</u>

22. AMOUNT DUE TO A RELATED COMPANY

	As at 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Eastern Mark Limited ("Eastern Mark")	<u>—</u>	<u>9,460</u>

The amount represents advances from a related company controlled by Mr. Chan, which is unsecured, interest-free, non-trade nature and repayable on demand. The whole balance has been settled subsequent to 31 March 2017.

23. BANK BORROWINGS

	As at 31 March	
	2016	2017
	HK\$'000	HK\$'000
Revolving loans	6,000	14,000
Import invoice financing loans	12,769	—
Term loans	15,664	7,971
	<u>34,433</u>	<u>21,971</u>
Fixed-rate borrowings	12,769	—
Variable-rate borrowings	21,664	21,971
	<u>34,433</u>	<u>21,971</u>
Secured and guaranteed	<u>34,433</u>	<u>21,971</u>
Carrying amounts payable*		
Within one year	21,718	15,930
More than one year, but not more than two years	2,604	1,820
More than two years, but not more than five years	5,650	4,221
More than five years	4,461	—
Amounts due within one year shown under current liabilities**	<u>34,433</u>	<u>21,971</u>

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

** The amounts contained a repayment on demand clause and are classified as current liabilities as at 31 March 2016 and 31 March 2017.

The above variable-rate bank borrowings bear interest ranging from Hong Kong Prime Rate minus 2.6% per annum to Hong Kong Prime Rate minus 1.5% per annum and from Hong Kong Prime Rate minus 2.0% per annum to Hong Kong Prime Rate minus 1.5% per annum as at 31 March 2016 and 31 March 2017, respectively.

The range of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings as at 31 March 2016 and 31 March 2017, respectively, is as follows:

	As at 31 March	
	2016	2017
Effective interest rates per annum:		
Variable-rate borrowings	<u>1.98%–3.75%</u>	<u>3.00%–3.75%</u>
Fixed-rate borrowings	<u>3.50%–4.13%</u>	<u>N/A</u>

Included in bank borrowings is the following amount denominated in currencies other than the functional currency of the respective group entity:

	As at 31 March	
	2016	2017
	HK\$'000	HK\$'000
JPY	7,010	—
US\$	5,759	—
	<u>5,759</u>	<u>—</u>

As at 31 March 2016 and 31 March 2017, details of assets of the Group pledged, guarantee provided by related parties and assets owned by related parties pledged for the bank borrowings of the Group are set out in notes 28 and 30, respectively.

24. OBLIGATION UNDER A FINANCE LEASE

The Group leased a motor vehicle under a finance lease with lease term of 5 years. Interest rates underlying the obligation under a finance lease is fixed at 2% as at 31 March 2016 and 31 March 2017, respectively.

No arrangement has been entered into for contingent rental payments.

	Minimum lease payments		Present value of minimum lease payments	
	As at 31 March		As at 31 March	
	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts payable under finance leases:				
Within one year	131	131	119	119
Within a period of more than one year but not more than two years	131	131	119	119
Within a period of more than two years but not more than five years	<u>362</u>	<u>231</u>	<u>329</u>	<u>210</u>
	624	493	567	448
Less: Future finance charges	<u>(57)</u>	<u>(45)</u>	<u>—</u>	<u>—</u>
Present value of lease obligations	<u>567</u>	<u>448</u>	567	448
Less: Amount due for settlement within 12 months (shown under current liabilities)			<u>(119)</u>	<u>(119)</u>
Amount due for settlement after 12 months (shown under non-current liabilities)			<u>448</u>	<u>329</u>

The Group's obligation under the finance lease is secured by the lessor's charge over the leased asset.

25. DEFERRED TAXATION

	Accelerated tax depreciation <i>HK\$'000</i>
At 1 April 2015	239
Credited to profit or loss	<u>(37)</u>
At 31 March 2016	202
Credited to profit or loss	<u>(96)</u>
At 31 March 2017	<u><u>106</u></u>

26. SHARE CAPITAL

The share capital shown in the Historical Financial Information as at 1 April 2015 and 31 March 2016 represented the issued share capital of Quality Products.

The share capital shown in the Historical Financial Information as at 31 March 2017 represented the issued share capital of Ocean One (BVI).

27. OPERATING LEASE COMMITMENTS**The Group as lessee**

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	<u>819</u>	<u>—</u>

Operating lease payments represent rentals payable by the Group for car park, office premises and warehouses. Leases and rentals are negotiated for fixed terms ranging from one to two years. One of the leases includes payment obligations with rental varied with weight of the goods stored in the warehouse. Included in above, the Group had future minimum lease payments under non-cancellable operating leases with Eastern Mark and Mr. Chan amounted to HK\$765,000 and HK\$54,000 as at 31 March 2016, respectively.

The Group as lessor

Investment property was leased for a term of one year. At the end of each reporting period, the Group had contracted with a tenant for the following future minimum lease payments:

	As at 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	<u>27</u>	<u>—</u>

28. PLEDGE OF ASSETS

At the end of the reporting period, the Group pledged the following assets to secure the bank borrowings and banking facilities granted to the Group and Eastern Mark (see note 30).

The carrying amounts of the assets pledged are as follows:

	As at 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Leasehold land and buildings	3,781	3,662
Investment property	1,532	—
Bank deposit	2,713	1,593
	<u>8,026</u>	<u>5,255</u>

In addition, rental income in respect of the investment property which was pledged to the bank was also assigned to that bank.

29. CONTINGENT LIABILITIES

	As at 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantees given to a bank in respect of banking facility granted to Eastern Mark	<u>9,195</u>	<u>17,593</u>

In the opinion of directors of the Company, the fair value of the financial guarantees of the inception was not significant. The directors of the Company represent that the guarantees will be released upon the Listing.

30. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the Historical Financial Information, the Group entered into the following related parties transactions:

Name of related party	Nature of transaction	Year ended 31 March	
		2016	2017
		<i>HK\$'000</i>	<i>HK\$'000</i>
Related party transactions to be continued after the Listing:			
Eastern Mark	Rental expenses	765	765
Mr. Chan	Carpark rental expenses	<u>54</u>	<u>54</u>

Mr. Chan and Ms. Tse Chun Ha Amy provide unlimited personal guarantees to banks and Eastern Mark provides unlimited corporate guarantee to banks in respect of the bank borrowings granted to the Group and Eastern Mark as at 31 March 2016 and 31 March 2017. The directors of the Company represent that the personal guarantees and corporate guarantee will be released upon the Listing.

Mr. Chan, Ms. Tse Chun Ha Amy and Eastern Mark also pledged properties owned by them to secure the bank borrowings granted to the Group and Eastern Mark as at 31 March 2016 and 31 March 2017. The directors of the Company represent that the pledge of assets will be released upon the Listing.

Ms. Tse Chun Ha Amy is a director of the Company and the spouse of Mr. Chan.

Compensation of key management personnel

The remuneration of key management personnel of the Group who have been appointed as the directors of the Company during the Track Record Period was as follows:

	Year ended 31 March	
	2016 HK\$'000	2017 HK\$'000
Salaries and allowances	720	1,080
Performance related incentive payments	360	80
Retirement benefit schemes contributions	36	36
	<u>1,116</u>	<u>1,196</u>

31. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees but subject to a maximum amount of HK\$1,500 per month for each employee to the scheme.

32. NON-CASH TRANSACTIONS

During the year ended 31 March 2016, the Group entered into a finance lease in respect of an asset with a total value of HK\$597,000 at the inception of the finance lease.

During the year ended 31 March 2017, bank borrowings amounting to HK\$9,460,000 in total have been reassigned to Eastern Mark.

33. PARTICULARS OF THE SUBSIDIARIES

At the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place and date of incorporation	Place of operation	Issued and full paid share capital	Equity interests attributable to the Group as at			Principal activities	Notes
				31 March 2016	31 March 2017	date of this report		
Directly held:								
Ocean One (BVI)	BVI 21 March 2017	N/A	US\$2	N/A	100%	100%	Investment holding	(a)
Indirectly held:								
Quality Products	Hong Kong 14 August 2002	Hong Kong	HK\$3,000,001	100%	100%	100%	Importing and wholesaling of frozen seafood products	(b)

All subsidiaries now comprising the Group have adopted 31 March as their financial year end date.

Notes:

- (a) No audited financial statements of Ocean One (BVI) have been prepared since its date of incorporation as it is incorporated in a jurisdiction where there is no statutory audit requirement.
- (b) The statutory financial statements of Quality Products for the year ended 31 March 2016 were prepared in accordance with Small and Medium-sized Entity Financing Reporting Standard issued by the HKICPA and were audited by Simon Choy & Co, Certified Public Accountants in Hong Kong.

No statutory financial statements of Quality Products have been prepared for the year ended 31 March 2017 as the financial statements have not yet been due to issue.

34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes the amount due to a director, bank borrowings, obligation under a finance lease and bank overdrafts disclosed in notes 19, 23, 24 and 20, respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through new share issues as well as the issue of new debt or the redemption of existing debt.

35. FINANCIAL INSTRUMENTS**Categories of financial instruments**

	As at 31 March	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets		
Loans and receivables (including cash and cash equivalents)	<u>31,998</u>	<u>29,804</u>
Financial liabilities		
Amortised cost	<u>52,701</u>	<u>47,061</u>
Obligation under a finance lease	<u>567</u>	<u>448</u>

Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, amount due from a director, pledged bank deposit, bank balances, trade payables, amount due to a director, amount due to a related company, bank borrowings and bank overdrafts. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The carrying amounts of the Group's monetary assets and liabilities (including bank balances, trade payables and bank borrowings) denominated in currencies other than the functional currency of the respective group entity at the end of each reporting period are as follows:

	Assets		Liabilities	
	As at 31 March		As at 31 March	
	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
JPY	—	—	9,533	3,106
US\$	740	28	5,798	—

The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure. However, management monitors the related foreign currency exposure closely and will consider hedging significant currency exposure should the need arise.

Sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the functional currency of the group entities against relevant foreign currency. 10% is the sensitivity rate which represents management's assessment of the reasonably possible change in foreign currency rate. The sensitivity analysis includes only outstanding JPY denominated monetary items and adjusts their translation at the end of the reporting period for a 10% change. The sensitivity analysis excludes balances which are denominated in US\$ since US\$ is pegged to HK\$. A positive number indicates an increase in post-tax profit for the year when HK\$ strengthens 10% against JPY. For a 10% weakening of HK\$ against JPY, there would be an equal but opposite impact on the post-tax profit for the year.

	Year ended 31 March	
	2016	2017
	HK\$'000	HK\$'000
JPY	796	259

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the exposures at the end of each reporting period do not reflect the exposure during the Track Record Period.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to pledged bank deposit, bank balances, bank overdrafts and bank borrowings (see notes 20 and 23 for details of these balances). Interest charged on the Group's borrowings and bank overdrafts are varied to Hong Kong Prime Rate. The Group is also exposed to fair value interest rate risk in relation to fixed-rate bank balances and bank borrowings (see notes 20 and 23). The directors of the Company consider the Group's exposures of the bank balances are not significant as interest bearing bank balances are within short maturity period and thus they are not included in sensitivity analysis. The Group currently does not have a policy on cash flow hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank borrowings and bank overdrafts. The analysis is prepared assuming that the amount of liabilities outstanding at the end of each reporting period were outstanding for the whole year. 100 basis points increase or decrease represent the management's assessment of the reasonably possible change in interest rates of bank borrowings and bank overdrafts.

If interest rates on variable-rate bank borrowings and bank overdrafts had been 100 basis points higher/lower and all other variables were held constant, the potential effect on the Group's post-tax profit during the Track Record Period is as follows:

	Year ended 31 March	
	2016	2017
	HK\$'000	HK\$'000
(Decrease) increase in post-tax profit for the year		
— as a result of increase in interest rate	(306)	(249)
— as a result of decrease in interest rate	<u>306</u>	<u>249</u>

Credit risk

As at 31 March 2016 and 31 March 2017, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the amount of contingent liabilities in relation to financial guarantees provided by the Group as disclosed in note 29.

As at 31 March 2016 and 31 March 2017, the Group has concentration of credit risk by geographical location as 86% and 87% of trade receivables as at 31 March 2016 and 31 March 2017, respectively are in Hong Kong.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has concentration of risk in respect of the amount due from a director at the end of each reporting period. In order to minimise the credit risk, the management has reviewed the recoverable amount of amount due from the director regularly at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amount. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group also has concentration of credit risk on liquid funds which are deposited with several banks. The credit risk for bank deposits is considered minimal as such amounts are placed in banks with high credit ratings.

Liquidity risk

For the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and bank overdrafts and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for their non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest cash flows are at floating rate, the undiscounted amount is derived from current interest rates at the end of each reporting period.

Liquidity and interest risk tables

	Weighted effective interest rate %	On demand or less than 1 year HK\$'000	1–2 years HK\$'000	2–5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 March 2016						
Trade payables	—	3,264	—	—	3,264	3,264
Bank borrowings						
— variable-rate	2.87	21,664	—	—	21,664	21,664
— fixed-rate	3.73	12,769	—	—	12,769	12,769
Bank overdrafts	6.00	15,004	—	—	15,004	15,004
Obligation under a finance lease	2.00	131	131	362	624	567
		<u>52,832</u>	<u>131</u>	<u>362</u>	<u>53,325</u>	<u>53,268</u>
Financial guarantee contracts	N/A	<u>9,195</u>	<u>—</u>	<u>—</u>	<u>9,195</u>	<u>—</u>
As at 31 March 2017						
Trade payables	—	3,142	—	—	3,142	3,142
Bank borrowings						
— variable-rate	3.56	21,971	—	—	21,971	21,971
Amount due to a director	—	4,587	—	—	4,587	4,587
Amount due to a related company	—	9,460	—	—	9,460	9,460
Bank overdrafts	6.00	7,901	—	—	7,901	7,901
Obligation under a finance lease	2.00	131	131	231	493	448
		<u>47,192</u>	<u>131</u>	<u>231</u>	<u>47,554</u>	<u>47,509</u>
Financial guarantee contracts	N/A	<u>17,593</u>	<u>—</u>	<u>—</u>	<u>17,593</u>	<u>—</u>

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of each reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Bank borrowings with repayment on demand clauses are included in the “on demand or less than 1 year” time band in the above maturity analysis. As at 31 March 2016 and 31 March 2017, the aggregate carrying amounts of these bank borrowings amounted to HK\$34,433,000 and HK\$21,971,000 respectively. Taken into account the Group’s financial position, the directors of the Company do not believe that it is probable that the lenders will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Weighted effective interest rate %	On demand or less than 1 year HK\$'000	1–2 years HK\$'000	2–5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 March 2016							
— Variable-rate	2.87	9,541	2,875	6,145	4,595	23,156	21,664
— Fixed-rate	3.73	12,822	—	—	—	12,822	12,769
		<u>22,363</u>	<u>2,875</u>	<u>6,145</u>	<u>4,595</u>	<u>35,978</u>	<u>34,433</u>
As at 31 March 2017							
— Variable-rate	3.56	16,675	1,993	4,402	—	23,070	21,971

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of each reporting period.

Fair value

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

36. SUBSEQUENT EVENTS

The following significant events took place subsequent to 31 March 2017:

- (a) Pursuant to a written resolution passed by the sole shareholder of Quality Products on 5 June 2017, the amount due to a director of HK\$12,000,000 is capitalised by issuing one share of Quality Products to Ocean One (BVI).
- (b) On 21 September 2017, the authorised share capital of the Company was increased from HK\$390,000 divided into 39,000,000 shares to HK\$100,000,000 divided into 10,000,000,000 shares by the creation of an additional 9,961,000,000 shares, ranking pari passu in all respect with the then existing shares.
- (c) On 21 September 2017, resolutions in writing were passed by the shareholders of the Company pursuant to which, among other things, conditional on (i) the Stock Exchange granting listing of and permission to deal in the shares in issue and to be issued as mentioned in the Prospectus, and (ii) the obligations of the underwriters under the public offer underwriting agreement and placing underwriting agreement becoming unconditional and not being terminated in accordance with the terms of the public offer underwriting agreement and placing underwriting agreement or otherwise, in each case on or before the date falling 30 days after the date of the Prospectus:
 - conditional on the share premium account of the Company being credited with the proceeds from the share offer, the Capitalisation Issue as defined below was approved, and the directors of the Company were authorised to capitalise HK\$2,099,999.98 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 209,999,998 shares for allotment and issue to the sole shareholder whose name appears on the register of members of the Company at the close of business on 21 September 2017, each ranking pari passu in all respects with the then existing issued shares (the “Capitalisation Issue”); and

- the rules of the share option scheme, the principal terms of which are set out in the paragraph headed “5. Share Option Scheme” in appendix V to the Prospectus, were approved and adopted and the directors of the Company were authorised, at their absolute discretion, to administer the share option scheme; modify or amend the share option scheme from time to time as required by the Stock Exchange; grant options to subscribe for shares under the share option scheme; allot, issue and deal with the shares issued pursuant to the share option scheme; make application as appropriate to the Stock Exchange for the listing of, and permission to deal in, any shares of any part thereof that may hereafter from time to time be allotted and issued pursuant to the exercise of the options granted under the share option scheme; and take all such actions as they consider necessary and/or desirable to implement and give effect to the share option scheme.

37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or any of its subsidiaries in respect of any period subsequent to 31 March 2017.

The information set out in this Appendix does not form part of the accountants' report on the historical financial information of our Group for the two years ended 31 March 2017 (the "Accountants' Report") from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set out in Appendix I to this prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" in this prospectus and the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS OF OUR GROUP

The following is an illustrative statement of the unaudited pro forma adjusted combined net tangible assets of our Group which has been prepared in accordance with paragraph 7.31 of the GEM Listing Rules for the purpose of illustrating the effect of the Share Offer as if it had taken place on 31 March 2017. The unaudited pro forma adjusted combined net tangible assets of our Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of our Group had the Share Offer been completed on 31 March 2017 or at any future dates. It is prepared based on the audited combined net tangible assets of our Group as at 31 March 2017 as shown in the Accountants' Report as set out in Appendix I to this prospectus and adjusted as described below.

	Audited combined net tangible assets of our Group as at 31 March 2017⁽¹⁾ HK\$'000	Estimated net proceeds from the Share Offer⁽²⁾ HK\$'000	Unaudited pro forma adjusted combined net tangible assets of our Group as at 31 March 2017 HK\$'000	Unaudited pro forma adjusted combined net tangible assets of our Group as at 31 March 2017 per Share⁽³⁾ HK\$
Based on a Offer Price of HK\$1.08 per Share	<u>15,088</u>	<u>54,239</u>	<u>69,327</u>	<u>0.25</u>
Based on a Offer Price of HK\$1.28 per Share	<u>15,088</u>	<u>67,117</u>	<u>82,205</u>	<u>0.29</u>

Notes:

- (1) The audited combined net tangible assets of our Group as at 31 March 2017 amounting to HK\$15,088,000 is extracted from the Accountants' Report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Share Offer are based on 70,000,000 Offer Shares at the Offer Price of HK\$1.08 per Share and HK\$1.28 per Share, respectively, after deduction of the estimated underwriting fees and other related expenses incurred or expected to be incurred by our Group other than Listing expenses which has been recognised in profit or loss up to 31 March 2017. It does not take into account of any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme, any Shares which may be issued upon the exercise of the Offer Size Adjustment Option or any Shares which may be issued or repurchased by our Company pursuant to the Company's general mandates.
- (3) The unaudited pro forma adjusted combined net tangible assets of our Group per Share is calculated based on 280,000,000 Shares comprising 2 Shares in issue at the date of this prospectus, 209,999,998 Shares to be issued pursuant to the Capitalisation Issue and 70,000,000 Shares to be issued pursuant to the Share Offer. It does not take into account of any Shares that may be issued upon the exercise of options which may be granted under the Share Option Scheme, any Shares which may be issued upon the exercise of the Offer Size Adjustment Option or any Shares which may be issued or repurchased by our Company pursuant to the Company's general mandates.
- (4) By comparing the valuation of the property interests as set out in Appendix III to this prospectus, the net valuation surplus is approximately HK\$10,738,000 as compared to the carrying amounts of our Group's property interests as at 31 March 2017, which has not been included in the above combined net tangible assets of our Group. The valuation surplus of the property interests will not be incorporated in our Group's consolidated financial statements in the future. If the valuation surplus were to be included in the Group's consolidated financial statements, an additional annual depreciation charge of approximately HK\$350,000 (excluding tax impact) would be charged to profit or loss.
- (5) The above unaudited pro forma adjustments were prepared solely to illustrate the effect of the Share Offer, they have not taken into account of the capitalisation of HK\$12,000,000 due to a director in June 2017 (the "Capitalisation"). If such Capitalisation was also taken into account in the above unaudited pro forma financial information, and assuming estimated net proceeds from the Share Offer at the Offer Price of HK\$1.08 per Share and HK\$1.28 per Share, respectively, the unaudited pro forma adjusted combined net tangible assets of our Group as at 31 March 2017 would have been approximately HK\$81,327,000 and HK\$94,205,000, respectively and the unaudited pro forma adjusted combined net tangible assets of our Group as at 31 March 2017 per Share would have been approximately HK\$0.29 and HK\$0.34, respectively.

B. REPORTING ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of an assurance report received from the reporting accountants of our Company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Group for the purpose of incorporation in this prospectus.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of Ocean One Holding Ltd.**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Ocean One Holding Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets as at 31 March 2017 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 29 September 2017 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Share Offer (as defined in the Prospectus) on the Group's financial position as at 31 March 2017 as if the proposed Share Offer had taken place at 31 March 2017. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for the two years ended 31 March 2017, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants’ judgment, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 September 2017

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this prospectus received from Asset Appraisal Limited, an independent property valuer, in connection with its valuation as at 31 July 2017 of the property interests held by the Group.



Asset Appraisal Limited
中誠達資產評值顧問有限公司

Rm 901 9/F On Hong Commercial Building
No. 145 Hennessy Road Wanchai HK
香港灣仔軒尼詩道145號安康商業大廈9字樓901室
Tel : (852) 2529 9448

29 September 2017

The Board of Directors
Ocean One Holding Ltd.
Unit B, 5/F,
Goodwill Industrial Bldg,
36–44 Pak Tin Par St,
Tsuen Wan, Hong Kong

Dear Sirs,

Re: Valuation of Portion A on 8th Floor, Goodwill Industrial Building, Nos. 36–44 Pak Tin Par Street, Tsuen Wan, New Territories.

In accordance with the instructions of **Ocean One Holding Ltd.** (the “**Company**”) to value the property interests (the “**Property**”) held by the Company and its subsidiaries (altogether referred to as the “**Group**”) situated in Hong Kong, we confirm that we have carried out inspections of the property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 July 2017 (the “**date of valuation**”).

BASIS OF VALUATION

Our valuation of the Property represents the market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

TITLESHIP

We have been obtained land registration details of the Property in the Land Registry. However, we have not verified ownership of the Property and the existence of any encumbrances that would affect its ownership.

VALUATION METHODOLOGY

The Property has been valued by the comparison method where comparison based on price information of comparable properties has been made. Comparable properties of similar size, character and location have been analysed and carefully selected of each comparable property in order to arrive at a fair comparison of capital values.

ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the Property on the market without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect its value.

As the Property is held by the owners by means of long term Government lease, we have assumed that the owners have free and uninterrupted rights to use the Property for the whole of the unexpired term of the Government lease.

Other special assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

LIMITING CONDITIONS

No allowance has been made in our report for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation. Our valuation has been carried out on the basis that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, statutory notices, easements, particulars of occupancy and all other relevant matters.

All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

The Property was inspected on 7 April 2017 by Yang Jun Hao, who is a probationer member of the Royal Institution of Chartered Surveyors and an employee of us. During the site inspection, we have ascertained the following matters of the Property:

- the general environment and development conditions of the area in which the Property is situated;
- the existing use of the Property;
- the occupancy of the Property;
- the facilities provided by the Property;
- the existence of any non-conformity use within the Property;

- the repair and maintenance conditions of the Property; and
- the existence of any closure order and resumption order affixed to the Property.

However, no structural survey has been made for it. In the course of our inspection, we did not note any apparent defect. We are not, however, able to report whether the Property is free of rot, infestation or any structural defect. No test was carried out on any of the building services and equipment.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the Property, we have complied with all the requirements contained in Chapter 8 of the Rules Governing the Listing of Securities on the Growth Enterprise Market issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors.

All monetary sums stated in this report are in Hong Kong Dollar (HK\$).

Our valuation certificate is attached herewith.

Yours faithfully,
for and on behalf of
Asset Appraisal Limited

Sandra Lau
MHKIS AAPI RPS(GP)
Director

Sandra Lau is a member of the Hong Kong Institute of Surveyors, an Associate of the Australian Property Institute and a Registered Professional Surveyor in General Practice. She is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Valuation Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.

VALUATION CERTIFICATE

Property held by the Group for owner occupation

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 July 2017 HK\$
Portion A on 8th Floor, Goodwill Industrial Building, Nos. 36–44 Pak Tin Par Street, Tsuen Wan, New Territories.	The Property comprises a workshop on 8th floor within a 24-storey industrial building of reinforcement concrete completed in about 1982.	As confirmed by the Company, the Property was occupied by the owner.	14,400,000
10/16th of 16/438th equal and undivided shares of and in Section B and the Remaining Portion of Tsun Wan Inland Lot No. 46.	The gross floor area and saleable area of the Property is approximately 5,627 and 4,410 square feet respectively. The Property is held under Conditions of Sale No. UB5208 for a term of 75 years renewable for 24 years commencing on 1 July 1898, which has been statutorily extended to 30 June 2047 and is subject to an annual Government Rent equivalent to three percent of Rateable Values from time to time.		

Notes:

1. The registered owner of the Property is Quality Products (H.K.) Limited vide memorial no. 08100801120027 dated 18 September 2008.
2. Deed of Mutual Covenant of the development was registered vide memorial no. UB3220737 dated 24 October 1986.
3. The Property is subject to a Mortgage in favour of Nanyang Commercial Bank Limited vide memorial no.08100801120039 dated 18 September 2008.
4. The property falls within an area zoned “Other Specified Uses (Business)” under Tsuen Wan Outline Zoning Plan No. S/TW/32 dated 13 May 2016.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 April, 2017 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Companies Law”). The Company’s constitutional documents consist of its Memorandum of Association (the “Memorandum”) and its Articles of Association (the “Articles”).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 21 September 2017 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting

two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is

due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with

regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in

proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given held in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address, by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic

form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the

directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his

duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 9 May 2017.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands.

Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Incorporation

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Cayman Islands Companies Law on 18 April 2017. On 2 June 2017, our Company changed its name from Ocean One Holding Ltd. 大洋控股有限公司 to Ocean One Holding Ltd. 大洋環球控股有限公司. Our Company was registered as a non-Hong Kong company with the Registrar of Companies in Hong Kong under Part 16 of the Companies Ordinance on 15 June 2017. Our principal place of business in Hong Kong is at Unit B, 5/F, Goodwill Industrial Building, 36–44 Pak Tin Par Street, Tsuen Wan, Hong Kong. Mr. Tsui Siu Hung Raymond has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, we operate subject to Cayman Islands law and our constitutional documents comprising the Memorandum of Association and Articles of Association. A summary of various provisions of our constitutional documents and relevant aspects of the Cayman Islands company law is set out in Appendix IV to this prospectus.

B. Changes in Share Capital of our Company

Our Company was incorporated in the Cayman Islands on 18 April 2017 with an authorised share capital of HK\$390,000 divided into 39,000,000 Shares of HK\$0.01 each, with one subscriber Share allotted and issued as nil-paid to Kevin Butler, an Independent Third Party. On 18 April 2017, Kevin Butler transferred his one Share to Karlson for nil consideration.

On 29 May 2017, pursuant to a share purchase agreement between the Company and Mr. Chan, the Company acquired the entire issued share capital of Ocean One (BVI) from Mr. Chan, and in consideration and exchange, the Company allotted and issued one Share to Karlson, credited as fully paid up, at the direction of Mr. Chan, and credited as fully-paid up at par the one nil-paid Share held by Karlson.

On 21 September 2017, the authorised share capital of our Company was increased from HK\$390,000 to HK\$100,000,000 by the creation of 9,961,000,000 Shares to rank pari passu with the then existing Share in all respects.

Assuming that the Share Offer becomes unconditional and the Offer Shares are issued immediately following completion of the Share Offer and the Capitalisation Issue but without taking into account of any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and the exercise of any options which may be granted under the Share Option Scheme, the issued share capital of our Company immediately following the Share Offer and the Capitalisation Issue will be HK\$2,800,000 divided into 280,000,000 Shares, which will be allotted and issued fully paid or credited as fully paid, and 9,720,000,000 Shares will remain unissued.

Save as disclosed in this prospectus, there has been no alteration in the share capital of our Company since its incorporation.

C. Written Resolutions of our Sole Shareholder passed on 21 September 2017

Pursuant to the written resolutions of our sole Shareholder passed on 21 September 2017:

- (a) our Company approved and adopted our Memorandum with immediate effect and our Articles of Association with effect from the Listing Date;
- (b) the authorised share capital of our Company was increased from HK\$390,000 to HK\$100,000,000 by the creation of an additional 9,961,000,000 Shares to rank pari passu with the existing Shares in all respects;
- (c) conditional on (i) the Stock Exchange granting listing of and permission to deal in our Shares in issue and to be issued as mentioned in this prospectus, and (ii) the obligations of the Underwriters under the Public Offer Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms of the Public Offer Underwriting Agreement or otherwise, in each case on or before the date falling 30 days after the date of this prospectus:
 - (i) the Share Offer and the Offer Size Adjustment Option were approved and our Directors were authorised to allot and issue the Offer Shares and the Shares as may be required to be allotted and issued upon the exercise of the Offer Size Adjustment Option;
 - (ii) conditional on the share premium account of our Company being credited with the proceeds from the Share Offer, the Capitalisation issue was approved, and our Directors were authorised to capitalise HK\$2,099,999.98 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 209,999,998 Shares for allotment and issue to the sole Shareholder whose name appears on the register of members of our Company at the close of business on 21 September 2017, each ranking pari passu in all respects with the then existing issued Shares;
 - (iii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “5. Share Option Scheme” in this appendix, were approved and adopted and our Directors were authorised, at their absolute discretion, to administer the Share Option Scheme; modify or amend the Share Option Scheme from time to time as required by the Stock Exchange; grant options to subscribe for Shares under the Share Option Scheme; allot, issue and deal with the Shares issued pursuant to the Share Option Scheme; make application as appropriate to the Stock Exchange for the listing of, and permission to deal in, any Shares of any part thereof that may hereafter from time to time be allotted and issued pursuant to the exercise of the options granted under the Share Option Scheme; and take all such actions as they consider necessary and/or desirable to implement and give effect to the Share Option Scheme;

- (d) a general unconditional mandate (“**Issuing Mandate**”) was given to our Directors to exercise all the powers to allot, issue and deal with, otherwise than by way of rights, scrip dividend schemes or similar arrangements in accordance with the Articles of Association, or pursuant to the exercise of any options which may be granted under the Share Option Scheme or any other option scheme or similar arrangement for the time being adopted, Shares not exceeding 20% of the aggregate number of issued Shares immediately following the completion to the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme);
- (e) a general unconditional mandate (“**Buy-back Mandate**”) was given to our Directors authorising them to exercise all powers of our Company to purchase Shares on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which are recognised by the SFC and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the GEM Listing Rules or equivalent rules or regulations of any other stock exchanges as amended from time to time, and such number of Shares will represent up to 10% of the aggregate number of issued Shares immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme); and
- (f) the Issuing Mandate was extended by the addition to the aggregate number of Shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate number of Shares purchased by our Company pursuant to the Buy-back Mandate provided that such extended amount shall not exceed 10% of the total number of issued Shares immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme).

Each of the general mandates referred to in paragraphs (d), (e) and (f) above will remain in effect until whichever is the earliest of:

- (a) the conclusion of our next annual general meeting, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- (b) the expiration of the period within which we are required by any applicable law or the Articles of Association to hold our next annual general meeting; or
- (c) the time when such mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

D. The Reorganisation

In preparation for the Listing, the companies comprising our Group underwent the Reorganisation. Please refer to the section headed “History, Reorganisation and Group Structure” in this prospectus for details of the Reorganisation of our Group.

E. Changes in the Share Capital of our Subsidiaries

Our Company’s subsidiaries are referred to in the Accountants’ Report as set out in Appendix I to this prospectus. Save for the subsidiaries mentioned in the Accountants’ Report and in the section headed “History, Reorganisation and Group Structure” in this prospectus, our Company has no other subsidiaries.

On 5 June 2017, Quality Products allotted and issued one new share with no par value to Ocean One (BVI), at the direction of Mr. Chan, in consideration of the capitalisation of loan in an aggregate amount of HK\$12.0 million owed by Quality Products to Mr. Chan.

Save as disclosed above, there has been no other alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

F. Buy-back by our Company of its own Securities

This section sets out information required by the Stock Exchange to be included in this prospectus concerning the purchase by our Company of our own securities.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies with a primary listing on GEM to purchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) Shareholder’s approval

All proposed purchase of Shares must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to the written resolutions of our sole Shareholder passed on 21 September 2017, the Buy-back Mandate was given to our Directors to purchase 28,000,000 Shares, representing 10% of the aggregate number of issued Shares immediately following the completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or the options which may be granted under the Share Option Scheme). The Buy-back Mandate will remain in effect until the earliest of: (i) the conclusion of the next annual general meeting, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; (ii) the expiration of the period within which our Company is required by

any applicable law or the Articles of Association to hold the next annual general meeting of our Company; or (iii) the time when such the Buy-back Mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

(ii) Source of funds

Any purchases of Shares by our Company must only be paid out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association, the GEM Listing Rules and the Cayman Islands Companies Law. Our Company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Any purchases may be made out of funds legally available for the purpose, namely profits or share premium or the proceeds of a fresh issue of shares made for the purpose. Any premium on a purchase may be made out of profits or our Company's share premium account. Subject to satisfaction of the statutory solvency test prescribed by the Companies Law, a purchase may also be paid out of capital.

(iii) Trading restrictions

The total number of Shares which our Company is authorised to purchase on the Stock Exchange is such number of Shares which represents up to a maximum of 10% of the existing issued share capital of our Company as of the date of the resolution approving the purchase. Our Company may not issue or announce an issue of securities for a period of 30 days immediately following a purchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such purchase) without the prior approval of the Stock Exchange. Our Company shall also not purchase our Shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which our Shares were traded on the Stock Exchange.

(iv) Shares to be purchased

The GEM Listing Rules provide that the shares which are proposed to be purchased by a company must be fully paid up.

(v) Status of repurchased securities

The listing of all repurchased securities (whether on the Stock Exchange or otherwise) is automatically cancelled and the relative certificates for those securities must be cancelled and destroyed. Under the laws of the Cayman Islands, a company's repurchased securities are to be treated as cancelled.

(vi) *Suspension of repurchases*

Securities repurchases are prohibited after an inside information development has occurred or has been the subject of a decision until such time as the inside information has been publicly announced. In addition, the Stock Exchange reserves the right to prohibit repurchases of securities on the Stock Exchange if a company has breached the GEM Listing Rules.

(vii) *Reporting requirements*

Repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, our Company's annual report is required to disclose details regarding repurchases of securities made during the year, including the number of securities repurchased and the aggregate prices paid.

(viii) *Core connected persons*

Our Company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of our Company or any of our subsidiaries or their associates (as defined in the GEM Listing Rules) and a core connected person is prohibited from knowingly selling his securities to our Company.

(b) *Share capital*

The exercise in full of the Buy-back Mandate, on the basis of 280,000,000 Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (assuming the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme are not exercised), could accordingly result in up to 28,000,000 Shares being repurchased by our Company during the period prior to the date on which the Buy-back Mandate expires or terminates.

(c) *General information relevant to the Buy-back Mandate*

- (i) Our Directors believe that it is in the best interests of our Company and our Shareholders to have a general authority from our Shareholders to enable our Directors to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of our net value and our assets and/or earnings per Share.

- (ii) There might be a material adverse impact on our working capital or gearing position (as compared with the position disclosed in this prospectus) in the event that the Buy-back Mandate is exercised in full. However, our Directors do not propose to exercise the Buy-back Mandate to such extent as would, in the circumstances, have a material adverse effect on our working capital requirements or on such gearing levels that our Directors consider appropriate from time to time.
- (iii) None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective associates, have any present intention to sell any Shares to our Company if the Buy-back Mandate is exercised.
- (iv) Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buy-back Mandate only in accordance with the GEM Listing Rules, the Articles of Association and the applicable laws and regulations of the Cayman Islands. We shall procure the broker who effects the repurchase of securities to disclose to the Stock Exchange such information in relation to the purchase as the Stock Exchange may request.
- (v) If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder (or a group of Shareholders acting in concert, as defined in the Takeovers Code), depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences that may arise under the Takeovers Code as a result of any repurchase pursuant to the Buy-back Mandate.
- (vi) Any repurchase of Shares which results in the amount of Shares held by the public being reduced to less than 25% could only be implemented with the agreement of the Stock Exchange to waive the requirement regarding the public shareholding referred to above. Except in extraordinary circumstances, a waiver of this provision would not normally be given by the Stock Exchange.
- (vii) No core connected person (as defined in the GEM Listing Rules) has notified us that he has any present intention to sell Shares to our Company, nor has any core connected person undertaken not to do so, if the Buy-back Mandate is exercised.

2. FURTHER INFORMATION ABOUT THE BUSINESS









A. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of our Group within the two years preceding the date of this prospectus and are, or may be, material:

- (a) an agreement for sale and purchase dated 18 November 2016 between Quality Products as the vendor and Perfect International (Asia) Limited as the purchaser for the sale and purchase of the property situated at Unit B, 11th Floor, Sang Hing Industrial Building, Nos. 81–83 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong;
- (b) a share purchase agreement dated 29 May 2017 between our Company and Mr. Chan pursuant to which our Company acquired the entire issued share capital of Ocean One (BVI) from Mr. Chan;
- (c) a share purchase agreement dated 27 March 2017 between Mr. Chan and Ocean One (BVI) pursuant to which Ocean One (BVI) acquired the entire issued share capital of Quality Products from Mr. Chan;
- (d) a deed of indemnity dated 28 September 2017 executed by the Controlling Shareholders in favour of our Company (for itself and as trustee for its subsidiaries stated therein) containing (i) indemnities in respect of taxation; and (ii) certain other indemnities and undertakings as more particularly set out in the paragraph headed “6. Other information — B. Indemnities’ in this Appendix;
- (e) a deed of non-competition dated 28 September 2017 executed by the Controlling Shareholders and Mrs. Chan in favour of our Company (for itself and as trustee for its subsidiaries stated therein), details of which are particularly set out under the section headed “Relationship with Controlling Shareholders — Non-competition Undertaking” in this prospectus; and
- (f) the Public Offer Underwriting Agreement.

B. Our Intellectual Property Rights*(a) Trademarks*

As at the Latest Practicable Date, our Company has registered the following trademarks in Hong Kong which we consider to be material to the business of our Group:

No.	Trademark	Place of registration	Class	Registration no.	Expiry date
1.	Taste One 津味  	Hong Kong	Class 29 ^(Note 1)	303771775	10 May 2026
2.	Ocean Best  	Hong Kong	Class 29 ^(Note 1)	303797164	05 June 2026
3.	Q Seafoods 菊  	Hong Kong	Class 35 ^(Note 2)	303804840	13 June 2026
4.	QPHK 大津  	Hong Kong	Class 35 ^(Note 2)	303846844	21 July 2026

Notes:

1. Class 29: Meat; frozen meat; crab meat; crab flavoured fish sticks; eggs; frozen eggs; fish, not live; frozen fish; lobsters, not live; frozen lobsters; shrimps, not live; frozen shrimps; oysters, not live; frozen cuttlefish; cuttlefish balls; squid, preserved; frozen squid; frozen scallop; frozen crab; sea-cucumbers, not live; abalones, not live; dried, salted, frozen and canned abalone; edible seaweed (preserved, dried or cooked); clams, not live; preserved, frozen, dried and cooked fruits and vegetables; tamagoyaki; yellow conch; ikura; whelk; food products prepared from potato; cheese; prepared food made principally of cheese; soya food products; surimi; prepared food from the abalone, squid, cuttlefish, oyster, clam and fish roe.
2. Class 35: Distributorship, wholesale and retail services of frozen, live and chilled seafood, all included in Class 35.

(b) Domain name

As at the Latest Practicable Date, our Company has registered the following domain names which we consider to be material to the business of our Group:

No.	Domain name	Registered owner	Date of registration	Expiry date
1.	www.oceanoneholding.com	Ocean One Holding Ltd.	3 May 2017	3 May 2027
2.	www.qphk.com.hk	Quality Products (H.K.) Limited	21 December 2004	22 December 2017

The contents of the website(s), registered or licensed, do not form part of this prospectus.

Except as aforesaid, there are no other trade or service marks, patents, other intellectual or industrial property rights which are or may be material in relation to our Group's business.

3. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

A. Particulars of Directors' Service Agreements

(a) Executive Directors

Each of our executive Directors has entered into a service agreement with our Company commencing from the Listing Date for a term of three years.

Each of our executive Directors is entitled to a director's fee and a basic salary. The current basic annual remuneration (excluding any discretionary bonus which may be paid) payable by our Group to our executive Directors are set out below:

Executive Director	HK\$
Mr. Chan	720,000
Mrs. Chan	360,000

(b) Independent non-executive Directors

Each of our independent non-executive Directors has entered into a letter of appointment with our Company for an initial term of one year commencing on the Listing Date. The current basic annual remuneration payable by our Company to the independent non-executive Directors are as follows:

Independent non-executive Director	<i>HK\$</i>
Mr. So Yuk Ki	120,000
Mr. Lee Kam Wan	120,000
Mr. Leung Wai Ping Noel	120,000

B. Directors' Remuneration

- (a) The aggregate amount of remuneration including salaries and allowances, performance related incentive payments and retirement benefit schemes contributions which were paid to our Directors for the two years ended 31 March 2017 were approximately HK\$1.1 million and HK\$1.2 million, respectively. Further information in respect of our Directors' remuneration is set out in note 12 to the Accountants' Report set out in Appendix I to this prospectus. No remuneration or benefits in kind had been given to our Directors during the Track Record Period.
- (b) Under the arrangements currently in force, the estimated amount of directors' fees and other emoluments payable to our Directors for the year ending 31 March 2018 will be approximately HK\$1.3 million, excluding the discretionary bonuses payable to the Directors.

C. Interests of Directors and Chief Executive in our Shares, underlying Shares and Debentures of our Company and its Associated Corporations

Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares that may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and options which may be granted under the Share Option Scheme), the interests and short positions of our Directors and chief executive in our Shares, underlying Shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO), which, once the Shares are listed on the Stock Exchange, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or will be required, pursuant to section 352 of the SFO, to be entered in the

register referred to therein, or will require to be notified to our Company and the Stock Exchange pursuant to the Rules 5.56 of the GEM Listing Rules, will be as follows:

(a) *Long position in Shares*

Name of Director	Capacity	Number of Shares <i>(Note 1)</i>	Approximate percentage of shareholding <i>(%)</i>
Mr. Chan	Interest of controlled corporation	210,000,000 (L) <i>(Note 2)</i>	75
Mrs. Chan	Interest of spouse	210,000,000 (L) <i>(Note 3)</i>	75

Notes:

1. The letter "L" denotes the entity/person's long position in our Shares.
2. These Shares are held by Karlson, the entire issued share capital of which is held by Mr. Chan. Accordingly, Mr. Chan is deemed to be interested in the Shares held by Karlson by virtue of the SFO.
3. Mrs. Chan is the spouse of Mr. Chan. Accordingly, Mrs. Chan is deemed to be interested in Mr. Chan's interest in our Company by virtue of the SFO.

Save as disclosed above, based on the information available on the Latest Practicable Date, immediately following completion of the Share Offer (assuming the Offer Size Adjustment Option will not be exercised) and the Capitalisation Issue, none of our Directors or chief executives of our Company has any interest or short position in our Shares, underlying shares or debentures of our Company or any of its associate corporations which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he will be taken or deemed to have under the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required, pursuant to the Model Code relating to securities transactions by Directors to be notified to our Company and the Stock Exchange once our Shares are listed.

D. Substantial Shareholders

So far as our Directors are aware, information on the persons, not being Directors or the chief executive of our Company, who will have, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account Shares that may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and options which may be granted under the Share Option Scheme or Shares that may be taken by a person under the Share Offer which would affect disclosure in this section) an interest or short position in our Shares and underlying Shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, directly or

indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group will be as follows:

Name	Capacity/nature of interest	Number of Shares directly or indirectly held (Note 1)	Approximate percentage of shareholding in our Company (%)
Karlson	Beneficial owner	210,000,000 (L)	75
Mr. Chan	Interest in a controlled corporation	210,000,000 (L) (Note 2)	75
Mrs. Chan	Interest of spouse	210,000,000 (L) (Note 3)	75

Notes:

1. The letter “L” denotes the entity/person’s long position in our Shares.
2. These Shares are held by Karlson, which is wholly-owned by Mr. Chan. Accordingly, Mr. Chan is deemed to be interested in these Shares by virtue of the SFO.
3. Mrs. Chan is the spouse of Mr. Chan. Accordingly, Mrs. Chan is deemed to be interested in Mr. Chan’s interest in our Company by virtue of the SFO.

E. Disclaimers

Except as disclosed in this prospectus:

- (a) none of our Directors nor any of the experts referred to in the paragraph headed “Consents of experts” in this appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have been within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be so acquired, disposed of or leased;
- (b) none of our Directors or any of the experts referred to in the paragraph headed “Consents of experts” in this appendix is materially interested in any contract or arrangement subsisting at the date to this prospectus which is significant in relation to our business;
- (c) none of the experts referred to in the paragraph headed “Consents of experts” in this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group, save in connection with the Underwriting Agreement, nor is in the employment or an officer of our Company;

- (d) we have no outstanding convertible debt securities;
- (e) none of our Directors, any of their associates (as defined in the GEM Listing Rules) or any Shareholder (which to the knowledge of our Directors owns more than 5% of the issued share capital of our Company) has any interest in any of the five largest suppliers or five largest customers of our Group; and
- (f) no amount or securities or benefit has been paid or allotted or given within the two years preceding the date of this prospectus to any of our promoters nor is any such amount or securities or benefit intended to be paid or allotted or given.

5. SHARE OPTION SCHEME

- A. The following is a summary of principal terms of the Share Option Scheme conditionally approved by a resolution of our sole Shareholder passed on 21 September 2017. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. As at the Latest Practicable Date, no option has been granted pursuant to the Share Option Scheme.

(a) Purpose

The purpose of the Share Option Scheme is to recognise and acknowledge the contributions of the Eligible Participants (as defined in paragraph (b) below) to our Group by granting options to them as incentives or rewards.

Our Directors consider the Share Option Scheme, with its broadened basis of participation, will enable our Group to reward the employees, our Directors and other selected participants for their contributions to our Group. Given that the Board is entitled to impose any conditions, restrictions or limitations as it may think fit when making an offer (“**Offer**”) on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the GEM Listing Rules or such higher price as may be fixed by our Directors, it is expected that grantees of an option will make an effort to contribute to the development of our Group so as to bring about an increased market price of our Shares in order to capitalise on the benefits of the options granted.

(b) Who may join

The Board may during the Scheme Period (as defined in paragraph (j) below) at its absolute discretion (subject to any conditions as it may think fit) offer to grant options to subscribe for such number of Shares as the Board may determine at an option price determined in accordance with paragraph (c) below to the following persons (collectively, “**Eligible Participants**”):

- (i) any full-time or part-time executive, employee or officer of any member of our Group;
- (ii) any director (including non-executive director and independent non-executive director) of any member of our Group;

- (iii) any consultant, adviser, supplier, customer, distributor, business or joint venture partner, franchisee, contractor and agent of any member of our Group;
- (iv) any person proposed to be appointed as any of the foregoing persons provided that the Offer to such proposed appointee(s) shall be conditional upon the proposed appointment taking effect;
- (v) any such other person who in the sole opinion of the Board will contribute or have contributed to our Group; and
- (vi) a close associate of any of the foregoing.

(c) *Subscription price*

The subscription price of a Share payable on the exercise of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price shall at least be the highest of:

- (i) the nominal value of our Shares;
- (ii) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of Offer, which must be a day on which the Stock Exchange is open for the business of dealing in securities ("**Business Day**"); and
- (iii) the average closing prices of our Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of Offer;

or (where applicable) such price as from time to time adjusted pursuant to the Share Option Scheme.

(d) *Acceptance of Offer*

HK\$1.00 is payable by an Eligible Participant on acceptance of an Offer of option. Any Offer of option may be accepted, in whole or in part, in a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and in writing received by any Director or the secretary of our Company until 5:00 p.m. on the date specified in the Offer provided that no such Offer shall be open for acceptance after the expiry of the Scheme Period (as defined in paragraph (j) below) or after the Share Option Scheme has been terminated in accordance with the rules thereof.

(e) *Maximum number of Shares in respect of which options may be granted*

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other schemes of our Group must not in aggregate exceed 10% of the total number of Shares in issue as at the Listing Date (i.e. 28,000,000 Shares) and that none of the options granted the Share Option Scheme are exercised (the "**Limit**"). Options which have lapsed in accordance with the terms of the Share Option Scheme (or any other schemes of our Group) will not be counted for the purpose of calculating the Limit.

Subject to the approval of our Shareholders in general meeting and/or such other requirements prescribed under the GEM Listing Rules from time to time, our Company may refresh the Limit at any time provided that:

- (i) the Limit as refreshed does not exceed 10% of our Shares in issue as at the date of the approval by the refreshed Limit;
- (ii) the options previously granted (including those outstanding, cancelled, lapsed in accordance with the provisions of the Share Option Scheme or exercised options) will not be counted for the purpose of calculating the Limit as refreshed; and
- (iii) a circular containing the information and the disclaimer, respectively, required under Rules 23.02(2)(d) and Rule 23.02(4) of the GEM Listing Rules shall be despatched to our Shareholders together with the notice of the relevant general meeting.

Our Company may also with the approval of Shareholders in general meeting grant options in respect of Shares in excess of the Limit (as refreshed from time to time) to Eligible Participants specifically identified by our Company. The circular issued by our Company to our Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 23.02(2)(d) and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules.

Notwithstanding the foregoing, our Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at anytime shall not exceed 30% of our Shares in issue from time to time. No Offer may be made under any schemes of our Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded.

(f) Maximum entitlement of each Eligible Participant

The total number of Shares issued and which fall to be issued upon exercise of the options granted under the Share Option Scheme and any other schemes of our Group (including both exercised and outstanding options) to each Eligible Participant in any period of 12 consecutive months up to and including the date of grant of the options shall not exceed 1% of our Shares in issue as at the date of grant of the options.

Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by our Company disclosing the identity of the Eligible Participant, the number of and terms of the options to be granted (and options previously granted to such participant) and the information as required under Rule 23.02(2)(d) and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules; and

- (ii) the approval of our Shareholders in general meeting and/or other requirements prescribed under the GEM Listing Rules from time to time with such Eligible Participant and his associates abstaining from voting.

The number and terms (including the exercise price) of options to be granted to such Eligible Participant must be fixed before our Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant of the options for the purpose of calculating the subscription price of our Shares.

(g) Granting options to connected persons

Any grant of options to a director, chief executive (as defined in the GEM Listing Rules) or substantial shareholder (as defined in the GEM Listing Rules) of our Company or any of their respective associates is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is proposed to be an option holder).

If our Company proposes to grant options to a substantial shareholder (as defined in the GEM Listing Rules) or any independent non-executive director of our Company or their respective associates which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of our Shares in issue; and
- (ii) having an aggregate value in excess of HK\$5 million, based on the closing price of our Shares at the date of each grant,

such further grant of options will be subject to the issue of a circular by our Company together with the notice of the relevant general meeting and the approval of our Shareholders in general meeting at which all connected persons of our Company shall abstain from voting in favour at such general meeting except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to vote against the proposed grant has been stated in our Shareholders' circular, and/or such other requirements prescribed under the GEM Listing Rules from time to time.

(h) Restrictions on the times of grant of options

For so long as the Shares are listed on the Stock Exchange,

- (i) no Offer shall be made after any inside information has come to the knowledge of our Company until such inside information has been published in accordance with the requirements of the GEM Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

(A) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and

(B) the deadline for publishing an announcement of our Company's results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement, no Offer may be made.

- (ii) the Directors must not make any Offer to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to Rule 5.56 of the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(i) Rights are personal to option holder

An option is personal to the option holder. No option holder shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any other person over or in relation to any options, except for the transmission of an option on the death of the option holder to his personal representative(s).

(j) Exercise period and duration of the Share Option Scheme

Subject to the rules of the Share Option Scheme, options may be exercised by an Eligible Participant, in whole or in part, at any time during the period commencing from the date of grant and ending on such date as the Board may determine in granting the option, but in any event not exceeding ten years from the date of grant except that no option may be exercised until the expiry of 12 months after the date of grant. Subject to earlier termination by our Company in general meeting, the Share Option Scheme shall be valid and effective for a period commencing from the date on which our Company is listed and expiring at 5:00 p.m. on the business day preceding the tenth anniversary of such date ("**Scheme Period**").

(k) Rights of exercise for option holders

The Board may at its discretion, when making an Offer, impose any conditions, restrictions or limitations in relation thereto as it may think fit, including but not limited to the achievement of any performance target. Subject to the aforesaid, an Eligible Participant to whom any option is granted is not required to achieve any performance target before an option can be exercised.

No Director shall deal in any securities of our Company unless he fully complies with the provisions of the Model Code.

In the event that the grantee ceases to be an Eligible Participant under the Share Option Scheme during any relevant option period by reason of ill-health, injury, disability or death or because his employing company ceases to be a member of our Group before exercising his options in full, the grantee or his personal representative, as the case may be, may exercise the options (to the extent not already exercised) within a period of six months of such ill-health, injury, disability or death or cessation, failing which such options will lapse and determine at the end of the relevant period.

In the event that a grantee ceases to be an Eligible Participant under the Share Option Scheme by reason of retirement in accordance with his contract of employment or upon expiration of his or her contract of employment or term of directorship before exercising his or her options in full, the grantee may exercise the options (to the extent not already exercised) within a period of six months after he so retires or expiration of his contract of employment or term of directorship, failing which such options will lapse and determine at the end of the relevant period.

In the event that a grantee ceases to be an Eligible Participant under the Share Option Scheme by reason of voluntary resignation other than by reason of the circumstances set out above or by termination of his employment in accordance with the termination provisions of his contract of employment by his employing company before exercising his options in full, such options and any outstanding Offer will lapse and determine on the date of the resignation or termination.

(l) Discretion of the Board

Notwithstanding the aforesaid in paragraph (k) above, in each case, the Board may in its absolute discretion decide that any option shall not so lapse or determine subject to such conditions or limitations as the Board may decide.

(m) Rights on general offers

If a general offer by way of takeover is made to all our Shareholders and the offeror shall have obtained control of our Company as a consequence, option holders shall, subject to paragraph (k) above, be entitled at any time within the period of one month after control has been obtained to exercise the option in whole or in part (to the extent not already exercised),

notwithstanding any restrictions in the terms of grant of the option which would otherwise have prevented the option from being exercised during such period. Any option that has not been so exercised within the one-month period shall cease and determine.

(n) Rights on winding-up

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all option holders and thereupon, each option holder shall be entitled to exercise all or any of his or her options (to the extent not already exercised) at any time thereafter until such resolution is duly passed or defeated or the general meeting concluded or adjourned sine die, whichever shall first occur. If such resolution is duly passed, all options shall, to the extent that they have not been exercised, lapse and determine.

(o) Rights on compromise or arrangement between our Company and its members or creditors

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of the jurisdiction in which our Company was incorporated, our Company shall give notice to all the option holders on the same date as it gives notice of the meeting to its members or creditors summoning the meeting to consider such compromise or arrangement and each option holder (or where permitted his personal representative) shall forthwith be entitled to exercise his or her option until the earlier of the date two months thereafter or the date on which the compromise or arrangement is sanctioned by the court. But the exercise of the option as aforesaid shall be conditional upon the compromise or arrangement being sanctioned by the court and becoming effective.

Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine.

(p) Ranking of Shares issued upon exercise of options

Our Shares to be allotted and issued upon the exercise of an option will not carry voting rights until completion of the registration of the option holder (or any other person nominated by the option holder) as our Shareholder thereof in the register of members of our Company. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* in all respects with Shares in issue on the date of the exercise and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation, as attached to the other fully-paid Shares in issue on the date of exercise, save that they will not rank for any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of entry of such Shareholder in the register of members of our Company.

(q) Effect of alterations to capital

Upon any variation in the share capital of our Company arising from any reduction, sub-division or consolidation of share capital, any rights issue or the issue of any share capital by way of capitalisation of profits or reserves or in connection with an open offer to our Shareholders (each a “**Relevant Event**”), the number or nominal amount of Shares comprised in each option and/or the subscription price thereunder may be adjusted in any manner as our Board (having received a confirmation in writing from the auditors of our Company or an approved independent financial adviser that in their/its opinion the adjustments proposed satisfy the requirements of the note to Rule 23.03(13) of the GEM Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time) may deem appropriate provided always that:

- (i) no increase shall be made in the aggregate subscription price relating to any option;
- (ii) any adjustments should give each option holder the same proportion of the share capital of our Company as that to which he or she was previously entitled prior to such adjustments;
- (iii) no adjustments shall be made which will enable a Share to be issued at less than its nominal value; and
- (iv) where the Relevant Event arises from an issue of Shares, references to options shall include references to options that have been exercised prior to the date of the adjustment in respect of Shares which otherwise do not rank and are not entitled to participate in the issue by reason of the option holder not having been then registered as the holder of the relevant Shares.

(r) Lapse of options

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the date of lapse as provided in paragraphs (k), (m), (n) or (o) above; and
- (iii) the date on which the option holder commits a breach of paragraph (i) above.

(s) Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any alteration to the advantage of the option holders or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 23.03 of the GEM Listing Rules; and

- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted,

shall first be approved by our Shareholders in general meeting except where the proposed alteration takes effect automatically under the existing terms of the Share Option Scheme. Any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.

(t) Cancellation of options

Any unexercised option may be cancelled if the relevant option holder so agrees. Issuance of new options to the same option holder may only be made if there are unissued options available under the Share Option Scheme (excluding the cancelled options) within the 10% Limit or the Limit as refreshed pursuant to rule 5.1(b) of the Share Option Scheme and in compliance with the terms of the Share Option Scheme in force from time to time.

(u) Termination of the Share Option Scheme

Our Company may by ordinary resolution in general meeting at any time terminate the Share Option Scheme and in such event no further options shall be granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(v) Administration of the Share Option Scheme

The Share Option Scheme shall be administered by the Board whose decision (save as otherwise provided therein) shall be final and binding on all parties.

(w) Condition of the Share Option Scheme

The Share Option Scheme is conditional upon: (i) the approval for the listing of, and permission to deal in, our Shares in issue and to be issued, and any Shares to be issued pursuant to the exercise of Options under the Share Option Scheme, being granted by the Listing Committee of the Stock Exchange; (ii) the Share Offer becoming unconditional and not being terminated according to the terms thereof; and (iii) the commencement of dealing of our Shares on the Stock Exchange.

(x) Present status of the Share Option Scheme

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for listing of and permission to deal in our Shares which fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(y) *Value of Options*

Our Directors consider it inappropriate to disclose the value of the options which may be granted under the Share Option Scheme as if they had been granted at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and to a certain extent would be misleading to investors.

6. OTHER INFORMATION

A. Estate Duty

We have been advised that no material liability for estate duty is likely to fall on us or any of our subsidiaries in the BVI and Hong Kong and that the Cayman Islands currently have no estate duty, inheritance tax or gift tax.

B. Indemnities

Karlson and Mr. Chan (together, the “**Indemnifiers**”) have entered into the Deed of Indemnity in favour of our Company (for itself and as trustee for each of its present subsidiaries) (being a material contract referred to in the paragraph headed “Summary of material contracts” in this appendix) to provide the following indemnities in favour of our Group. Under the Deed of Indemnity, amongst others, the Indemnifiers will jointly and severally indemnify each of the members of our Group against the following:

- (i) any liability for Hong Kong estate duty which might be incurred by any member of our Group by reason of any transfer of property (within the meaning of sections 35 and 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) to any member of our Group at any time on or before the Listing whether alone or in conjunction with any other circumstances whenever occurring and whether or not the tax liabilities are chargeable against or attributable to any other person, firm, company or corporation;
- (ii) tax liabilities (including all reasonable fines, penalties, costs, charges, expenses and interest relation to taxation) which might be payable by any member of our Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the Listing Date; and
- (iii) all claims, damages, losses, costs, expenses, actions and proceedings (if any) arising out of or in connection with any non-compliance or alleged non-compliance by any member of our Group with any applicable rules, regulations and laws of Hong Kong on or before the Listing Date.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries in the BVI and Hong Kong.

The Indemnifiers are under no liability under the Deed of Indemnity in respect of any taxation:

- (i) to the extent that provision or reserve has been made for such taxation audited accounts of any member of our Group for any accounting period up to 31 March 2017;
- (ii) to the extent that such taxation or liability falling on any of the members of our Group in respect of any accounting period commencing on or after 1 April 2017, unless liability for such taxation would not have arisen but for some act or omission of, or transaction voluntarily entered into by any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers, otherwise than any such act, omission or transaction:
 - (A) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before 1 April 2017; and
 - (B) carried out, made or entered into pursuant to a legally binding commitment created on or before 1 April 2017 or pursuant to any statement of intention made in the prospectus; or
- (iii) to the extent that such taxation liabilities or claim arise or are incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or any other relevant authority (whether in Hong Kong or any other part of the world) coming into force after the date of the Deed of Indemnity or to the extent such claim arises or is increased by an increase in rates of taxation or claim after the date of the Deed of Indemnity with retrospective effect; or
- (iv) to the extent that any provision or reserve made for taxation in the audited accounts of any member of our Group up to 31 March 2017 which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers liability (if any) in respect of taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this paragraph to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

C. Litigation

Neither our Company nor any of our subsidiaries is engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance is known by the directors to be pending or threatened by or against any member of our Group.

D. Promoters

Our Company has no promoter for the purposes of the GEM Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoters in connection with the Share Offer and the related transactions described in this prospectus.

E. Application for listing

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, and any Shares which may fall to be issued pursuant to the exercise of any options may be granted under the Share Option Scheme on the Stock Exchange. All necessary arrangements have been made to enable the securities to be admitted into CCASS. The Sole Sponsor is independent of our Company in accordance with Rule 6A.07 of the GEM Listing Rules.

The Sole Sponsor will be paid by our Company a total fee of HK\$3.6 million to act as the sponsor to our Company in connection with the Share Offer.

F. Preliminary Expenses

The preliminary expenses of our Company are estimated to be approximately HK\$190,000, and are payable by our Company.

G. Qualifications of Experts

The following are the qualifications of the experts which have given their opinions or advice which are contained, or referred to, in this prospectus:

Expert	Qualification
Innovax Capital Limited	A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities (as defined under the SFO)
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Deloitte Touche Tohmatsu	Certified public accountants
Ipsos Limited	Industry consultant
SHINEWING Risk Services Limited	Internal control consultant
Asset Appraisal Limited	Property valuer and consultant

H. Consents of Experts

Each of the experts referred to above has given and has not withdrawn its written consent to the issue of this prospectus with inclusion of its report and/or letter and/or valuation certificate(s) and/or the references to its name, all of which are dated the date of this prospectus in the form and context in which they are respectively included.

As of the Latest Practicable Date, none of the experts referred to above have any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

I. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

J. Miscellaneous

Except as disclosed in this prospectus, within the two years preceding the date of this prospectus:

- (a) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid for either cash or a consideration other than cash;
- (b) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

Our Directors confirm that:

- (a) no founder, management or deferred shares or debentures of our Company or any of our subsidiaries have been issued or agreed to be issued;
- (b) since 31 March 2017 (being the date to which the latest audited combined financial statements of our Group were made up) there has not been any material adverse change in the financial or trading position or prospects of our Group;
- (c) all necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement;
- (d) no company within our Group is presently listed on any stock exchange or traded on any trading system;

- (e) the register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited; and
- (f) there has not been any interruption in the business of our Group which may have or have had a material adverse effect on the financial position of our Group in the 24 months preceding the date of this prospectus.

K. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the written consents referred to in “Statutory and General Information — 6. Other information — G. Qualifications of experts” in Appendix V to this prospectus, and copies of the material contracts referred to in “Statutory and General Information — 2. Further Information about the Business — A. Summary of Material Contracts” in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of MinterEllison at Level 25, One Pacific Place, 88 Queensway, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum of Association and Articles of Association;
- (b) the Accountants’ Report from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus;
- (c) the assurance report from Deloitte Touche Tohmatsu on compilation of unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;
- (d) the audited consolidated financial statements of our Group for each of the two years ended 31 March 2016 and 2017;
- (e) the property valuation report issued by Asset Appraisal Limited, the text of which is set out in Appendix III to this prospectus;
- (f) the internal control report prepared by SHINEWING Risk Services Limited;
- (g) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of the company law of the Cayman Islands referred to in Appendix IV to this prospectus;
- (h) the Cayman Islands Companies Law;
- (i) the material contracts referred to in “Statutory and General Information — 2. Further Information About the Business — A. Summary of Material Contracts” in Appendix V to this prospectus;
- (j) the service agreements referred to in “Statutory and General Information — 3. Further Information about Directors and Substantial Shareholders — A. Particulars of Directors’ Service Agreements” in Appendix V to this prospectus;
- (k) the written consents referred to in “Statutory and General Information — 6. Other Information — G. Qualifications of Experts” in Appendix V to this prospectus;

- (l) the industry report prepared by Ipsos Limited as referred to in “Industry Overview” of this prospectus; and
- (m) the rules of the Share Option Scheme.

Ocean One Holding Ltd.
大洋環球控股有限公司