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

ANNUAL REPORT

2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate 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.

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This report, for which the directors (the "Directors") of Ocean One Holding Ltd. (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Kin Fung
Ms. Tse Chun Ha Amy

Independent non-executive Directors

Mr. So Yuk Ki
Mr. Lee Kam Wan
Dr. Leung Wai Ping Noel

AUDIT COMMITTEE

Mr. So Yuk Ki *(Chairman)*
Mr. Lee Kam Wan
Dr. Leung Wai Ping Noel

NOMINATION COMMITTEE

Mr. Chan Kin Fung *(Chairman)*
Mr. So Yuk Ki
Mr. Lee Kam Wan

REMUNERATION COMMITTEE

Mr. So Yuk Ki *(Chairman)*
Ms. Tse Chun Ha Amy
Dr. Leung Wai Ping Noel

COMPLIANCE OFFICER

Ms. Tse Chun Ha Amy

COMPANY SECRETARY

Mr. Tsui Siu Hung Raymond

AUTHORISED REPRESENTATIVES

Ms. Tse Chun Ha Amy
Mr. Tsui Siu Hung Raymond

COMPLIANCE ADVISER

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

AUDITOR

Deloitte Touche Tohmatsu
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Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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Cayman Islands

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Hutchins Drive
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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

COMPANY'S WEBSITE

www.oceanoneholding.com

STOCK CODE

8476

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors and the management, I am excited to present you with the first chairman's statement and the annual results of Ocean One Holding Limited (the Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2018 ("FY2018").

With regards to our financial performance for FY2018 as compared with the year ended 31 March 2017 ("FY2017"), our revenue increased by approximately HK$22.4 million, or 10.3% from approximately HK$217.4 million to approximately HK$239.8 million. The Group recorded a net profit of approximately HK$6.7 million for FY2018 as compared to a net profit of approximately HK$17.3 million for FY2017. By excluding the non-recurring listing expenses incurred during the year of approximately HK$10.6 million, the Group's net profit for FY2018 would be HK$17.2 million.

The successful listing on GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 19 October 2017 (the "Listing") marks a new milestone for us. The Listing enhances our profile and further strengthens the Group's reputation in the industry, which in turn fosters our business relationship with suppliers and customers. Furthermore, it provides us the financial resources to meet and achieve our business opportunities and strategies which will further strengthen the Group's market position in the frozen seafood import and wholesale industry in Hong Kong.

Finally, I would like to express my sincere gratitude to the relentless support of all our shareholders, investors, suppliers, customers and business partners, and especially our dedicated staff for their valued contributions throughout the period. The management team and all staff members of the Group will continue striving for better results for the Group and bringing returns to the shareholders.

Chan Kin Fung
Chairman of the Board, Chief Executive Officer and Executive Director
Hong Kong, 25 June 2018

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. CHAN Kin Fung (陳建峰) (formerly known as Chan Tsan Fong (陳燦芳)), aged 46, 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 18 years of experience in the frozen seafood import and wholesale industry. Before founding our Group in August 2002, Mr. Chan served as the marketing director of a company principally engaged in wholesale of integrated Japanese food and responsible for product and business development and marketing.

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

Ms. TSE Chun Ha Amy ("Mrs. Chan") (謝春霞), aged 42, 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 15 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 has been the head of purchasing of Quality Products, responsible for product procurement and administration.

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

Independent Non-executive Directors

Mr. SO Yuk Ki (蘇玉祺), aged 48, joined the Board as an independent non-executive Director in September 2017. Mr. So has extensive experience in finance and accounting. He is currently the manager of the management division, finance management department of China Everbright Holdings Company Limited. Mr. So obtained a Bachelor of Science (Honours) in Computer Studies from City University of Hong Kong and a Bachelor of Laws from the Peking University. 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, has been appointed as an independent non-executive Director of our Group in September 2017. Mr. Lee has approximately 20 years of experience in finance and accounting. Mr. Lee obtained a Bachelor of Business Administration (Honours) from the Chinese University of Hong Kong. Mr. Lee is a certified public accountant (non-practising) 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.

Biographical Details of Directors and Senior Management

Dr. LEUNG Wai Ping Noel (梁偉平), aged 49, has been appointed as an independent non-executive Director of our Group in September 2017, and currently is a member of the audit committee and remuneration committee of the Company. Dr. Leung has approximately 28 years of experience in finance and accounting, including 13 years of experience serving in listed companies in Hong Kong and Singapore. Dr. Leung holds the degrees of Doctor of Business Administration and Master of Arts from City University of Hong Kong, a degree of Master of Business Administration from the University of Lincoln. Dr. 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.

SENIOR MANAGEMENT

Mr. FU Wan Chung George Simon (胡允聰), aged 50, is the financial controller of our Group and he joined the Group in May 2017. Mr. Fu has approximately 30 years of experience in finance and accounting. Before joining our Group, he worked in various companies listed in the United States and Hong Kong, and various multinational and local corporations responsible for finance and accounting aspects, and he worked as an auditor at KPMG Peat Marwick in his early career.

Mr. Fu obtained a Bachelor of Arts in Accountancy (Honours) from the Hong Kong Polytechnic University in October 1992, and he is a fellow member of The Association of Chartered Certified Accountants since January 2002.

Mr. HO Chi Lok (何志樂), aged 31, is the head of sales and marketing of our Group. Mr. Ho has approximately 10 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. PO Muk Chuen (布木全), aged 52, is the head of operations and logistics of our Group. Mr. Po has approximately 4 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.

COMPANY SECRETARY

Mr. Tsui Siu Hung Raymond (徐兆鴻), aged 41, is the company secretary of the Company. Mr. Tsui obtained a degree of Bachelor of Business Administration (Honours) in Professional Accountancy from the Chinese University of Hong Kong in 1999. Mr. Tsui is a practising certified public accountant in Hong Kong. Mr. Tsui is a fellow member of the Association of the Chartered Certified Accountants and a fellow member of the HKICPA. Mr. Tsui has been a director and partner of Tsui & Partners CPA Limited, a registered firm of certified public accountants (practising) in Hong Kong since March 2014, and currently the company secretary of the following companies listed on the Stock Exchange and the GEM of the Stock Exchange: China Health Group Limited (Stock Code: 673) since March 2009, Vongroup Limited (Stock Code: 318) since February 2010, Guru Online (Holdings) Limited (Stock Code: 8121) since May 2015 and Sino Haijing Holdings Limited (Stock Code: 1106) since December 2015, respectively.

BUSINESS REVIEW

The Group is an established frozen seafood importer and wholesaler in Hong Kong with over 15 years of experience in the frozen seafood import and wholesale industry. It supplies a diverse and wide range of frozen seafood products with more than 80 product varieties to over 250 customers which are mainly frozen seafood resellers and frozen seafood catering service providers.

For the year ended 31 March 2018, the Group recorded a net profit of approximately HK$6.7 million as compared to a net profit of approximately HK$17.3 million for the year ended 31 March 2017. The Directors are of the view that the decrease in net profit was mainly attributable to the non-recurring listing expenses incurred during the year. Set aside the listing expenses, the Group's net profit for the year ended 31 March 2018 would be HK$17.2 million. In view of the steady revenue growth and higher gross profit margin achieved for the year ended 31 March 2018 as compared to the same period last year, the Directors are cautiously optimistic about the Group's business outlook.

OUTLOOK

The shares of the Company were successfully listed on GEM of the Stock Exchange on 19 October 2017. The Directors believe that the Listing could enhance the Group's profile and further strengthens the Group's reputation in the industry, which in turn helps maintaining the business relationship with the existing suppliers and customers, and exploring potential business opportunities with new suppliers and customers.

The net proceeds from the Listing will provide financial resources to the Group to meet and achieve its business opportunities and strategies which will further strengthen the Group's market position in the frozen seafood import and wholesale industry in Hong Kong.

The Group has obtained sale agency arrangements with a number of new foreign suppliers during the year, and will continue to pursuit for additional exclusive agency or sale agency arrangements with existing and new foreign suppliers to further enrich our product portfolio and to maintain our competitiveness by carrying a broader product portfolio. The Group shall continue to strive and achieve the business objectives as stated in the prospectus issued by the Company dated 29 September 2017 ("Prospectus").

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 10.3% from approximately HK$217.4 million for the year ended 31 March 2017 to approximately HK$239.8 million for the year ended 31 March 2018, primarily attributable to the increase in the sales of prawns such as Argentina red prawn and MAR Brand red shrimp, miscellaneous products such as baked mini sweet potatoes, fried sesame chicken wings and roasted seaweed, and seasoned salmon roe under the crabs and roe products, all with strong demand from our customers.

Cost of goods sold

Our cost of goods sold mainly represents the costs of products sold net of purchases discounts and incentives, shipping handling charges and transportation costs. The Group's cost of goods sold for the year ended 31 March 2018 was approximately HK$208.4 million, representing an increase of approximately 9.1% from approximately HK$191.0 million for the year ended 31 March 2017, such increase was generally in line with the increase in our revenue.

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 March 2018 was approximately HK$31.4 million, representing an increase of approximately 18.6% from approximately HK$26.5 million for the year ended 31 March 2017. The Group's gross profit margin for the year ended 31 March 2018 was approximately 13.1%, representing an increase of approximately 0.9 percentage points as compared to approximately 12.2% for the year ended 31 March 2017. The increase in gross profit and gross profit margin was mainly attributable to the sales of various high margin products such as roasted seaweed, capelin roe, flying fish roe and seasoned salmon roe, and mainly due to more frequent review of our product price lists according to the latest market conditions.

Selling and distribution costs

Our selling and distribution costs mainly comprise of staff costs of our logistics and warehouse team, warehouse rental, deprecation in our warehouse, warehouse utilities and transportation expenses. The Group's selling and distribution costs for the year ended 31 March 2018 was approximately HK$4.4 million, representing an increase of approximately 14.5% from approximately HK$3.9 million for the year ended 31 March 2017. The increase in selling and distribution costs of the Group was mainly due to the increase in warehouse and logistic staffs. The selling and distribution costs accounted for approximately 1.8% and 1.8% of the total revenue for the year ended 31 March 2018 and 2017 respectively.

Administrative expenses

For the year ended 31 March 2018, the Group's administrative expenses primarily comprised of staff costs for administrative and management personnel, directors' remuneration, auditor's remuneration, rent, rates and management fee for office, office utilities, depreciation and insurance. Administrative expenses increased from approximately HK$3.4 million for the year ended 31 March 2017 to approximately HK$5.4 million for the year ended 31 March 2018. The increase in administrative expenses of the Group was mainly due to hiring of management staff and increase in auditor's remuneration to cope with the needs of compliance work as a result of the listing status.

Listing expenses

Listing expenses comprised professional and other expenses in relation to the Listing. The listing expenses amounted to approximately HK$10.6 million for the year ended 31 March 2018, and approximately HK$2.1 million for the year ended 31 March 2017.

Finance costs

Finance costs represented interests on bank borrowings, obligation under a finance lease, and bank overdrafts. Finance costs decreased from approximately HK$1.3 million for the year ended 31 March 2017 to approximately HK$0.5 million for the year ended 31 March 2018, the decrease was mainly due to reduction in import invoice financing and bank overdrafts.

Taxation

For the year ended 31 March 2018 and 2017, our taxation was approximately HK$3.7 million and HK$3.0 million, respectively, increased by approximately HK$0.7 million or 24.7%, which was consistent with the increase in estimated assessable profits.

Profit for the year

For the year ended 31 March 2018, the Group's profit and total comprehensive income attributable to the owners of the Company was approximately HK$6.7 million as compared to approximately HK$17.3 million for the year ended 31 March 2017. The decrease was mainly attributable to the non-recurring listing expenses incurred during the period. By excluding the listing expenses, the Group's net profit for the year ended 31 March 2018 would be HK$17.2 million, representing a decrease of approximately HK$0.1 million as compared to the year ended 31 March 2017.

USE OF NET PROCEEDS FROM THE SHARE OFFER

The net proceeds from the Listing (after deducting the underwriting fees and other listing expenses borne by the Company) amounted to approximately HK$63.0 million which will be used for the intended purposes as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus. Set out below is the actual utilization of net proceeds up to 31 March 2018:

	Net proceeds HK$'000	Utilised HK$'000	Unutilised HK$'000
Strengthening our warehouse storage capability	29,632	–	29,632
Enhancing our logistics capability	8,376	1,710	6,666
Broadening our product offerings by entering into exclusive agency agreements and/or sale agency agreements	21,504	4,301	17,203
General working capital of our Group	3,494	–	3,494
Total	63,006	6,011	56,995

In regard to strengthening our warehouse storage capability, according to the Prospectus the Group will acquire a new warehouse locating in Tsuen Wan. Up to the date of this report, the Group is in the process of identifying a suitable property to be acquired and the net proceeds assigned for this purpose remains unutilised.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its liquidity and capital requirements primarily through cash generated from operations, net proceeds from the listing and bank borrowings.

As at 31 March 2018, the Group had cash and cash equivalents of approximately HK$55.1 million (31 March 2017: HK$9.0 million).

As at 31 March 2018, the Group's total equity attributable to the owners of the Company amounted to approximately HK$109.4 million (31 March 2017: HK$15.1 million). As of the same date, the Group's total debt, comprising bank overdrafts, bank borrowings and obligation under a finance lease, amounted to approximately HK$8.1 million (31 March 2017: HK$30.3 million).

On 19 October 2017, 21,000,000 and 49,000,000 ordinary shares of HK$0.01 each of the Company were issued at HK$1.22 per share by way of public offer and placing, respectively. On the same date, the Company's shares were listed on the GEM of the Stock Exchange.

The net proceeds from the Listing amounted to approximately HK$63.0 million. The Directors believe that with the new capital from the share offer, the Group is in a healthy financial position to expand its business and achieve its business objectives.

BORROWINGS AND GEARING RATIO

As at 31 March 2018, the Group had total borrowings of approximately HK$8.1 million (31 March 2017: HK$30.3 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations, while the obligation under a finance lease was for the acquisition of a motor vehicle to support its operations.

As at 31 March 2018, the gearing ratio of the Group, calculated by dividing total bank borrowings, bank overdrafts and obligation under a finance lease with total equity and multiplied by 100%, was approximately 7.4% (31 March 2017: 201.0%).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the year ended 31 March 2018, the Group did not have any significant investment, material acquisition or disposal of subsidiaries and affiliated companies.

FOREIGN EXCHANGE EXPOSURE

As the Group conducts business with a number of overseas suppliers, such as those in Japan, Vietnam and China, certain of the product costs or payments are denominated in foreign currencies such as Japanese Yen and United States Dollars, which are currencies different from the revenue which is mainly in Hong Kong Dollars. As a result, the Group is exposed to foreign exchange risk.

By adopting a cost-plus pricing model, the Group is generally able to pass on the cost arising from exchange rate fluctuations to the customers; and the management is closely monitoring the movement of relevant exchange rates to ensure the net exposure is kept at an acceptable level. The Directors consider that the exposure to foreign exchange risk is insignificant and it is currently not necessary to adopt any hedging strategy.

TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

PLEDGE OF GROUP ASSETS

As at 31 March 2018, the Group has pledged its leasehold land and buildings and pledged bank deposits total amounted to approximately HK$5.4 million (31 March 2017: HK$5.3 million) to secure the bank borrowings and banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 March 2018, the Group did not have any material contingent liabilities. As at 31 March 2017, the Group provided guarantees given to a bank in respect of banking facility granted to Eastern Mark Limited, a related company controlled by Mr. Chan Kin Fung, of approximately HK$17.6 million.

COMMITMENTS

The contractual commitments mainly involve rental payable by the Group in respect of the leased office and cold storage warehouse and a car park under non-cancellable operating leases. As at 31 March 2018, the Group's operating lease commitments were approximately HK$1.7 million (31 March 2017: Nil).

SEGMENT INFORMATION

The Group principally operates in one business segment, which is the importing and wholesaling of frozen seafood products in Hong Kong.

INFORMATION ON EMPLOYEES

As at 31 March 2018, the Group had 15 employees working in Hong Kong (31 March 2017: 16). Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of trainings were provided to the employees. The total staff cost (including remuneration of Directors and mandatory provident funds contributions) for the year ended 31 March 2018 amounted to approximately HK$4.2 million (31 March 2017: HK$2.9 million).

Directors' Report

The directors of the Company (the "Directors") are pleased to present this report and the audited consolidated financial statements of the Group for the year ended 31 March 2018.

CORPORATE REORGANISATION AND LISTING

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 April 2017 under the Companies Law of the Cayman Islands. In preparation of the listing of the Shares on the GEM of the Stock Exchange, the Company underwent the corporate reorganisation and became the holding company of the Group on 29 May 2017. Further details of the corporate reorganisation of the Group are set out in the section headed "History, Reorganisation and Group Structure" in the Prospectus. The Shares were listed on the GEM of the Stock Exchange on 19 October 2017 (the "Listing Date") by initial public offering.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and its subsidiaries are principally engaged in the import and wholesale of frozen seafood products in Hong Kong. Details of the principal activities of its subsidiaries as at 31 March 2018 are set out in the note 1 to the consolidated financial statements in this annual report. There were no significant changes in the nature of the principal activities of the Group during the year.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past three years ended 31 March 2018, as extracted from the Prospectus and the consolidated financial statements is set out on page 82 of this annual report. This summary does not form part of the audited consolidated financial statements of the Group.

BUSINESS REVIEW

A review of the Group's business, description of the principal risks and uncertainties facing the Group, and discussion on the future development in the Group's business are set out in the section headed "Management Discussion and Analysis" on pages 7 to 10 of this annual report. These discussions form part of this Directors' report.

REVENUE AND SEGMENTAL INFORMATION

An analysis of the Group's revenue from operations and by geographical locations of customers is set out in note 6 of the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 39 of this annual report.

On 25 June 2018, the Board recommended the payment of a final dividend of HK 2.2 cents per ordinary share for the year ended 31 March 2018, totaling HK$6,160,000 for the year ended 31 March 2018 (for the year ended 31 March 2017: HK$10,000,000). The proposed final dividend in respect of the year ended 31 March 2018 is calculated based on the total number of shares in issue as at the date of this report. The payment of the proposed final dividend is to be approved by the Shareholders at the Company's forthcoming Annual General Meeting ("2018 AGM"). The financial statements do not reflect this dividend payable.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements of this annual report.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 26 to the consolidated financial statements of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

RESERVES

Details of movements in the reserves of the Company and the Group are set out in note 34 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively of this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2018, the Company's reserves available for distribution to the shareholders, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands amounted to approximately HK$79.8 million comprising accumulated profits of approximately HK$6.9 million and the share premium amounting to approximately HK$72.9 million.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2018, the aggregate sales attributable to the Group's largest customer and the five largest customers accounted for approximately 7.2% and 25.9% (2017: approximately 5.6% and 23.8%) of the Group's total revenue for the year, respectively.

During the year ended 31 March 2018, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers accounted for approximately 12.0% and 48.2% (2017: approximately 19.1% and 57.4%) of the Group's total purchase for the year, respectively.

At no time during the year under review, none of the Directors, their close associates or any Shareholders (which to the best knowledge of the Directors who owns more than 5% of the Company's issued share capital), has any interests in any of the above five largest customers and suppliers of the Group for the year.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the year ended 31 March 2018, there were no material and significant dispute between the Group and its employees, customers and suppliers.

DIRECTORS

The Directors who held office during the year ended 31 March 2018 and up to the date of this annual report are:

Executive Directors	
Mr. Chan Kin Fung *(Chairman and Chief Executive Officer)*	(appointed on 18 April 2017)
Ms. Tse Chun Ha Amy	(appointed on 29 May 2017)
Independent non-executive Directors	
Mr. So Yuk Ki	(appointed on 18 September 2017)
Mr. Lee Kam Wan	(appointed on 18 September 2017)
Dr. Leung Wai Ping Noel	(appointed on 18 September 2017)

Pursuant to the Article 84(1) of the Articles of Association and the GEM Listing Rules, Mr. Chan Kin Fung, Ms. Tse Chun Ha Amy, Mr. So Yuk Ki, Mr. Lee Kam Wan and Dr. Leung Wai Ping Noel who were appointed by the Board shall hold office until the forthcoming annual general meeting of the Company to be held on Thursday, 23 August 2018 ("2018 AGM") and being eligible, to offer themselves for re-election at the 2018 AGM.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 5 to 6 of this annual report.

INDEPENDENCE CONFIRMATION

The Company has received, from each of the independent non-executive Directors, a written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and considers that all the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACT

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three (3) years, commencing from the Listing Date, subject to retirement and re-election in accordance with the Articles of Association and GEM Listing Rules, unless terminated by either party by giving at least three (3) month's written notice to the other. Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of one (1) year respectively, commencing from the Listing Date subject to retirement and re-election in accordance with the Articles of Association and GEM Listing Rules, unless terminated by either party by giving at least three (3) month's written notice to the other.

Save as disclosed above, none of the Directors being proposed for re-election at the 2018 AGM has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

EMOLUMENT POLICY

The emoluments of the Directors of the Company are decided by the remuneration committee, having regard to the Group's operating results, individual performance and comparable market statistics.

EMOLUMENTS OF DIRECTORS, SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors, senior management and the five highest paid individuals of the Group are set out in notes 11(a) and 11(b) to the consolidated financial statements of this annual report.

MANAGEMENT CONTRACTS

During the year ended 31 March 2018, the Company did not enter into or have any management and administration contracts in respect of the whole or any substantial part of the business of the Company.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Continuing Connected Transactions" in this report on page 16 in this annual report and note 31 to the financial statements, there were no transaction, arrangement, or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which any Director or any entities connected with a Director, the controlling Shareholder, the substantial Shareholders had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the date of this annual report, the interests or short positions of the Directors or chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which are taken or deemed to have under such provisions), or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which are required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules ("Model Code"), are as follows:

Long positions in Shares of associated corporation

Name	Capacity/nature	No. of Shares held	Approximate % of Shareholding
Chan Kin Fung ("Mr. Chan")	Interest of controlled corporation	210,000,000 *(Note 1)*	75%
Tse Chun Ha Amy ("Mrs. Chan")	Interest of spouse	210,000,000 *(Note 2)*	75%

Notes:

1. These Shares are held by Karlson Holding Limited, 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 Holding Limited by virtue of the SFO.

2. Mrs. Chan is the spouse of Mr. Chan. Accordingly, Mrs. Chan is deemed to be interested in Mr. Chan's interest in the Company by virtue of the SFO.

As at the date of this annual report, none of the Directors or chief executive of the Company had any interests in the underlying Shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Save as disclosed above, as at the date of this annual report, none of the Directors or chief executive of the Company had any interests or short positions in the Shares or underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in the section headed "Share Option Scheme" in this report, at no time during the year ended 31 March 2018 and up to the date of this annual report was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the date of this annual report, the following persons/entities (other than the Directors and chief executive of the Company) had or were deemed to have an interest or a short position in the Shares or the underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long positions in the Shares

Name	Capacity/nature	No. of Shares held	Approximate % of Shareholding
Karlson Holding Limited	Beneficial owner	210,000,000	75%
Chan Kin Fung ("Mr. Chan")	Interest in a controlled corporation	210,000,000 *(Note 1)*	75%
Tse Chun Ha Amy ("Mrs. Chan")	Interest of spouse	210,000,000 *(Note 2)*	75%

Notes:

1. These Shares are held by Karlson Holding Limited, which is wholly-owned by Mr. Chan. Accordingly, Mr. Chan is deemed to be interested in these Shares by virtue of the SFO.

2. Mrs. Chan is the spouse of Mr. Chan. Accordingly, Mrs. Chan is deemed to be interested in Mr. Chan's interest in the Company by virtue of the SFO.

Save as disclosed above, as at the date of this annual report, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and Chief Executive's Interest and Short Positions in Shares and Underlying Shares and Debentures of the Company and its Associated Corporations" above, had any interest or a short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONTINUING CONNECTED TRANSACTIONS

On 8 September 2017, the Group's subsidiary company, Quality Products (Hong Kong) Limited, entered into (1) a master sales agreement with Nakamura Japanese Food Company ("Nakamura"); and (2) a master sales agreement with Ichiban Pacific (H.K.) Limited ("Ichiban"), for the sales of frozen seafood products for the period commencing from 1 April 2017 to 31 March 2020, all of which constitute continuing connected transactions as set out in the section headed "Connected Transactions" in the Prospectus, and subject to the requirements of reporting, annual review and announcement under Chapter 20 of the GEM Listing Rules.

Nakamura is wholly-owned 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.

		Transaction amount for the year ended 31 March 2018 recorded in the books and records HK$'000	Maximum annual caps for the year ended 31 March 2018 as disclosed in the Prospectus HK$'000
(1)	Master sales agreement with Nakamura	3,317	4,400
(2)	Master sales agreement with Ichiban	1,463	1,800

The independent non-executive directors of the Company have reviewed the above continuing connected transactions and confirm the transactions have been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on arms' length basis and on normal commercial terms; and

(3) in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Company's Shareholders as a whole.

The Directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules during the year under review.

Moreover, the Company's auditor has provided an unqualified letter to the Board containing their findings and conclusions in respect of the continuing connected transactions taken place during the year ended 31 March 2018 in accordance with Rule 20.54 of the GEM Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, the Directors and officers shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty; provided that this indemnity shall not extend to any matter in respect of any own fraud or dishonesty which may attach to any of the Directors and officers.

The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group.

COMPETING INTEREST

As at the Listing Date and up to the date of this annual report, none of the Directors or the Controlling Shareholders of the Company or their close associates (as defined in the GEM Listing Rules) is interested in any business which competes or may compete, either directly or indirectly, with the business of the Group nor any conflicts of interest which has or may have with the Group.

DEED OF NON-COMPETITION

The Controlling Shareholders, namely Karlson Holding Limited and Mr. Chan, together with Mrs. Chan, entered into a deed of non-competition dated 28 September 2017 ("Deed of Non-Competition") in favour of the Company (for itself and as trustee for each of its subsidiaries). For details of the deed of non-competition, please refer to the section headed "Relationship with Controlling Shareholders" in the Prospectus. Each of the Controlling Shareholders has confirmed that none of them is engaged in, or interested in any business (other than the Group) which, directly or indirectly, competes or may compete with the business of the Group.

The independent non-executive Directors have also reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by each of the Controlling Shareholders since the Listing Date and up to the date of this annual report.

PURCHASE, SALES OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries have purchased, sold or redeemed any listed securities of the Company from the Listing Date up to the date of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, as at the date of this annual report, the Company has maintained sufficient prescribed public float of the issued Shares as required under the GEM Listing Rules.

CORPORATE GOVERNANCE

Details of the principal corporate governance practices as adopted by the Company are set out in the section headed"Corporate Governance Report" on pages 21 to 29 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to operate in compliance with the applicable environmental laws as well as protecting the environment by minimizing the negative impact of the Group's existing business activities on the environment. Details of the environmental policies and performance are set out in the section headed "Environmental, Social and Governance Report" on pages 30 to 34 of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Directors review and monitor the Group's policies and practices on compliance with legal and regulatory requirements on a regular basis. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time.

From the Listing Date and up to the date of this annual report, to the best knowledge of the Directors and management, the Group has complied with the requirements under the GEM Listing Rules, SFO and the Cayman Companies' Law. Details of the Company's compliance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in the GEM Listing Rules are provided in the Corporate Governance Report of this annual report.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2018 AGM will be held on Thursday, 23 August 2018. The register of members of the Company will be closed from Monday, 20 August 2018 to Thursday, 23 August 2018, both days inclusive, for the purposes of determining the entitlements of the Shareholders to attend and vote at the AGM. During this closure period, no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration by no later than 4:30 p.m. on Friday, 17 August 2018.

DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS IN RELATION TO THE DIVIDENDS

The Directors recommend a payment from the distributable reserves of the Company a final dividend of HK 2.2 cents per share in respect of the year ended 31 March 2018 to the shareholders whose names appear on the Register of Members of the Company at the close of business on Friday, 31 August 2018. The final dividend, payable on Friday, 14 September 2018, is subject to the approval of the shareholders of the Company at the 2018 AGM to be held on Thursday, 23 August 2018.

The Register of Members of the Company will be closed from Thursday, 30 August 2018 to Friday, 31 August 2018 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 29 August 2018.

SHARE OPTION SCHEME

Share option scheme of the Company was approved by a resolution of the Shareholders of the Company passed on 21 September 2017 (the "Share Option Scheme"). The principal terms of the Share Option Scheme is summarised in Appendix V to the Prospectus and are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

As at 31 March 2018 and up to the date of this annual report, no share options were granted, exercised, lapsed or cancelled under the Share Option Scheme and there were no outstanding share options under the Share Option Scheme as at 31 March 2018 and as the date of this annual report.

The following is a summary of the principal terms of the Share Option Scheme:

Purposes

The purpose of the Share Option Scheme is to enable the Group to grant share options to the eligible persons as incentives or rewards for their contribution to the Group and to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any invested entity.

Eligible Participants

The Board may, at its absolute discretion, offer eligible persons (being any Director or employee (whether full time or part time), consultant, adviser, supplier, customer, distributor, business or joint venture partner, franchisee, contractor and agent of any member of our Group who in the sole discretion of the Board has contributed to and/or will contribute to the Group) (the "Eligible Persons") to subscribe for such number of Shares in accordance with the terms of the Share Option Scheme.

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 of the Group must not in aggregate exceed 10% of the total number of Shares in issue as at the date of this annual report (i.e. 28,000,000 Shares). Options which have lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating this limit.

Maximum entitlement of each Eligible Participant

The maximum number of Shares issued and to be issued upon exercise of the options granted (including exercised and outstanding options) under the Share Option Scheme in any 12-month period must not exceed 1% of the issued Shares unless approved in advance by the Shareholders of the Company in general meeting with such eligible person and his close associates or his associates abstaining from voting.

Exercise period and duration 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.

Amount payable on acceptance of an offer of option

The amount payable by an Eligible Participant on acceptance of an offer of option is HK$1. Any offer of option may be accepted, in whole or in part, in writing received by the Board or the Company Secretary of our Company on or before the date as specified in the offer.

Basis of determining the subscription price

The subscription price of a Share payable on the exercise of an 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 the Shares; (ii) the closing price of the Company's 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 price of the Company's Shares as stated in the Stock Exchange's daily quotations sheets for five Business Days immediately preceding the date of offer.

Remaining life of the Share Option Scheme

The Share Option Scheme will be valid and effective for a period of ten years from 19 October 2017, which is the Listing Date.

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme of the Company, no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

USE OF PROCEEDS

The Company's Shares were listed on the GEM of the Stock Exchange on 19 October 2017. The net proceeds from the Listing (after deducting the underwriting fees and related listing expenses) amounted to approximately HK$63.0 million which will be used for the intended purposes as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus. Set out below is the actual utilisation of net proceeds up to 31 March 2018:

	Net proceeds HK$'000	Utilised HK$'000	Unutilised HK$'000
Strengthening our warehouse storage capability	29,632	–	29,632
Enhancing our logistics capability	8,376	1,710	6,666
Broadening our product offerings by entering into exclusive agency agreements and/or sale agency agreements	21,504	4,301	17,203
General working capital of our Group	3,494	–	3,494
Total	63,006	6,011	56,995

In regard to strengthening our warehouse storage capability, according to the Prospectus the Group will acquire a new warehouse locating in Tsuen Wan. Up to the date of this report, the Group is in the process of identifying a suitable property to be acquired and the net proceeds assigned for this purpose remains unutilised.

INTERESTS OF THE COMPLIANCE ADVISER

As confirmed by the Group's compliance adviser, Innovax Capital Limited (the "Compliance Adviser"), save as the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 26 September 2017, none of the Compliance Adviser or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group as at 31 March 2018, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

CORPORATE AND SOCIAL RESPONSIBILITY

The Company takes its corporate and social responsibilities ("CSR") seriously and is committed to advancing its policies and systems across the Group to ensure all aspects of CSR that are relevant to its business operations are addressed and monitored. These include good ethical behavior, concern for employee health and safety, care for the environment and community involvement. The Company recognizes that its social, environmental and ethical conduct has an impact on its reputation.

The Company is committed to taking positive steps towards CSR through economically viable investments, technically appropriate operations, environmentally sound practices, socially responsible actions, continual improvement in performance and efficient use of natural resources.

The Board takes ultimate responsibility for CSR and is committed to developing and implementing appropriate policies while adhering to a fundamental commitment to create and sustain long term value for Shareholders and all stakeholders.

EVENT AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2018 and up to the date of this report.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee comprises three independent non-executive Directors, namely, Mr. So Yuk Ki (chairman of the Committee), Mr. Lee Kam Wan and Dr. Leung Wai Ping Noel.

The Audit Committee, together with the management, have reviewed the accounting principles and practices adopted by the Group and discussed the internal control system, risk management system and financial reporting matters including the review of the audited consolidated financial statements and annual results of the Group for the year ended 31 March 2018.

AUDITOR

The consolidated financial statements for the year ended 31 March 2018 were audited by Messrs. Deloitte Touche Tohmatsu ("Deloitte"), who was appointed by the Directors as the first auditor of the Company and will retire at the forthcoming annual general meeting. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Deloitte as auditor of the Company.

By order of the Board
Ocean One Holding Ltd.

Chan Kin Fung
Chairman of the Board, Chief Executive Officer and Executive Director
Hong Kong, 25 June 2018

CORPORATE GOVERNANCE PRACTICE

The Board of Directors (the "Board") recognizes the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company's corporate governance practices are based on the principles of good corporate governance as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "CG Code") and in relation to, among others, the Directors, Chairman and Chief Executive Officer, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with the shareholders of the Company.

The Company was listed on the GEM of the Stock Exchange on 19 October 2017 (the "Listing Date"). To the best knowledge of the Board, the Company has complied with the code provisions in the CG Code from the Listing Date up to the date of this report, with the exception for the deviation from paragraph A.2.1 of the CG Code as stated below.

The Board will review and monitor the practices of the Company from time to time with an aim to maintain and improve high standards of corporate governance practices.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to paragraph A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual.

Mr. Chan Kin Fung ("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 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 CG Code is appropriate in such circumstances. From a corporate governance point of view, the decisions of the Board are made collectively by way of voting and therefore the chairman should not be able to monopolise the voting of the Board. The Board considers that the balance of power between the Board and our senior management can still be maintained under the current structure. The Board shall review the structure from time to time to ensure appropriate action is taken should the need arise.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code for dealing in securities of the Company by the Directors (the "Model Code"). Having made specific enquiry, all the Directors have confirmed that they have complied with the Model Code from the Listing Date to 31 March 2018.

In addition, the Company has also adopted provisions of the Model Code as written guidelines for relevant employees in respect of their dealings in the securities of the Company. Such relevant employees did and would abide by the provisions of the Model Code. Besides, the Company has adopted internal control policy in relation to the disclosure of inside information of the Company (the "Inside Information Policy").

No incident of non-compliance of the Model Code and/or the Inside Information Policy by such relevant employees was noted by the Company from the Listing Date up to the date of this report.

APPOINTMENT, RE-ELECTION AND RETIREMENT OF THE DIRECTORS

By virtue of article 84(1) of the articles of association of the Company, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or 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 (including those appointment for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat.

By virtue of article 83(3) of the articles of association of the Company, any Director appointed by the Board 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 by the Board 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. Accordingly, Mr. Chan Kin Fung, Ms. Tse Chun Ha Amy, Mr. So Yuk Ki, Mr. Lee Kam Wan and Dr. Leung Wai Ping Noel shall hold office until the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election at such meeting.

BOARD OF DIRECTORS

The Board currently comprises two executive Directors and three independent non-executive Directors as at the date of this report, details of which are set out below:

Executive Directors

Mr. Chan Kin Fung [(1)] *(Chairman of the Board and Chief Executive Officer)*
Ms. Tse Chun Ha Amy [(2)]

Independent non-executive Directors

Mr. So Yuk Ki [(3)]
Mr. Lee Kam Wan [(3)]
Dr. Leung Wai Ping Noel [(3)]

Notes:

(1) appointed on 18 April 2017
(2) appointed on 29 May 2017
(3) appointed on 18 September 2017

The brief biographical details of the Directors are set out in the section headed "Biographies of Directors" on pages 5to 6 of this report.

Save as disclosed in this report, the other Board members have no financial, business, family or other material or relevant relationships with each other.

FUNCTIONS OF THE BOARD

The Board is entrusted with the overall responsibility for promoting the success of the Company by providing effective leadership and direction to its business, and ensuring transparency and accountability of its operations. The Board reserves for its decisions all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies, internal control systems, risk management systems, material transactions, financial information, and other significant financial and operational matters.

The Board has the full support of the management to discharge its responsibilities. During the year, the Board has been provided on a quarterly basis with the Group's management information updates to give them aware of the Group's affairs and facilitate the Board to discharge its duties under the relevant requirements of the Listing Rules.

The Board delegates day-to-day operations of the Group to the Executive Directors and senior management. The delegated functions and tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the above mentioned officers.

In addition, the Board has also delegated various responsibilities to the board committees of the Company. Further details of the board committees of the Company are set out below in this report.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements of the Group for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period in accordance with accounting principles generally accepted in Hong Kong. The statement by auditor of the Company about their responsibilities for the financial statements is set out in the independent auditor's report contained in this report. The Directors have adopted the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

DIRECTORS AND OFFICERS INSURANCE

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group.

BOARD MEETING AND PROCEDURES

Board members were provided with complete, adequate and timely information to allow them to fulfill their duties properly. In compliance with code provision A.1.3 of the Code, at least 14 days' notice has been given for a regular Board meeting to give all Directors an opportunity to attend. Notice, agenda and board papers of regular Board meetings are sent to all Directors with reasonable time and at least 3 days prior to the meetings.

Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions. Full minutes are prepared after the meetings and the draft minutes are sent to all Directors for their comments on the final version of which are endorsed in the subsequent Board meeting.

During the period from the Listing Date to 31 March 2018, there were two Board meetings held. Details of the attendance of each director are as follows:

Directors	Attended/Held
Mr. Chan Kin Fung	2/2
Ms. Tse Chun Ha Amy	2/2
Mr. So Yuk Ki	2/2
Mr. Lee Kam Wan	2/2
Dr. Leung Wai Ping Noel	2/2

Board minutes are kept by the Company Secretary and are open for inspection by the Directors. Every Board member is entitled to have access to materials and has unrestricted access to the advice and the Company Secretary, and has the right to seek external professional advice if so required.

BOARD COMMITTEES

The Board has established specific committees, namely the audit committee, the remuneration committee and the nomination committee, with written terms of reference which are posted on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.oceanoneholding.com to assist them in efficient implementation of their functions. Specific responsibilities have been delegated to the above committees.

Audit committee

The audit committee was established on 21 September 2017 with written terms of reference in accordance with Rule 5.28 of the GEM Listing Rules and in compliance with paragraph C.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The audit committee currently consists of three independent non-executive Directors and is chaired by Mr. So Yuk Ki, the other members are Mr. Lee Kam Wan and Dr. Leung Wai Ping Noel. The written terms of reference of the audit committee are posted on the Stock Exchange website and on the Company's website.

The primary duties of the audit committee are to make recommendations to the 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 Group.

The audit committee has reviewed the audited consolidated financial statements and the results for the year ended 31 March 2018 with the management, and are of the view that such results comply with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

During the period from the Listing Date to 31 March 2018, there were two Audit Committee meetings held. Details of the attendance record of the committee meetings are as follows:

Committee members	Attended/Held
Mr. So Yuk Ki	2/2
Mr. Lee Kam Wan	2/2
Dr. Leung Wai Ping Noel	2/2

Auditor's remuneration

The fees in relation to the audit services provided by Deloitte Touche Tohmatsu, the external auditor of the Company, for the year ended 31 March 2018 amounted to HK$770,000, and those in relation to non-audit services was HK$360,000.

Remuneration committee

The remuneration committee was established on 21 September 2017 with written terms of reference in accordance with Rule 5.34 of the GEM Listing Rules and in compliance with paragraph B.1 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The remuneration committee currently consists of one executive Director and two independent non-executive Directors, it is chaired by Mr. So Yuk Ki and the other members are Ms. Tse Chun Ha Amy and Dr. Leung Wai Ping Noel. The written terms of reference of the remuneration committee are posted on the Stock Exchange website and on the Company's website.

The primary duties of the remuneration committee are to make recommendations to the Board on the policy and structure for all remuneration of Directors and senior management, to determine the terms of the specific remuneration package of the Directors and senior management, review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

During the period from the Listing Date to 31 March 2018, there was one remuneration committee meeting held. Details of the attendance record of the committee meeting are as follows:

Committee members	Attended/Held
Mr. So Yuk Ki	1/1
Ms. Tse Chun Ha Amy	1/1
Dr. Leung Wai Ping Noel	1/1

Remuneration policy for directors and senior management

Each of the Directors will receive a fee which is subject to an annual adjustment at a rate to be reviewed by the remuneration committee and be determined at the discretion of the Board. The Company's policy concerning the remuneration of the Directors is that the amount of remuneration is determined by reference to the relevant Director's experience, responsibilities, workload and the time devoted to the Group. The Group has adopted incentive bonus schemes and continues to maintain these schemes, seeking to align the financial well-being of the Group with that of the employees, and to retain the Directors and staff of high caliber.

Nomination committee

The nomination committee was established on 21 September 2017 with written terms of reference in compliance with paragraph A.5 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The nomination committee currently consists of one executive Director and two independent non-executive Directors, it is chaired by Mr. Chan Kin Fung and the other members are Mr. So Yuk Ki and Mr. Lee Kam Wan. The written terms of reference of the nomination committee are posted on the Stock Exchange website and on the Company's website.

The primary duties of the nomination committee are to make recommendations to the Board to fill vacancies on the same, assess the independence of independent non-executive Directors and review the structure, size and composition of the Board.

During the period from the Listing Date to 31 March 2018, there was one nomination committee meeting held. Details of the attendance record of the committee meeting are as follows:

Committee members	Attended/Held
Mr. Chan Kin Fung	1/1
Mr. So Yuk Ki	1/1
Mr. Lee Kam Wan	1/1

DIVERSITY OF THE BOARD

The Company has adopted a board diversity policy which sets out the approach to achieve diversity on the Board, the summary of which are set out below:

(1) With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

(2) In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

(3) All Board appointments be based on meritocracy, and candidates be considered against objective criteria, having due regard for the benefits of diversity on the Board.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills as to ensure that their contribution to the Board remains informed and relevant.

Each newly appointed Director receives comprehensive, formal and tailored induction on the first occasion of his appointment, so as to ensure that he has appropriate understanding of the Group structure, Board and Board Committees meetings procedures, business, management and operations of the Company, etc. and that he is fully aware of his responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements in the Cayman Islands and Hong Kong. During the year, all the Directors participated in the induction program regarding directors' responsibilities and obligations under the GEM Listing Rules conducted by the Company's legal adviser, which covered, among other topics, the CG Code, GEM Listing Rules and directors' continuing obligations.

Besides, the Company keeps circulating information and materials to develop and refresh Directors' knowledge and skills from time to time. All the information and materials are relevant to the Group's business, the economy, corporate governance, rules and regulations, accounting, financial or professional skills and/or directors' duties and responsibilities. There are also arrangements in place for providing continuing briefing and professional development to each Director. All Directors are encouraged to attend relevant training courses at the Company's expense. The company secretary is responsible to keep records of training taken by each Director.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibility for the establishment, maintenance and review of the Group's internal control system to safeguard the assets of the Group and shareholder investments. The internal control system of the Group aims to facilitate effective and efficient operation which in turn minimises the risks to which the Group is exposed. The system can only provide reasonable but not absolute assurance against misstatement or losses.

The Board has conducted a review of the implemented system and procedures, covering financial, operational and legal compliance controls and risk management functions. The Directors consider that the Group has implemented appropriate procedures for safeguarding the Group's assets against unauthorised use or misappropriation, maintaining proper accounting records, segregation of duties and putting plans and routines into execution with appropriate authority and in compliance with the relevant laws and regulations.

In preparation of the Listing, the Company engaged an internal control consultant, an independent third party, to undertake a review of the internal control system of the Group. Material issues identified by the internal control consultant had been rectified prior to the Listing. The Board is of the view that the internal control measures in place are adequate and effective to safeguard the Group's assets and the interest of Shareholders.

Pursuant to code provision C.2.5 of the CG Code the Group has engaged the internal control consultant to provide internal audit function for the year ended 31 March 2018, which comprises an enterprise risk assessment and review of internal control system. This engagement can assist the Board and the audit committee to monitor the risk management and internal control systems of the Group. Significant internal control deficiencies are reported to the audit committee and the Board on a timely basis to ensure prompt remediation actions taken. The enterprise risk assessment report and internal audit report are submitted to the audit committee and the Board at least once a year.

The Board had performed annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's review on risk management and internal control systems; result of internal audit work; the extent and frequency of communication with the Board in relation to result of risk and internal control review; significant failures or weaknesses identified and their related implications; and status of compliance with the GEM Listing Rules. The Board considers the Group's risk management and internal control systems are effective.

The Group adopts a risk management framework which comprises the following processes:

- Identify significant risk in the Group's operation environment and evaluate the impacts of those risks on the Group's business;
- Develop necessary measures to manage those risks; and
- Monitor and review the effectiveness of such measures.

The Group formulated the policies and procedures of risk management and internal control as follows:

- The Group established an organisational structure with clear operating and reporting procedures, lines of responsibility and delegated authority;
- Each operating subsidiary maintains internal controls and procedures appropriate to its structure whilst complying with the Group's policies, standards and guidelines;
- Relevant executive Directors and senior management have been delegated with specific accountability for monitoring the performance of designated business operating units;
- A systematic review of the financial and business processes in order to provide management on the adequacy and effectiveness of internal controls. Where weaknesses are identified in the system of internal controls, management will evaluate and take necessary measures to ensure that improvements are implemented; and

- Code of ethics are established and adhered to by all employees to ensure high standards of conduct and ethical values in all business practices.

The Board reviewed that the risk management and internal control system adopted by the Group for the year ended 31 March 2018 and considered that it was effective.

COMPLIANCE ADVISER

The Company has appointed Innovax Capital Limited as the compliance adviser in accordance with Rule 6A.19 of the GEM Listing Rules to provide the Company with services including providing guidance and advice in connection with compliance with requirements under the GEM Listing Rules. The term of appointment commenced on the Listing Date and shall end on the publication date of the financial results for the second full financial year after the Listing in compliance with Rule 18.03 of the GEM Listing Rules.

Pursuant to Rule 6A.23 of the GEM Listing Rules, the Company 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 repurchases;

(iii) where the Company proposes to use the proceeds from the Share Offer in a manner different from that detailed in the prospectus or where the business activities, developments or results deviate from any forecast, estimate, or other information in the prospectus; and

(iv) where the Stock Exchange makes an inquiry of the Company under rule 17.11 of the GEM Listing Rules.

COMPANY SECRETARY

Company Secretary supports the Board by ensuring good information flow within the Board and that the Board policy and procedures are followed. The Company Secretary is responsible for advising the Board on the corporate governance matters and facilitating induction and professional development of the Directors. All Directors have access to the advice and services of the Company Secretary to ensure that the Board procedures and all applicable laws, rules and regulations, are followed.

Mr. Tsui Siu Hung Raymond ("Mr. Tsui") was appointed as the Company Secretary of the Group in May 2017. He has complied with all the required qualifications, experiences and training requirements under the GEM Listing Rules. For the year ended 31 March 2018, Mr. Tsui has complied with the GEM Listing Rules by taking not less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch registrar and transfer office, namely, Tricor Investor Services Limited, whose contact details are stated in the section headed "Corporate Information" of this report.

Shareholders holding not less than one-tenth of the paid-up capital of the Company may deposit a requisition to convene an EGM of the Company and state the purpose therefore to the Board or the Company Secretary.

The Company has adopted Communications Policy with Shareholders and investors of the Company that provide ready, equal and timely access to understandable information about the Company. The Board welcomes Shareholders for their comments and/or enquiries about the Company. Shareholders may send their comments and/or enquiries to the Board by addressing them to the Company Secretary. Shareholders who wish to put forward proposal for the Company's consideration at the general meetings of the Company can send their proposal to the Company Secretary.

Pursuant to Articles of Association of the Company, if a Shareholder wishes to propose a person other than retiring Directors for election as a Director at a general meeting of the Company, the Shareholder should deposit a written notice of nomination which shall be given to the principal place of business of the Company in Hong Kong within the 7-day period commencing the day after the dispatch of the notice of the meeting (or such other period as may be determined and announced by the Directors from time to time). The relevant procedures are posted on the Company's website (www.oceanoneholding.com).

The Shareholders of the Company may at any time send their enquiries and concerns to the Board in writing. Contact details are as follows:

Address:	Unit B, 5/F, Goodwill Industrial Building, 36-44 Pak Tin Par Street, Tsuen Wan, Hong Kong
Fax:	(852) 2149 5277
E-mail:	ir@qphk.com.hk

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board committees of the Company, where appropriate, to answer the Shareholders' questions.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

In order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company, the Company has established a number of channels for maintaining on-going dialogue with the Shareholders as follows:

(a) corporate communications such as annual reports, quarterly reports, interim reports and circulars are issued in printed form and are available on the GEM's website and the Company's website;

(b) periodic announcements are made through the Stock Exchange and published on the respective websites of the GEM of the Stock Exchange and the Company;

(c) corporate information is made available on the Company's website;

(d) AGM and EGM provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management; and

(e) the Company's share registrars serve the Shareholders in respect of share registration, dividend payment, change of Shareholders' particulars and related matters.

CONSTITUTIONAL DOCUMENTS

During the period from Listing Date to the date of this report, there has been no significant change in the constitutional documents of the Company. The Articles of Association are available on the websites of the GEM of the Stock Exchange and of the Company.

OVERVIEW

The Group is pleased to present its first report on the Environmental, Social and Governance (the "ESG") aspects (the "ESG Report"), this ESG Report is prepared in accordance with the ESG Reporting Guide as described in Appendix 20 of the GEM Listing Rules and Guidance set out by the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

SCOPE

This ESG Report covers the Group's overall performance in two subject areas, namely Environmental and Social of the business operations during the reporting period for the year ended 31 March 2018. All information and data disclosed herein were based on formal documents and internal statistics of the Group.

Having considered the sustainability of business development, as well as the four reporting principles of materiality, quantitative, balance and consistency, this ESG Report focuses on the sustainability performance of the Group's business.

PRINCIPAL ACTIVITIES

During the year ended 31 March 2018, the Group is principally engaged in importing and wholesaling of frozen seafood products. We primarily source frozen seafood products from seafood harvesters, frozen seafood processors and exporters who are primarily located overseas such as Japan, Vietnam, China, etc. and distribute the products to frozen seafood resellers such as local integrated food product wholesaling companies, resellers and food trade companies; and we also sell our products directly to frozen seafood catering service providers such as restaurants, food chain stores, food processing operators and other end customers. We also add value to the products by offering additional services, such as product sourcing, quality assurance, storage and transportation, to our customers.

As a socially responsible enterprise, we will continue to expand our business with environmentally and community friendly measures in order to contribute to the development of the industry and society.

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on its ESG approach and performance. For any suggestions or opinions, questions or comments, please kindly send to the Company through the communication channels as stated in our Company's website.

ENVIRONMENTAL

The Group understands the importance of environmental sustainability and protection. The Group strives to strike a balance between efficient operation and environmental protection. The Group has adopted policies on pollution prevention, preservation of natural resources and adherence to environmental laws and regulations, and we also put green ideas into practice in our daily operations by promoting energy efficiency and emission reduction in all processes from sourcing and procurement, inventory management, to sales and delivery.

Emissions

In the course of our operations, we produce emissions mainly from the use of electricity and fuel consumption of our logistics trucks. The Group regularly monitors our business operations and scrutinizes our consumption data such that we can minimize environmental pollution and impacts to the environment. Each of our cold storage warehouses and office comply with applicable laws and regulations.

- During the year ended 31 March 2018, the Group's annual electricity consumption is approximately 769,203 kWh, with CO_2 emission of approximately 392.29 tons

- The Group's annual fuel consumption by our trucks is approximately 11,535L with CO_2 emission of approximately 31.38 tons

To reduce electricity usage, we limit the air-conditioning hours, maintain suitable indoor temperature and clean regularly the air conditioner and ventilation system.

With regards to logistics, we streamline our warehousing and delivery processes in order to reduce transportation frequency and thereby carbon emission through the consumption of diesel and petroleum, and our truck drivers strictly comply with the local laws by switching off idling engines of the trucks so as to reduce harmful effects to the environment.

The Group does not produce hazardous waste. The non-hazardous waste produced by the Group including waste paper and commercial waste are centrally collected and discharged by the property management company of the building. If the waste is recyclable, the property management company will arrange recyclers to recycle them.

The Group encourages reduction in paper, water and energy usage through recycling of paper and stationery, promotes using electronic documents instead of paper copies, as well as other initiatives such as encourages employees to use video or telephone conferencing to communicate with other parties in order to minimize traveling and indirectly reduced the corresponding carbon emission.

Use of Resources

The Group has an operation guideline in place and employees are reminded to switch off all the air conditioners, lights and other equipment before they leave the office. Our lighting and air conditioning systems are divided into different zones which allow us to turn off lighting and air conditioning in certain areas when not in use so as to reduce electricity consumption.

The Group uses energy saving lighting equipment such as energy saving light bulbs and LED lighting systems. When purchasing electrical appliances, the Group will preferably purchase products with Grade 1 energy label under the Mandatory Energy Efficiency Labelling Scheme by the Electrical and Mechanical Services Department of Hong Kong.

The Group uses reusable pallets whenever possible. Waste paper and cartons that are no longer needed are centrally collected and recycled by the property management company of the building.

The Group also regularly reminds employees to use double-sided printing and recycled paper, and to minimize printing hardcopies of documents. Used printer cartridges are returned to vendors for recycling.

The Environment and Natural Resources

The Group's major frozen seafood suppliers are located in Japan, Vietnam and the PRC. To the best of our knowledge, Japan, Vietnam and the PRC impose certain fishing moratoria and trawling restrictions for preventing overfishing and replenishing marine livestock. The duration of moratoria and restrictions on trawling methods varies between these countries and depending on the territorial waters concerned.

The Group has implemented control procedures to check whether our suppliers who are Seafood Harvesters and Exporters which engage in commercial fishing have complied with the relevant fishing moratoria or trawling restrictions in their respective countries. For suppliers who engage in commercial fishing, we will obtain their legal catch certificates and/or fishing licenses and/or certificates of origin; require the relevant suppliers to provide written undertakings to us that they will at all times comply with the relevant fishing moratoria and trawling restrictions in their respective countries and 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; 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; perform regular checks on our procurement list to ensure that no endangered species would be procured; and 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 catching in restricted zones. The Group will endeavor to refrain from procuring any wild caught seafood products from the relevant suppliers if, to the best of our knowledge, the regions concerned are subject to fishing moratoria 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.

The Group will also endeavor to minimize wastage due to stock obsolescence. To prevent overstocking and minimize the amount of obsolete or expired products, we have adopted an ERP system to constantly monitor our inventory level. In order to maintain accurate inventory records, we also conduct periodic inventory counts to ensure the actual inventory level matches the inventory information stored in our ERP system. Accurate inventory records are important for procurement as the purchase order quantities will be adjusted based on various factors including the review of historical sales trend and exchange of market information between members of our procurement and sales teams periodically.

Furthermore, in accordance with the HACCP and ISO 9001 requirements, the Group takes a "first-in, first-out" approach to handle stocks. Those products which are delivered to the warehouses earlier in time will be sold to customers first. Such approach minimizes the chance of deterioration and obsolescence of products.

SOCIAL

Employment

As at 31 March 2018, the Group had a total number of 15 employees. The Group is committed to provide a fair and respectful workplace for our employees. We ensure our human resources policies comply with all applicable laws in Hong Kong and with reference to the general practice and benchmark of the industry. The Group has established a comprehensive system of remuneration, incentive and performance management system to attract and retain talents for our long-term and stable growth. The system consists of basic salary, discretionary bonus and staff benefits (i.e. mandatory provident fund, medical and other insurance, annual leave, sick leave and various subsidies) for the employees.

The Group advocates equal opportunity and observes anti-discrimination ordinances. With reference to the Group's job vacancies, the policy is to give priority to internal promotions of current employees who are eligible. The Group ensures that all employees are not discriminated against for their sex, age, marital status, ethnic background, religion, nationality or disability. During the year, the Group does not receive any report on discrimination.

Health and Safety

The Group values 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. The Group believes that high standards in these areas underpin a critical aspect of operating efficiency and effectiveness, which indirectly help us to 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 year, the Group has established workplace health and safety policies in compliance with applicable laws in Hong Kong, and there have not been any major injuries of our employees that will have caused material adverse impact on the business, operations or financial performance of our Group.

Development and Training

In view of the employees' importance to the Group's sustainable development, the Group's human resources department organizes trainings for our employees to support their personal growth and career development. The Group's policy is to provide employees necessary training and education in relation to their job duties. We aspire to retain talents and to assist our employees to develop their strengths and potentials.

All Directors and senior management will be trained or provided with updated information on corporate governance and listing regulations. The Group promotes effective corporate governance and offers opportunities for Directors and management to receive training and attend conferences organized by professional associations.

Since regulations on food safety changes from time to time, necessary trainings will be provided to our procurement and warehouse staff. We also encourage our staff to attend seminars, workshops and conferences relating to food safety, import of food, business management, etc.

Labour Standards

The Group is in strict compliance with Hong Kong Employment Ordinance and other applicable laws in Hong Kong. The Group has a comprehensive recruitment procedure and strictly prohibits the recruitment of child or forced labour. The Group's management is responsible for implementing and reviewing matters related to recruitment, compensation, training and development and other employees' welfare issues, relevant guidelines are set out in staff handbook, employment contract, code of conducts, and internal notices. The Group will conduct investigations, and punishment or dismissal to relevant employees immediately when any illegal behavior is being discovered. Termination of employment contract, for any reasons such as unsatisfactory performance, will be carried out in strict accordance of applicable laws and internal guidelines.

Supply Chain Management

The Group considers 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. 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.

When selecting and evaluating a potential supplier, the Group generally considers the portfolio of products capable to be offered by such potential supplier; the pricing of its products; and the quality of its products. In addition, the Group will also consider those efforts suppliers put to minimize potential negative impacts towards the environment and society. Once a new supplier has been selected, we approach the new supplier to discuss details of business cooperation, and for some of our suppliers we may enter into agency agreements with them in order to maintain long and close relationship with these suppliers.

The Group maintains close communication with its suppliers to have a better understanding of their operations. We will review the qualifications and performance of our suppliers including price level, product quality, delivery lead time and complaint record periodically. During the Year, the Group does not aware of any key supplier that has any significant negative impact on the business ethics, environmental protection and labour practices.

Product Responsibility

The 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. 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 institutions to certify that the products has achieved certain food safety standard and fit for human consumption.

The 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. The members of food safety committee are also responsible for inspecting the health certificates from the suppliers.

To keep abreast of the development in food safety laws, regulations and requirements in a timely manner, food safety committee will meet regularly with focus on major news in the frozen seafood industry in Hong Kong and other jurisdictions in which our suppliers locate and updates in relevant laws and regulations; we will regularly review the various guidelines, requirements and orders issued by the Food and Environmental Hygiene Department in Hong Kong and enhance our quality control procedures accordingly; and we will actively communicate with our suppliers and conduct further desktop researches to enquire into the relevant updates.

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.

Upon receipt of products delivered to us by our suppliers, our logistics and warehouse 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.

The Group also values our customers' feedback on our products and has implemented measures to handle complaints in an effective manner. Our customer service personnel handle 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 management for investigation and resolution. We believe the above measures can protect the rights of our customers. Such measures also help us to reinforce our quality control standards and strengthen our customers' confidence in our products.

During the Year, the Group does not aware of any incidents of non-compliance with relevant laws and regulations regarding health and safety, advertising, labelling, privacy matters relating to products and services provided and methods of redress that have significant impact on the Group.

Anti-Corruption

The Group places great importance to the corporate culture of honesty and integrity. We have established anti-corruption policies which are set out in the staff hand book and the code of conduct. Employees are not allowed to receive any benefits and gifts from suppliers or customers, and shall not solicit or accept any advantage without the permission of the Group when conducting the Group's business affairs. All employees are fully briefed on the relevant anti-corruption policies and guidelines upon entering into their employment contracts, to ensure that they comply strictly with them and will carry out their duties in good faith. The Group reviews the relevant policies annually and will strengthen the organizational risk management with regards to corruption if needed. During the year, there are no legal cases regarding corrupt practices brought against the Group or its employees.

Community Investment

The Group believes in giving back to the society and we engage in various activities that could make positive impact in the livelihood of the communities in which we operate in. Through charitable giving and volunteerism, we seek to create value for the society and bring joy and happiness to people's lives.

During the year, the Group's subsidiary company Quality Products (Hong Kong) Limited participates in volunteer services and is awarded the 2017/2018 Caring Company Logo. The management of the Group encourages employees to participate in community and charity services so as to give back to society.

Deloitte. 德勤

TO THE SHAREHOLDERS OF OCEAN ONE HOLDING LTD.
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Ocean One Holding Ltd. (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 39 to 81, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Net realisable value ("NRV") assessment of inventories	
We identified the NRV assessment of inventories as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with estimation uncertainty associated with determining the allowance of inventories. The Group makes allowance for inventories if the NRV of inventories is lower than the cost of inventories. In determining the NRV of the Group's inventories, management takes into consideration the fluctuations in price, the inventory level, the conditions, aging and expiry dates of inventories. As disclosed in note 17 to the consolidated financial statements, the carrying amount of the Group's inventories was HK$32,929,000 as at 31 March 2018 and no allowance for inventories has been made for the year.	Our procedures in relation to the NRV assessment of inventories included: • Obtaining an understanding of how allowance for inventories is estimated by management; • Discussing with management, evaluating the basis of identification of aged or obsolete inventories by management and assessing the reasonableness of allowance for inventories, based on the fluctuations in price, the inventory level, the conditions and expiry dates of inventories; • Testing the aging analysis of inventories, on a sample basis, to the goods received notes; and • Checking the subsequent selling prices of inventories, on a sample basis, to the sales invoices.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Leung Chui Shan.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 June 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	6	**239,794**	217,447
Cost of goods sold		**(208,387)**	(190,957)
Gross profit		**31,407**	26,490
Other income	7	**112**	283
Other (loss) gain	8	**(178)**	4,097
Selling and distribution costs		**(4,408)**	(3,850)
Administrative expenses		**(5,420)**	(3,407)
Finance costs	9	**(545)**	(1,259)
Listing expenses		**(10,567)**	(2,078)
Profit before taxation	10	**10,401**	20,276
Taxation	12	**(3,747)**	(3,003)
Profit and total comprehensive income for the year		**6,654**	17,273
Earnings per share — basic (HK cents)	14	**2.8**	8.2

Consolidated Statement of Financial Position

AT 31 MARCH 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current asset			
Property, plant and equipment	15	5,780	5,069
Current assets			
Inventories	17	32,929	27,001
Trade and other receivables	18	33,412	21,675
Pledged bank deposits	20	1,826	1,593
Bank deposits with original maturity of more than three months	20	53,101	–
Bank balances and cash	20	2,033	9,031
		123,301	59,300
Current liabilities			
Trade and other payables	21	10,184	3,747
Amount due to a director	22	–	4,587
Amount due to a related company	19	–	9,460
Taxation payable		1,428	1,061
Bank overdrafts	20	1,705	7,901
Bank borrowings	23	6,042	21,971
Obligation under a finance lease	24	119	119
		19,478	48,846
Net current assets		103,823	10,454
Total assets less current liabilities		109,603	15,523
Non-current liabilities			
Obligation under a finance lease	24	210	329
Deferred taxation	25	–	106
		210	435
Net assets		109,393	15,088
Capital and reserves			
Share capital	26	2,800	–
Reserves		106,593	15,088
Total equity		109,393	15,088

The consolidated financial statements on pages 39 to 81 were approved and authorised for issue by the Board of Directors on 25 June 2018 and are signed on its behalf by:

CHAN KIN FUNG *DIRECTOR*	TSE CHUN HA *DIRECTOR*

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2018

	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 *(Note 1)*	Other reserve HK$'000 *(Note 2)*	Accumulated profits HK$'000	Total HK$'000
At 1 April 2016	3,000	–	–	–	4,815	7,815
Profit and total comprehensive income for the year	–	–	–	–	17,273	17,273
Dividends paid *(note 13)*	–	–	–	–	(10,000)	(10,000)
Issue of shares on Group Reorganisation (as defined in note 2)	–	–	–	–	–	–
Elimination of Group Reorganisation	(3,000)	–	3,000	–	–	–
At 31 March 2017	–	–	3,000	–	12,088	15,088
Profit and total comprehensive income for the year	–	–	–	–	6,654	6,654
Capitalisation of amount due to a director	–	–	–	12,000	–	12,000
Capitalisation Issue (as defined in note 26)	2,100	(2,100)	–	–	–	–
Issue of shares upon public offer and placing	700	84,700	–	–	–	85,400
Expenses incurred in connection with issue of shares	–	(9,749)	–	–	–	(9,749)
At 31 March 2018	2,800	72,851	3,000	12,000	18,742	109,393

Notes:

(1) 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) Holding Ltd. ("Ocean One (BVI)") pursuant to the Group Reorganisation as defined in note 2.

(2) The other reserve represents the capitalisation of amount due to a director of HK$12,000,000 pursuant to a written resolution passed by the sole shareholder of Quality Products on 5 June 2017.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2018

	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	10,401	20,276
Adjustments for:		
Interest income	(106)	–
Depreciation of property, plant and equipment	1,011	993
Depreciation of an investment property	–	45
Finance costs	545	1,259
Gain on disposal of an investment property	–	(4,513)
Operating cash flows before movements in working capital	11,851	18,060
Increase in inventories	(5,928)	(4,247)
Increase in trade and other receivables	(11,737)	(4,048)
Increase (decrease) in trade and other payables	6,437	(1,064)
Cash generated from operations	623	8,701
Hong Kong Profits Tax paid	(3,486)	(3,044)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(2,863)	5,657
INVESTING ACTIVITIES		
Withdrawal of pledged bank deposits	227,912	253,350
Withdrawal of bank deposits with original maturity of more than three months	30,000	–
Interest received	106	–
Placement of pledged bank deposits	(228,145)	(252,230)
Placement of bank deposits with original maturity of more than three months	(83,101)	–
Purchases of property, plant and equipment	(1,722)	(26)
Repayments from a director	–	14,246
Proceeds from disposal of an investment property	–	6,000
Advances to a director	–	(1,813)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(54,950)	19,527
FINANCING ACTIVITIES		
Proceeds from issue of shares upon public offer and placing	85,400	–
New bank borrowings raised	21,754	15,000
Advances from a director	16,643	23,487
Repayments of bank borrowings	(37,683)	(18,002)
Expenses incurred in connection with issue of shares	(9,749)	–
Repayments to a related company	(9,460)	–
Repayments to a director	(9,230)	(18,900)
Interest paid	(545)	(1,259)
Repayments of obligation under a finance lease	(119)	(119)
Dividends paid	–	(10,000)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	57,011	(9,793)

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2018

	2018 HK$'000	2017 HK$'000
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(802)	15,391
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,130	(14,261)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	328	1,130
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by		
Bank balances and cash	2,033	9,031
Bank overdrafts	(1,705)	(7,901)
	328	1,130

1. GENERAL

Ocean One Holding Ltd. (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 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 was incorporated in the British Virgin Islands ("BVI") and controlled by Mr. Chan Kin Fung (formerly known as "Mr. Chan Tsan Fong") ("Mr. Chan"). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

The shares of the Company have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 19 October 2017 (the "Listing").

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the functional currency of the Company.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The companies now comprising the Group underwent a group reorganisation (the "Group Reorganisation") in preparation for 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 became the holding company of the companies now comprising the Group.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENT *(Continued)*

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 consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes of equity and consolidated statements of cash flows for the years ended 31 March 2018 and 2017 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 periods, or since their respective dates of incorporation, where there is a shorter period. The consolidated statement of financial position of the Group as at 31 March 2017 has 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 that date taking into account the respective dates of incorporation, where applicable.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 "Disclosure Initiative"

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the followings to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 38. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 38, the application of these amendments has had no impact on the Group's consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs and interpretations in issue but not yet effective

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[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK (IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC)–Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]

1 Effective for annual periods beginning on or after 1 January 2018.

2 Effective for annual periods beginning on or after 1 January 2019.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2021.

Except for the new and amendments to HKFRSs and interpretations mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

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 requirements of HKFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs and interpretations in issue but not yet effective *(Continued)*

HKFRS 9 "Financial Instruments" *(Continued)*

- 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.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement:

- All financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment:

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, as the default rate of the outstanding balances with customers is low, if the expected credit loss model was to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1 April 2018 would not have material difference as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade and other receivables.

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.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs and interpretations in issue but not yet effective *(Continued)*

HKFRS 15 "Revenue from Contracts with Customers" *(Continued)*

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, however, the directors of the Company do not anticipate that the application of HKFRS 15 will 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. Upon application of 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 by the Group.

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 2018, the Group has non-cancellable operating lease commitments of HK$1,704,000 as disclosed in note 28. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, 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.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are 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".

The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and 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.

Consolidation 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 year are included in the consolidated statement 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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 the 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 its estimated useful life and after taking into account of its estimated residual value, using the straight-line method. The estimated useful life, residual value and depreciation method are reviewed at the end of the 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 consolidated statement 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.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Leasehold land and building

When the Group makes payments for a property interest which 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 property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) is allocated between the leasehold 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 initial recognition.

When the lease payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment

At the end of the 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 relevant asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 (or cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) 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 (or cash-generating unit) 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 debt instrument 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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, pledged bank deposits, bank deposits with original maturity of more than three months and bank balances and cash) 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

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 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 consolidated statement 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 the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements 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 are recognised in profit or loss.

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 recognised 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

All borrowing costs not attributable to the acquisition, construction or production of qualifying assets, are recognised in profit or loss in the period in which they are incurred.

Retirement benefit 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 within the next financial year.

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 fluctuations in price, the inventory level, the conditions, aging and expiry dates of inventories. If the net realisable value of the inventories of the Group is less than expected, additional allowance may be required. As at 31 March 2018, the carrying amount of inventories is HK$32,929,000 (2017: HK$27,001,000). No allowance for inventories has been made for both years.

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 2018, the carrying amount of trade receivables is HK$31,012,000 (2017: HK$19,177,000). No impairment loss on trade receivables has been made for both years.

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. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies which 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:

	2018 HK$'000	2017 HK$'000
Crabs and roe	12,996	10,628
Fishes	34,933	31,764
Octopuses and cuttlefishes	10,588	9,047
Prawns	85,241	77,872
Processed seafood products	37,854	35,255
Scallops, oysters and surf clams	43,516	41,679
Miscellaneous products	14,666	11,202
	239,794	217,447

Revenue by types of customers

The following is an analysis of the Group's revenue by types of customers:

	2018 HK$'000	2017 HK$'000
Frozen seafood resellers	224,705	195,456
Frozen seafood catering service providers	15,089	21,991
	239,794	217,447

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

Information about the Group's revenue from external customers presented based on the geographical location of the customers is as below:

	2018 HK$'000	2017 HK$'000
Hong Kong	210,791	186,305
Macau	26,012	31,142
Mainland China	1,791	–
Taiwan	1,200	–
	239,794	217,447

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 the year (2017: none).

7. OTHER INCOME

	2018 HK$'000	2017 HK$'000
Interest income	106	–
Rental income *(Note)*	–	216
Others	6	67
	112	283

Note: During the year ended 31 March 2017, direct operating expenses arising from investment property that generated rental income were HK$34,000.

8. OTHER (LOSS) GAIN

	2018 HK$'000	2017 HK$'000
Exchange loss, net	(178)	(416)
Gain on disposal of an investment property	–	4,513
	(178)	4,097

9. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interests on		
— bank borrowings	498	928
— bank overdrafts	35	319
— a finance lease	12	12
	545	1,259

10. PROFIT BEFORE TAXATION

	2018 HK$'000	2017 HK$'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration *(note 11(a))*	1,296	1,196
Other staff costs	2,813	1,581
Retirement benefit scheme contributions for other staff	128	73
Total staff costs	4,237	2,850
Auditor's remuneration	1,130	150
Cost of inventories recognised as expenses	208,387	190,957
Depreciation of property, plant and equipment	1,011	993
Depreciation of an investment property	–	45
Operating lease rentals in respect of rented premises		
— minimum lease payments	881	860
— contingent rent *(Note)*	329	330
	1,210	1,190

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 for their services rendered to the entities comprising the Group are as follows:

	Fees	Salaries and allowances	Performance related incentive payments	Retirement benefit scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 March 2018					
Executive directors					
Mr. Chan	–	720	–	18	738
Ms. Tse Chun Ha Amy	–	360	–	18	378
Independent non-executive directors					
Dr. Leung Wai Ping, Noel	60	–	–	–	60
Mr. So Yuk Ki	60	–	–	–	60
Mr. Lee Kam Wan	60	–	–	–	60
	180	1,080	–	36	1,296
For the year ended 31 March 2017					
Executive directors					
Mr. Chan	–	720	80	18	818
Ms. Tse Chun Ha Amy	–	360	–	18	378
	–	1,080	80	36	1,196

Mr. Chan and Ms. Tse Chun Ha Amy were appointed as executive 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 Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

The independent non-executive directors, namely Leung Wai Ping, Noel, So Yuk Ki and Lee Kam Wan were appointed by the Company on 18 September 2017.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, 2 (2017: 2) were directors of the Company for the year ended 31 March 2018, whose emoluments are included in the disclosures above. The emoluments of the remaining 3 (2017: 3) individuals are as follows:

	2018 HK$'000	2017 HK$'000
Employees		
— salaries and allowances	1,018	612
— performance related incentive payments	19	49
— retirement benefit scheme contributions	41	32
	1,078	693

Their emoluments were within the following bands:

	Number of employees	
	2018	2017
Nil to HK$1,000,000	3	3

Performance related incentive payments were determined with reference to the Group's operating results, individual performances and comparable market statistics.

During both years, 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 both years.

12. TAXATION

	2018 HK$'000	2017 HK$'000
The charge comprises:		
Hong Kong Profits Tax:		
Current tax	3,748	3,099
Underprovision in prior year	105	–
	3,853	3,099
Deferred taxation *(note 25)*	(106)	(96)
	3,747	3,003

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

12. TAXATION *(Continued)*

The taxation charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018 HK$'000	2017 HK$'000
Profit before taxation	10,401	20,276
Tax at Hong Kong Profits Tax rate of 16.5% (2017: 16.5%)	1,716	3,346
Tax effect of expenses not deductible for tax purposes	1,941	364
Tax effect of income not taxable for tax purposes	(18)	(745)
Underprovision in prior year	105	–
Others	3	38
Taxation charge	3,747	3,003

13. DIVIDENDS

During the year ended 31 March 2017, a dividend of HK$10,000,000, representing HK$3.33 per share, was declared and distributed by Quality Products to Mr. Chan.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2018 of HK2.2 cents per ordinary share, in an aggregate amount of HK$6,160,000, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	2018 HK$'000	2017 HK$'000
Earnings for the purpose of basic earnings per share (profit for the year)	6,654	17,273

	2018	2017
Weighted average number of ordinary shares for the purpose of basic earnings per share	241,452,055	210,000,000

The weighted average number of ordinary shares for the purpose of basic earnings per share is based on the assumption that the Group Reorganisation and the Capitalisation Issue (as defined in note 26(d)) had been effective on 1 April 2016.

No diluted earnings per share is presented as there are no potential ordinary shares during both years.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Equipment, furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 April 2016	4,693	4,588	1,082	10,363
Additions	–	26	–	26
At 31 March 2017	4,693	4,614	1,082	10,389
Additions	1,710	12	–	1,722
At 31 March 2018	**6,403**	**4,626**	**1,082**	**12,111**
DEPRECIATION				
At 1 April 2016	912	2,772	643	4,327
Provided for the year	119	686	188	993
At 31 March 2017	1,031	3,458	831	5,320
Provided for the year	138	685	188	1,011
At 31 March 2018	**1,169**	**4,143**	**1,019**	**6,331**
CARRYING VALUES				
At 31 March 2018	**5,234**	**483**	**63**	**5,780**
At 31 March 2017	3,662	1,156	251	5,069

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%–3.33%
Equipment, furniture and fixtures	20%
Motor vehicles	30%

As at 31 March 2018, the carrying value of motor vehicles included an amount of HK$63,000 (2017: HK$251,000) in respect of asset held under a finance lease.

16. INVESTMENT PROPERTY

	HK$'000
COST	
At 1 April 2016	1,917
Disposal	(1,917)
At 31 March 2017 and 2018	–
DEPRECIATION	
At 1 April 2016	385
Provided for the year	45
Eliminated on disposal	(430)
At 31 March 2017 and 2018	–
CARRYING VALUES	
At 31 March 2017 and 2018	–

The Group's property interest held under operating leases to earn rentals or for capital appreciation purposes was measured using cost model and was classified and accounted for as investment property.

The investment property was situated in Hong Kong and depreciated on a straight-line basis at 2.43% per annum.

17. INVENTORIES

	2018 HK$'000	2017 HK$'000
Finished goods	32,929	27,001

18. TRADE AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	31,012	19,177
Prepayments	2,297	2,394
Deposits	103	104
	33,412	21,675

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 invoices dates at the end of the reporting period:

	2018 HK$'000	2017 HK$'000
Within 30 days	20,023	13,708
31 to 60 days	10,047	5,465
61 to 90 days	940	2
Over 90 days	2	2
	31,012	19,177

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 HK$13,071,000 as at 31 March 2018 (2017: HK$6,726,000), 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.

18. TRADE AND OTHER RECEIVABLES *(Continued)*

The following is an aging analysis of trade receivables, which are past due but not impaired, at the end of the reporting period:

	2018 HK$'000	2017 HK$'000
Overdue by:		
0 to 30 days	11,001	6,646
31 to 60 days	1,882	76
61 to 90 days	186	2
Over 90 days	2	2
	13,071	6,726

Based on the historical experience of the Group, trade receivables that are past due but not impaired are generally recoverable.

19. AMOUNT DUE TO A RELATED COMPANY

	2018 HK$'000	2017 HK$'000
Eastern Mark Limited ("Eastern Mark")	–	9,460

Eastern Mark is a company wholly-owned by Mr. Chan. The amount represented advances from Eastern Mark, which was unsecured, interest-free, non-trade nature and repayable on demand.

20. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS/BANK DEPOSITS WITH ORIGINAL MATURITY OF MORE THAN THREE MONTHS/BANK OVERDRAFTS

Bank balances and cash and pledged bank deposits carry interest at prevailing market rate from 0.00% to 0.10% (2017: 0.00% to 0.02%) per annum as at 31 March 2018.

At 31 March 2018, the Group placed time deposits amounting to HK$53,101,000 (2017: nil) with a financial institution in Hong Kong with original maturity more than three months. Such deposits carry interests at fixed interest rates ranged from 1.10% to 1.67% per annum.

Bank overdrafts carry interest at prevailing market rate of 6% (2017: 6%) per annum as at 31 March 2018.

Included in bank balances and cash is the following amount denominated in a currency other than the functional currency of the respective group entity:

	2018 HK$'000	2017 HK$'000
US$	132	28

21. TRADE AND OTHER PAYABLES

	2018 HK$'000	2017 HK$'000
Trade payables	6,987	3,142
Accruals	3,193	605
Receipt in advance	4	–
	10,184	3,747

The credit period of trade payables is ranging from 0 to 30 days.

The following is an aging and analysis of trade payables presented based on the invoice dates at the end of each reporting period:

	2018 HK$'000	2017 HK$'000
Within 30 days	6,987	3,142

Included in trade and other payables is the following amounts denominated in currencies other than the functional currency of the respective group entity:

	2018 HK$'000	2017 HK$'000
Japanese Yen ("JPY")	5,516	3,106
US$	359	–

22. AMOUNT DUE TO A DIRECTOR

The amount was unsecured, interest-free, non-trade nature and repayable on demand.

Particulars of amount due to a director are disclosed as follows:

	2018 HK$'000	2017 HK$'000
Mr. Chan	–	4,587

23. BANK BORROWINGS

	2018 HK$'000	2017 HK$'000
Revolving loans	–	14,000
Term loans	6,042	7,971
	6,042	21,971
Variable-rate borrowings	6,042	21,971
Secured	6,042	21,971
Carrying amounts payable*		
Within one year	1,811	15,930
More than one year, but not more than two years	1,687	1,820
More than two years but not more than five years	2,544	4,221
Amounts due within one year shown under current liabilities**	6,042	21,971

* 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 2018 and 2017.

The above variable-rate bank borrowings bear interest ranging from Hong Kong Prime Rate minus 2.0% per annum to Hong Kong Prime Rate minus 1.5% per annum as at 31 March 2018 and 2017.

At 31 March 2018, the range of effective interest rates (which are also equal to contracted interest rates) on the variable-rate bank borrowings is 3.00% to 3.50% (2017: 3.00% to 3.75%) per annum.

Details of assets of the Group pledged, guarantees provided by related parties and assets owned by related parties pledged for the bank borrowings of the Group are set out in notes 29 and 31, 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% (2017: 2%) per annum as at 31 March 2018. No arrangement has been entered into for contingent rental payments.

	Minimum lease payments		Present value of minimum lease payments	
	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'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	100	231	91	210
	362	493	329	448
Less: Future finance charges	(33)	(45)	–	–
Present value of lease obligations	329	448	329	448
Less: Amount due for settlement within 12 months (shown under current liabilities)			(119)	(119)
Amount due for settlement after 12 months (shown under non-current liabilities)			210	329

The Group's obligation under a finance lease is secured by the lessor's charge over the leased asset.

25. DEFERRED TAXATION

	Accelerated tax depreciation HK$'000
At 1 April 2016	202
Credited to profit or loss	(96)
At 31 March 2017	106
Credited to profit or loss	(106)
At 31 March 2018	–

26. SHARE CAPITAL

For the purpose of these consolidated financial statements, the issued capital of the Group at 1 April 2016 represented the share capital of Quality Product. The share capital shown in the consolidated statement of financial position as at 31 March 2017 represented the issued share capital of Ocean One (BVI). The share capital shown in the consolidated statement of financial position as at 31 March 2018 represented the issued share capital of the Company.

The movement in share capital of the Company is as follows:

	NOTES	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
At 18 April 2017 (date of incorporation)	*(a)*	39,000,000	390
Increase on 21 September 2017	*(b)*	9,961,000,000	99,610
At 31 March 2018		10,000,000,000	100,000
Issued and fully paid:			
Issue of shares on 18 April 2017 (date of incorporation)	*(a)*	1	–
Issue of shares upon the Group Reorganisation	*(c)*	1	–
Capitalisation Issue	*(d)*	209,999,998	2,100
Issue of shares upon public offer and placing	*(e)*	70,000,000	700
At 31 March 2018		280,000,000	2,800

26. SHARE CAPITAL *(Continued)*

Notes:

(a) 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.

(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 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.

(d) Pursuant to the written resolutions passed by the sole shareholder of the Company on 21 September 2017, upon completion of the public offer and placing on 19 October 2017, the Company was authorised to capitalise a sum of HK$2,099,999.98 standing to the credit of the share premium account of the Company and applied such amount to pay up in full at par of 209,999,998 ordinary shares of the Company (the "Capitalisation Issue").

(e) In connection with the Listing on 19 October 2017, the Company allotted and issued a total of 70,000,000 new shares at HK$1.22 per share by way of public offer and placing.

27. SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 21 September 2017. The purpose of the Share Option Scheme is to enable the Group to grant options to the eligible participants to reward the employees, the directors of the Company and other selected participants for their contributions to the Group, and it is expected that they will make an effort to contribute to the development of the Group.

The board of directors may, at its absolute discretion, offer to grant an option to eligible participant(s) to subscribe for the shares of the Company at an exercise price and subject to the other terms of the Share Option Scheme. The maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other schemes of the Group must not in aggregate exceed 10% of the total number of shares in issue at the time dealings in the shares of the Company first commence on the Stock Exchange (i.e. 28,000,000 shares) and that none of the options granted the Share Option Scheme are exercised. HK$1 is payable by eligible participant(s) on acceptance of an offer of option.

The Share Option Scheme will remain in force for a period of ten years from its adoption date. Subject to certain restrictions contained in the Share Option Scheme, an option 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 of directors 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. There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme. However, at the time of granting any option, the board of directors may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the minimum period of the options to be held and/or the performance targets to be achieved as the board of directors may determine in its absolute discretion.

No options were granted or exercised during the year ended 31 March 2018 and no share options were outstanding as at 31 March 2018.

28. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments or future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 HK$'000	2017 HK$'000
Within one year	852	–
In the second year	852	–
	1,704	–

Operating lease payments represent rentals payable by the Group for car park, office premises and warehouses. Leases and rentals are negotiated for fixed terms of three 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 amounting to HK$1,584,000 and HK$120,000 as at 31 March 2018 (2017: nil and nil), respectively.

29. 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 31).

The carrying amounts of the assets pledged are as follows:

	2018 HK$'000	2017 HK$'000
Property, plant and equipment	3,543	3,662
Bank deposits	1,826	1,593
	5,369	5,255

30. CONTINGENT LIABILITIES

	2018 HK$'000	2017 HK$'000
Guarantees given to a bank in respect of banking facility granted to Eastern Mark	–	17,593

In the opinion of directors of the Company, the fair value of the financial guarantees of the inception was not significant. The guarantees have been released during the year ended 31 March 2018.

31. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group entered into the following related parties transactions:

Name of related party	Nature of transaction	2018 HK$'000	2017 HK$'000
Eastern Mark	Rental expenses	792	765
Mr. Chan	Car park rental expenses	60	54
		852	819

Mr. Chan and Ms. Tse Chun Ha Amy provided unlimited personal guarantees and Eastern Mark provided unlimited corporate guarantee to banks in respect of the bank borrowings granted to the Group and Eastern Mark as at 31 March 2017. The personal guarantees and corporate guarantee have been released during the year ended 31 March 2018.

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 2017. The pledge of assets have been released during the year ended 31 March 2018.

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 during the year is as follows:

	2018 HK$'000	2017 HK$'000
Salaries and allowances	1,619	1,080
Performance related incentive payments	–	80
Retirement benefit scheme contributions	53	36
	1,672	1,196

32. RETIREMENT BENEFIT SCHEME

The Group participates 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 of 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.

The total expense recognised in profit or loss of HK$164,000 (2017: HK$109,000) represents contributions to the scheme by the Group at rate specified in the rule of the scheme during the year ended 31 March 2018.

33. NON-CASH TRANSACTION

During the year ended 31 March 2017, bank borrowings amounting to HK$9,460,000 in total were reassigned to Eastern Mark.

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2018 HK$'000
Non-current assets	
Investments in subsidiaries	17,221
Amount due from a subsidiary	60,686
	77,907
Current assets	
Prepayments	146
Amount due from a subsidiary	18,000
Bank balances and cash	1,895
	20,041
Current liability	
Other payables	290
Net current assets	19,751
Net assets	97,658
Capital and reserves	
Share capital	2,800
Reserves *(Note)*	94,858
Total equity	97,658

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

	Share premium HK$'000	Capital reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
On 18 April 2017 (date of incorporation)	–	–	–	–
Profit and total comprehensive income for the period	–	–	6,918	6,918
Issue of shares upon the Group Reorganisation *(note 26(c))*	–	15,089	–	15,089
Capitalisation Issue *(note 26(d))*	(2,100)	–	–	(2,100)
Issue of shares upon public offer and placing *(note 26 (e))*	84,700	–	–	84,700
Expenses incurred in connection with issue of shares	(9,749)	–	–	(9,749)
At 31 March 2018	72,851	15,089	6,918	94,858

35. PARTICULARS OF SUBSIDIARIES

Details of the Company's subsidiaries as at 31 March 2018 and 2017 are as follows:

Name of subsidiary	Place of incorporation	Issued and fully paid share capital	Equity interest attributable to the Group 2018	2017	Principal activities
Directly held:					
Ocean One (BVI)	BVI	US$2	100%	100%	Investment holding
Indirectly held:					
Quality Products	Hong Kong	HK$3,000,001	100%	100%	Importing and wholesaling of frozen seafood products

None of the subsidiaries had any debt securities outstanding at 31 March 2018 and 2017 or at any time during both years.

36. 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 from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings, obligation under a finance lease and bank overdrafts disclosed in notes 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.

37. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2018 HK$'000	2017 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	87,972	29,804
Financial liabilities		
Amortised cost	14,734	47,061
Obligation under a finance lease	329	448

Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, pledged bank deposits, bank deposits with original maturity of more than three months, bank balances and cash, 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 and trade payables) denominated in currencies other than the functional currency of the respective group entity at the end of the reporting period are as follows:

	Assets		Liabilities	
	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000
JPY	–	–	5,516	3,106
US$	132	28	359	–

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.

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

***Currency risk** (Continued)*

Sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the functional currency of the Group 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 year end 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.

	2018 HK$'000	2017 HK$'000
JPY	461	259

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the year end exposures at the end of the reporting period do not reflect the exposure during both years.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to certain pledged bank deposits and 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 certain pledged bank deposits and bank balances and bank deposits with original maturity more than three months (see note 20). The directors of the Company consider the Group's exposures of the bank balances and pledged bank deposits 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 the 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 Company's post-tax profit for the year would decrease/increase by HK$65,000 (2017: HK$249,000).

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk

As at 31 March 2018 and 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 30.

As at 31 March 2018, the Group has concentration of credit risk by geographical location as 88% (2017: 87%) of trade receivables are in Hong Kong.

In order to minimise the credit risk, the management 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 the 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 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.

Other than the above, the Group has no other significant concentration of credit risk, with exposure spread over a number of counterparties.

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 the reporting period.

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

***Liquidity risk** (Continued)*

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
2018						
Trade payables	–	6,987	–	–	6,987	6,987
Bank borrowings						
— variable-rate	3.49	6,042	–	–	6,042	6,042
Bank overdrafts	6.00	1,705	–	–	1,705	1,705
Obligation under a finance lease	2.00	131	131	100	362	329
		14,865	131	100	15,096	15,063
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
		47,192	131	231	47,554	47,509
Financial guarantee contracts	N/A	17,593	–	–	17,593	–

The amount included above for financial guarantee contracts was the maximum amount the Group could be required to settle under the arrangement for the full guaranteed amount if that amount was claimed by the counterparty to the guarantee. Based on expectations at 31 March 2017, the Group considered that it was more likely than not that no amount would be payable under the arrangement. However, this estimate was subject to change depending on the probability of the counterparty claiming under the guarantee which was a function of the likelihood that the financial receivables held by the counterparty which were guaranteed suffer credit losses. Details of the financial guarantees are set out in note 30.

37. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

***Liquidity risk** (Continued)*

Liquidity and interest risk tables (Continued)

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 2018, the aggregate carrying amounts of these bank borrowings amounted to HK$6,042,000 (2017: HK$21,971,000). 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$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
2018						
Bank borrowings						
— variable-rate	3.49	**1,988**	**1,806**	**2,615**	**6,409**	**6,042**
2017						
Bank borrowings						
— variable-rate	3.56	16,675	1,993	4,402	23,070	21,971

The amount 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 the reporting period.

Fair value measurement of financial instruments

The fair values of financial assets and financial liabilities have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Amount due to a director HK$'000 *(Note 22)*	Amount due to a related company HK$'000 *(Note 19)*	Bank borrowings HK$'000 *(Note 23)*	Obligation under a financing lease HK$'000 *(Note 24)*	Interest payable HK$'000	Accrued expenses incurred in connection with issue of shares of the Company HK$'000	Total HK$'000
At 1 April 2017	4,587	9,460	21,971	448	–	–	36,466
Financing cash flows	7,413	(9,460)	(15,929)	(119)	(545)	(9,749)	(28,389)
Capitalisation of amount due to a director	(12,000)	–	–	–	–	–	(12,000)
Interest expenses	–	–	–	–	545	–	545
Share issue costs	–	–	–	–	–	9,749	9,749
At 31 March 2018	–	–	6,042	329	–	–	6,371

Financial Summary

For the three years ended 31 March 2016, 2017 and 2018

	Year ended 31 March		
	2018	2017	2016
	HK$'000	HK$'000	HK$'000
RESULTS			
Revenue	**239,794**	217,447	165,488
Gross profit	**31,407**	26,490	19,747
Profit before taxation	**10,401**	20,276	10,875
Taxation	**3,747**	3,003	1,796
Profit for the year attributable to owners of the Company	**6,654**	17,273	9,079

	As at 31 March		
	2018	2017	2016
	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES			
Non-current assets	**5,780**	5,069	7,568
Current assets	**123,301**	59,300	56,270
Non-current liabilities	**210**	435	650
Current liabilities	**19,478**	48,846	55,373
Net current assets	**103,823**	10,454	897
Net assets	**109,393**	15,088	7,815