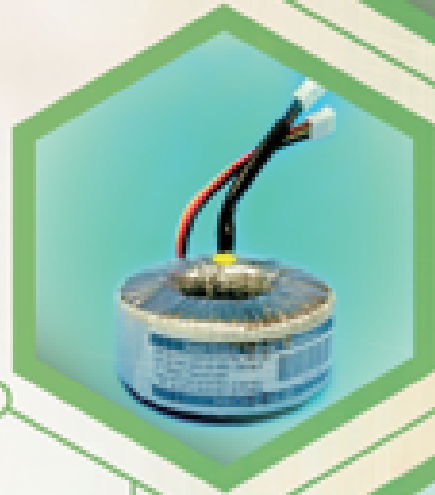
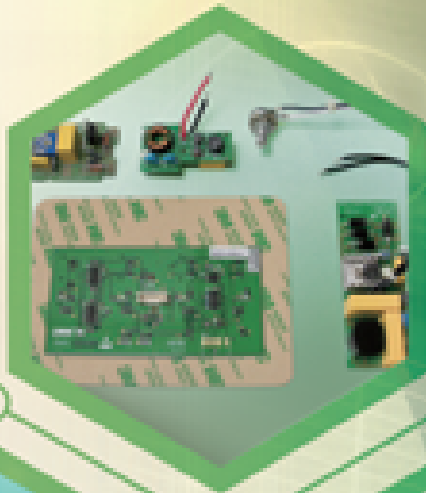


KEEN OCEAN INTERNATIONAL HOLDING LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8070



THIRD QUARTERLY 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 small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (the “**Directors**”) of Keen Ocean International Holding Limited (the “**Company**” or “**our**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively refer to as the “**Group**”). 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.*

This report will remain on the “Latest Company Announcements” page on the GEM website at www.hkgem.com for at least 7 days from the day of its posting. This report will also be published on the Company’s website at www.keenocean.com.hk.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr. Chung Chi Hang, Larry (*Chairman*)
 Mr. Chung Tin Shing
 Mr. Wong Shek Fai, Johnson

Independent non-executive directors

Mr. Wong Choi Chak
 Mr. Li Chung Pong, Stephen
 Mr. Lam Chon Loi

COMPANY SECRETARY

Ms. Chau Hing Ling

COMPLIANCE OFFICER

Mr. Wong Shek Fai, Johnson

BOARD COMMITTEES

Audit committee

Mr. Wong Choi Chak (*Chairman*)
 Mr. Li Chung Pong, Stephen
 Mr. Lam Chon Loi

Nomination committee

Mr. Li Chung Pong, Stephen (*Chairman*)
 Mr. Lam Chon Loi
 Mr. Chung Tin Shing

Remuneration committee

Mr. Lam Chon Loi (*Chairman*)
 Mr. Wong Choi Chak
 Mr. Chung Chi Hang, Larry

Risk management committee

Mr. Chung Tin Shing (*Chairman*)
 Mr. Wong Shek Fai, Johnson
 Mr. Lam Chon Loi

AUTHORISED REPRESENTATIVES

Mr. Chung Chi Hang, Larry
 Mr. Chung Tin Shing

COMPANY'S WEBSITE

<http://www.keenocean.com.hk>

AUDITOR

ZHONGHUI ANDA CPA LIMITED
 Unit 701, 7/F.
 Citicorp Centre
 18 Whitfield Road
 Causeway Bay
 Hong Kong

COMPLIANCE ADVISER

LY Capital Limited
 Rooms 1901-02
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 141 Des Voeux Road Central
 Hong Kong

REGISTERED OFFICE

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 Hutchins Drive
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 Grand Cayman KY1-1111
 Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN CHINA

East of Xinggong Avenue
 and South of Keqi Road
 High-tech Development Zone
 Heyuan City
 Guangdong Province
 The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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 Cable TV Tower
 9 Hoi Shing Road
 Tsuen Wan
 New Territories
 Hong Kong

CORPORATE INFORMATION

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking
Corporation Limited
1 Queen's Road Central
Hong Kong

DBS Bank (Hong Kong) Limited
11th Floor
The Center
99 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

STOCK CODE

8070

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, the Group was principally engaged in the design, development, production and sale of power supply products, especially transformers, switching mode power supplies, and other electronic parts and components. The Group sells its products domestically and to overseas customers. Customers are mainly manufacturers and trading entities.

Most of the power supply products were manufactured and sold under the Group's brand name called "Keen Ocean" while other electronic parts and components were sold on an original equipment manufacturer basis. Among the products sold, transformers remained the Group's best-selling products and represented approximately 56.0% of the Group's sales for the nine months ended 30 September 2018 (nine months ended 30 September 2017: approximately 56.8%). The percentage sales for switching mode power supplies and electronic parts and components represented approximately 1.2% (nine months ended 30 September 2017: approximately 1.0%) and 42.8% (nine months ended 30 September 2017: 42.1%) respectively of the total sales for the nine months ended 30 September 2018.

The recent trade war between US and China create further economic and political instability across the globe. Companies which import Chinese goods to US may face high punitive import tariffs imposed by the customs of US if such goods fall within the sanction list. The directors are of the view that the trade war had no major impact on the operations of the Group during the quarter ended 30 September 2018. The Group will keep an eye on the progress of the trade war and response accordingly.

During the period under review, the business of the Group was again impacted by the high material cost, especially the price of copper and silicone steel. In view of the current unstable environment, the Group expects that copper and silicone steel prices will continue to stay high. The Group has not attempted to hedge against the prices of copper or silicone steel. Nevertheless, if the price continues to rise, the Group will consider all possible methods to alleviate or counteract the increase.

Revenue generated from sales of new products such as high power switching mode power supply, amplifier board and the digital signal processing board increased steadily but was slightly lower than the Group's expectation. The reason may be attributable to uncertain economic and political environment which cause customers cautious in placing their orders.

During the period under review, the Group has completed the development of two new products, namely electric healthcare product and inverter. Orders have been received for the two new products. Some inverters have been shipped to customers starting from September 2018. There was no despatch of electric healthcare products before end of September as customers are still revising the specifications to comply with their countries' safety standards. It is expected that these two new products will start to contribute revenue to the Group in the second half of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period, KOS Technology Company Limited ("KOS"), a subsidiary of the Group, issued new shares to an independent third party for consideration of US\$1,800. After the new issue, the independent third party will become owner of 45% shares in the enlarged share capital of KOS. The new shareholder will play an advisory role in the manufacture, promotion and distribution of electrical products under a new brand name in KOS.

The Group has actively launched advertising and marketing campaigns to promote its new and existing products. During the period, the Group has placed advertisements in renowned industrial magazines like the Global Source and participated in trade show held in Germany.

FINANCIAL REVIEW

The Group's revenue increased by approximately HK\$15.0 million, or 13.3%, from approximately HK\$112.0 million for the nine months ended 30 September 2017 to HK\$127.0 million for the nine months ended 30 September 2018. Such increase was primarily due to the increase in selling price and sales of transformers and switching mode power supply. Cost of sales increased by approximately HK\$19.5 million, or 21.6%, from approximately HK\$90.3 million for the nine months ended 30 September 2017 to approximately HK\$109.8 million for the nine months ended 30 September 2018. Such increase was mainly due to the increase in sale revenue as well as the rise in raw material costs, especially prices of copper and silicon steel. The Group recorded a rise in prices of copper and silicon steel by more than 15% and 24% respectively since the beginning of last year. Despite the increase in sales, the Group's gross profit decreased by approximately HK\$4.6 million, or 21.0%, from approximately HK\$21.7 million for the nine months ended 30 September 2017 to approximately HK\$17.2 million for the nine months ended 30 September 2018. Gross profit margin went down from 19.4% for the nine months ended 30 September 2017 to 13.5% for the nine months ended 30 September 2018. Such drop was again due to the high material costs and labour wages.

Other income decreased by approximately HK\$0.2 million or 16.8% from approximately HK\$0.8 million for the nine months ended 30 September 2017 to approximately HK\$0.7 million for the nine months ended 30 September 2018. Such decrease was mainly due to the decrease in income from sales of scrap materials.

Other gains and losses increased by approximately HK\$0.23 million or 511% from gains of approximately HK\$0.05 million for the nine months ended 30 September 2017 to gains of approximately HK\$0.28 million for the nine months ended 30 September 2018. Such increase in gains was mainly attributable to the appreciation of Renminbi against US dollars during the first six months of 2018 as some of the sales, which were originally billed in Renminbi, were settled in US dollars with the exchange rate agreed at rate on the invoice date instead of payment date.

Selling and distribution expenses increased by approximately HK\$0.3 million or 5.5%, from approximately HK\$4.9 million for the nine months ended 30 September 2017 to approximately HK\$5.2 million for the nine months ended 30 September 2018. Such increase was in line with the increase in sales and more advertising, promotional and sample expenses have been incurred as a result of launching of new products.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses decreased by approximately HK\$1.8 million or 9.1% from approximately HK\$20.2 million for the nine months ended 30 September 2017 to approximately HK\$18.4 million for the nine months ended 30 September 2018. The decrease was mainly due to successful reduction of the Group's overhead expenditures by streamlining its administrative workflows in order to cancel out the high staff cost and welfare expenses.

Finance costs increased by approximately HK\$0.3 million or 31.9% from approximately HK\$1.0 million for the nine months ended 30 September 2017 to approximately HK\$1.3 million for the nine months ended 30 September 2018. The increase was mainly due to the increase in bank interest arising from the increase in short term factoring service, a common type of debtor financing which the Group sells its accounts receivable to the bank at a discount for immediate cash received, as a result of increase in sales.

Income tax expenses decreased by approximately HK\$0.1 million or 100% from approximately HK\$0.1 million for the nine months ended 30 September 2017 to nil for the nine months ended 30 September 2018. Such decrease was mainly due to no provision of profits tax for the Group's operations as a result of losses incurred during the period under review.

As a result of the above, the Group recorded a loss of approximately HK\$6.7 million for the nine months ended 30 September 2018 (nine months ended 30 September 2017: loss of approximately HK\$3.6 million)

PROSPECT

If the trade war continues, the US government may raise import tariffs and expand its sanction list to cover all Chinese imports. If the Group's products fall within the sanction list, the Group will temporarily reduce its percentage of US sales and exploit other geographic market opportunities. Besides, the continuous rise in copper and silicone steel prices may further reduce the profit margin of the Group's products. Nevertheless, the Group will try its best to work around these issues and hope that any impact that might have brought would be kept to a minimum.

Despite the gloomy economic outlook, the Directors are of the view that the long term prospect of the industries where the Group is operating are still challenging. The Directors have confidence to overcome the current stagnant atmosphere and expand its business by producing more customer-oriented products.

In the short term, apart from promoting the existing products, the Group will continue to develop new products to broaden its product range, upgrade its production capability, solidify relationship with existing customers and widen customer base. More advertisements will be placed in magazines and more overseas trade shows and exhibitions will be taken part in order to promote both new and existing products. The Group aims to strengthen its competitiveness in the market so as to generate sustainable returns and maximize shareholders' return.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2018

The board of directors of the Company (the “Board”) is pleased to present the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2018, together with the comparative figures for the corresponding period in 2017 as follows:

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	3	45,635	37,574	126,997	112,047
Cost of sales		(39,585)	(31,205)	(109,845)	(90,327)
Gross profit		6,050	6,369	17,152	21,720
Other income	4	201	418	663	797
Other gains and (losses)		(269)	(47)	275	45
Selling and distribution expenses		(1,653)	(1,704)	(5,148)	(4,880)
Administrative expenses		(6,313)	(5,981)	(18,362)	(20,205)
Finance costs	5	(436)	(342)	(1,285)	(974)
Loss before tax	6	(2,420)	(1,287)	(6,705)	(3,497)
Income tax expense	7	-	63	-	(141)
Loss for the period		(2,420)	(1,224)	(6,705)	(3,638)
Other comprehensive expenses after tax:					
<i>Items that may be reclassified to profit or loss:</i>					
Exchange differences on translating foreign operations		(32)	-	(355)	-
Total comprehensive expenses for the period		(2,452)	(1,224)	(7,060)	(3,638)
Loss for the period attributable to:					
Equity holders of the Company		(2,420)	(1,224)	(6,719)	(3,638)
Non-controlling interests		-	-	14	-
		(2,420)	(1,224)	(6,705)	(3,638)
Total comprehensive expenses for the period attributable to:					
Equity holders of the Company		(2,452)	(1,224)	(7,074)	(3,638)
Non-controlling interests		-	-	14	-
		(2,452)	(1,224)	(7,060)	(3,638)
Loss per share	9				
Basic and diluted (HK cents)		(1.21)	(0.61)	(3.36)	(1.82)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2018

	Attributable to owners of the Company					Total	Non- controlling interests	Total equity
	Share capital	Share Premium	Special reserve	Retained profits	Translation reserve			
	HK\$'000	HK\$'000	HK\$'000 (note a)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2017 (audited)	2,000	24,973	3,000	37,379	(110)	67,242	-	67,242
Loss and total comprehensive expense for the period (unaudited)	-	-	-	(3,638)	-	(3,638)	-	(3,638)
At 30 September 2017 (unaudited)	2,000	24,973	3,000	33,741	(110)	63,604	-	63,604
At 1 January 2018 (audited)	2,000	24,973	3,000	30,642	477	61,092	-	61,092
Loss and total comprehensive expense for the period (unaudited)	-	-	-	(6,719)	(355)	(7,074)	14	(7,060)
Contribution by non-controlling shareholders (unaudited)	-	-	-	-	-	-	14	14
At 30 September 2018 (unaudited)	2,000	24,973	3,000	23,923	122	54,018	14	54,046

Note:

- a) The special reserve represents the difference between the nominal value of shares of Keen Ocean Industrial Limited at the date on which it was acquired by Keen Ocean Electronic Co., Ltd. and the consideration was settled by way of issue of 100 ordinary shares by Keen Ocean Electronics Co., Ltd. to the Company pursuant to the reorganisation.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2018

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of Cayman Islands on 19 December 2014 and its shares were listed on GEM of the Stock Exchange on 24 February 2016. The address of the registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and principal place of business of the Company is Unit 5, 34th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the design, manufacture and distribution of power supply products.

The functional currency of the Company is United States dollars (“**US\$**”) and the presentation currency of the Group is Hong Kong dollars (“**HK\$**”) as the directors of the Company consider that it is easier to monitor the financial performance of the Group.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2017 and 2018 have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the disclosure requirements of the GEM Listing Rules.

The basis of preparation and principal accounting policies adopted in preparing these unaudited condensed consolidated financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2017, except for the adoption of the new and revised HKFRSs that have become effective for its accounting period beginning on 1 January 2018.

The adoption of the new and revised HKFRSs has no significant effect on these unaudited condensed consolidated financial statements.

The Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective for the current accounting period of the Group.

The unaudited condensed consolidated financial statements have been prepared under historical cost basis and not been reviewed by the company’s auditor. Adjustment may be identified during the course of annual audit to be performed by the company auditor.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2018

3. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the fair value of amounts received and receivable for goods sold by the Group to outside customers, less discount. The Group's operation is solely derived from the manufacture and sale of transformers, switching mode power supply, electronic parts and components during the reporting period. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive officer of the Company) reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in the aforesaid note 2. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

An analysis of the Group's revenue from its major products is as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Sales of transformers	27,073	22,035	71,113	63,683
Sales of switching mode power supply	253	165	1,481	1,151
Sales of electronic parts and products as well as enamelled copper wires	18,309	15,374	54,403	47,213
	45,635	37,574	126,997	112,047

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2018

Disaggregation of revenue from contracts with customers:

Geographical information

The Group's operation is located in the People's Republic of China (the "PRC") (country of domicile). Information about the Group's revenue is presented based on the location of the customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customer				Non-current assets	
	For the three months ended 30 September		For the nine months ended 30 September		30 September	31 December
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Audited)
Hong Kong	5,105	4,736	14,533	15,090	1,046	1,230
PRC	25,788	13,233	43,426	34,486	8,556	7,123
Europe	4,978	9,079	22,700	27,874	-	-
United States	1,523	5,033	22,255	19,971	-	-
Others	8,241	5,493	24,083	14,626	-	-
	45,635	37,574	126,997	112,047	9,602	8,353

All timing of revenue is at a point in time for the nine months ended 30 September 2018 and 2017.

4. OTHER INCOME

	For the three months ended 30 September		For the nine months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Sales of scrap materials	-	2	327	265
Bank interest income	21	35	102	151
Government incentive	180	381	234	381
	201	418	663	797

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2018

5. FINANCE COSTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Interest on bank borrowings	436	342	1,285	974

6. LOSS BEFORE TAX

	For the three months ended 30 September		For the nine months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Loss before tax has been arrived at after charging:				
Auditor's remuneration	140	153	499	483
Depreciation of plant and equipment	296	531	1,428	1,653
Cost of inventories sold	37,681	29,741	10,540	87,607
Minimum lease payment paid under operating leases	483	683	2,057	2,175
Research and development expenses	958	1,104	2,505	5,311
Directors' emoluments				
– Salaries and other benefits	341	341	1,024	1,037
– Retired benefit contributions	12	12	35	36
	353	353	1,059	1,073
Staff salaries and other benefits	9,152	9,860	24,299	23,977
Staff retirement benefit contributions	983	457	1,475	1,521
	10,135	10,317	25,774	25,498
Total staff costs (including directors' emoluments)	10,488	10,670	26,833	26,571

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2018

7. INCOME TAX EXPENSES

	For the three months ended 30 September		For the nine months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Current tax:				
Hong Kong Profits Tax	-	-	-	14
PRC Enterprise Income Tax	-	(63)	-	127
	-	(63)	-	141

No provision for Hong Kong Profit Tax is required since the Group has no assessable profit for the relevant periods in 2018. The amount provided for the periods in 2017 was calculated at 16.5% based on the assessable profit for that period.

No provision for PRC enterprise income tax is required since the Group has no assessable profit for the relevant periods in 2018. Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for the relevant periods in 2017.

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2018 (2017: nil).

9. LOSS PER SHARE

Basis loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue for the nine months ended 30 September 2018 and 2017.

	For the three months ended 30 September		For the nine months ended 30 September	
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
Loss for the period attributable to owners of the Company (HKD'000)	(2,420)	(1,224)	(6,719)	(3,638)
Number of shares:				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (Note)	200,000,000	200,000,000	200,000,000	200,000,000

Note:

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share for the nine months ended 30 September 2018 and 2017 has been determined on the assumption that the capitalisation issue had been effective on 1 January 2015.

No diluted loss per share is presented for the nine months ended 30 September 2018 and 2017 since there are no potential diluted ordinary shares in issue during both periods.

OTHER INFORMATION

DISCLOSURE OF INTERESTS

(a) Interests and short position of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or the associated corporations

As at 30 September 2018, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") (i) which were 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 they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required as otherwise to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

(i) Interests in the company

Name of Directors	Capacity/ Nature of interest	Number of shares (note 1)	Approximate percentage of shares
Mr. Chung Chi Hang, Larry (note 2)	Interest of a controlled corporation	126,000,000	63.0%
Mr. Chung Tin Shing	Beneficial interest	14,000,000	7.0%

Notes:

- (1) All interest stated are long positions.
- (2) These shares are held by Cyber Goodie Limited, 100% shareholding of which is owned by Mr. Chung Chi Hang, Larry. Mr. Chung Chi Hang, Larry is deemed to be interested in the shares held by Cyber Goodie Limited under the SFO.

(ii) Interests in associated corporation(s) of the company

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of shares	Percentage of shareholding
Mr. Chung Chi Hang, Larry	Cyber Goodie Limited	Beneficial owner	10 (long position)	100%

OTHER INFORMATION

Save as disclosed above, as at 30 September 2018, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were 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 and/or short positions which they are taken or deemed to have under such provisions of the SFO) or (ii) which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO or (iii) which were otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealing by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

(b) Interests and short positions of the substantial shareholders in the shares and underlying shares

Save as disclosed above, as at 30 September 2018, the Directors and chief executive are not aware of any person, other than a Director or chief executive of the Company, who has an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2018 (for the nine months ended 30 September 2017: nil).

SHARE OPTION SCHEME

The share option scheme of the Company (the “**Share Option Scheme**”) was adopted under the written resolutions of the shareholders of the Company passed on 2 February 2016. No share options were granted, exercised or cancelled by the Company under the Share Option Scheme during the period from 1 January 2018 to 30 September 2018 and there were no outstanding share options under the Share Option Scheme as at 30 September 2018 and up to the date of this report.

DIRECTORS’ RIGHT TO ACQUIRE SHARES

Save as disclosed in this report, at no time during the period from 1 January 2018 to 30 September 2018 was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executive of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the shares, or underlying shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period from 1 January 2018 to 30 September 2018, the Company did not redeem any of its shares, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company’s shares.

OTHER INFORMATION

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company, having made specific enquiry of all Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the period from 1 January 2018 to 30 September 2018.

DEED OF NON-COMPETITION

A deed of non-competition (the "**Deed of Non-competition**") dated 2 February 2016 was entered into by Cyber Goodie Limited, a limited liability company incorporated in the British Virgin Islands, and Mr. Chung Chi Hang, Larry in favour of the Company (for the Company and for the benefit of its subsidiaries) regarding non-competition undertakings. The details of the Deed of Non-competition have been disclosed in the prospectus under the section headed "Relationship with our Controlling Shareholders" and the non-competition undertaking has become effective from the listing date of the Company.

COMPETITION AND CONFLICT OF INTERESTS

As far as the Directors are aware of, none of the Directors nor the controlling shareholders nor any of their respective associates (as defined in the GEM Listing Rules) had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group or had any other conflict of interests with the Group during the nine months ended 30 September 2018.

INTERESTS OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, LY Capital Limited ("**LY Capital**"), neither LY Capital nor any of its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules (except for the compliance adviser agreement entered into between the Company and LY Capital on 17 March 2015) as at 30 September 2018.

AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**") on 2 February 2016, which operates under terms of reference approved by the Board. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Wong Choi Chak, Mr. Li Chung Pong, Stephen and Mr. Lam Chon Loi. Mr. Wong Choi Chak is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited condensed consolidated financial results of the Group for the nine months ended 30 September 2018.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Directors consider that incorporating the core elements of good corporate governance in the management structure and internal control procedures of the Group would help to balance the interest of the shareholders, customers and employees of the Company. The Board has adopted the principles and the code provisions of the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules (the “**CG Code**”) to ensure that the Group’s business activities and decision making processes are regulated in a proper and prudent manner.

The Directors consider that during the period from 1 January 2018 and up to 30 September 2018, the Company has complied with the CG Code.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE GEM LISTING RULES

The Company does not have any other disclosure obligations under Rules 17.22, 17.23 and 17.24 of the GEM Listing Rules.

By order of the Board
Keen Ocean International Holding Limited
Chung Chi Hang, Larry
Chairman

Hong Kong, 5 November 2018

As at the date of this report, the executive directors of the Company are Mr. Chung Chi Hang, Larry, Mr. Chung Tin Shing and Mr. Wong Shek Fai, Johnson; and the independent non-executive directors of the Company are Mr. Wong Choi Chak, Mr. Li Chung Pong, Stephen and Mr. Lam Chon Loi.