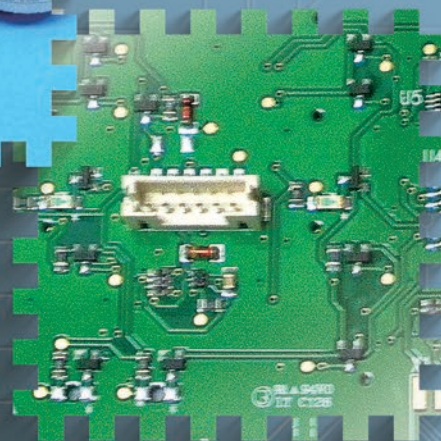
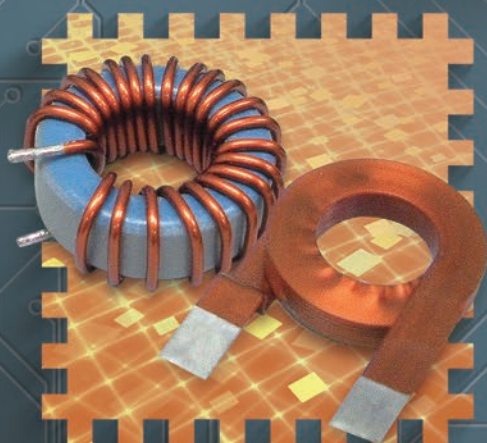


# KEEN OCEAN INTERNATIONAL HOLDING LIMITED

*(incorporated in the Cayman Islands with limited liability)*

Stock Code : 8070

## FIRST QUARTERLY REPORT 2019





## 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 Main Board. 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.**

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

*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](http://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](http://www.keenocean.com.hk).*



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## 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

(*Resigned on 14 March 2019*)

Mr. Li Chung Pong, Stephen

Mr. Lam Chon Loi

Mr. Ng Wing Cheong

(*Appointed on 14 March 2019*)

## COMPANY SECRETARY

Ms. Chau Hing Ling

## COMPLIANCE OFFICER

Mr. Wong Shek Fai, Johnson

## BOARD COMMITTEES

### Audit committee

Mr. Wong Choi Chak (*Chairman*)

(*Resigned on 14 March 2019*)

Mr. Ng Wing Cheong (*Chairman*)

(*Appointed on 14 March 2019*)

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

(*Resigned on 14 March 2019*)

Mr. Chung Chi Hang, Larry

Mr. Ng Wing Cheong

(*Appointed on 14 March 2019*)

### 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

## REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

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

Unit 5, 34th Floor

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

## BUSINESS REVIEW

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

Most of the transformer and power supply products were manufactured and sold under the Group's branch name called "Keen Ocean" while all electronic parts and components as well as electric healthcare products were sold on an original equipment manufacturer basis. Among the products manufactured and sold, transformers remained the Group's flagship products and represented approximately 50.43% of the Group's sales for the three months ended 31 March 2019 (for the three months ended 31 March 2018: approximately 49.88%). The percentage sales for switching mode power supplies represented approximately 1.09% of the Group's sales for the three months ended 31 March 2019 (for the three months ended 31 March 2018: approximately 1.25%). The percentage sales for other electronic parts and components as well as other electronic products accounted for approximately 36.35% of the Group's sales for the three months ended 31 March 2019 (for the three months ended 31 March 2018: approximately 48.88%). Since the delivering of a new electric healthcare product, it has evolved rapidly to become a new sustainable product line on its own. This new electric healthcare product line accounted for approximately 12.13% of the Group's sales for the three months ended 31 March 2019 (for the three months ended 31 March 2018: Nil). The production of other electric healthcare products are in the pipe-line and their progress will vary depending on the market condition.

Revenue generated by the Group increased moderately during the period under review despite the global economic uncertainty and political instability. Such increase was mainly attributable to the contribution from selling of new electric healthcare product. This new products have far higher profit margin than the Group's existing products.

The Group decided to temporarily suspend the production and sales of enamelled copper wire due to its low profit margin. Besides, such production may tie up the Group's resources which would otherwise be used to produce more profitable products when opportunity arises. This explains why the sales of other electronic parts and components dropped during the period under review as compared to the corresponding period in 2018.

During the period under review, the management of the Group continued to visit and follow up issues with major customers in order to maintain good business relationships.

During the period under review, the rising copper price, showed sign of slowing down. Price of copper moved horizontally for a while and declined slowly during the period. As less resources were tied up in stocking raw materials, more funds have been released for other development and investment purposes. Besides the cashflow position of the Group has also been improved.

# MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group increased the price of its transformer products by 5 to 8 percent in order to match the prevailing prices in the transformer market.

During the period under review, the Group continued its advertising and marketing campaigns in order to promote its new and existing products. These campaigns included but not limited to placing advertisements in renowned industrial magazines such as Global Source and taking part in exhibitions held overseas.

## FINANCIAL REVIEW

The Group's revenue increased by approximately HK\$4.61 million, or 12.02%, from approximately HK\$38.36 million for the three months ended 31 March 2018 to approximately HK\$42.97 million for the three months ended 31 March 2019. Such increase was primarily due to the increase in selling price of transformer products and contribution approximately HK\$5.21 million from selling of new electric healthcare product. Cost of sales increased by approximately HK\$0.78 million, or 2.35%, from approximately HK\$33.14 million for the three months ended 31 March 2018 to approximately HK\$33.92 million for the three months ended 31 March 2019. Such small increase was mainly due to the stable production costs as a result of slowing down in rising of copper during the period under review. Besides, unlike transformer, new electric healthcare product requires no copper and steel in its production. As a result, the Group's gross profit increased by approximately HK\$3.83 million, or 73.23%, from approximately HK\$5.23 million for the three months ended 31 March 2018 to approximately HK\$9.06 million for the three months ended 31 March 2019. Gross profit margin increased from 13.63% for the three months ended 31 March 2018 to 21.08% for the three months ended 31 March 2019. Such increase was attributable to a higher profit margin of the new electric healthcare product as it does not require expensive copper and steel in its production. The other reasons for the increase in profit margin was due to saving in production cost as a result of optimisation of production process.

Other income decreased by approximately HK\$54,000 or 63.53% from approximately HK\$85,000 for the three months ended 31 March 2018 to approximately HK\$31,000 for the three months ended 31 March 2019. Such decrease was mainly due to the decrease in bank interest income as a result of non-renewal of some fixed deposits after their maturity. Besides, There was no government grant received by the Group from the He Yuan Municipal Authority during the period as opposed to approximately HK\$24,000 of such grant were received in corresponding period last year.

Other gains increased by approximately HK\$7,000 or 6.19% from gains of approximately HK\$113,000 for the three months ended 31 March 2018 to gains of approximately HK\$120,000 for the three months ended 31 March 2019. Such increase in gains was mainly attributable to the appreciation of Renminbi against US dollars during the period under review as some of the sales were billed in Renminbi but were settled in US dollars at a pre-determine rate fixed on invoice date.

Selling and distribution expenses decreased by approximately HK\$0.26 million or 14.44%, from approximately HK\$1.80 million for the three months ended 31 March 2018 to approximately HK\$1.54 million for the three months ended 31 March 2019. Such decrease was mainly attributable to the decrease in shipping and handling charges. The Group's had more small individual customers in 2018 than in 2019. For this reason, the Group incurred more shipping and handling charges for shipping goods to various small individual customers in 2018. In 2019, orders are mainly come from big customers. Shipping of big orders help the Group to save handling charges and obtain more favourable shipping rates.

Administrative expenses decreased by approximately HK\$0.34 million or 5.71%, from approximately HK\$5.95 million for the three months ended 31 March 2018 to approximately HK\$5.61 million for the three months ended 31 March 2019. The Group successfully reduced its overhead expenditures by streamlining its administrative workflows. There were obvious cost saving in human resources and related expenditures as a result of such exercise. Besides, the effectiveness and efficiency of the Group's operations have also been improved.

Finance costs remained stable at approximately HK\$0.41 million for both the three months ended 31 March 2018 and the three months ended 31 March 2019. They were bank interest arising from the 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.

Income tax expenses increased by approximately HK\$200,000 or 100% from approximately HK\$nil for the three months ended 31 March 2018 to HK\$200,000 for the three months ended 31 March 2019. Such increase was mainly due to profits tax provided for the Group's operations in Hong Kong and China as a result of profits incurred during the period under review.

As a result of the above, the Group recorded a profit of approximately HK\$1.45 million for the three months ended 31 March 2019 (for the three months ended 31 March 2018: loss of approximately HK\$2.73 million).

## PROSPECT

The tension arising from the trade dispute between US and China seems to have been lessened in the past few months after several talks between the two government officials. Despite such relaxation, the Group remains cautiously optimistic over the market outlook amid the uncertain global economic environment and political instability.

The electric healthcare product looks very promising in the European market. The Group will try to explore new opportunity along this direction and hope to manufacture more similar products to meet the increase in demand arising from European countries.

In the short term, apart from developing new products to broaden its product range, the Group will take all appropriate measures to maximise the efficiency and effectiveness in production processes and to minimise the costs of production. The Group will also continue to promote its existing products, exploit overseas markets, solidify relationship with existing customers and widen customer base. The Group has confident to improve the profit margin of its products and endeavors to strengthen its competitiveness in the market so as to generate sustainable returns and maximise shareholders' return.



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

For the three months ended 31 March 2019

		<b>For the three months ended 31 March</b>	
	<i>Notes</i>	<b>2019 HK\$'000 (Unaudited)</b>	2018 HK\$'000 (Unaudited)
Revenue	3	<b>42,972</b>	38,361
Cost of sales		<b>(33,917)</b>	(33,136)
Gross profits		<b>9,055</b>	5,225
Other income	4	<b>31</b>	85
Other gains and losses		<b>120</b>	113
Selling and distribution expenses		<b>(1,537)</b>	(1,793)
Administrative expenses		<b>(5,613)</b>	(5,945)
Finance costs	5	<b>(411)</b>	(412)
Profit/(Loss) before tax	6	<b>1,645</b>	(2,727)
Income tax expenses	7	<b>(200)</b>	–
Profit/(Loss) and total comprehensive income/(expenses) for the period attributable to owners of the Company		<b>1,445</b>	(2,727)
Earning/(Loss) per share			
– Basic (HK cents)	9	<b>0.72</b>	(1.36)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

	Attributable to owners of the Company						Non- controlling Interest	Total equity
	Share capital	Share premium	Special reserve	Retained profits	Translation reserve	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
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	-	-	-	(2,727)	-	(2,727)	-	(2,727)
At 31 March 2018 (Unaudited)	<u>2,000</u>	<u>24,973</u>	<u>3,000</u>	<u>27,915</u>	<u>477</u>	<u>58,365</u>	<u>-</u>	<u>58,365</u>
At 1 January 2019 (Audited)	2,000	24,973	3,000	23,758	847	54,578	17	54,595
Profit and total comprehensive income for the period	-	-	-	1,445	166	1,611	-	1,611
Contribution by a non-controlling Shareholders	-	-	-	-	-	-	-	-
At 31 March 2019 (Unaudited)	<u>2,000</u>	<u>24,973</u>	<u>3,000</u>	<u>25,203</u>	<u>1,013</u>	<u>56,189</u>	<u>17</u>	<u>56,206</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Unit 5, 34th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong. The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The principal activities of the Group are the manufacture and trading of transformers, switching mode power supply, electronic parts and other components, and electric healthcare products.

In the opinion of the directors of the Company, as at 31 March 2019, Cyber Goodie Limited ("**Cyber Goodie**"), a company incorporated in the British Virgin Islands (the "**BVI**"), is the immediate parent and Mr. Chung Chi Hang Larry is the ultimate controlling party of the Company.

The functional currency of the Company is United States dollars ("**US\$**") and the presentation currency of the Company and its subsidiaries (collectively referred to as 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 three months ended 31 March 2018 and 31 March 2019 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 disclosures required by the Rules Governing the listing of securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

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 2018, except for the adoption of the new and revised HKFRSs that have become effective for its accounting period beginning on 1 January 2019.

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's auditor.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

## 3. REVENUE AND SEGMENTAL INFORMATION

The Group's operation is solely derived from the manufacture and sale of transformers, switching mode power supply, electronic parts and components, and electric healthcare products during the reporting periods. 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. 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 31 March	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Sales of transformers	21,672	19,134
Sales of switching mode power supply	467	478
Sales of electronic parts and components	15,621	18,749
Sales of electric healthcare products	5,212	–
	<b>42,972</b>	<b>38,361</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

## 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 customers		Non-current assets	
	For the three months ended 31 March		For the three months ended 31 March	
	2019 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)
Hong Kong	3,913	5,119	870	1,218
PRC	12,717	14,045	11,231	7,730
Europe	13,441	8,945	–	–
United States	5,267	6,266	–	–
Others	7,634	3,986	–	–
	<b>42,972</b>	<b>38,361</b>	<b>12,101</b>	<b>8,948</b>

## 4. OTHER INCOME

	For the three months ended 31 March	
	2019 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)
Governments grants	–	24
Bank interest income	22	61
Others	9	–
	<b>31</b>	<b>85</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

## 5. FINANCE COSTS

	For the three months ended 31 March	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Interest on bank borrowings	411	412

## 6. PROFIT/(LOSS) BEFORE TAX

	For the three months ended 31 March	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Profit/(loss) before tax has been arrived at after charging:		
Auditor's remuneration	125	114
Depreciation of plant and equipment	587	523
Cost of inventories sold	23,476	23,508
Minimum lease payment paid under operating leases	728	745
Research and development expenses	708	738
Directors' emoluments		
– Salaries and other benefits	339	337
– Retired benefit contributions	12	15
	351	352
Staff salaries and other benefits	2,368	2,239
Staff retirement benefit contributions	226	178
	2,594	2,417
Total staff costs (including directors' emoluments)	2,945	2,769

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

## 7. INCOME TAX EXPENSES

	<b>For the three months ended 31 March</b>	
	<b>2019 HK\$'000 (unaudited)</b>	2018 HK\$'000 (unaudited)
Current tax:		
Hong Kong Profits Tax	<b>83</b>	–
PRC Enterprise Income Tax	<b>117</b>	–
	<b>200</b>	–

Provision of Hong Kong Profits Tax is calculated at 16.5% of the assessment profit for the three months ended 31 March 2019 (for the three months ended 31 March 2018: nil).

Provision of PRC Enterprise Income tax 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%.

## 8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2019 (for the three months ended 31 March 2018: nil).

## 9. EARNING/(LOSS) PER SHARE

The calculation of the basic earning/(loss) per share attributable to the owners of the company is based on the following:

	<b>For the three months ended 31 March</b>	
	<b>2019 HK\$'000 (unaudited)</b>	2018 HK\$'000 (unaudited)
Earning/(Loss):		
Profit/(Loss) for the purpose of basic earning/(loss) per share	<b>1,445</b>	(2,727)
	<b>'000</b>	'000
Numbers of shares:		
Weighted average number of ordinary shares for the purpose of basic earning/(loss) per share	<b>200,000</b>	200,000

No diluted earning/(loss) per share for the three months ended 31 March 2019 and for the three months ended 31 March 2018 was presented as there were no potential ordinary shares in issue.

**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 31 March 2019, 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 (“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*

<b>Name of Director</b>	<b>Capacity/ Nature of interest</b>	<b>Number of shares (note 1)</b>	<b>Approximate percentage of shares</b>
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*

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



## OTHER INFORMATION

Save as disclosed above, as at 31 March 2019, 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 31 March 2019, 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 any dividend for the three months ended 31 March 2019 (for the three months ended 31 March 2018: nil).

### **SHARE OPTION SCHEME**

The Company has a share option scheme which was approved and adopted by the shareholders of the Company by way of the written resolutions passed on 2 February 2016 (the “**Share Option Scheme**”). No share options were granted, exercised or cancelled by the Company under the Share Option Scheme during the period from 1 January 2019 to 31 March 2019 and there were no outstanding share options under the Share Option Scheme as at 31 March 2019 and up to the date of this report.

### **PURCHASE, SALE OR REDEMPTION**

During the period from 1 January 2019 to 31 March 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### **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 “**Code of Conduct**”). Having made specific enquiry of all the Directors, all of them confirmed that they had fully complied with the required standard of dealings as set out in the Code Conduct during the period from 1 January 2019 to 31 March 2019.

### 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 of the company dated 17 February 2016 under the section headed “Relationship with our Controlling Shareholders” and the non-competition undertaking has become effective from the Listing Date.

### 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 three months ended 31 March 2019.

### 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 primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process, to develop and review the policies of the Group and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Ng Wing Cheong, Mr. Li Chung Pong, Stephen and Mr. Lam Chon Loi. Mr. Ng Wing Cheong is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited condensed consolidated financial results of the Group for the three months ended 31 March 2019. There is no disagreement by the Audit Committee with the accounting treatment adopted by the Company.

### 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.

## OTHER INFORMATION

During the period from 1 January 2019 to 31 March 2019 and up to the date of the report the Company has complied with the CG Code.

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

Hong Kong, 6 May 2019

*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. Ng Wing Cheong, Mr. Li Chung Pong, Stephen and Mr. Lam Chon Loi.*