

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

2020

FIRST QUARTERLY REPORT

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 of the Stock Exchange 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 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 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.

Highlights

- The Group recorded revenue of approximately HK\$87.1 million for the three months ended 30 June 2020, representing an increase of approximately HK\$4.6 million or 5.6% as compared to the three months ended 30 June 2019.
- The Group recorded a net profit attributable to the owners of the Company of approximately HK\$7.5 million for the three months ended 30 June 2020, representing an increase of approximately HK\$4.4 million as compared to the Group's net profit of approximately HK\$3.1 million for the three months ended 30 June 2019. The increase was mainly due to the increases in revenue and gross profits generated, and the decrease in expenses incurred for the proposed transfer of listing during the period.
- The Board does not recommend the payment of dividend for the three months ended 30 June 2020.

The Board of Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated first quarterly results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 30 June 2020, together with the respective unaudited comparative figures for the corresponding periods in 2019, as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE THREE MONTHS ENDED 30 JUNE 2020

	NOTES	Three months ended	
		30.6.2020 HK\$'000 (unaudited)	30.6.2019 HK\$'000 (unaudited)
Revenue	4	87,063	82,472
Cost of goods sold		(74,702)	(72,285)
Gross profit		12,361	10,187
Other income		197	30
Other loss		(30)	(288)
Selling and distribution costs		(1,693)	(1,802)
Administrative expenses		(1,876)	(3,974)
Finance costs		(26)	(117)
Profit before taxation	5	8,933	4,036
Taxation	6	(1,423)	(944)
Profit and total comprehensive income for the period attributable to the owners of the Company		7,510	3,092
Earnings per share — basic (HK cents)	8	2.68	1.10

Condensed Consolidated Statement of Changes in Equity

FOR THE THREE MONTHS ENDED 30 JUNE 2020

	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 2020 (audited)	2,800	72,851	3,000	12,000	48,675	139,326
Profit and total comprehensive income for the period	-	-	-	-	7,510	7,510
At 30 June 2020 (unaudited)	2,800	72,851	3,000	12,000	56,185	146,836
At 1 April 2019 (audited)	2,800	72,851	3,000	12,000	37,535	128,186
Profit and total comprehensive income for the period	-	-	-	-	3,092	3,092
At 30 June 2019 (unaudited)	2,800	72,851	3,000	12,000	40,627	131,278

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. pursuant to the group reorganisation in the prior years.
- (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.

Notes to the Condensed Consolidated Financial Statements

FOR THE THREE MONTHS ENDED 30 JUNE 2020

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability 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 and property holding. The Company's immediate and ultimate holding company is Karlson Holding Limited which was incorporated in the British Virgin Islands and controlled by Mr. Chan Kin Fung ("Mr. Chan").

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The principal accounting policies applied in preparing this condensed consolidated financial statements are set out in note 3.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The amounts included in this condensed consolidated financial statements have been computed in accordance with HKFRSs issued by the HKICPA applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRSs.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the three months ended 30 June 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2020.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39	Interest Rate Benchmark Reform and HKFRS 7

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3.1 Impacts of application on Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 March 2021.

3.2 Impacts and accounting policies on application of Amendments to HKFRS 3 "Definition of a Business"

3.2.1 Accounting policies

Business combinations or asset acquisitions

Optional concentration test

Effective from 1 April 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

3.2.2 Transition and summary of effects

The amendments had no impact on the condensed consolidated financial statements of the Group.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents amounts received or receivable from trading of frozen seafood products. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specified location. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods and bears the risks of obsolescence and loss in relation to the goods.

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 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.

All sales contracts are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

The disaggregated information of revenue is as follows:

Revenue from major products

The following is an analysis of the Group's revenue from its major products which is recognised at a point in time:

	Three months ended	
	30.6.2020 HK\$'000 (unaudited)	30.6.2019 HK\$'000 (unaudited)
Crabs and roe	8,270	7,716
Fishes	12,191	12,140
Octopuses and cuttlefishes	2,551	4,043
Prawn	23,179	22,274
Processed seafood products	17,275	16,193
Scallops, oysters and surf clams	16,496	15,295
Miscellaneous products	7,101	4,811
	87,063	82,472

Revenue by types of customers

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

	Three months ended	
	30.6.2020 HK\$'000 (unaudited)	30.6.2019 HK\$'000 (unaudited)
Frozen seafood resellers	82,360	76,943
Frozen seafood catering services providers	4,703	5,529
	87,063	82,472

Geographical information

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

	Three months ended	
	30.6.2020 HK\$'000 (unaudited)	30.6.2019 HK\$'000 (unaudited)
Hong Kong	68,405	65,852
Macau	7,083	6,587
Mainland China	11,575	10,033
	87,063	82,472

5. PROFIT BEFORE TAXATION

	Three months ended	
	30.6.2020 HK\$'000 (unaudited)	30.6.2019 HK\$'000 (unaudited)
Profit before taxation has been arrived at after charging:		
Staff costs, including directors' emoluments	1,523	1,544
Cost of inventories recognised as expenses	74,702	72,285
Depreciation of property, plant and equipment	186	184
Depreciation of investment property	13	13
Depreciation of right of use asset	212	–
Short-term lease payments	–	296
Variable lease payments (Note)	389	536
	389	832
Interests on:		
— bank borrowings	21	99
— bank overdrafts	1	15
— lease liability	4	3
	26	117
Net exchange loss	30	285

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.

6. TAXATION

	Three months ended	
	30.6.2020 HK\$'000 (unaudited)	30.6.2019 HK\$'000 (unaudited)
Hong Kong Profits Tax		
Current tax	1,428	944
Deferred taxation	(5)	–
	1,423	944

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

7. DIVIDENDS

The directors of the Company do not recommend payment of an interim dividend for the current period.

8. EARNINGS PER SHARE

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

	Three months ended	
	30.6.2020 HK\$'000 (unaudited)	30.6.2019 HK\$'000 (unaudited)
Profit for the period attributable to the owners of the Company	7,510	3,092

	Three months ended	
	30.6.2020 (unaudited)	30.6.2019 (unaudited)
Weighted average number of ordinary shares in issue	280,000,000	280,000,000

No diluted earnings per share is presented as there are no potential ordinary shares during the three months ended 30 June 2020 and 2019, respectively.

Management Discussion and Analysis

BUSINESS REVIEW

The Group is an established frozen seafood importer and wholesaler in Hong Kong with over 17 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 100 product varieties to over 310 customers which are mainly frozen seafood resellers and frozen seafood catering service providers.

For the three months ended 30 June 2020, the Group recorded a net profit of approximately HK\$7.5 million as compared to a net profit of approximately HK\$3.1 million for the three months ended 30 June 2019. Set aside the expenses incurred for the proposed transfer of listing, the Group's net profit for the three months ended 30 June 2020 would be HK\$7.6 million, and HK\$5.1 million for the three months ended 30 June 2019. The Directors are of the view that the increase in net profit was mainly due to the increases in revenue and gross profits during the period.

In view of the increases in revenue and net profit generated for the three months ended 30 June 2020, despite the downturn in the Hong Kong economy caused by the uncertainties due to the outbreak of Novel Corona Virus ("COVID-19") since early 2020, the Directors are cautiously optimistic on the Group's business outlook.

OUTLOOK

Looking forward, the Directors expect that this year will remain to be challenging to the Group's business due to the anticipated downturn in the Hong Kong economy. The Group will continue to assess the impact of COVID-19 on the Group's operations and financial performance, closely monitor the Group's exposure to the risks and uncertainties in connection with COVID-19 on an ongoing basis, and will strengthen the cost savings initiatives in view of the challenging conditions.

The Directors believe that the Listing status of the Group enhances 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 Share Offer have been providing 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 since its Listing, and will continue to pursue 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 5.6% from approximately HK\$82.5 million for the three months ended 30 June 2019 to approximately HK\$87.1 million for the three months ended 30 June 2020, primarily attributable to the increase in sales of products such as frozen crab flavored fish cake, fried sesame chicken wings and Clearwater Brand arctic clams, but partially offset with the decrease in sales of various products such as sashimi scallop and giant squid fillets.

Cost of goods sold

Our cost of goods sold mainly represents the costs of products sold net of purchases discounts, shipping handling charges and transportation costs. The Group's cost of goods sold for the three months ended 30 June 2020 was approximately HK\$74.7 million, representing an increase of approximately 3.3% from approximately HK\$72.3 million for the three months ended 30 June 2019, such increase was lower than the increase in our revenue.

Gross profit and gross profit margin

The Group's gross profit for the three months ended 30 June 2020 was approximately HK\$12.4 million, representing an increase of approximately 21.3% from approximately HK\$10.2 million for the three months ended 30 June 2019. The Group's gross profit margin for the three months ended 30 June 2020 was approximately 14.2%, representing an increase of approximately 1.8 percentage points as compared to approximately 12.4% for the three months ended 30 June 2019. The increase in gross profit and gross profit margin was mainly due to the selling of various high margin products such as Ito Brand roasted eel, vacuum packed roasted eel, swordfish belly, octopus sushi slice and Japan frozen whole squid according to the latest market conditions.

Selling and distribution costs

Our selling and distribution costs mainly comprise of warehouse rental, staff costs of our logistics and warehouse team, warehouse utilities, depreciation of our warehouse facilities and transportation expenses. The Group's selling and distribution costs for the three months ended 30 June 2020 was approximately HK\$1.7 million, representing a decrease of approximately 6.1% from approximately HK\$1.8 million for the three months ended 30 June 2019. The decrease in selling and distribution costs of the Group was mainly due to the decrease in usage of external warehouse. The selling and distribution costs accounted for approximately 1.9% and 2.2% of the total revenue for the three months ended 30 June 2020 and 2019 respectively.

Administrative expenses

For the three months ended 30 June 2020, the Group's administrative expenses primarily comprised of staff costs for administrative and management personnel, directors' remuneration, auditor's remuneration, listing compliance expenses, rent rates and management fee for office, office utilities, depreciation and insurance. Administrative expenses decreased from approximately HK\$4.0 million for the three months ended 30 June 2019 to approximately HK\$1.9 million for the three months ended 30 June 2020. The decrease in administrative expenses of the Group was mainly due to decrease in legal and professional fees to cope with the proposed transfer of listing from GEM to Main Board.

Finance costs

Finance costs represented interests on bank borrowings, lease liabilities and bank overdrafts. Finance costs decreased from approximately HK\$117,000 for the three months ended 30 June 2019 to approximately HK\$26,000 for the three months ended 30 June 2020.

Taxation

For the three months ended 30 June 2020 and 2019, our tax expenses was approximately HK\$1,423,000 and HK\$944,000 respectively, increased by approximately HK\$479,000 or 50.7%, which was consistent with the increase in the estimated assessable profits.

Profit for the period

For the three months ended 30 June 2020, the Group's profit and total comprehensive income attributable to the owners of the Company was approximately HK\$7.5 million as compared to approximately HK\$3.1 million for the three months ended 30 June 2019. The increase was mainly due to the increases in revenue and gross profits generated, and the decrease in expenses incurred for the proposed transfer of listing during the period.

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 30 June 2020:

	Net proceeds HK\$'000	Utilized HK\$'000	Unutilized HK\$'000	Expected timeline of full utilization of net proceeds
Strengthening our warehouse storage capability	29,632	28,561	1,071	End of 2021
Enhancing our logistics capability	8,376	5,668	2,708	End of 2021
Broadening our product offerings by entering into exclusive agency agreements and/or sale agency agreements	21,504	21,504	–	
General working capital of our Group	3,494	3,494	–	
Total	63,006	59,227	3,779	

CAPITAL STRUCTURE

As at 30 June 2020, the Group’s total equity attributable to the owners of the Company amounted to approximately HK\$146.8 million (31 March 2020: HK\$139.3 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 30 June 2020, the Group had total bank borrowings of approximately HK\$2.1 million (31 March 2020: HK\$2.6 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations, while the lease liabilities were for the acquisition of a motor vehicle and leases of an office and warehouse for its operations.

As at 30 June 2020, the gearing ratio of the Group, calculated by dividing total bank borrowings and lease liabilities with total equity and multiplied by 100%, was approximately 3.0% (31 March 2020: 3.7%).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the three months ended 30 June 2020, the Group did not have any significant investment, material acquisition or disposal of subsidiaries and affiliated companies.

DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 30 June 2020 (three months ended 30 June 2019: Nil).

Other Information

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the date of this 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	201,600,000 (Note 1)	72%
Tse Chun Ha Amy ("Ms. Tse")	Interest of spouse	201,600,000 (Note 2)	72%

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

As at the date of this 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 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.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the date of this 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	201,600,000	72%
Chan Kin Fung	Interest in a controlled corporation	201,600,000 (Note 1)	72%
Tse Chun Ha Amy	Interest of spouse	201,600,000 (Note 2)	72%

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. Ms. Tse is the spouse of Mr. Chan. Accordingly, Ms. Tse 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 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 “Other Information — Interests of Directors and chief executive and short positions in Shares, underlying Shares and debentures” 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the three months ended 30 June 2020.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the Controlling Shareholders or substantial shareholders of the Company or any of its respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with Group during the three months ended 30 June 2020.

DIRECTORS’ SECURITIES TRANSACTIONS

The Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by the Directors from the Listing Date up to the date of this report.

SHARE OPTION SCHEME

The purpose of the Share Option Scheme is to recognize and acknowledge the contributions of the eligible participants to the Group by granting options to them as incentives or rewards. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. The Company has adopted a Share Option Scheme on 21 September 2017. Further details of the Share Option Scheme are set in the section headed “Statutory and General Information — 5. Share Option Scheme” in Appendix V to the Prospectus.

For the three months ended 30 June 2020, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

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, and ended on 8 June 2020 pursuant to Rule 6A.19 of the GEM Listing Rules, 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 which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

CORPORATE GOVERNANCE PRACTICE

The Directors recognize 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. 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.

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 Corporate Governance 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 GEM 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 unaudited condensed consolidated financial statements and the results for the three months ended 30 June 2020 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.

By order of the Board
Ocean One Holding Ltd.

Chan Kin Fung

*Chairman of the Board, Chief Executive Officer
and Executive Director*

Hong Kong, 10 August 2020

As at the date of this report, the Board comprises Mr. Chan Kin Fung and Ms. Tse Chun Ha Amy as executive Directors; Mr. So Yuk Ki, Mr. Lee Kam Wan and Dr. Leung Wai Ping Noel as independent non-executive Directors.

This report will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at www.oceanoneholding.com.