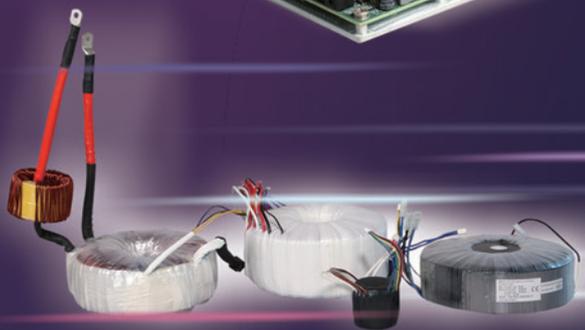
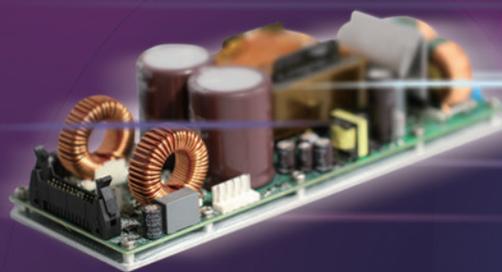


# KEEN OCEAN INTERNATIONAL HOLDING LIMITED

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

Stock Code : 8070



FIRST QUARTERLY REPORT 2023

## **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, include 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 referred 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 Listed Company Information” page of the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its posting and will also be published on the Company’s website at [www.keenocean.com.hk](http://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. Cheung Yee Tak, Jonathan  
Mr. Li Chung Pong, Stephen  
Mr. Lam Chon Loi

## **COMPANY SECRETARY**

Mr. Chau Hing Ling

## **COMPLIANCE OFFICER**

Mr. Wong Shek Fai, Johnson

## **BOARD COMMITTEES**

### **Audit committee**

Mr. Cheung Yee Tak, Jonathan (*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. Cheung Yee Tak, Jonathan  
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  
23/F, Tower 2, Enterprise Square Five  
38 Wang Chiu Road, Kowloon 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

# MANAGEMENT DISCUSSION AND ANALYSIS

## **BUSINESS REVIEW**

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

Most of the transformers and power supply products were manufactured and sold under the Group's brand name "Keen Ocean", while all electronic parts and components as well as electric healthcare products were sold on an original equipment manufacturer (OEM) basis. Among the products manufactured and sold, transformers remained the Group's flagship products and represented approximately 40.8% of the Group's sales for the three months ended 31 March 2023 (for the three months ended 31 March 2022: approximately 51.4%). The switching mode power supply represented approximately 0.7% of the Group's sales for the three months ended 31 March 2023 (for the three months ended 31 March 2022: approximately 0.8%). The electronic parts and components and other products represented approximately 57.7% of the Group's sales for the three months ended 31 March 2023 (for the three months ended 31 March 2022: approximately 47.8%). The electric healthcare products accounted for approximately 0.8% of the Group's sales for the three months ended 31 March 2023 (for the three months ended 31 March 2022: nil).

Revenue generated by the Group increased during the period under review as compared to the corresponding period in the previous year. This was mainly due to the increase in purchase orders for transformers, and electronic parts and components from several existing customers during the period to meet the continuing surge in demand for clean energy appliances, and the increase in sales price to reflect the increase in the cost of raw materials.

The Group's manufacturing process mainly involved copper and steel as raw materials for the Group's products. The management of the Group observed the average copper price has decreased in the three months ended 31 March 2023 compared to the same period in 2022. The Group will continue to strive to improve the efficiency of production in order to reduce production waste and the overall costs of production.

The operating margin has increased during the period under review. This was mainly attributable to the decrease in production costs due to the improved efficiencies in the production process compared to the same period in 2022.

During the period under review, the management of the Group stayed connected with existing customers and closely followed up with the revised delivery schedule in order to maintain and solidify business relationships. The Group continued to place advertisements in renowned industrial magazines. The Group also capitalised on the recovery of the manufacturing sector and was able to resume the postponed shipment and/or delivery schedule of goods during the period. However, due to the travel restrictions and the mandatory quarantine measures in response to COVID-19, the Group was not able to promote its products through traditional exhibitions and physical marketing events.

The Group has been paying close attention to the development of the pandemic. The Group has deployed appropriate preventive measures to enhance the vigilance and self-protection awareness of its employees, and to protect them by creating a healthy and hygienic working environment.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

The Group's revenue increased by approximately HK\$43.1 million, or 59.1%, from approximately HK\$73.0 million for the three months ended 31 March 2022 to approximately HK\$116.1 million for the three months ended 31 March 2023. Such increase was primarily due to the increase in the placement of purchase orders for transformers, and electronic parts and components from existing customers which engaged in the production of components for clean energy appliances.

Cost of sales increased by approximately HK\$36.2 million, or 57.3%, from approximately HK\$63.2 million for the three months ended 31 March 2022 to approximately HK\$99.4 million for the three months ended 31 March 2023. The increase was in line with the increase in revenue and was primarily due to the increase in the costs of raw materials during the period under review.

As a result, the Group's gross profit increased by approximately HK\$6.9 million, or 70.7%, from approximately HK\$9.8 million for the three months ended 31 March 2022 to approximately HK\$16.7 million for the three months ended 31 March 2023, while gross profit margin increased from 13.4% for the three months ended 31 March 2022 to 14.4% for the three months ended 31 March 2023. Such increase was mainly attributable to the decrease in production costs due to the improved efficiencies in the production process during the period under review as compared to the same period in 2022.

Other income increased by approximately HK\$39,000, or 843.9%, from approximately HK\$5,000 for the three months ended 31 March 2022 to approximately HK\$44,000 for the three months ended 31 March 2023. Such increase was mainly attributable to the increase in interest income received during the period under review.

Other gains increased by approximately HK\$2.6 million, or 1,005.4%, from approximately HK\$0.3 million for the three months ended 31 March 2022 to approximately HK\$2.9 million for the three months ended 31 March 2023. Such increase was mainly attributable to the implementation of the Company's hedging policy in copper option contracts, resulting in investment income during the period under review.

Selling and distribution expenses increased by approximately HK\$0.4 million, or 18.2%, from approximately HK\$2.1 million for the three months ended 31 March 2022 to approximately HK\$2.5 million for the three months ended 31 March 2023. Such increase was mainly attributable to the increase in expenses as a result of the corresponding increase in revenue during the period under review. The Group has continued efforts to offset increased transport and freight costs by recharge to customers for low volume shipments.

Administrative expenses increased by approximately HK\$1.8 million, or 36.7% from approximately HK\$5.1 million for the three months ended 31 March 2022 to approximately HK\$6.9 million for the three months ended 31 March 2023. The increase was mainly attributable to the increase in research and development expenses of approximately HK\$1.7 million compared to the same period in 2022. Such increase is due to the development of new products and upgrade of existing products to meet the global trend in clean energy, as well as the development to improve existing production processes to reduce costs. In addition, the increase in related expenses in line with the growth in revenue was also attributed to the increase in administrative expenses during the period under review.

Finance costs increased by approximately HK\$0.2 million or 37.5%, from approximately HK\$0.6 million for the three months ended 31 March 2022 to approximately HK\$0.8 million for the three months ended 31 March 2023. Such increase was mainly attributable to the increase in bank borrowings and interest rates during the period under review.

# MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expenses increased by HK\$0.8 million, or 209.8%, from approximately HK\$0.4 million for the three months ended 31 March 2022 to approximately HK\$1.2 million for the three months ended 31 March 2023. Such increase was mainly attributable to the increase in assessable profit as a result from the increase in profit before tax for the period under review.

As a result of the above, the Group recorded a profit of approximately HK\$8.1 million for the three months ended 31 March 2023 (for the three months ended 31 March 2022: approximately HK\$1.8 million).

## **PROSPECT**

The spread of COVID-19 including its new variants has triggered huge economic uncertainties and disruption to production and supply chains around the world. The Group had experienced business challenges including volatile demand patterns, inconsistent shipment timeline as well as inflated delivery costs, material costs and production costs.

The management of the Group is determined to rise to these challenges. The production team maintains sufficient inventory buffer to cope with the demand and supply chain uncertainties. The management also strives to sustain the Group's competitive advantages through solidifying business relationships. Further, the Board has adopted a new set of hedging policy regarding dealings in copper option contracts for better control on the material costs of the Group.

In addition, the management spotted a rising demand of clean energy appliances, particularly the electronic parts and components of the Group, as the global policies leaned more towards renewability and sustainability. Besides, after continuous delivery of products with satisfactory quality control, together with strong demographics and growing consumption, the Group recorded increasing orders from the developed customer base. Furthermore, in order to meet the changing demands and expectations from our customers, the resources used in the electric healthcare products has been reallocated to other products within the Group. With the increased production capacity during the period under review to cope with the increasing demand from the customers, the management is optimistic about the market and confident that the Group can continue to accelerate business growth.

In the meantime, the Group pays careful attention to the development of the pandemic and accordingly evaluates the impact on its financial position and performance. Also, the management of the Group monitors any changes to regulations and instructions, if applicable, in compliance with industrial safety and public health policies; and deploys appropriate preventive measures to enhance the protection of the Group's employees by providing a healthy and hygienic environment both in the office and at the sites.

The Group's management is aware of and is closely monitoring the development of the Russia-Ukraine conflict and accordingly evaluates any possible impact to its financial position and performance. The Group's management believes that the impact of the conflict on its current operations, supply chain and financial performance is minimal. Meanwhile, the Group's management is aware of the recent uptick in US federal interest rates, which may lead to an increase in Hong Kong lending rates. Given that the Group's bank borrowings have been steadily increasing, any resulting increase in loan interest rates could have an impact on the Group's profits and financial results.

In the long run, the Group is confident that it shall explore opportunities after the pandemic and lay the foundations for a durable and sustainable growth with its continuous effort and solid customer base.

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

For the three months ended 31 March 2023

	Notes	For the three months ended 31 March	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	116,108	72,995
Cost of sales		(99,433)	(63,227)
Gross profit		16,675	9,768
Other income	4	44	5
Other gains		2,850	258
Selling and distribution expenses		(2,516)	(2,128)
Administrative expenses		(6,905)	(5,052)
Finance costs	6	(859)	(625)
Profit before tax	7	9,289	2,226
Income tax expenses	8	(1,238)	(399)
<b>Profit for the period</b>		<b>8,051</b>	<b>1,827</b>
<b>Other comprehensive expenses after tax:</b>			
<i>Items that may be reclassified to (loss)/profit</i>			
Exchange differences on translating foreign operations		(34)	(40)
<b>Total comprehensive income/(expenses) for the period</b>		<b>8,017</b>	<b>1,787</b>
<b>Profit for the period attributable to:</b>			
Equity holders of the Company		8,051	1,827
Non-controlling interests		–	–
		<b>8,051</b>	<b>1,827</b>
<b>Total comprehensive income/(expenses) for the period attributable to:</b>			
Equity holders of the Company		8,051	1,827
Non-controlling interests		–	–
		<b>8,051</b>	<b>1,827</b>
<b>Earning per share</b>			
Basic (HK cents)	10	4.03	0.91

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2023

	Attributable to owners of the Company					Total	Non- controlling Interest	Total equity
	Share capital	Share premium	Special reserve	Retained profits	Translation reserve			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022 (Audited)	2,000	24,973	3,000	35,071	4,514	69,558	(7)	69,551
Profit/(Loss) and total comprehensive income for the period	-	-	-	1,827	(40)	1,787	-	1,787
At 31 March 2022 (Unaudited)	<u>2,000</u>	<u>24,973</u>	<u>3,000</u>	<u>36,898</u>	<u>4,474</u>	<u>71,345</u>	<u>(7)</u>	<u>71,338</u>
At 1 January 2023 (Audited)	<b>2,000</b>	<b>24,973</b>	<b>3,000</b>	<b>51,876</b>	<b>(30)</b>	<b>81,819</b>	<b>(14)</b>	<b>81,805</b>
Profit/(Loss) and total comprehensive income for the period	-	-	-	8,051	(34)	8,017	-	8,017
At 31 March 2023 (Unaudited)	<u><b>2,000</b></u>	<u><b>24,973</b></u>	<u><b>3,000</b></u>	<u><b>59,927</b></u>	<u><b>(64)</b></u>	<u><b>89,836</b></u>	<u><b>(14)</b></u>	<u><b>89,822</b></u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2023

## 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.

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.

As at 31 March 2023, Cyber Goodie Limited ("**Cyber Goodie**"), a company incorporated in the British Virgin Islands (the "**BVI**"), is the immediate holding company of the Company 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 Group is Hong Kong dollars ("**HK\$**") as the Directors 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 2023 and 31 March 2022 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 GEM Listing Rules.

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior year.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

The unaudited condensed consolidated financial statements have been prepared under historical cost basis and not been reviewed by the Company's auditor. Adjustments 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 2023

## 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 other components during the reporting period. For the purpose of resource allocation and performance assessment, the chief operating decision maker (i.e. the chief executive officer of the Company) reviewed the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies as those adopted in the financial statements for the year ended 31 December 2022. 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	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Sales of transformers	47,409	37,506
Sales of switching mode power supply	841	598
Sales of electronic parts and components	66,982	34,891
Sales of electric healthcare products	876	–
	<u>116,108</u>	<u>72,995</u>

### 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	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Hong Kong	4,463	4,329	440	938
PRC	8,926	10,267	14,943	15,373
Europe	6,859	12,405	–	–
United States	4,809	8,864	–	–
India	29,328	16,365	–	–
Others	61,723	20,765	–	–
	<u>116,108</u>	<u>72,955</u>	<u>15,383</u>	<u>16,311</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2023

## 4. OTHER INCOME

	For the three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Bank interest income	38	4
Other income (loss)	6	–
Government incentive	–	1
	<u>44</u>	<u>5</u>

## 5. OTHER GAINS

	For the three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Fair value gain on investments at fair value through profit or loss	2,872	–
Net exchange gain/(loss)	(22)	258
	<u>2,850</u>	<u>258</u>

## 6. FINANCE COSTS

	For the three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Leases interests	24	49
Interest on bank borrowings	835	576
	<u>859</u>	<u>625</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2023

## 7. PROFIT BEFORE TAX

	For the three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Profit before tax has been arrived at after charging:		
Auditor's remuneration	132	136
Depreciation of plant and equipment	577	499
Depreciation of right-of-use asset	513	513
Cost of inventories sold	98,899	57,292
Research and development expenses	2,380	721
Directors' emoluments		
– Salaries and other benefits	404	341
– Retired benefit contributions	12	12
	<u>416</u>	<u>353</u>
Staff salaries and other benefits	4,422	3,856
Staff retirement benefit contributions	1,471	305
	<u>5,893</u>	<u>4,161</u>
Total staff costs (including directors' emoluments)	<u>6,309</u>	<u>4,514</u>

## 8. INCOME TAX EXPENSES

	For the three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Current tax:		
Hong Kong Profits Tax	469	399
PRC Enterprise Income Tax	769	–
	<u>1,238</u>	<u>399</u>

Hong Kong Profits Tax has been provided at the rate of 8.25% on assessable profits up to HK\$2,000,000 and 16.5% on any part of assessable profits over HK\$2,000,000 for the three months ended 31 March 2023 (for the three months ended 31 March 2022: 16.5%).

Under the Law of the PRC 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 three months ended 31 March 2023 (for the three months ended 31 March 2022: nil).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2023

## 9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2023 (for the three months ended 31 March 2022: nil).

## 10. EARNING PER SHARE

The calculation of the basic earning per share attributable to the owners of the Company is based on the following:

	For the three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earning:		
Profit for the period attributed to owners of the Company for the purpose of calculating basic earnings per share	<u>8,051</u>	<u>1,827</u>
	<b>'000</b>	<b>'000</b>
Numbers of shares:		
Weighted average number of ordinary shares for the purpose of basic earning per share	<u>200,000</u>	<u>200,000</u>

No diluted earning per share for the three months ended 31 March 2023 and for the three months ended 31 March 2022 was presented as there were no potential ordinary shares in issue.

## DISCLOSURE OF INTERESTS

### (a) Interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or the associated corporations

As at 31 March 2023, the interests and short positions of the Directors and the chief executive 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 31 March 2023, 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 2023, the Directors and chief executive of the Company were not aware of any person, other than a Director or chief executive of the Company, or a corporation having an interest or short position in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

### **CHANGES IN THE BOARD AND THE DIRECTOR'S INFORMATION**

There are no changes in the Board and the information of the Directors since the date of the Company's annual report 2022.

### **DIRECTORS' RIGHT TO ACQUIRE SHARES**

Save as disclosed in this report, at no time during the period from 1 January 2023 to 31 March 2023 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).

### **DIVIDENDS**

The Board does not recommend any dividend for the three months ended 31 March 2023 (for the three months ended 31 March 2022: nil).

### **SHARE OPTION SCHEME**

The share option scheme of the Company was adopted under the written resolutions of the shareholders of the Company 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 for the three months ended 31 March 2023 and there were no outstanding share options under the Share Option Scheme as at 31 March 2023 and up to the date of this report.

## OTHER INFORMATION

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the period from 1 January 2023 to 31 March 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### **CAPITAL COMMITMENTS**

The Group did not have any capital commitments for the three months ended 31 March 2023 and 2022.

### **CONTINGENT LIABILITIES**

The Group did not have any contingent liabilities for the three months ended 31 March 2023 and 2022.

### **EVENTS AFTER THE REPORTING PERIOD**

On 23 February 2023, the Company and Jip Cheong Industrial Limited (the "**Vendor**"), an independent third-party vendor, entered into two provisional agreements, pursuant to which the Company agreed to purchase, and the Vendor agreed to sell two properties located at Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong at the aggregate consideration of HK\$21,680,000 (the "**Acquisitions**"). Details of the Acquisitions, please refer to the Company's announcement dated 24 February 2023 and the circular dated 11 May 2023.

### **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 2023 to 31 March 2023.

### **DEED OF NON-COMPETITION**

A deed of non-competition dated 2 February 2016 (the "**Deed of Non-competition**") was entered into by Cyber Goodie, a limited liability company incorporated in the BVI, and Mr. Chung Chi Hang, Larry in favour of the Company (for the benefit of the Company and 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 undertakings have become effective from the listing date of the Company.

### **COMPETITION AND CONFLICT OF INTERESTS**

As far as the Directors are aware, none of the Directors or the controlling shareholders or 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 2023.

## OTHER INFORMATION

### **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. Cheung Yee Tak, Jonathan, Mr. Li Chung Pong, Stephen and Mr. Lam Chon Loi. Mr. Cheung Yee Tak, Jonathan 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 2023. There is no disagreement by the Audit Committee with the accounting treatment adopted by the Company.

### **RISK MANAGEMENT COMMITTEE**

The risk management committee of the Board (the “**Risk Management Committee**”) was established on 2 February 2016, with specific written terms of reference for assisting the Board in overseeing (i) risk governance structure; and (ii) hedging policies including its activities in forward purchases of copper and entering into the relevant contracts. The Risk Management Committee currently comprises a total of three members, being two executive Directors, namely Mr. Chung Tin Shing and Mr. Wong Shek Fai, Johnson, and one independent non-executive Director, namely Mr. Lam Chon Loi. Following the adoption of a new set of hedging policy on 29 September 2021, the Risk Management Committee is responsible for reviewing and approving the hedging policies as formulated by the hedging team of the Company and reporting to the Board as to whether the hedging policies have been duly followed by the management of 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.

During the period from 1 January 2023 to 31 March 2023 and up to the date of this report, the Company has complied with the CG Code.

### **CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE GEM LISTING RULES**

Save as disclosed in this report, as of 31 March 2023, the Directors have confirmed that they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

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

Hong Kong, 9 May 2023

*As at the date of this report, the executive Directors are Mr. Chung Chi Hang, Larry, Mr. Chung Tin Shing and Mr. Wong Shek Fai, Johnson; and the independent non-executive Directors are Mr. Cheung Yee Tak, Jonathan, Mr. Li Chung Pong, Stephen and Mr. Lam Chon Loi.*