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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)

**ANNOUNCEMENT OF INTERIM RESULTS FOR
THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

This announcement, for which the directors (the “Directors”) of Ocean One Holding Ltd. (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

HIGHLIGHTS

- The Group recorded revenue of approximately HK\$113.9 million for the six months ended 30 September 2017, representing an increase of approximately HK\$4.2 million or 3.8% as compared to the six months ended 30 September 2016.
- The Group recorded a loss attributable to the owners of the Company of approximately HK\$0.7 million for the six months ended 30 September 2017, representing a decrease of approximately HK\$7.4 million as compared to the Group's net profit of approximately HK\$6.7 million for the six months ended 30 September 2016. The decrease was mainly due to the recognition of the listing expenses of approximately HK\$9.1 million for the six months ended 30 September 2017. By excluding the one-off listing expenses, the profit attributable to the owners of the Company would have been approximately HK\$8.4 million for the six months ended 30 September 2017, representing an increase of approximately HK\$1.7 million or 25.5% as compared to the six months ended 30 September 2016.
- The Board does not recommend the payment of interim dividend for the six months ended 30 September 2017.

The Board of Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 30 September 2017, together with the respective unaudited comparative figures for the corresponding periods in 2016, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

		Three months ended		Six months ended	
		30.9.2017	30.9.2016	30.9.2017	30.9.2016
	NOTES	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	4	60,445	59,672	113,850	109,661
Cost of goods sold		(52,592)	(53,145)	(98,959)	(97,037)
Gross profit		7,853	6,527	14,891	12,624
Other income		1	118	6	174
Other gain (loss)		119	64	67	(487)
Selling and distribution costs		(1,140)	(951)	(2,210)	(1,843)
Administrative expenses		(1,206)	(815)	(2,456)	(1,588)
Finance costs		(146)	(484)	(287)	(899)
Listing expenses		(4,027)	–	(9,080)	–
Profit before taxation	5	1,454	4,459	931	7,981
Taxation	6	(908)	(740)	(1,659)	(1,327)
Profit (loss) and total comprehensive income (expense) for the period		546	3,719	(728)	6,654
Earnings (loss) per share — basic (HK cents)	8	0.26	1.77	(0.35)	3.17

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2017

	<i>NOTES</i>	At 30.9.2017 <i>HK\$'000</i> (unaudited)	At 31.3.2017 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment	9	<u>4,578</u>	<u>5,069</u>
Current assets			
Inventories		21,955	27,001
Trade and other receivables	10	27,814	21,675
Pledged bank deposit		995	1,593
Bank balances and cash		<u>4,102</u>	<u>9,031</u>
		<u>54,866</u>	<u>59,300</u>
Current liabilities			
Trade and other payables	11	7,971	3,747
Amount due to a director		–	4,587
Amount due to a related company		–	9,460
Taxation payable		2,767	1,061
Bank overdrafts		–	7,901
Bank borrowings	12	21,899	21,971
Obligation under a finance lease		<u>119</u>	<u>119</u>
		<u>32,756</u>	<u>48,846</u>
Net current assets		<u>22,110</u>	<u>10,454</u>
Total assets less current liabilities		<u>26,688</u>	<u>15,523</u>
Non-current liabilities			
Obligation under a finance lease		269	329
Deferred taxation		<u>59</u>	<u>106</u>
		<u>328</u>	<u>435</u>
Net assets		<u>26,360</u>	<u>15,088</u>
Capital and reserves			
Share capital	13	–	–
Reserves		<u>26,360</u>	<u>15,088</u>
Total equity		<u>26,360</u>	<u>15,088</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Share capital <i>HK\$'000</i>	Special reserve <i>HK\$'000</i> <i>(Note 1)</i>	Other reserve <i>HK\$'000</i> <i>(Note 2)</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2017 (audited)	–	3,000	–	12,088	15,088
Loss and total comprehensive expense for the period	–	–	–	(728)	(728)
Capitalisation of amount due to a director	–	–	12,000	–	12,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2017 (unaudited)	<u>–</u>	<u>3,000</u>	<u>12,000</u>	<u>11,360</u>	<u>26,360</u>
At 1 April 2016 (audited)	3,000	–	–	4,815	7,815
Profit and total comprehensive income for the period	–	–	–	6,654	6,654
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2016 (unaudited)	<u>3,000</u>	<u>–</u>	<u>–</u>	<u>11,469</u>	<u>14,469</u>

Notes:

- (1) The special reserve of the Group represents the difference between the nominal amount of the share capital of Quality Products (H.K.) Limited (“Quality Products”) and the nominal amount of share capital of Ocean One (BVI) Holding Ltd. (“Ocean One (BVI)”) pursuant to the Group Reorganisation as defined in Note 2.
- (2) The other reserve represents the capitalisation of amount due to a director of HK\$12,000,000 pursuant to a written resolution passed by the sole shareholder of Quality Products on 5 June 2017.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Six months ended	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash from (used in) operating activities	<u>4,844</u>	<u>(434)</u>
Net cash from investing activities		
Withdrawal of pledged bank deposit	110,674	124,941
Placement of pledged bank deposit	(110,076)	(122,760)
Purchases of property, plant and equipment	(4)	(26)
Repayments from a director	–	14,218
Advances to a director	–	(1,785)
	<u>594</u>	<u>14,588</u>
Net cash used in financing activities		
New bank borrowings raised	21,135	5,000
Advances from a director	16,643	166
Repayments of bank borrowings	(21,207)	(7,946)
Repayments to a related company	(9,460)	–
Repayments to a director	(9,230)	–
Interest paid	(287)	(899)
Repayments of obligation under a finance lease	(60)	(60)
	<u>(2,466)</u>	<u>(3,739)</u>
Net increase in cash and cash equivalents	2,972	10,415
Cash and cash equivalents at beginning of the period	<u>1,130</u>	<u>(14,261)</u>
Cash and cash equivalents at end of the period	<u><u>4,102</u></u>	<u><u>(3,846)</u></u>
Cash and cash equivalents at end of the period, represented by		
Bank balances and cash	4,102	157
Bank overdrafts	–	(4,003)
	<u><u>4,102</u></u>	<u><u>(3,846)</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 April 2017 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company acts as an investment holding company and its subsidiaries are principally engaged in importing and wholesaling of frozen seafood products. The Company's immediate and ultimate holding company is Karlson Holding Limited ("Karlson") which was incorporated in the British Virgin Islands ("BVI") and controlled by Mr. Chan Kin Fung (formerly known as "Mr. Chan Tsan Fong") ("Mr. Chan").

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

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 Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The companies now comprising the Group underwent a group reorganisation (the "Group Reorganisation") in preparation for the initial listing of the shares of the Company on the GEM of the Stock Exchange. Before the completion of the Group Reorganisation, the operation of the Group was carried out by Quality Products, which was wholly and directly owned by Mr. Chan, the controlling shareholder of the Company. The Group Reorganisation included the following steps:

- (a) On 21 March 2017, Ocean One (BVI) was incorporated as limited liability company in BVI by issuing one share of United States dollars ("US\$") 1.00 to Mr. Chan.
- (b) On 31 March 2017, Ocean One (BVI) acquired the entire issued share capital of Quality Products from Mr. Chan by issuing one share of US\$1.00, credited as fully paid up.
- (c) On 18 April 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$390,000 divided into 39,000,000 shares of HK\$0.01 each with one subscriber share allotted and issued as nil paid to Kelvin Butler, an independent third party. On 18 April 2017, Kelvin Butler transferred his one share to Karlson for nil consideration.
- (d) On 29 May 2017, the Company acquired the entire issued share capital of Ocean One (BVI) from Mr. Chan and in consideration and exchange, the Company allotted and issued one share to Karlson, credited as fully paid up, at the direction of Mr. Chan and credited as fully-paid up at par the one share held by Karlson. Thereafter, the Company become the holding company of the companies now comprising the Group.

The Group resulting from the Group Reorganisation, which involves interspersing the Company, Ocean One (BVI) and other investment holding company between Quality Products and Mr. Chan, is continued to be controlled by Mr. Chan and is regarded as a continuing entity. Accordingly, the condensed consolidated statements of profit or loss and other comprehensive income, condensed consolidated statements of changes of equity and condensed consolidated statements of cash flows for the six months ended 30 September 2017 and 2016 and condensed consolidated statements of profit or loss and other comprehensive income for the three months ended 30 September 2017 and 2016 have been prepared to include the results, changes in equity and cash flows of the companies now comprising the Group as if the group structure upon the completion of the Group Reorganisation had been in existence throughout the periods, or since their respective dates of incorporation, where there is a shorter period. The condensed consolidated statement of financial position of the Group as at 31 March 2017 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure upon completion of the Group Reorganisation had been in existence at those dates taking into account the respective dates of incorporation, where applicable.

3. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2017 are the same as those followed in the preparation of the consolidated financial statements of Ocean One (BVI) for the year ended 31 March 2017 underlying the preparation of the Accountants' Report in Appendix I to the prospectus issued by the Company dated 29 September 2017.

In the current interim period, the Group has applied, for the first time, new amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are effective for the accounting period beginning on or after 1 April 2017.

Amendments to HKAS 7 "Disclosure initiative"

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

The adoption has no impact on these condensed consolidated financial statements but will result in relevant disclosures in the Group's annual consolidated financial statements for the year ending 31 March 2018.

The application of the other amendments to HKFRSs in the current interim period has had no material effect on the amounts and/or disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on importing and wholesaling of frozen seafood products. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs that are regularly reviewed by the executive directors of the Company, the chief operating decision maker ("CODM"). The CODM reviews the results of the Group as a whole in order to assess financial performance and allocation of resources. Accordingly, the operation of the Group constitutes only one single operating segment. Other than entity wide information, no further analysis of this single segment is presented.

Entity wide information is as follows:

Revenue from major products

The following is an analysis of the Group's revenue from its major products:

	Three months ended		Six months ended	
	30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)	30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)
Crabs and roe	2,739	3,314	5,044	6,096
Fishes	10,024	8,746	16,513	16,270
Octopuses and cuttlefishes	2,455	2,594	4,562	5,122
Prawn	20,665	20,363	41,603	37,526
Processed seafood products	11,664	10,455	20,038	19,019
Scallops, oysters and surf clams	9,441	10,873	19,769	19,670
Miscellaneous products	3,457	3,327	6,321	5,958
	<u>60,445</u>	<u>59,672</u>	<u>113,850</u>	<u>109,661</u>

Revenue by types of customers

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

	Three months ended		Six months ended	
	30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)	30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)
Frozen seafood resellers	57,251	52,725	106,804	97,212
Frozen seafood catering services providers	3,194	6,947	7,046	12,449
	<u>60,445</u>	<u>59,672</u>	<u>113,850</u>	<u>109,661</u>

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		Six months ended	
	30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)	30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)
Hong Kong	54,079	51,020	101,448	93,460
Macau	6,366	8,652	12,402	16,201
	<u>60,445</u>	<u>59,672</u>	<u>113,850</u>	<u>109,661</u>

5. PROFIT BEFORE TAXATION

	Three months ended		Six months ended	
	30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)	30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)
Profit before taxation has been arrived at after charging (crediting):				
Staff costs, including directors' emoluments	1,080	640	2,126	1,267
Cost of inventories recognised as expenses	52,592	53,145	98,959	97,037
Depreciation of property, plant and equipment	247	249	495	497
Depreciation of investment property	–	11	–	22
Operating lease rentals in respect of rented premises				
— Minimum lease payments	223	216	447	430
— Contingent rent (<i>Note</i>)	66	75	150	156
	<u>289</u>	<u>291</u>	<u>597</u>	<u>586</u>
Interests on:				
— bank borrowings	143	374	279	624
— bank overdrafts	–	107	2	269
— a finance lease	3	3	6	6
	<u>146</u>	<u>484</u>	<u>287</u>	<u>899</u>
Rental income	–	(55)	–	(110)
Net exchange (gain) loss	(119)	(64)	(67)	487

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		Six months ended	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Hong Kong Profits Tax				
Current tax	932	758	1,706	1,363
Deferred taxation	(24)	(18)	(47)	(36)
	908	740	1,659	1,327

The Company, which was incorporated in the Cayman Islands, together with Ocean One (BVI) incorporated in BVI, have no assessable profits and are not subject to any income tax.

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2016: 16.5%) of the estimated assessable profit of Quality Products for the periods.

7. DIVIDENDS

No dividends were paid or declared by the Company during the current interim period (six months ended 30 September 2016: nil). The directors of the Company have determined that no dividend will be paid in respect of the current interim period.

8. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share for the period is based on the consolidated profit (loss) attributable to owners of the Company and on 210,000,000 ordinary shares in issue during the period which is calculated on the assumption that the Group Reorganisation and the capitalisation issue (details as disclosed in note 17) has been effective on 1 April 2016.

No diluted earnings (loss) per share is presented as there are no potential ordinary shares during the period.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2017, the Group spent HK\$4,000 (six months ended 30 September 2016: HK\$26,000) on purchase of property, plant and equipment.

10. TRADE AND OTHER RECEIVABLES

	At 30.9.2017 <i>HK\$'000</i> (unaudited)	At 31.3.2017 <i>HK\$'000</i> (audited)
Trade receivables	24,731	19,177
Prepaid and deferred listing expenses	704	568
Prepayments	2,274	1,826
Deposits	105	104
	<u>27,814</u>	<u>21,675</u>

The Group usually allows a credit period ranging from 0 to 60 days to its trade customers. The following is an aging analysis of trade receivables presented based on the invoice dates at the end of each reporting period:

	At 30.9.2017 <i>HK\$'000</i> (unaudited)	At 31.3.2017 <i>HK\$'000</i> (audited)
Within 30 days	15,636	13,708
31 to 60 days	8,173	5,465
61 to 90 days	922	2
Over 90 days	-	2
	<u>24,731</u>	<u>19,177</u>

11. TRADE AND OTHER PAYABLES

	At 30.9.2017 <i>HK\$'000</i> (unaudited)	At 31.3.2017 <i>HK\$'000</i> (audited)
Trade payables	4,616	3,142
Accrued listing expenses	2,041	20
Accruals	1,314	585
	<u>7,971</u>	<u>3,747</u>

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

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

	At 30.9.2017 <i>HK\$'000</i> (unaudited)	At 31.3.2017 <i>HK\$'000</i> (audited)
Within 30 days	4,565	3,142
31–60 days	51	–
	<u>4,616</u>	<u>3,142</u>

12. BANK BORROWINGS

	At 30.9.2017 <i>HK\$'000</i> (unaudited)	At 31.3.2017 <i>HK\$'000</i> (audited)
Revolving loans	–	14,000
Import invoice financing loans	14,884	–
Term loans (<i>Note</i>)	7,015	7,971
	<u>21,899</u>	<u>21,971</u>

Note: The bank borrowings contained a repayment on demand clause and are classified as current liabilities as at 30 September 2017 and 31 March 2017.

13. SHARE CAPITAL

The share capital shown in the condensed consolidated statement of financial position as at 30 September 2017 represented the issued share capital of the Company.

The share capital shown in the condensed consolidated statement of financial position as at 31 March 2017 represented the issued share capital of Ocean One (BVI).

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

	<i>NOTES</i>	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each			
Authorised:			
At 18 April 2017 (date of incorporation)	<i>(a)</i>	39,000,000	390
Increase on 21 September 2017	<i>(b)</i>	<u>9,961,000,000</u>	<u>99,610</u>
At 30 September 2017		<u><u>10,000,000,000</u></u>	<u><u>100,000</u></u>
Issued and fully paid:			
Issue of shares on 18 April 2017 (date of incorporation)	<i>(a)</i>	1	–
Issue of shares upon the Group Reorganisation	<i>(c)</i>	<u>1</u>	<u>–</u>
At 30 September 2017		<u><u>2</u></u>	<u><u>–</u></u>

Notes:

- (a) At 18 April 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$390,000 divided into 39,000,000 shares of HK\$0.01 each with one subscriber share allotted and issued as nil paid to Kelvin Butler, an independent third party. On 18 April 2017, Kelvin Butler transferred his one share to Karlson for nil consideration.
- (b) At 21 September 2017, the authorised share capital of our Company was increased from HK\$390,000 divided into 39,000,000 shares to HK\$100,000,000 divided into 10,000,000,000 shares by the creation of an additional 9,961,000,000 shares, ranking pari passu in all respect with the then existing shares.
- (c) At 29 May 2017, the Company acquired the entire issued share capital of Ocean One (BVI) from Mr. Chan and in consideration and exchange, the Company allotted and issued one share to Karlson, credited as fully paid up, at the direction of Mr. Chan and credited as fully-paid up at par the one share held by Karlson.

14. CONTINGENT LIABILITIES

	At 30.9.2017 HK\$'000 (unaudited)	At 31.3.2017 HK\$'000 (audited)
Guarantees given to a bank in respect of banking facility granted to Eastern Mark Limited (“Eastern Mark”)	<u><u>15,852</u></u>	<u><u>17,593</u></u>

Eastern Mark is a related company controlled by Mr. Chan. In the opinion of directors of the Company, the fair value of the financial guarantees of the inception was not significant.

15. RELATED PARTY TRANSACTIONS

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

Name of related party	Nature of transaction	Three months ended		Six months ended	
		30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)	30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)
Eastern Mark	Rental expense	198	192	396	383
Mr. Chan	Carpark rental expense	15	13	30	27

Mr. Chan and Ms. Tse Chun Ha Amy provide unlimited personal guarantees to banks and Eastern Mark provides unlimited corporate guarantee to banks in respect of the bank borrowings granted to the Group and Eastern Mark as at 30 September 2017 and 31 March 2017.

Mr. Chan, Ms. Tse Chun Ha Amy and Eastern Mark also pledged properties owned by them to secure the bank borrowings granted to the Group and Eastern Mark as at 30 September 2017 and 31 March 2017.

Ms. Tse Chun Ha Amy is a director of the Company and the spouse of Mr. Chan.

Compensation of key management personnel

The remuneration of key management of the Group during the periods was as follows:

	Three months ended		Six months ended	
	30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)	30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)
Salaries and allowances	420	270	779	540
Performance related incentive payments	33	20	67	40
Retirement benefit schemes contributions	13	9	22	18
	<u>466</u>	<u>299</u>	<u>868</u>	<u>598</u>

16. NON-CASH TRANSACTIONS

During the six months ended 30 September 2017, an amount due to a director amounting to HK\$12,000,000 is capitalised as other reserve pursuant to a written resolution passed by the sole shareholder of Quality Products on 5 June 2017.

During the six months ended 30 September 2016, bank borrowings amounting to HK\$9,460,000 in total have been reassigned to Eastern Mark.

17. EVENT AFTER THE REPORTING PERIOD

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. 209,999,998 ordinary shares of HK\$0.01 each were also issued by way of capitalisation of the sum of HK\$2,099,999.98 standing to the credit of the share premium account of the Company on 19 October 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an established frozen seafood importer and wholesaler in Hong Kong with over 15 years of experience in the frozen seafood import and wholesale industry. It supplies a diverse and wide range of frozen seafood products with more than 80 product varieties to over 200 customers which are mainly frozen seafood resellers and frozen seafood catering service providers.

For the six months ended 30 September 2017, the Group recorded a net loss of approximately HK\$0.7 million as compared to a net profit of approximately HK\$6.7 million for the same period in 2016. The Directors are of the view that the net loss was mainly attributable to the non-recurring listing expenses incurred during 2017. Set aside the listing expenses, the Group's net profit for the six months ended 30 September 2017 would be HK\$8.4 million. In view of the steady revenue growth and increase in overall gross profit margin for the six months ended 30 September 2017 as compared to the same period in 2016, the Directors are cautiously optimistic about the Group's business outlook.

OUTLOOK

The Shares of the Company were successfully listed on the GEM of the Stock Exchange on 19 October 2017 (the "Listing"). The Directors believe that the Listing could enhance the Group's profile and further strengthen 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 will provide financial resources to the Group to meet and achieve its business opportunities and strategies which will further strengthen the Group's market position in the frozen seafood import and wholesale industry in Hong Kong.

The Group is in the course of negotiations with several existing and new foreign suppliers for exclusive agency arrangements or sale agency arrangements to enrich our product portfolio and to maintain our competitiveness by continuing to carry a broad 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 3.8% from approximately HK\$109.7 million for the six months ended 30 September 2016 to approximately HK\$113.9 million for the six months ended 30 September 2017, primarily attributable to the increase in the sales of prawns such as Argentina red prawn and MAR Brand red shrimp both with strong demand from our customers.

Cost of goods sold

Our cost of goods sold mainly represents the costs of products sold net of purchases discounts, shipping handling charges and transportation costs. The Group's cost of sales for the six months ended 30 September 2017 was approximately HK\$99.0 million, representing an increase of approximately 2.0% from approximately HK\$97.0 million for the six months ended 30 September 2016, such increase was generally in line with the increase in our revenue.

Gross profit and gross profit margin

The Group's gross profit for the six months ended 30 September 2017 was approximately HK\$14.9 million, representing an increase of approximately 18.0% from approximately HK\$12.6 million for the six months ended 30 September 2016. The Group's gross profit margin for the six months ended 30 September 2017 was approximately 13.1%, representing an increase of approximately 1.6 percentage points as compared to approximately 11.5% for the six months ended 30 September 2016. The increase in gross profit and gross profit margin was mainly attributable to the sales of various high margin products such as roasted seaweed, soft shell crabs and fish roe, and mainly due to more frequent review of our product price lists with 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, depreciation in our warehouse, warehouse utilities and transportation expenses. The Group's selling and distribution costs for the six months ended 30 September 2017 was approximately HK\$2.2 million, representing an increase of approximately 19.9% from approximately HK\$1.8 million for the six months ended 30 September 2016. The increase in selling and distribution costs of the Group was mainly due to the increase in warehouse and logistic staffs. The selling and distribution costs accounted for approximately 1.9% and 1.7% of the total revenue for the six months ended 30 September 2017 and 2016 respectively.

Administrative expenses

For the six months ended 30 September 2017, the Group's administrative expenses primarily comprised of staff costs for administrative and management personnel, directors' remuneration, auditor's remuneration, rent rates and management fee for office, office utilities, depreciation and insurance. Administrative expenses increased from approximately HK\$1.6 million for the six months ended 30 September 2016 to approximately HK\$2.5 million for the six months ended 30 September 2017. The increase in administrative expenses of the Group was mainly due to hiring of management staff and increase in auditor's remuneration to cope with the needs of compliance work as a result of the listing status.

Listing expenses

Listing expenses comprised professional and other expenses in relation to the Listing. The listing expenses amounted to approximately HK\$9.1 million for the six months ended 30 September 2017. No listing expenses was incurred for the six months ended 30 September 2016 as listing process had not started.

Finance costs

Finance costs represented interests on bank overdrafts, bank borrowings and obligation under a finance lease. Finance costs decreased from approximately HK\$0.9 million for the six months ended 30 September 2016 to approximately HK\$0.3 million for the six months ended 30 September 2017, the decrease was mainly due to reduction in bank overdrafts.

Taxation

For the six months ended 30 September 2017 and 2016, our taxation was approximately HK\$1.7 million and HK\$1.3 million, respectively, increased by approximately HK\$0.4 million or 25.0%, which was consistent with the increase in estimated assessable profit.

Loss for the period

For the six months ended 30 September 2017, the Group recorded loss for the period of approximately HK\$0.7 million as compared to profit of approximately HK\$6.7 million for the six months ended 30 September 2016. The loss was mainly attributable to the non-recurring listing expenses incurred during the six months ended 30 September 2017. By excluding the listing expenses, the Group's net profit for the six months ended 30 September 2017 would be HK\$8.4 million.

Comparison between Business Objectives with Actual Business Progress

The Company has been listed on the GEM of the Stock Exchange since 19 October 2017. The period prior to the Listing Date (that is, from 20 September 2017, being the latest practicable date as defined in the Prospectus, to 30 September 2017 (the "Relevant Period")) was relatively short and no proceeds was available during the Relevant Period. The Group is in its preliminary stage of implementing its business strategies as disclosed in the Prospectus. The Group will strive to achieve the business objectives by implementing the future plans and business strategies as stated in the Prospectus.

USE OF 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\$62.0 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.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its liquidity and capital requirements primarily through cash generated from operations and bank borrowings.

As at 30 September 2017, the Group had cash and cash equivalents of approximately HK\$4.1 million (31 March 2017: HK\$9.0 million).

As at 30 September 2017, the Group’s total equity attributable to the owners of the Company amounted to approximately HK\$26.4 million (31 March 2017: HK\$15.1 million). As of the same date, the Group’s total debt, comprising bank overdrafts, bank borrowings and obligation under a finance lease, amounted to approximately HK\$22.3 million (31 March 2017: HK\$30.3 million).

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

The net proceeds from the Listing amounted to approximately HK\$62.0 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 September 2017, the Group had total bank overdrafts, bank borrowings and obligation under a finance lease of approximately HK\$22.3 million (31 March 2017: HK\$30.3 million). The Group’s bank borrowings were primarily used in financing the working capital requirement of its operations, while the obligation under a finance lease was for the acquisition of a motor vehicle to support its operations.

As at 30 September 2017, the gearing ratio of the Group, calculated by dividing total bank overdrafts, bank borrowings and obligation under a finance lease with total equity and multiplied by 100%, was approximately 84.5% (31 March 2017: 201.0%).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the six months ended 30 September 2017, the Group did not have any significant investment, material acquisition or disposal of subsidiaries and affiliated companies.

FOREIGN EXCHANGE EXPOSURE

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

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

TREASURY POLICIES

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

PLEDGE OF GROUP ASSETS

As at 30 September 2017, the Group has pledged its leasehold land and buildings and pledged bank deposit total amounted to approximately HK\$4.6 million (31 March 2017: HK\$5.3 million) to secure the bank borrowings and banking facilities granted to the Group and Eastern Mark Limited.

CONTINGENT LIABILITIES

As at 30 September 2017, the Group provided guarantees given to a bank in respect of banking facility granted to Eastern Mark Limited, a related company controlled by Mr. Chan Kin Fung, of approximately HK\$15.9 million (31 March 2017: HK\$17.6 million).

The Directors consider the fair value of the financial guarantees of the inception was not significant, and confirm that the guarantees provided by the Group to Eastern Mark Limited will soon be released upon Listing.

COMMITMENTS

The contractual commitments mainly involve rental payable by the Group in respect of the leased office and cold storage warehouse and a car park under non-cancellable operating leases. As at 30 September 2017, the Group's operating lease commitments were approximately HK\$2.1 million (31 March 2017: nil).

SEGMENT INFORMATION

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

INFORMATION ON EMPLOYEES

As at 30 September 2017, the Group had 16 employees working in Hong Kong (30 September 2016: 11). Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of trainings were provided to the employees. The total staff cost (including remuneration of Directors and mandatory provident funds contributions) for the six months ended 30 September 2017 amounted to approximately HK\$2.1 million (30 September 2016: HK\$1.3 million).

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2017.

OTHER INFORMATION

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

The Shares of the Company were only listed on the GEM of the Stock Exchange on 19 October 2017 and therefore, the respective Division 7 and 8 of Part XV of the Securities and Futures Ordinance (“SFO”), Section 352 of the SFO and Rules 5.46 to 5.67 of the GEM Listing Rules (“Model Code”) were not applicable as at 30 September 2017.

As at the date of this announcement, 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 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 in which they 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 the Model Code, are as follows:

Long positions in Shares of associated corporation

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

Notes:

1. These Shares are held by Karlson Holding Limited, the entire issued share capital of which is held by Mr. Chan. Accordingly, Mr. Chan is deemed to be interested in the Shares held by Karlson Holding Limited by virtue of the SFO.
2. 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 announcement, 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 announcement, 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 30 September 2017, the Shares were not listed on the GEM of the Stock Exchange. The respective Division 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable.

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

Long positions in the Shares

Name	Capacity/nature	No. of Shares held	Approximate % of Shareholding
Karlson Holding Limited	Beneficial owner	210,000,000	75%
Mr. Chan	Interest in a controlled corporation	210,000,000 (Note 1)	75%
Ms. Tse	Interest of spouse	210,000,000 (Note 2)	75%

Notes:

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

The Shares were successfully listed on the GEM of the Stock Exchange on 19 October 2017. Save as disclosed in the Prospectus, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2017.

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 six months ended 30 September 2017.

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 announcement.

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 six months ended 30 September 2017, 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, 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 announcement.

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 six months ended 30 September 2017 with the management, and is 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, 14 November 2017

As at the date of this announcement, 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 announcement 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.