

# Characteristics of 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.

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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 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 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\$80.1 million for the three months ended 30 June 2018, representing an increase of approximately HK\$26.7 million or 50.0% as compared to the three months ended 30 June 2017.
- The Group recorded a net profit attributable to the owners of the Company of approximately HK\$6.4 million for the three months ended 30 June 2018, representing an increase of approximately HK\$7.7 million as compared to the Group's net loss of approximately HK\$1.3 million for the three months ended 30 June 2017. Listing expenses amounted to approximately HK\$5.1 million was recognized for the three months ended 30 June 2017, and no listing expenses was incurred for the same period in 2018. By excluding these one-off listing expenses, the profit attributable to the owners of the Company would have been approximately HK\$3.8 million for the three months ended 30 June 2017, representing an increase of approximately HK\$2.6 million or 68.4% in the net profit for the three months ended 30 June 2018. The increase was mainly attributable to the increases in revenue and gross profit earned.
- The Board does not recommend the payment of dividend for the three months ended 30 June 2018.

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 2018, together with the respective unaudited comparative figures for the corresponding period in 2017, as follows:

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE THREE MONTHS ENDED 30 JUNE 2018

	NOTES	Three months ended	
		30.6.2018 HK\$'000 (unaudited)	30.6.2017 HK\$'000 (unaudited)
Revenue	4	80,081	53,405
Cost of goods sold		(69,876)	(46,367)
Gross profit		10,205	7,038
Other income		121	5
Other gain (loss)		178	(52)
Selling and distribution costs		(1,209)	(1,070)
Administrative expenses		(1,452)	(1,250)
Finance costs		(105)	(141)
Listing expenses		–	(5,054)
Profit (loss) before taxation	5	7,738	(524)
Taxation	6	(1,339)	(751)
Profit (loss) and total comprehensive income (expenses) for the period attributable to the owners of the Company		6,399	(1,275)
Earnings (loss) per share — basic (HK cents)	8	2.29	(0.61)

## Condensed Consolidated Statement of Changes in Equity

FOR THE THREE MONTHS ENDED 30 JUNE 2018

	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 2018 (audited)	2,800	72,851	3,000	12,000	18,742	109,393
Profit and total comprehensive income for the period	-	-	-	-	6,399	6,399
At 30 June 2018 (unaudited)	2,800	72,851	3,000	12,000	25,141	115,792
At 1 April 2017 (audited)	-	-	3,000	-	12,088	15,088
Loss and total comprehensive expenses for the period	-	-	-	-	(1,275)	(1,275)
Capitalisation of amount due to a director	-	-	-	12,000	-	12,000
At 30 June 2017 (unaudited)	-	-	3,000	12,000	10,813	25,813

### Notes:

- (1) The special reserve of the Group of approximately HK\$3 million 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.

# Notes to the Quarterly Financial Information

FOR THE THREE MONTHS ENDED 30 JUNE 2018

## 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 GEM of the Stock Exchange on 19 October 2017 (the "Listing").

## 2. BASIS OF PREPARATION

The quarterly financial information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRS.

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 becomes 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 and condensed consolidated statements of changes of equity for the three months ended 30 June 2017 have been prepared to include the results and changes in equity 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 period, or since their respective dates of incorporation, where there is a shorter period.

### 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 quarterly financial information for the three months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018.

In the current period, the Group has applied, for the first time, certain new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are effective for the accounting period beginning on or after 1 January 2018.

#### HKFRS 9 "Financial Instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 "Financial Instruments: Recognition and Measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies, the impact on the application of HKFRS 9 is as follow:

Classification and measurement: All financial assets and financial liabilities continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment: In general, the application of the expected credit loss model of HKFRS9 results in earlier provision of credit losses which are not yet incurred in relation to financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group. Based on the assessment by the directors of the Company, as the default rate of the outstanding balances with customers is low, with the expected credit loss model applied by the Group, the amount of impairment loss to be recognised by Group as at 30 June 2018 did not have material difference as compared to the amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade and other receivables.

### **HKFRS 15 “Revenue from Contracts with Customers”**

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15. In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Group has performed a review of the existing contractual arrangements with its customers and the directors of the Company determine that the application of HKFRS 15 does not have a material impact on the timing and amounts of revenue recognised in the respective reporting period.

#### 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	
	30.6.2018 HK\$'000 (unaudited)	30.6.2017 HK\$'000 (unaudited)
Crabs and roe	5,743	2,305
Fishes	9,815	6,489
Octopuses and cuttlefishes	7,672	2,107
Prawn	25,204	20,938
Processed seafood products	11,630	8,374
Scallops, oysters and surf clams	14,804	10,328
Miscellaneous products	5,213	2,864
	80,081	53,405

##### Revenue by types of customers

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

	Three months ended	
	30.6.2018 HK\$'000 (unaudited)	30.6.2017 HK\$'000 (unaudited)
Frozen seafood resellers	75,908	49,553
Frozen seafood catering services providers	4,173	3,852
	80,081	53,405



## 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	
	30.6.2018 HK\$'000 (unaudited)	30.6.2017 HK\$'000 (unaudited)
Hong Kong	67,402	47,369
Macau	5,509	6,036
Taiwan	4,604	–
Mainland China	2,566	–
	80,081	53,405

## 5. PROFIT (LOSS) BEFORE TAXATION

	Three months ended	
	30.6.2018 HK\$'000 (unaudited)	30.6.2017 HK\$'000 (unaudited)
Profit (loss) before taxation has been arrived at after charging (crediting):		
Staff costs, including directors' emoluments	1,147	1,069
Cost of inventories recognised as expenses	69,876	46,367
Depreciation of property, plant and equipment	202	248
Operating lease rentals in respect of rented premises		
— Minimum lease payments	237	238
— Contingent rent ( <i>Note</i> )	184	84
	421	322
Interests on:		
— bank borrowings	52	136
— bank overdrafts	50	2
— a finance lease	3	3
	105	141
Net exchange (gain) loss	(178)	52

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	
	30.6.2018 HK\$'000 (unaudited)	30.6.2017 HK\$'000 (unaudited)
Hong Kong Profits Tax		
Current tax	1,339	774
Deferred taxation	–	(23)
	<b>1,339</b>	<b>751</b>

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% (three months ended 30 June 2017: 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 period (three months ended 30 June 2017: Nil). The directors of the Company have determined that no dividend will be paid in respect of the current period.

## 8. EARNINGS PER SHARE

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

	Three months ended	
	30.6.2018 (unaudited) HK\$'000	30.6.2017 (unaudited) HK\$'000
Profit (loss) for the period attributable to the owners of the Company	6,399	(1,275)

	Three months ended	
	30.6.2018 (unaudited)	30.6.2017 (unaudited)
Weighted average number of ordinary shares in issue	280,000,000	210,000,000

The calculation of the basic earnings per share for the period is based on the consolidated profit attributable to owners of the Company and on the assumption that the Group Reorganisation and the capitalisation issue has been effective on 1 April 2017.

No diluted earnings per share is presented as there are no potential ordinary shares during the three months ended 30 June 2018 and 2017, respectively.

## 9. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Acquisition of a property holding company and two lorry parking spaces:

On 27 July 2018 (after trading hours of the Stock Exchange), Ocean One Property (H.K.) Limited (the "Purchaser"), a company incorporated on 10 July 2018 in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, entered into a provisional agreement with Dragon Access Holdings Limited (the "Vendor A"), a company incorporated in the British Virgin Islands with limited liability and an independent third party, pursuant to the terms and conditions of the provisional agreement, Vendor A shall sell and the Purchaser shall acquire the sale share, representing the entire issued share capital of Billiant Bright Properties Limited (the "Target Company"), a company incorporated on 27 March 2018 in Hong Kong with limited liability and will be the sole registered and beneficial owner of the property comprising Unit 3 together with air handling plant room on 10/F of High Block of Cheung Fung Industrial Building, 23–39 Pak Tin Par Street, Tsuen Wan, together with a car park No. P6 on 1/F, at a total consideration of HK\$47 million. Upon completion of the acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

On the same date, the Purchaser entered into a provisional agreement with Billion Rich Properties Limited (the "Vendor B"), a company incorporated in Hong Kong with limited liability and an independent third party, with Vendor A being its immediate holding company, pursuant to the terms and conditions of the provisional agreement, Vendor B shall sell and the Purchaser shall acquire the property comprising two lorry parking spaces located at car park No. L7 and L15 on 1/F of High Block of Cheung Fung Industrial Building, 23–39 Pak Tin Par Street, Tsuen Wan, at a total consideration of HK\$5.3 million.

Please refer to the announcement of the Company dated 27 July 2018 for further details.

# 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 250 customers which are mainly frozen seafood resellers and frozen seafood catering service providers.

For the three months ended 30 June 2018, the Group recorded a net profit of approximately HK\$6.4 million as compared to a net loss of approximately HK\$1.3 million for the same period in 2017. The increase in net profit was mainly attributable to the increases in revenue and gross margin earned, and with non-recurring listing expenses incurred in 2017. Set aside the listing expenses, the Group's net profit for the three months ended 30 June 2017 would be HK\$3.8 million. In view of the steady revenue growth and relatively stable gross profit margin achieved for the three months ended 30 June 2018 as compared to the same period in 2017, 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 of Hong Kong Limited (the "Stock Exchange") on 19 October 2017. 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 has obtained several new sale agency arrangements with new foreign suppliers since the Listing, and will continue to pursue 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 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 50.0% from approximately HK\$53.4 million for the three months ended 30 June 2017 to approximately HK\$80.1 million for the three months ended 30 June 2018, primarily attributable to the introduction of new products such as frozen crab flavored fish cake, fried sesame chicken wings and chicken fillets, king crab legs, China frozen boiled octopus and giant squid fillets, and increase in the sales of existing products such as ama-ebi, MAR Brand red shrimp, Clearwater Brand arctic clams and cod fish, all 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 goods sold for the three months ended 30 June 2018 was approximately HK\$69.9 million, representing an increase of approximately 50.7% from approximately HK\$46.4 million for the three months ended 30 June 2017, 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 three months ended 30 June 2018 was approximately HK\$10.2 million, representing an increase of approximately 45.0% from approximately HK\$7.0 million for the three months ended 30 June 2017. The Group's gross profit margin for the three months ended 30 June 2018 was approximately 12.7%, representing a decrease of approximately 0.5 percentage points as compared to approximately 13.2% for the three months ended 30 June 2017. The increase in gross profit was mainly attributable to the increase in revenue, while the slight decrease in gross profit margin was mainly due to the introduction of some new products with lower markups, such as king crab legs, seasoned salmon roe, China frozen boiled octopus and giant squid fillets.

### 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 three months ended 30 June 2018 was approximately HK\$1.2 million, representing an increase of approximately 13.0% from approximately HK\$1.1 million for the three months ended 30 June 2017. The increase in selling and distribution costs of the Group was mainly due to the increase in usage of external warehouse and increase in warehouse and logistic staffs. The selling and distribution costs accounted for approximately 1.5% and 2.0% of the total revenue for the three months ended 30 June 2018 and 2017 respectively.

## **Administrative expenses**

For the three months ended 30 June 2018, 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\$1.3 million for the three months ended 30 June 2017 to approximately HK\$1.5 million for the three months ended 30 June 2018. The increase in administrative expenses of the Group was mainly due to increase in legal and professional fees 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\$5.1 million for the three months ended 30 June 2017, and no listing expenses incurred for the three months ended 30 June 2018 as the listing process completed in the third quarter of 2017.

## **Finance costs**

Finance costs represented interests on bank borrowings, obligation under a finance lease, and bank overdrafts. Finance costs decreased from approximately HK\$141,000 for the three months ended 30 June 2017 to approximately HK\$105,000 for the three months ended 30 June 2018.

## **Taxation**

For the three months ended 30 June 2018 and 2017, our taxation was approximately HK\$1,339,000 and HK\$751,000 respectively, increased by approximately HK\$588,000 or 78.3%, which was consistent with the increase in estimated assessable profits of Quality Products.

## **Profit (loss) for the period**

For the three months ended 30 June 2018, the Group's profit and total comprehensive income attributable to the owners of the Company was approximately HK\$6.4 million as compared to a net loss of approximately HK\$1.3 million for the three months ended 30 June 2017. The increase was mainly attributable to the increases in revenue and gross profit earned in 2018, and due to the non-recurring listing expenses incurred during the period in 2017. By excluding the listing expenses, the Group's net profit for the three months ended 30 June 2017 would be HK\$3.8 million, representing an increase of approximately HK\$2.6 million or 68.4% in the net profit for the three months ended 30 June 2018.

## Subsequent events

On 27 July 2018, the Group entered into a provisional agreement to purchase a property holding company with the property comprising Unit 3 together with air handling plant room on 10/F of High Block of Cheung Fung Industrial Building, 23–39 Pak Tin Par Street, Tsuen Wan, together with a car park No. P6 on 1/F, at a total consideration of HK\$47 million for enhancing the Group's warehouse storage capacity and the new premises is close to the existing warehouse facility to ensure efficiency. It is expected that the consideration will be financed as to (i) approximately HK\$25.9 million from the Share Offer (as defined in the Prospectus); (ii) approximately HK\$21.1 million from the Group's own operating cash flow. The vendor is an independent third party and the consideration is determined at arm's length negotiation. The formal sale and purchase agreement will be entered on or before 23 August 2018, and completion of the acquisition shall take place on or before 27 September 2018.

On the same date, the Group entered into a provisional agreement to purchase a property comprising two lorry parking spaces located at car park No. L7 and L15 on 1/F of High Block of Cheung Fung Industrial Building, 23–39 Pak Tin Par Street, Tsuen Wan, at a total consideration of HK\$5.3 million for facilitating the Group's logistics capability with the new warehouse premises. It is expected that the consideration will be financed from the Group's own operating cash flow. The vendor is an independent third party and the consideration is determined at arm's length negotiation. The formal sale and purchase agreement will be entered on or before 23 August 2018, and completion of the acquisition shall take place on or before 27 September 2018.

The Directors consider that the terms of the acquisitions are on normal commercial terms and are fair and reasonable, and the acquisitions are in the interests of the Shareholders and the Company as a whole.

Please refer to the announcement of the Company dated 27 July 2018 for further details.

## 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 utilisation of net proceeds up to 30 June 2018:

	Net proceeds HK\$'000	Utilised HK\$'000	Unutilised HK\$'000
Strengthening our warehouse storage capability	29,632	–	29,632
Enhancing our logistics capability	8,376	1,710	6,666
Broadening our product offerings by entering into exclusive agency agreements and/or sale agency agreements	21,504	8,602	12,902
General working capital of our Group	3,494	–	3,494
Total	63,006	10,312	52,694

In regard to strengthening our warehouse storage capability, according to the Prospectus the Group will acquire a new warehouse locating in Tsuen Wan.

## CAPITAL STRUCTURE

As at 30 June 2018, the Group's total equity attributable to the owners of the Company amounted to approximately HK\$115.8 million (31 March 2018: HK\$109.4 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.

## SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the three months ended 30 June 2018, 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 2018 (three months ended 30 June 2017: 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	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 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	210,000,000	75%
Chan Kin Fung	Interest in a controlled corporation	210,000,000 (Note 1)	75%
Tse Chun Ha Amy	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 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 2018.

## 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 2018.

## 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 2018, 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 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 2018 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, 9 August 2018

*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.*