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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 ANNUAL RESULTS FOR
THE YEAR ENDED 31 MARCH 2019**

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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 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\$327.4 million for the year ended 31 March 2019, representing an increase of approximately HK\$87.6 million or 36.5% as compared to the year ended 31 March 2018.
- The Group recorded a net profit attributable to the owners of the Company of approximately HK\$25.0 million for the year ended 31 March 2019, as compared to the Group's net profit of approximately HK\$6.7 million for the year ended 31 March 2018. The increase was mainly attributable to the increases in revenue and gross profit earned, and no listing expenses incurred during the period. By excluding the listing expenses, the Group's net profit for the year ended 31 March 2018 would be HK\$17.2 million, representing an increase of approximately HK\$7.8 million in the net profit for the year ended 31 March 2019.
- The Board recommends the payment of a final dividend of HK2.7 cents per ordinary share for the year ended 31 March 2019.

ANNUAL RESULTS

The board of directors (the “Board”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2019, together with the comparative audited figures for the year ended 31 March 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	NOTES	2019 HK\$'000	2018 HK\$'000
Revenue	4	327,429	239,794
Cost of goods sold		<u>(283,917)</u>	<u>(208,387)</u>
Gross profit		43,512	31,407
Other income	5	789	112
Other gain (loss)	6	28	(178)
Selling and distribution costs		(5,953)	(4,408)
Administrative expenses		(7,662)	(5,420)
Finance costs	7	(614)	(545)
Listing expenses		<u>–</u>	<u>(10,567)</u>
Profit before taxation	8	30,100	10,401
Taxation	9	<u>(5,147)</u>	<u>(3,747)</u>
Profit and total comprehensive income for the year		<u>24,953</u>	<u>6,654</u>
Earnings per share — basic (HK cents)	11	<u>8.9</u>	<u>2.8</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2019

	<i>NOTES</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		58,728	5,780
Deposit paid for property, plant and equipment		2,300	–
Investment property		1,474	–
		<u>62,502</u>	<u>5,780</u>
Current assets			
Inventories		35,723	32,929
Trade and other receivables	<i>12</i>	34,739	33,412
Pledged bank deposits		–	1,826
Bank deposits with original maturity of more than three months		–	53,101
Bank balances and cash		20,853	2,033
		<u>91,315</u>	<u>123,301</u>
Current liabilities			
Trade and other payables	<i>13</i>	7,602	10,184
Taxation payable		1,567	1,428
Bank overdrafts		–	1,705
Bank borrowings	<i>14</i>	16,232	6,042
Obligation under a finance lease		119	119
		<u>25,520</u>	<u>19,478</u>
Net current assets		<u>65,795</u>	<u>103,823</u>
Total assets less current liabilities		<u>128,297</u>	<u>109,603</u>
Non-current liabilities			
Obligation under a finance lease		90	210
Deferred tax liabilities		21	–
		<u>111</u>	<u>210</u>
Net assets		<u>128,186</u>	<u>109,393</u>
Capital and reserves			
Share capital	<i>15</i>	2,800	2,800
Reserves		125,386	106,593
Total equity		<u>128,186</u>	<u>109,393</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. GENERAL

Ocean One Holding Ltd. (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’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 (“Mr. Chan”). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

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

The Company acts as an investment holding company.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparation for the listing (the “Listing”) of the Company’s shares on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the companies now comprising the Group underwent a group reorganisation (the “Group Reorganisation”). Details of the principal steps of the Group Reorganisation are set out in note 2 in the Company’s 2018 annual report dated 25 June 2018. The Group Reorganisation was completed on 29 May 2017.

The Group resulting from the Group Reorganisation, which involves interspersing the Company, Ocean One (BVI) Holding Ltd. (“Ocean One (BVI)”) and other investment holding company between Quality Products (H.K.) Limited (“Quality Products”) and Mr. Chan, is continued to be controlled by Mr. Chan and is regarded as a continuing entity. Accordingly, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes of equity and consolidated statement of cash flows for the year ended 31 March 2018 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 period, or since their respective dates of incorporation, where there is a shorter period.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 “Financial Instruments” with HKFRS 4 “Insurance Contracts”
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and position for the current and prior years and/or the disclosures set out in these consolidated financial statements.

HKFRS 15 “Revenue from Contracts with Customers”

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and the related interpretations.

The Group recognises revenue from trading of frozen seafood products.

The revenue of the Group is recognised at a point in time. Under the transfer-of-control approach in HKFRS 15, revenue from trading of frozen seafood products is generally recognised when goods are delivered, which is the point of time when the customer has the ability to direct the use of products and obtain substantially all of the remaining benefits of the products. A receivable is recognised by the Group when the goods are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

The application of HKFRS 15 has had no material impact on the amounts reported and/or disclosures set out in these consolidated financial statements.

HKFRS 9 “Financial Instruments”

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses (“ECL”) for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018, if any, are recognised in the opening accumulated profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 “Financial Instruments: Recognition and Measurement”.

Classification and measurement of financial assets

The directors of the Company reviewed and assessed the Group’s financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. There is no change in classification and measurement on the Group’s financial assets.

Impairment under ECL model

The Group has applied HKFRS 9 simplified approach to measure ECL using lifetime ECL for trade receivables. To measure the ECL, trade receivables have been assessed individually.

Loss allowance for other financial assets at amortised cost mainly comprise of pledged bank deposits, bank deposits with original maturity of more than three months and bank balances, and are measured on 12-month ECL (“12m ECL”) basis and there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, no additional credit loss allowance has been recognised against accumulated profits as the estimated allowance under the ECL model was not significantly different to that under HKAS 39 based on the counterparties’ past repayment history and forward looking information.

Except for the above, the HKICPA has issued a number of new and amendments to HKFRSs and interpretation which are not effective for accounting period beginning 1 April 2018 and have not been early adopted by the Group.

4. REVENUE AND SEGMENT INFORMATION

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

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

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

The disaggregated information of revenue are as follows:

Revenue from major products

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

	2019	2018
	HK\$’000	HK\$’000
Crabs and roe	26,344	12,996
Fishes	48,089	34,933
Octopuses and cuttlefishes	20,527	10,588
Prawns	96,684	85,241
Processed seafood products	56,074	37,854
Scallops, oysters and surf clams	60,032	43,516
Miscellaneous products	19,679	14,666
	327,429	239,794

Revenue by types of customers

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Frozen seafood resellers	307,836	224,705
Frozen seafood catering service providers	19,593	15,089
	<u>327,429</u>	<u>239,794</u>

Geographical information

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Hong Kong	270,845	210,791
Macau	26,588	26,012
Mainland China	22,069	1,791
Taiwan	7,927	1,200
	<u>327,429</u>	<u>239,794</u>

All of the Group's non-current assets are located in Hong Kong.

5. OTHER INCOME

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest income	587	106
Rental income (with negligible outgoings)	24	–
Others	178	6
	<u>789</u>	<u>112</u>

6. OTHER GAIN (LOSS)

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Exchange loss, net	(192)	(178)
Gain on disposal of property, plant and equipment	<u>220</u>	<u>–</u>
	<u>28</u>	<u>(178)</u>

7. FINANCE COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interests on		
— bank borrowings	479	498
— bank overdrafts	123	35
— a finance lease	<u>12</u>	<u>12</u>
	<u>614</u>	<u>545</u>

8. PROFIT BEFORE TAXATION

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Directors' remuneration	1,566	1,296
Other staff costs	3,399	2,813
Retirement benefit scheme contributions for other staff	<u>148</u>	<u>128</u>
Total staff costs	<u>5,113</u>	<u>4,237</u>
Auditor's remuneration	1,230	1,130
Cost of inventories recognised as expenses	283,917	208,387
Depreciation of property, plant and equipment	940	1,011
Depreciation of an investment property	26	–
Operating lease rentals in respect of rented premises		
— minimum lease payments	852	881
— contingent rent (<i>Note</i>)	<u>1,354</u>	<u>329</u>
	<u>2,206</u>	<u>1,210</u>

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.

9. TAXATION

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax:		
Current tax	5,153	3,748
(Over)underprovision in prior year	(27)	105
	5,126	3,853
Deferred taxation	21	(106)
	5,147	3,747

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

During the year ended 31 March 2019, Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

During the year ended 31 March 2018, Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profits.

10. DIVIDENDS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Dividend recognised as distribution during the year:		
Final dividend paid for 2018 of HK2.2 cents per share (2018: nil)	6,160	–

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2019 of HK2.7 cents (2018: HK2.2 cents) per share, in an aggregate amount of HK\$7,560,000 (2018: HK\$6,160,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

11. EARNINGS PER SHARE

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Earnings for the purpose of basic earnings per share (profit for the year)	<u>24,953</u>	<u>6,654</u>
	2019	2018
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>280,000,000</u>	<u>241,452,055</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2018 has been determined based on the assumption that the Group Reorganisation and the Capitalisation Issue (as defined in note 15(d)) had been effective on 1 April 2017.

No diluted earnings per share is presented as there are no potential ordinary shares during both years.

12. TRADE RECEIVABLES

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within 30 days	20,663	20,023
31 to 60 days	7,570	10,047
61 to 90 days	343	940
Over 90 days	<u>–</u>	<u>2</u>
	<u>28,576</u>	<u>31,012</u>

13. TRADE PAYABLES

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 the invoice dates at the end of each reporting period:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within 30 days	5,428	6,987
31–60 days	<u>586</u>	<u>–</u>
	<u>6,014</u>	<u>6,987</u>

14. BANK BORROWINGS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revolving loans	12,000	–
Term loans	4,232	6,042
	<u>16,232</u>	<u>6,042</u>
Variable-rate borrowings	<u>16,232</u>	<u>6,042</u>
Secured	<u>16,232</u>	<u>6,042</u>
Carrying amounts payable*		
Within one year	13,687	1,811
More than one year, but not more than two years	1,749	1,687
More than two years but not more than five years	796	2,544
Amounts due within one year shown under current liabilities**	<u>16,232</u>	<u>6,042</u>

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

** The amounts contained a repayment on demand clause and are classified as current liabilities as at 31 March 2019 and 2018.

15. SHARE CAPITAL

For the purpose of these consolidated financial statements, the issued capital of the Group at 1 April 2017 represented the share capital of Quality Products. The share capital shown in the consolidated statement of financial position as at 31 March 2019 and 31 March 2018 represented the issued share capital of the Company.

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

	<i>NOTES</i>	Number of shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each			
Authorised:			
At date of incorporation	(a)	39,000,000	390
Increase in authorised share capital	(b)	9,961,000,000	99,610
At 31 March 2018 and 31 March 2019		<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:			
At date of incorporation	(a)	1	–
Issue of share upon the Group Reorganisation	(c)	1	–
Issue of shares on capitalisation Issue	(d)	209,999,998	2,100
Issue of shares upon public offer and placing	(e)	70,000,000	700
At 31 March 2018 and 31 March 2019		<u>280,000,000</u>	<u>2,800</u>

Notes:

- (a) 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.
- (b) On 21 September 2017, the authorised share capital of the 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) 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.
- (d) Pursuant to the written resolutions passed by the sole shareholder of the Company on 21 September 2017, upon completion of the public offer and placing on 19 October 2017, the Company was authorised to capitalise a sum of HK\$2,099,999.98 standing to the credit of the share premium account of the Company and applied such amount to pay up in full at par of 209,999,998 ordinary shares of the Company (the “Capitalisation Issue”).
- (e) In connection with the Listing on 19 October 2017, the Company allotted and issued a total of 70,000,000 new shares at HK\$1.22 per share by way of public offer and placing.

16. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

On 27 September 2018, Ocean One Property (H.K.) Limited (“Ocean One Property”), a wholly owned subsidiary of the Company, and Dragon Access Holdings Limited, an independent third party to the Group, entered into a share transfer agreement, pursuant to which Ocean One Property acquired 100% equity interests in Billiant Bright Properties Limited (“Billiant Bright”) for a total consideration of HK\$47,184,000. Billiant Bright is engaged in property holding business. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.

	Amount recognised at the date of acquisition HK\$'000
Net identifiable assets of the subsidiary acquired:	
Property, plant and equipment	47,176
Other receivables	16
Other payables	(8)
	<hr/>
Net asset acquired	47,184
	<hr/> <hr/>
Consideration transferred, satisfied by:	
Cash consideration paid	47,184
Less: Net assets acquired	(47,184)
	<hr/>
	–
	<hr/> <hr/>
Analysis of net outflow of cash and cash equivalents in respect of acquisition of the subsidiary:	
Cash consideration paid	47,184
	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an established frozen seafood importer and wholesaler in Hong Kong with over 16 years of experience in the frozen seafood import and wholesale industry. It supplies a diverse and wide range of frozen seafood products with more than 100 product varieties to over 300 customers which are mainly frozen seafood resellers and frozen seafood catering service providers.

For the year ended 31 March 2019, the Group recorded a net profit of approximately HK\$25.0 million as compared to a net profit of approximately HK\$6.7 million for the year ended 31 March 2018. Set aside the listing expenses, the Group's net profit for the year ended 31 March 2018 would be HK\$17.2 million. The Directors are of the view that the increase in net profit was mainly attributable to the increases in revenue and gross profit during the year. In view of the steady revenue growth and stable gross profit margin achieved for the year ended 31 March 2019 as compared to the same period last year, the Directors are cautiously optimistic about the Group's business outlook.

OUTLOOK

The Directors believe that the Listing status of the Group enhances the Group's profile and further strengthens the Group's reputation in the industry, which in turn helps maintaining the business relationship with the existing suppliers and customers, and exploring potential business opportunities with new suppliers and customers.

The net proceeds from the Share Offer have been providing financial resources to the Group to meet and achieve its business opportunities and strategies which will further strengthen the Group's market position in the frozen seafood import and wholesale industry in Hong Kong.

The Group has obtained sale agency arrangements with a number of new foreign suppliers since its Listing, and will continue to pursue for additional exclusive agency or sale agency arrangements with existing and new foreign suppliers to further enrich our product portfolio and to maintain our competitiveness by carrying a broader product portfolio. The Group shall continue to strive and achieve the business objectives as stated in the prospectus issued by the Company dated 29 September 2017 ("Prospectus").

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 36.5% from approximately HK\$239.8 million for the year ended 31 March 2018 to approximately HK\$327.4 million for the year ended 31 March 2019, primarily attributable to the introduction of new products such as frozen crab flavored fish cake, China processed scallop and red snow crab claws and legs, and increase in the sales of existing products such as MAR Brand red shrimp, Clearwater Brand arctic clams, sashimi scallop, roasted eel, cod fish, king crab legs, China frozen boiled octopus and giant squid fillets, 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 year ended 31 March 2019 was approximately HK\$283.9 million, representing an increase of approximately 36.2% from approximately HK\$208.4 million for the year ended 31 March 2018, 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 year ended 31 March 2019 was approximately HK\$43.5 million, representing an increase of approximately 38.5% from approximately HK\$31.4 million for the year ended 31 March 2018. The Group's gross profit margin for the year ended 31 March 2019 was approximately 13.3%, representing an increase of approximately 0.2 percentage points as compared to approximately 13.1% for the year ended 31 March 2018. The increase in gross profit and gross profit margin was mainly attributable to the increase in sales and selling of various high margin products such as spot prawn, breaded vannamei shrimp and fried sesame chicken wings, and mainly due to more frequent review of our product price lists according to the latest market conditions.

Selling and distribution costs

Our selling and distribution costs mainly comprise of warehouse rental, staff costs of our logistics and warehouse team, warehouse utilities, depreciation of our warehouse facilities and transportation expenses. The Group's selling and distribution costs for the year ended 31 March 2019 was approximately HK\$6.0 million, representing an increase of approximately 35.0% from approximately HK\$4.4 million for the year ended 31 March 2018. 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 1.8% and 1.8% of the total revenue for the year ended 31 March 2019 and 2018 respectively.

Administrative expenses

For the year ended 31 March 2019, the Group's administrative expenses primarily comprised of staff costs for administrative and management personnel, directors' remuneration, auditor's remuneration, listing compliance expenses, rent rates and management fee for office, office utilities, depreciation and insurance. Administrative expenses increased from approximately HK\$5.4 million for the year ended 31 March 2018 to approximately HK\$7.7 million for the year ended 31 March 2019. 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\$10.6 million for the year ended 31 March 2018, and no listing expenses incurred for the year ended 31 March 2019 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 increased from approximately HK\$0.5 million for the year ended 31 March 2018 to approximately HK\$0.6 million for the year ended 31 March 2019.

Taxation

For the year ended 31 March 2019 and 2018, our tax expenses was approximately HK\$5.1 million and HK\$3.7 million, respectively, increased by approximately HK\$1.4 million or 37.4%, which was consistent with the increase in estimated assessable profits.

Profit for the year

For the year ended 31 March 2019, the Group's profit and total comprehensive income attributable to the owners of the Company was approximately HK\$25.0 million as compared to approximately HK\$6.7 million for the year ended 31 March 2018. The increase was mainly attributable to the increases in revenue and gross profit earned, and no listing expenses incurred during the period. By excluding the listing expenses, the Group's net profit for the year ended 31 March 2018 would be HK\$17.2 million, representing an increase of approximately HK\$7.8 million in the net profit for the year ended 31 March 2019.

COMPLETION OF MAJOR TRANSACTION

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. The consideration was financed by approximately HK\$25.9 million from the Share Offer (as defined in the Prospectus) and approximately HK\$21.1 million from the Group’s own operating cash flow. The vendor is an independent third party, and the consideration was determined under arm’s length negotiation. The formal sale and purchase agreement was entered on 31 August 2018, with completion of the acquisition took place on 27 September 2018.

On 27 July 2018, the Group also 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. The consideration was financed from the Group’s own operating cash flow. The vendor is an independent third party, and the consideration was determined under arm’s length negotiation. The formal sale and purchase agreement was entered on 23 August 2018, with completion of the acquisition took place on 27 September 2018.

The Directors considered 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.

USE OF NET PROCEEDS FROM THE SHARE OFFER

The net proceeds from the Listing (after deducting the underwriting fees and other listing expenses borne by the Company) amounted to approximately HK\$63.0 million which will be used for the intended purposes as set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus. Set out below is the actual utilization of net proceeds up to 31 March 2019:

	Net proceeds <i>HK\$'000</i>	Utilised <i>HK\$'000</i>	Unutilised <i>HK\$'000</i>
Strengthening our warehouse storage capability	29,632	25,866	3,766
Enhancing our logistics capability	8,376	4,654	3,722
Broadening our product offerings by entering into exclusive agency agreements and/or sale agency agreements	21,504	12,902	8,602
General working capital of our Group	3,494	1,092	2,402
	<hr/>	<hr/>	<hr/>
Total	63,006	44,514	18,492
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its liquidity and capital requirements primarily through cash generated from operations, net proceeds from the Listing and bank borrowings.

As at 31 March 2019, the Group had bank deposits, bank balances and cash of approximately HK\$20.9 million (31 March 2018: HK\$55.1 million).

As at 31 March 2019, the Group's total equity attributable to the owners of the Company amounted to approximately HK\$128.2 million (31 March 2018: HK\$109.4 million). As of the same date, the Group's total debt, comprising bank overdrafts, bank borrowings and obligations under a finance lease, amounted to approximately HK\$16.4 million (31 March 2018: HK\$8.1 million).

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

The net proceeds from the Listing amounted to approximately HK\$63.0 million. The Directors believe that with the new capital from the share offer, the Group is in a healthy financial position to expand its business and achieve its business objectives.

BORROWINGS AND GEARING RATIO

As at 31 March 2019, the Group had total borrowings of approximately HK\$16.4 million (31 March 2018: HK\$8.1 million). The Group's borrowings were primarily used in financing the working capital requirement of its operations, while the obligations under a finance lease was for the acquisition of a motor vehicle to support its operations.

As at 31 March 2019, the gearing ratio of the Group, calculated by dividing total bank borrowings, bank overdrafts and obligations under a finance lease with total equity and multiplied by 100%, was approximately 12.8% (31 March 2018: 7.4%).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the year ended 31 March 2019, other than the major transaction as abovementioned, 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, China and Vietnam, 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 mainly 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 follows 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 31 March 2019, the Group has pledged its leasehold land and buildings, investment property and bank deposits of approximately HK\$56.1 million (31 March 2018: HK\$5.4 million) in aggregate to secure the bank borrowings and banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 March 2019 and 31 March 2018, the Group did not have any material contingent liabilities.

COMMITMENTS

The contractual commitments mainly involve rental payable by the Group in respect of the leased office and cold storage warehouse under non-cancellable operating lease. As at 31 March 2019, the Group's operating lease commitments were approximately HK\$0.8 million (31 March 2018: HK\$1.7 million).

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 31 March 2019, the Group had 18 employees working in Hong Kong (31 March 2018: 15). 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 year ended 31 March 2019 amounted to approximately HK\$5.1 million (31 March 2018: HK\$4.2 million).

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICE

The Board of Directors (the “Board”) recognizes 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 (the “Listing Date”). 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, with the exception for the deviation from paragraph A.2.1 of the CG Code as stated below.

The Board will review and monitor the practices of the Company from time to time with an aim to maintain and improve high standards of corporate governance practices.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to paragraph A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual.

Mr. Chan Kin Fung (“Mr. Chan”) is the chairman and the chief executive officer of our Group. Considering that Mr. Chan has been operating and involved in the management of our Group since 2002, our Directors believe that it is in the best interests of our Group to have Mr. Chan taking up both roles for the purpose of ensuring consistent leadership of our Group and for effective management, business development and overall strategic planning for our Group. Therefore, the Board considers that the deviation from paragraph A.2.1 of the CG Code is appropriate in such circumstances. From a corporate governance point of view, the decisions of the Board are made collectively by way of voting and therefore the chairman should not be able to monopolise the voting of the Board. The Board considers that the balance of power between the Board and our senior management can still be maintained under the current structure. The Board shall review the structure from time to time to ensure appropriate action is taken should the need arise.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code for dealing in securities of the Company by the Directors (the "Model Code"). Having made specific enquiry, all the Directors have confirmed that they have complied with the Model Code from the Listing Date to 31 March 2019.

In addition, the Company has also adopted provisions of the Model Code as written guidelines for relevant employees in respect of their dealings in the securities of the Company. Such relevant employees did and would abide by the provisions of the Model Code. Besides, the Company has adopted internal control policy in relation to the disclosure of inside information of the Company (the "Inside Information Policy").

No incident of non-compliance of the Model Code and/or the Inside Information Policy by such relevant employees was noted by the Company from the Listing Date up to the date of this announcement.

PURCHASE, SALES OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries have purchased, sold or redeemed any listed securities of the Company from the Listing Date up to the date of this announcement.

COMPETING INTEREST

As at the Listing Date and up to the date of this announcement, none of the Directors or the Controlling Shareholders of the Company or their close associates (as defined in the GEM Listing Rules) is interested in any business which competes or may compete, either directly or indirectly, with the business of the Group nor any conflicts of interest which has or may have with the Group.

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 as at 31 March 2019, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

EVENT AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2019 and up to the date of this announcement.

DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS IN RELATION TO THE DIVIDENDS

The Directors recommend a payment from the distributable reserves of the Company a final dividend of HK 2.7 cents per share in respect of the year ended 31 March 2019 to the shareholders whose names appear on the Register of Members of the Company at the close of business on Friday, 30 August 2019. The final dividend, payable on Friday, 13 September 2019, is subject to the approval of the shareholders of the Company at the 2019 Annual General Meeting to be held on Thursday, 18 July 2019.

The Register of Members of the Company will be closed from Thursday, 29 August 2019 to Friday, 30 August 2019 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 28 August 2019.

REVIEW OF ANNUAL RESULTS

Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in this announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Deloitte Touche Tohmatsu on 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 audited consolidated financial statements and the results for the year ended 31 March 2019 with the management, and are of the view that such results comply with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on Thursday, 18 July 2019 (the "2019 AGM"). A notice convening the 2019 AGM will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the 2019 AGM, the register of members of the Company will be closed from Monday, 15 July 2019 to Thursday, 18 July 2019, both days inclusive, during which period no transfer of the shares of the Company can be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 12 July 2019.

By order of the Board
Ocean One Holding Ltd.
Chan Kin Fung
Chairman of the Board,
Chief Executive Officer and Executive Director

Hong Kong, 24 May 2019

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.