

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*This report, for which the directors (the “**Directors**”) of Keen Ocean International Holding Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively refer to as the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

This report will remain on the “Latest Company Announcements” page on the GEM website at www.hkgem.com for at least 7 days from the day of its posting. This report will also be published on the Company’s website at www.keenocean.com.hk.

CONTENTS

Corporate Information	3
Management Discussion and Analysis	5
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Unaudited Condensed Consolidated Statement of Changes in Equity	9
Notes to the Unaudited Condensed Consolidated Financial Statements	10
Other Information	15

BOARD OF DIRECTORS

Executive directors

Mr. Chung Chi Hang, Larry (*Chairman*)
Mr. Chung Tin Shing
Mr. Wong Shek Fai, Johnson

Independent non-executive directors

Mr. Wong Choi Chak
Mr. Li Chung Pong, Stephen
Mr. Tang Sze Wo

COMPANY SECRETARY

Ms. Chau Hing Ling

COMPLIANCE OFFICER

Mr. Wong Shek Fai, Johnson

BOARD COMMITTEES

Audit committee

Mr. Wong Choi Chak (*Chairman*)
Mr. Li Chung Pong, Stephen
Mr. Tang Sze Wo

Nomination committee

Mr. Li Chung Pong, Stephen (*Chairman*)
Mr. Tang Sze Wo
Mr. Chung Tin Shing

Remuneration committee

Mr. Tang Sze Wo (*Chairman*)
Mr. Wong Choi Chak
Mr. Chung Chi Hang, Larry

Risk management committee

Mr. Chung Tin Shing (*Chairman*)
Mr. Wong Shek Fai, Johnson
Mr. Tang Sze Wo

AUTHORISED REPRESENTATIVES

Mr. Chung Chi Hang, Larry
Mr. Chung Tin Shing

COMPANY'S WEBSITE

<http://www.keenocean.com.hk>

AUDITOR

Deloitte Touche Tohmatsu
35/F., One Pacific Place
88 Queensway
Hong Kong

COMPLIANCE ADVISER

LY Capital Limited
Rooms 1901-02
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN CHINA

East of Xinggong Avenue
and South of Keqi Road
High-tech Development Zone
Heyuan City
Guangdong Province
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 5, 34th Floor
Cable TV Tower
9 Hoi Shing Road
Tsuen Wan
New Territories
Hong Kong

CORPORATE INFORMATION

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking
Corporation Limited
1 Queen's Road Central
Hong Kong

DBS Bank (Hong Kong) Limited
11th Floor
The Center
99 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

STOCK CODE

8070

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

Most of the power supply products were manufactured and sold under the Group's brand name called "Keen Ocean" while all electronic parts and components were sold on an original equipment manufacturer basis. Among the products sold, transformers, in particular Toroidal transformers, remained the Group's best-selling products and represented approximately 54.1% of the Group's sales for the three months ended 31 March 2017 (for the three months ended 31 March 2016: approximately 49.8%). The percentage sales for switching mode power supplies and electronic parts and components represented approximately 1.1% (for the three months ended 31 March 2016: approximately 1.3%) and 44.8% (for the three months ended 31 March 2016: 48.9%) respectively of the total sales for the three months ended March 2017.

Business performance of the Group has shown signs of rebound during the period under review despite the gloomy economic environment and the global political instability.

As a result of the management's effort, the Group has successfully won back some of the key customers lost in 2016. These returning customers purchased power supply products from the Group during the period under review.

During the period under review, the Group has launched some newly developed products, namely amplifier board and reactor to supplement the existing product lines. Besides, sale contracted from online customers continued to grow steadily.

Financial Review

The Group's revenue increased by approximately HK\$5.7 million, or 19.7%, from approximately HK\$28.9 million for the three months ended 31 March 2016 to HK\$34.6 million for the three months ended 31 March 2017. Such increase was primarily due to the overall increase in sales revenue from existing customers, new orders from returning customers, new orders from newly developed products and sales from online customers. Cost of sales increased by approximately HK\$4.8 million, or 21%, from approximately HK\$22.8 million for the three months ended 31 March 2016 to approximately HK\$27.6 million for the three months ended 31 March 2017. Such increase was mainly attributable to the increase in sale revenue. As a result of the increase in sales, the Group's gross profit increase by approximately HK\$0.9 million, or 14.8%, from approximately HK\$6.1 million for the three months ended 31 March 2016 to approximately HK\$7.0 million for the three months ended 31 March 2017. Gross profit margin decreased slightly to approximately 20% for the three months ended 31 March 2017 as compared with approximately 21% for the three months ended 31 March 2016. The decrease was attributable to the increase in production cost as a result of surge in copper prices and labour wages.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income decreased by approximately HK\$264,000 or 91.5% from approximately HK\$289,000 for the three months ended 31 March 2016 to approximately HK\$25,000 for the three months ended 31 March 2017. Such decrease was mainly due to the decrease in sales of scrap materials.

Other gains and losses increased by approximately HK\$74,000 or 105.7% from losses of approximately HK\$70,000 for the three months ended 31 March 2016 to gains of approximately HK\$4,000 for the three months ended 31 March 2017. Such increase from loss to gain was mainly attributable to the gain in foreign exchange from the Group's operations in PRC as a result of devaluation of Renminbi.

Selling and distribution expenses increased by approximately HK\$0.3 million or 25%, from approximately HK\$1.2 million for the three months ended 31 March 2016 to approximately HK\$1.5 million for the three months ended 31 March 2017. Such increase was mainly due to the increase in sales revenue which caused the corresponding increase in all associated selling and distribution expenses. In addition, more advertising, promotional and sample expenses were incurred as a result of launch of newly developed products.

6 Administrative expenses increased by approximately HK\$0.3 million or 5.5% from approximately HK\$5.5 million for the three months ended 31 March 2016 to approximately HK\$5.8 million for the three months ended 31 March 2017. Such increase was mainly due to the increase in research and development expenses on development of new products, hiring of senior staff and additional expenses incurred in order to maintain the listing status of the Company's shares on the Stock Exchange.

Other expenses decreased by approximately HK\$3.1 million or 96.9% from approximately HK\$3.2 million for the three months ended 31 March 2016 to approximately HK\$0.1 million for the three months ended 31 March 2017. Such decrease was due to the charging of approximately HK\$3.6 million, being the last portion of the Company's listing expenses, for the three months ended 31 March 2016. No more such expenses were incurred and charged subsequently.

Finance costs maintained unchanged at approximately HK\$0.3 million for the three months ended 31 March 2017 as compared with corresponding period in last year. It is the Group's strategy to keep the bank borrowing to minimum level in order to save interest expenses but still maintaining a healthy liquidity financial position.

Income tax expenses also maintained unchanged at approximately HK\$14,000 for the three months ended 31 March 2017 as compared with the corresponding period in last year as there was no significant increase in assessable profit for the Group's operations in Hong Kong.

As a result of the above, the Group recorded a loss of approximately HK\$0.7 million for the three months ended 31 March 2017 (for the three months ended 31 March 2016: loss of approximately HK\$ 3.9 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Prospect

Despite the gloomy economic outlook, the Directors are of the view that the long term prospect for the industries where the Group is operating within still looks favourable. The Group has confidence to overcome the current stagnant economy and expand its business by producing more customer-oriented products.

In the short term, apart from promoting the existing products, the Group will continue to develop new products to broaden its product range, upgrade its production capability, solidify relationship with existing customers and widen customer base. The Group will also expand its online sales to overseas. In addition, the Group will attend more trade shows, exhibitions and advertising campaigns in order to promote both new and existing products. The Group aims to strengthen its competitiveness in the market so as to generate sustainable returns and maximize shareholders' return.

USE OF PROCEEDS

As disclosed in the Prospectus, the net estimated proceeds from the placing, after deduction of the underwriting fees and expenses paid by the Company in connection therewith, were approximately HK\$16 million. Actual net proceeds received by the Company were approximately HK\$14.8 million. Since the listing of the Company on 24 February 2016 (the "Listing Date"), the Directors have been constantly reviewing and comparing the Group's business strategies as disclosed in the Prospectus with changing market conditions in order to ensure the net proceeds are applied in the most effective ways and in the best interest of the Group. As at 31 March 2017, the Group has utilized approximately HK\$6.1 million for the design and development of new products, approximately HK\$0.7 million for solidification of customer relationship, widening of customers base and promoting existing products and approximately HK\$0.8 million for improvement of production technology and efficiency. The unused net proceeds have been placed as interest bearing deposits into licensed banks in Hong Kong.

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

For the three months ended 31 March 2017

The board of Directors (the “**Board**”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 31 March 2017, together with the comparative figures for the corresponding period in 2016 as follows:

		For the three months ended	
		31 March	
		2017	2016
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
	<i>Notes</i>		
Revenue	3	34,594	28,859
Cost of sales		(27,625)	(22,795)
Gross profits		6,969	6,064
Other income	4	25	289
8 Other gains and losses		4	(70)
Selling and distribution expenses		(1,490)	(1,217)
Administrative expenses		(5,754)	(5,516)
Other expenses		(113)	(3,168)
Finance costs	5	(292)	(306)
Loss before tax	6	(651)	(3,924)
Income tax expenses	7	(14)	(14)
Loss and total comprehensive expense for the period attributable to owners of the Company		(665)	(3,938)
Loss per share – Basic (HK cents)	9	(0.33)	(2.39)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2017

	Attributable to owners of the Company					Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve (note a) HK\$'000	Retained profits HK\$'000	Translation reserve HK\$'000	
At 1 January 2016 (Audited)	-	-	3,000	43,607	(110)	46,497
Issue of shares by capitalisation of share premium account (note b)	1,400	(1,400)	-	-	-	-
Issue of new shares pursuant to placement (note c)	600	32,400	-	-	-	33,000
Expenses incurred in connection with issue of shares	-	(6,027)	-	-	-	(6,027)
Loss and total comprehensive expense for the period	-	-	-	(3,938)	-	(3,938)
At 31 March 2016 (Unaudited)	2,000	24,973	3,000	39,669	(110)	69,532
At 1 January 2017 (Audited)	2,000	24,973	3,000	37,379	(110)	67,242
Loss and total comprehensive expense for the period	-	-	-	(665)	-	(665)
At 31 March 2017 (unaudited)	2,000	24,973	3,000	36,714	(110)	66,577

Notes:

- a) The special reserve represents the difference between the nominal value of shares of Keen Ocean Industrial Limited at the date on which it was acquired by Keen Ocean Electronics Co., Ltd. and the consideration was settled by way of issue of 100 ordinary shares by Keen Ocean Electronics Co., Ltd. to the Company pursuant to the reorganisation.
- b) Pursuant to the written resolutions passed by all shareholders of the Company dated 2 February 2016, the directors of the Company were authorised to capitalise an amount of HK\$1,400,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 139,990,000 ordinary shares of HK\$0.01 each of the Company for allotment and issue to the shareholders of the Company on the register of members of the Company on 2 February 2016 on a prorata basis, conditional on the share premium account being credited as a result of the issue of shares by the Company pursuant to the placement.
- c) On 24 February 2016, 60,000,000 ordinary shares of HK\$0.01 each of the Company were issued at a price of HK\$0.55 by way of placement. On the same date, the Company's shares were listed on the GEM Board of the Stock Exchange. The proceeds of HK\$600,000 representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of HK\$32,400,000 before issuing expenses, were credited to share premium account.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2017

1. GENERAL INFORMATION

Keen Ocean International Holding Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of Cayman Islands on 19 December 2014 and its shares are listed on the GEM with effect from 24 February 2016. The immediate holding company of the Company is Cyber Goodie Limited (“**Cyber Goodie**”), a limited liability company incorporated in the British Virgin Islands (the “**BVI**”) and is wholly owned by Mr. Chung Chi Hang Larry. The address of the registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong is at Unit 5, 34th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.

The Company acts as an investment holding company. The principal activities of the Group are the manufacture and trading of transformers, switching mode power supply, electronic parts and components.

The functional currency of the Company is United States dollars (“**US\$**”) and the presentation currency of the Company and its subsidiaries (collectively referred to as the “**Group**”) is Hong Kong dollars (“**HK\$**”) as the directors of the Company consider that it is easier to monitor the financial performance of the Group.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2016 and 2017 have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the disclosure requirements of the GEM Listing Rules.

The basis of preparation and principal accounting policies adopted in preparing these unaudited condensed consolidated financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2016, except for the adoption of the new and revised HKFRSs that have become effective for its accounting period beginning on 1 January 2017.

The adoption of the new and revised HKFRSs has no significant effect on these unaudited condensed consolidated financial statements.

The Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective for the current accounting period of the Group.

The unaudited condensed consolidated financial statements have been prepared under historical cost basis and not been reviewed by the Company’s auditor. Adjustment may be identified during the course of annual audit to be performed by the Company’s auditor.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2017

3. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the fair value of amounts received and receivable for goods sold by the Group to outside customers, less discount. The Group's operation is solely derived from the manufacture and sale of transformers, switching mode power supply, electronic parts and components during the reporting period. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive officer of the Company) reviews the overall results and financial position of the Group as a whole prepared based on same principal accounting policies set out in note 2. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

An analysis of the Group's revenue from its major products is as follows:

	For the three months ended 31 March	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Sales of transformers	18,731	14,375
Sales of switching mode power supply	365	367
Sales of electronic parts and products	15,498	14,117
	34,594	28,859

Geographical information

The Group's operation is located in the People's Republic of China (the "PRC") (country of domicile). Information about the Group's revenue is presented based on the location of the customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from External customers For the three months ended 31 March		Non-current assets For the three months ended 31 March	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Hong Kong	5,370	8,202	1,551	575
PRC	9,943	8,937	6,756	6,928
Europe	9,203	6,296	-	-
United States	6,557	3,604	-	-
Others	3,521	1,820	-	-
	34,594	28,859	8,307	7,503

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2017

4. OTHER INCOME

	For the three months ended 31 March	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Sales of scrap materials	–	286
Bank interest income	25	3
	25	289

5. FINANCE COSTS

	For the three months ended 31 March	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Interest on bank borrowings	292	306

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2017

6. LOSS BEFORE TAX

	For the three months ended 31 March	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Loss before tax has been arrived at after charging:		
Auditor's remuneration	171	200
Depreciation of plant and equipment	437	393
Cost of inventories sold	19,185	16,359
Minimum lease payment paid under operating leases	711	730
Research and development expenses	572	200
Directors' emoluments		
– Salaries and other benefits	368	263
– Retired benefit contributions	13	9
	381	272
Staff salaries and other benefits	2,296	1,165
Staff retirement benefit contributions	177	52
	2,473	1,217
Total staff costs (including directors' emoluments)	2,854	1,489

7. INCOME TAX EXPENSES

	For the three months ended 31 March	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Current tax:		
Hong Kong Profits Tax	14	14
PRC Enterprise Income Tax	–	–
	14	14

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2017

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2017 (2016: nil).

9. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the company is based on the following:

	For the three months ended 31 March	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Loss:		
Loss for the purpose of basic loss per share	(665)	(3,938)
	'000	'000
Numbers of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	200,000	164,396

No diluted loss per share for the three months ended 31 March 2017 and for the three months ended 31 March 2016 was presented as there were no potential ordinary shares in issue.

DISCLOSURE OF INTERESTS**(a) Interests and short position of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or the associated corporations.**

As at 31 March 2017, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required as otherwise to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

(i) Interests in the company

Name of Director	Capacity/ Nature of interest	Number of shares (note 1)	Approximate percentage of shares
Mr. Chung Chi Hang, Larry (note 2)	Interest of a controlled corporation	126,000,000	63.0%
Mr. Chung Tin Shing	Beneficial interest	14,000,000	7.0%

Notes:

- (1) All interest stated are long positions.
- (2) These shares are held by Cyber Goodie Limited, 100% shareholding of which is owned by Mr. Chung Chi Hang, Larry. Mr. Chung Chi Hang, Larry is deemed to be interested in the shares held by Cyber Goodie Limited under the SFO.

(ii) Interests in associated corporation(s) of the company

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of shares	Percentage of shareholding
Mr. Chung Chi Hang, Larry	Cyber Goodie Limited	Beneficial owner	10 (long position)	100%

OTHER INFORMATION

Save as disclosed above, as at 31 March 2017, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or (ii) which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO or (iii) which were otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealing by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

(b) Interests and short positions of the substantial shareholders in the shares and underlying shares

Save as disclosed above, as at 31 March 2017, the Directors and chief executive are not aware of any person, other than a Director or chief executive of the Company, who has an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

16

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2017 (for the three months ended 31 March 2016: nil).

SHARE OPTION SCHEME

The Company has a share option scheme which was approved and adopted by the shareholders of the Company by way of the written resolutions passed on 2 February 2016 ("**Share Option Scheme**"). No share option has been granted under the Share Option Scheme since its adoption.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed in this report, at no time during the period from 1 January 2017 to 31 March 2017 was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executive of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the shares, or underlying shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period from 1 January 2017 to 31 March 2017, the Company did not redeem any of its shares, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's shares.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company, having made specific enquiry of all Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the period from 1 January 2017 to 31 March 2017.

DEED OF NON-COMPETITION

A deed of non-competition (the “**Deed of Non-competition**”) dated 2 February 2016 was entered into by Cyber Goodie Limited, a limited liability company incorporated in the British Virgin Islands, and Mr. Chung Chi Hang, Larry in favour of the Company (for the Company and for the benefit of its subsidiaries) regarding non-competition undertakings. The details of the Deed of Non-competition have been disclosed in the Prospectus under the section headed “Relationship with our Controlling Shareholders” and the non-competition undertaking has become effective from the Listing Date.

COMPETITION AND CONFLICT OF INTERESTS

As far as the Directors are aware of, none of the Directors nor the controlling shareholders nor any of their respective associates (as defined in the GEM Listing Rules) had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group or had any other conflict of interests with the Group during the three months ended 31 March 2017.

INTERESTS OF COMPLIANCE ADVISER

As notified by the Company’s compliance adviser, LY Capital Limited (“**LY Capital**”), neither LY Capital nor any of its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules (except for the compliance adviser agreement entered into between the Company and LY Capital in 17 March 2015) as at 31 March 2017.

AUDIT COMMITTEE

The Board has established an audit committee (the “**Audit Committee**”) on 2 February 2016, which operates under terms of reference approved by the Board. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process, to develop and review the policies of the Group and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Wong Choi Chak, Mr. Li Chung Pong, Stephen and Mr. Tang Sze Wo. Mr. Wong Choi Chak is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited condensed consolidated financial results of the Group for the three months ended 31 March 2017.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Directors consider that incorporating the core elements of good corporate governance in the management structure and internal control procedures of the Group would help to balance the interest of the shareholders, customers and employees of the Company. The Board has adopted the principles and the code provisions of the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules (the “**CG Code**”) to ensure that the Group’s business activities and decision making processes are regulated in a proper and prudent manner.

The Directors consider that during the period from 1 January 2017 and up to the date of this report, the Company has complied with the CG Code.

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

Hong Kong, 9 May 2017

18

As at the date of this report, the executive directors of the Company are Mr. Chung Chi Hang, Larry, Mr. Chung Tin Shing and Mr. Wong Shek Fai, Johnson; and the independent non-executive directors of the Company are Mr. Wong Choi Chak, Mr. Li Chung Pong, Stephen and Mr. Tang Sze Wo.