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KEEN OCEAN INTERNATIONAL HOLDING LIMITED
僑洋國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8070)

ADOPTION OF HEDGING POLICY

On 29 September 2021, the Board resolved to adopt a new set of hedging policy regarding dealings in copper option contracts in order to better reflect and restate the Group's business needs.

The board (the “**Board**”) of directors (the “**Directors**”) of Keen Ocean International Holding Limited (the “**Company**”, together with its subsidiaries, collectively, the “**Group**”) announces that on 29 September 2021, the Board resolved to adopt a new set of hedging policy regarding dealings in copper option contracts (the “**Hedging Policy**”) in order to better reflect and restate the Group's business needs.

The Group is principally engaged in the design, development, production and sale of transformers, switching mode power supplies, healthcare products and other electronic parts and components. As copper is the major raw material for the Group's products, the Group has been closely monitored the prices of copper and implement measures to reduce the fluctuation in copper price on the Group's operation. As disclosed in the section headed “Management Discussion and Analysis” of the annual report of the Company for the financial year ended 31 December 2020, due to the quantitative easing amid COVID-19 pandemic, the average copper price in the fourth quarter of 2020 rose by approximately 24.1% as compared to the corresponding period in 2019. Therefore, in order to manage the fluctuation in copper price which is one of the principal operating risks that the Group faces, the Hedging Policy has been adopted to minimise the Group's exposure to the fluctuation in copper price and supply.

The general principle in buying/selling copper options under the Hedging Policy is not to use such options for speculative trading activities. In order to ensure that the use of option contracts is not abused, the Board has resolved to adopt the Hedging Policy which provides check-and-balances on the powers of the management including the risk management committee of the Board to monitor and operate the option contracts.

Following a comprehensive review of our internal controls, our policies and practices regarding dealings in copper option contracts, the Board has adopted the Hedging Policy which the Board believes better reflect the current business needs of the Group.

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

Hong Kong, 29 September 2021

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of it posting and will be published on the website of the Company at www.keenocean.com.hk.