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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

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 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 Keen Ocean International Holding Limited (the “**Company**”) collectively and individually accept full responsibility, include 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 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.*

THIRD QUARTERLY FINANCIAL RESULTS

The board of Directors (the “**Board**”) hereby announces the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2021, together with the comparative figures for the corresponding periods in 2020 as follows:

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

For the three months and nine months ended 30 September 2021

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	63,968	40,627	180,155	105,925
Cost of sales		(54,885)	(33,436)	(149,941)	(87,325)
Gross profit		9,083	7,191	30,214	18,600
Other income	4	13	240	640	1,399
Other (losses) and gains		(41)	(172)	52	(124)
Selling and distribution expenses		(2,182)	(1,542)	(6,037)	(4,746)
Administrative expenses		(5,136)	(4,737)	(14,887)	(13,783)
Finance costs	5	(553)	(387)	(1,428)	(1,147)
Profits before tax	6	1,184	593	8,554	199
Income tax expense	7	–	–	–	–
Profits for the period		1,184	593	8,554	199
Other comprehensive expenses after tax:					
<i>Items that may be reclassified to (loss) or profit:</i>					
Exchange differences on translating foreign operations		(227)	1,481	245	939
Total comprehensive income for the period		957	2,074	8,799	1,138
Profits for the period attributable to:					
Equity holders of the Company		1,184	593	8,554	200
Non-controlling interests		–	–	–	(1)
		1,184	593	8,554	199
Total comprehensive income for the period attributable to:					
Equity holders of the Company		957	2,074	8,799	1,139
Non-controlling interests		–	–	–	(1)
		957	2,074	8,799	1,138
Earnings per share	9				
Basic and diluted (HK cents)		0.59	0.30	4.28	0.10

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2021

	Attributable to owners of the Company						Non- controlling interests	Total equity
	Share capital	Share Premium	Special reserve	Retained profits	Translation reserve	Total		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>		
At 1 January 2020 (audited)	2,000	24,973	3,000	21,636	479	52,088	13	52,101
Profit/(Loss) and total comprehensive expense for the period (unaudited)	–	–	–	200	939	1,139	(1)	1,138
At 30 September 2020 (unaudited)	<u>2,000</u>	<u>24,973</u>	<u>3,000</u>	<u>21,836</u>	<u>1,418</u>	<u>53,227</u>	<u>12</u>	<u>53,239</u>
At 1 January 2021 (audited)	2,000	24,973	3,000	22,838	3,121	55,932	6	55,938
Profit/(Loss) and total comprehensive expense for the period (unaudited)	–	–	–	8,554	245	8,799	–	8,799
At 30 September 2021 (unaudited)	<u>2,000</u>	<u>24,973</u>	<u>3,000</u>	<u>31,392</u>	<u>3,366</u>	<u>64,731</u>	<u>6</u>	<u>64,737</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Unit 5, 34th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong. The Company's shares are listed on GEM of the Stock Exchange.

The Company is an investment holding company. The principal activities of the Group are the manufacture and trading of transformers, switching mode power supply, electronic parts and other components, and electric healthcare products.

As at 30 September 2021, Cyber Goodie Limited (“**Cyber Goodie**”), a company incorporated in the British Virgin Islands (the “**BVI**”), is the immediate holding company of the Company and Mr. Chung Chi Hang Larry is the ultimate controlling party of the Company.

The functional currency of the Company is United States dollars (“**US\$**”) and the presentation currency of the Group is Hong Kong dollars (“**HK\$**”) as the Directors 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 nine months ended 30 September 2021 and 30 September 2020 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 disclosures required by the GEM Listing Rules.

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior year.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

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

3. REVENUE AND SEGMENTAL INFORMATION

The Group's operation is solely derived from the manufacture and sale of transformers, switching mode power supply, electronic parts and components, and electric healthcare products during the reporting periods. For the purpose of resource allocation and performance assessment, the chief operating decision maker (i.e. the chief executive officer of the Company) reviewed the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies as those adopted in the financial statements for the year ended 31 December 2020. 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 30 September		For the nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Sales of transformers	35,633	22,263	93,160	59,844
Sales of switching mode power supply	902	826	2,979	1,951
Sales of electronic parts and components	27,185	17,538	83,685	43,744
Sales of electric healthcare products	248	–	331	386
Revenue from contracts with customers	<u>63,968</u>	<u>40,627</u>	<u>180,155</u>	<u>105,925</u>

Disaggregation of revenue from contracts with customers:

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 customer				Non-current assets	
	For the three months ended 30 September		For the nine months ended 30 September		For the nine months period ended	For the twelve months year ended
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	30 September 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Hong Kong	3,721	2,525	8,550	9,203	344	695
PRC	14,448	12,687	40,149	32,822	15,312	10,354
Europe	12,411	5,953	36,469	21,597	–	–
United States	10,472	5,510	25,025	12,168	–	–
India	11,468	5,493	30,979	9,267	–	–
Others	11,448	8,459	38,983	20,868	–	–
	<u>63,968</u>	<u>40,627</u>	<u>180,155</u>	<u>105,925</u>	<u>15,656</u>	<u>11,049</u>

All timing of revenue is at a point in time for the nine months ended 30 September 2021 and 2020.

4. OTHER INCOME

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Bank interest	3	6	6	42
Government incentive	9	300	446	1,170
Sales of scrap materials	1	–	188	253
Profit/(Loss) on disposal of property, plant and equipment	–	(66)	–	(66)
	<u>13</u>	<u>240</u>	<u>640</u>	<u>1,399</u>

5. FINANCE COSTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Lease interest	52	14	173	61
Interest on bank borrowings	<u>501</u>	<u>373</u>	<u>1,255</u>	<u>1,086</u>
	<u>553</u>	<u>387</u>	<u>1,428</u>	<u>1,147</u>

6. PROFITS BEFORE TAX

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profits before tax has been arrived at after charging:				
Auditor's remuneration	110	113	380	388
Cost of inventories sold	54,885	29,669	149,941	76,029
Depreciation of plant and equipment	591	488	1,427	1,485
Depreciation of right of use asset	505	497	1,514	1,491
Research and development expenses	864	594	2,354	1,636
Directors' emoluments				
– Salaries and other benefits	341	333	1,023	1,015
– Retired benefit contributions	12	12	35	35
	<u>353</u>	<u>345</u>	<u>1,058</u>	<u>1,050</u>
Staff salaries and other benefits	9,448	6,595	26,574	19,197
Staff retirement benefit contributions	1,274	298	3,158	1,162
	<u>10,722</u>	<u>6,893</u>	<u>29,732</u>	<u>20,359</u>
Total staff costs (including directors' emoluments)	<u>11,075</u>	<u>7,238</u>	<u>30,790</u>	<u>21,409</u>

7. INCOME TAX EXPENSES

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current tax:				
Hong Kong Profits Tax	–	–	–	–
PRC Enterprise Income Tax	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

No provision for Hong Kong Profits Tax has been made in the financial statements since the Group has sufficient tax losses brought forward to set off against current year's assessable profit for the nine months ended 30 September 2021. No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the nine months ended 30 September 2020. Hong Kong Profits Tax has been provided at a rate of 16.5% based on the estimated assessable profit for the nine months ended 30 September 2021 and 2020.

No provision for PRC Enterprise Income Tax has been made in the financial statement since the Group has sufficient tax losses brought forward to set off against profit for the nine months ended 30 September 2021 and 2020 assessable profit. 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% for the nine months ended 30 September 2021 and 2020.

8. DIVIDENDS

No dividend was paid, declared or proposed for the nine months ended 30 September 2021 (2020: nil).

9. EARNINGS PER SHARE

Basis earnings per share is calculated by dividing the earnings attributable to shareholders of the Company by the weighted average number of ordinary shares in issue for the nine months ended 30 September 2021 and 2020.

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Earnings for the period attributable to owners of the Company (HK\$'000)	<u>1,184</u>	<u>593</u>	<u>8,554</u>	<u>200</u>
Number of shares: Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (<i>Note</i>)	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>

Note:

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share for the nine months ended 30 September 2021 and 2020 has been determined on the assumption that the capitalisation issue had been effective on 1 January 2015.

No diluted earnings per share is presented for the nine months ended 30 September 2021 and 2020 since there are no potential diluted ordinary shares in issue during both periods.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Most of the transformers and power supply products were manufactured and sold under the Group's brand name called "Keen Ocean" while all electronic parts and components as well as electric healthcare products were sold on an original equipment manufacturer (OEM) basis. Among the products manufactured and sold, transformers remained the Group's flagship products and represented approximately 51.71% of the Group's sales for the nine months ended 30 September 2021 (for the nine months ended 30 September 2020: approximately 56.50%). The switching mode power supply represented approximately 1.65% of the Group's sales for the nine months ended 30 September 2021 (for the nine months ended 30 September 2020: approximately 1.84%). The electronic parts and components represented approximately 46.45% of the Group's sales for the nine months ended 30 September 2021 (for the nine months ended 30 September 2020: approximately 41.30%). The electric healthcare products accounted for approximately 0.19% of the Group's sales for the nine months ended 30 September 2021 (for the nine months ended 30 September 2020: approximately 0.36%).

Revenue generated by the Group increased during the period under review as compared to the corresponding period in 2020. The sales figure earlier in 2020 fell due to COVID-19 related impacts and the corresponding governmental and business measures implemented by countries across the world including suspension of business activities. The Group recorded a sharp period-to-period growth as a result of (i) the resumption of shipment and/or delivery schedule of goods which had initially been postponed due to the outbreak of COVID-19; (ii) an existing customer of the Company that engaged in the production of components for clean energy appliances, had increased the placement of purchase orders for inverters as electronic parts and components; and (iii) increase in sales price due to an increase in the costs of raw materials.

The Group's manufacturing process mainly involved copper and steel. The management of the Group observed the average copper price had been surging and hence on 29 September 2021, a new set of hedging policy regarding dealings in copper option contracts was adopted by the Board in order to better reflect and restate the Group's business needs.

The operating margin has declined during the period under review. It was mainly attributable to the increase in the average copper price with the increase of the labour wages. The Group streamlined manufacturing processes and optimized quality control, and hence enhanced overall productivity.

During the period under review, the management of the Group stayed connected with existing customers and closely followed up on the revised delivery schedule in order to maintain and solidify business relationships. The Group continued to place advertisements in renowned industrial magazines. The Company took the opportunity of the recovery of manufacturing sector and was able to resume the postponed shipment and/or delivery schedule of goods during the period under review. However, due to the travel restrictions and the mandatory quarantine measures in response to COVID-19, the Group was not able to promote its products through traditional exhibitions and physical marketing events.

The Group has been paying close attention to the development of the pandemic. The Group has deployed appropriate preventive measures to enhance the vigilance and self-protection awareness of its employees, and to protect them by providing a healthy and hygienic working environment.

FINANCIAL REVIEW

The Group's revenue increased by approximately HK\$74.24 million, or 70.09%, from approximately HK\$105.92 million for the nine months ended 30 September 2020 to approximately HK\$180.16 million for the nine months ended 30 September 2021. Such increase was primarily due to (i) the increase in the sales orders; (ii) the resumption of postponed shipment and/or delivery schedule of goods; and (iii) increase in sales price due to an increase in the costs of raw materials.

Cost of sales increased by approximately HK\$62.61 million, or 71.69%, from approximately HK\$87.33 million for the nine months ended 30 September 2020 to approximately HK\$149.94 million for the nine months ended 30 September 2021. The increase was in line with the increase in revenue and was primarily due to the increase in the costs of raw materials during the period under review.

As a result, the Group's gross profit increased by approximately HK\$11.61 million, or 62.42%, from approximately HK\$18.60 million for the nine months ended 30 September 2020 to approximately HK\$30.21 million for the nine months ended 30 September 2021. Gross profit margin decreased from 17.56% for the nine months ended 30 September 2020 to 16.77% for the nine months ended 30 September 2021. Such decrease was attributable to the increase in the average copper price with the increase in the wages of direct labour including their fees of nucleic acid test for COVID-19.

Other income decreased by approximately HK\$0.76 million, or 142.60%, from approximately HK\$1.40 million for the nine months ended 30 September 2020 to approximately HK\$0.64 million for the nine months ended 30 September 2021. Such decrease was mainly due to the one-off subsidies granted from the government of the PRC during the corresponding period in 2020.

Other losses and gains experienced a turnaround from loss to gain, with changes of approximately HK\$176,000, or 141.94%, from the losses of approximately HK\$124,000 for the nine months ended 30 September 2020 to the gains of approximately HK\$52,000 for the nine months ended 30 September 2021. Such change was mainly attributable to the gain in foreign exchange from the Group's operating activities as a result of the appreciation of Renminbi against US dollars.

Selling and distribution expenses increased by approximately HK\$1.29 million, or 27.16%, from approximately HK\$4.75 million for the nine months ended 30 September 2020 to approximately HK\$6.04 million for the nine months ended 30 September 2021. During the period under review, the increase was due to the corresponding increase in revenue leading to the increase in freight charges and transportation expenses.

Administrative expenses increased by approximately HK\$1.11 million, or 8.06%, from approximately HK\$13.78 million for the nine months ended 30 September 2020 to approximately HK\$14.89 million for the nine months ended 30 September 2021. Such increase was mainly attributable to the increase of expenses in staff costs including the fees of nucleic acid test for COVID-19, travelling and electricity as a result of the corresponding increase in revenue during the period under review.

Finance costs increased by approximately HK\$0.28 million, or 24.35%, from approximately HK\$1.15 million for the nine months ended 30 September 2020 to approximately HK\$1.43 million for the nine months ended 30 September 2021. Such increase was mainly attributable to the accounting recognition on leases interest and the increase of the bank borrowings during the period under review.

No income tax expenses were recorded for the nine months ended 30 September 2021 and for the nine months ended 30 September 2020. Such results were mainly attributable to no provision for profits tax being made since the Group had sufficient tax losses brought forward to set off against its assessable profits for period under review, and no assessable profit for the nine months ended 30 September 2020.

As a result of the above, the Group recorded a profit of approximately HK\$8.55 million for the nine months ended 30 September 2021 (for the nine months ended 30 September 2020: approximately HK\$0.20 million).

PROSPECT

The spread of COVID-19 has triggered huge economic uncertainties and disruption to production and supply chains around the world. The Group had experienced business challenges including volatile demand patterns, inconsistent shipment timeline as well as inflated delivery costs.

Despite during the last nine months, the global economic output demonstrated recovery comparing to the corresponding period in 2020, the management of the Group remains conservative and expects the economy may remain below pre-pandemic trends for a prolonged period. On the other hand, the management of the Group also anticipates that the extensive wave of global debt accumulation shall likely set off the appreciation of material costs and hence increase the cost burden to the Group's production lines.

The management of the Group is determined to rise to these challenges. The production team maintains sufficient inventory buffer in cope with the demand and supply chain uncertainties. The management also strives to sustain the Group's competitive advantages through solidifying business relationships. Further, the Board has adopted a new set of hedging policy regarding dealings in copper option contracts for better control on the material costs of the Group.

In addition, the management spotted a rising demand of clean energy appliances as the global policies leaned more towards renewability and sustainability. The Company carries out research on relevant products and actively explores the potential market through different marketing channels. Besides, after continuous delivery of products with satisfactory quality control and the strong demographics and growing consumption, particularly in India, the Group recorded increasing orders from the newly developed customer base. Other than the additional production line which was established in July 2021, one more production line is expected to be set up by the end of this year to cope with the increasing demand from the customers. With its extensive effort in business development, the management is confident that the Group can continue to accelerate business growth.

In the meantime, the Group pays careful attention to the development of the pandemic and accordingly evaluates the impact on its financial position and performance. Also, the management of the Group monitors any changes to regulations and instructions in compliance with industrial safety and public health policies; and deploys appropriate preventive measures to enhance protection of Group's employees by providing healthy and hygienic environment both in the office and at the sites.

In the long run, the Group is confident that it shall seize the opportunity after the pandemic and lay the foundations for a durable and sustainable growth with its continuous effort and solid customer base.

OTHER INFORMATION

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2021 (for the nine months ended 30 September 2020: nil).

SHARE OPTION SCHEME

The share option scheme of the Company (the “**Share Option Scheme**”) was adopted under the written resolutions of the shareholders of the Company passed on 2 February 2016. No share options were granted, exercised or cancelled by the Company under the Share Option Scheme for the nine months ended 30 September 2021 and there were no outstanding share options under the Share Option Scheme as at 30 September 2021 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period from 1 January 2021 to 30 September 2021, 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.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant events since the end of the reporting period and up to the date of this announcement.

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 2021 to 30 September 2021.

DEED OF NON-COMPETITION

A deed of non-competition (the “**Deed of Non-competition**”) dated 2 February 2016 was entered into by Cyber Goodie, a limited liability company incorporated in the BVI, and Mr. Chung Chi Hang, Larry in favour of the Company (for the benefit of the Company and its subsidiaries) regarding non-competition undertakings. The details of the Deed of Non-competition have been disclosed in the prospectus of the Company dated 17 February 2016 under the section headed “Relationship with our Controlling Shareholders” and the non-competition undertakings have become effective from the listing date of the Company.

COMPETITION AND CONFLICT OF INTERESTS

As far as the Directors are aware, 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 nine months ended 30 September 2021.

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 Audit Committee currently comprises three independent non-executive Directors, namely Mr. Cheung Yee Tak, Jonathan, Mr. Li Chung Pong, Stephen and Mr. Lam Chon Loi. Mr. Cheung Yee Tak, Jonathan is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited condensed consolidated financial results of the Group for the nine months ended 30 September 2021. There is no disagreement by the Audit Committee with the accounting treatment adopted by the Company.

RISK MANAGEMENT COMMITTEE

The risk management committee of the Board (the “**Risk Management Committee**”) was established on 2 February 2016, with specific written terms of reference for assisting the Board in overseeing (i) risk governance structure; and (ii) hedging policies including its activities in forward purchases of copper and entering into the relevant contracts. The Risk Management Committee currently comprises a total of three members, being two executive Directors, namely Mr. Chung Tin Shing and Mr. Wong Shek Fai, Johnson, and one independent non-executive Director, namely Mr. Lam Chon Loi. Following the adoption of a new set of hedging policy on 29 September 2021, the Risk Management Committee is responsible for reviewing and approving the hedging policies as formulated by the hedging team of the Company and reporting to the Board as to whether the hedging policies have been duly followed by the management of the Company.

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 to 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, to the best of their knowledge, consider that during the nine months ended 30 September 2021 and up to the date of this announcement, the Company has complied with the CG Code.

PUBLICATION OF THIRD QUARTERLY RESULTS AND THIRD QUARTERLY REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the websites of the Stock Exchange (www.hkgem.com) and the Company (www.keenocan.com.hk). The third quarterly report of the Company for the nine months ended 30 September 2021 containing all the information required by the GEM Listing Rules will be dispatched to the Company’s shareholders and posted on the above websites in due course.

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

Hong Kong, 8 November 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 will remain on the “Latest Listed Company Information” page on the GEM website at www.hkgem.com for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at www.keenocan.com.hk.