

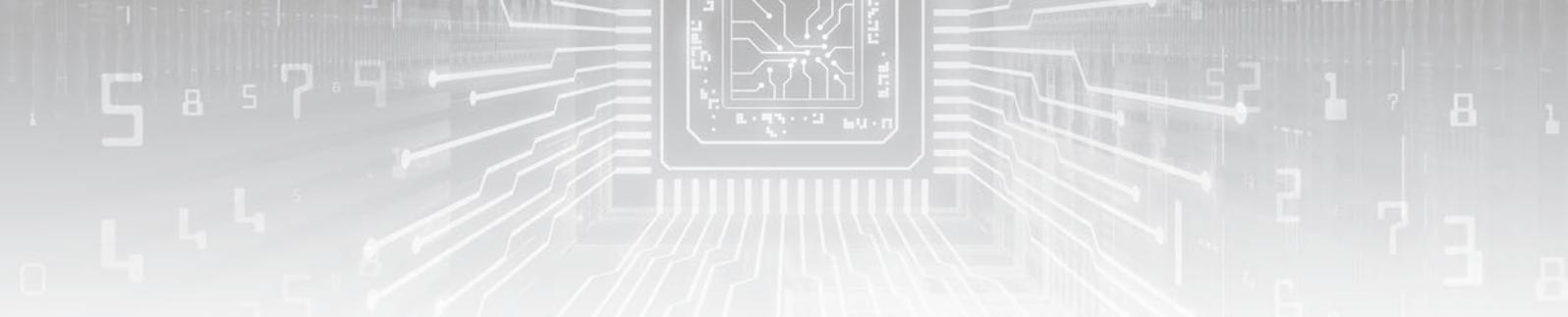
KEEN OCEAN INTERNATIONAL HOLDING LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8070



THIRD QUARTERLY REPORT
2020



Characteristics of GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

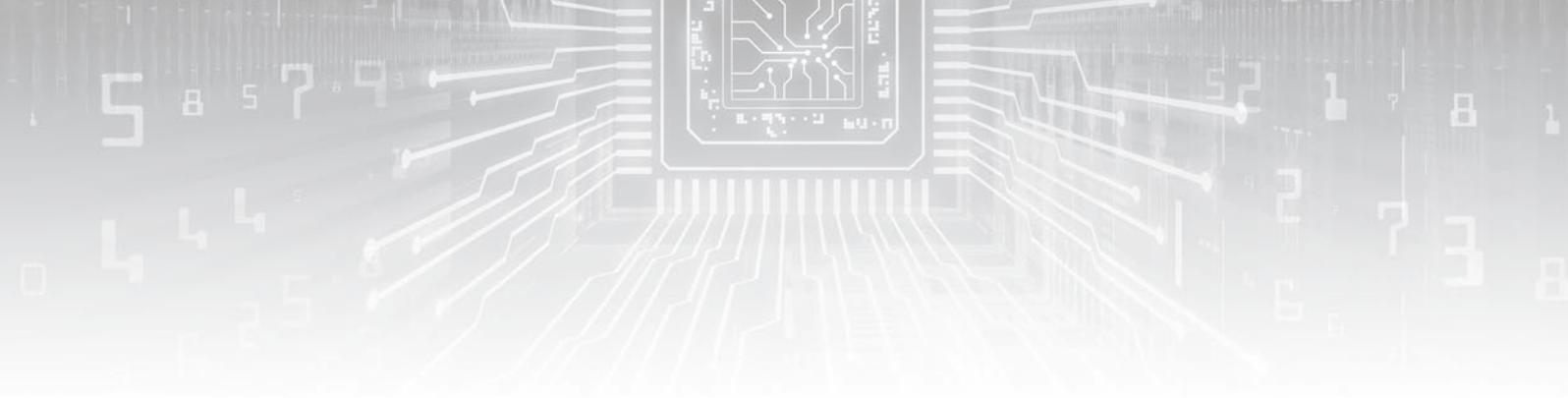
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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that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

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*This report, for which the directors (the “**Directors**”) of Keen Ocean International Holding Limited (the “**Company**” or “**our**”) 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 Listed Company Information” 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.



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CORPORATE INFORMATION

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. Cheung Yee Tak, Jonathan
Mr. Li Chung Pong, Stephen
Mr. Lam Chon Loi

COMPANY SECRETARY

Ms. Chau Hing Ling

COMPLIANCE OFFICER

Mr. Wong Shek Fai, Johnson

BOARD COMMITTEES

Audit committee

Mr. Cheung Yee Tak, Jonathan (*Chairman*)
Mr. Li Chung Pong, Stephen
Mr. Lam Chon Loi

Nomination committee

Mr. Li Chung Pong, Stephen (*Chairman*)
Mr. Lam Chon Loi
Mr. Chung Tin Shing

Remuneration committee

Mr. Lam Chon Loi (*Chairman*)
Mr. Cheung Yee Tak, Jonathan
Mr. Chung Chi Hang, Larry

Risk management committee

Mr. Chung Tin Shing (*Chairman*)
Mr. Wong Shek Fai, Johnson
Mr. Lam Chon Loi

AUTHORISED REPRESENTATIVES

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

COMPANY'S WEBSITE

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

AUDITOR

ZHONGHUI ANDA CPA LIMITED
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REGISTERED OFFICE

Cricket Square
Hutchins Drive
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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

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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 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 56.50% of the Group's sales for the nine months ended 30 September 2020 (for the nine months ended 30 September 2019: approximately 46.35%). The switching mode power supply represented approximately 1.84% of the Group's sales for the nine months ended 30 September 2020 (for the nine months ended 30 September 2019: approximately 9.92%). The electronic parts and components represented approximately 41.30% of the Group's sales for the nine months ended 30 September 2020 (for the nine months ended 30 September 2019: approximately 33.78%). The electric healthcare products accounted for approximately 0.36% of the Group's sales for the nine months ended 30 September 2020 (for the nine months ended 30 September 2019: 9.96%).

Revenue generated by the Group dropped during the period under review as compared to the corresponding period in 2019. 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's sales started to regain the momentum in the most recent quarter as the shipment and/or delivery schedule of goods ordered gradually recovered.

The Group's manufacturing process mainly involved copper and steel. During the period under review, the material costs remained stable. On the other hand, the management of the Group strived to improve the efficiency of production in order to reduce production waste and hence the overall costs of production.

The operating margin was slightly improved during the period under review. It was mainly attributable to lower staff costs. The Group streamlined manufacturing processes and optimized quality control, and hence enhanced overall productivity. Additionally, the Group was supported by government subsidies given, as assistance and support to the manufacturing sector in fighting through the hard economic times after the outbreak of COVID-19.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

On the other hand, the Group continued its advertising and marketing campaigns to promote its products. These campaigns included but were not limited to placing advertisements in renowned industrial magazines such as Global Source. Due to the travel restrictions and the mandatory quarantine measures imposed in response to COVID-19, most exhibitions and physical marketing events were cancelled. The Group was actively exploring other digitally-enabled channels to stay connected with existing and potential customers during the period under review.

FINANCIAL REVIEW

The Group's revenue decreased by approximately HK\$18.62 million, or 14.95%, from approximately HK\$124.54 million for the nine months ended 30 September 2019 to approximately HK\$105.92 million for the nine months ended 30 September 2020. Such decrease was primarily due to the outbreak of COVID-19 since January 2020. In the first half of 2020, the Group's customers postponed shipment and/or delivery schedule of the goods ordered. The order of goods gradually recovered in the most recent quarter. For the three months ended 30 September 2020, the Group's revenue increased by approximately HK\$4.97 million, or 13.94%, from approximately HK\$35.65 million for the three months ended 30 September 2019 to approximately HK\$40.63 million for the three months ended 30 September 2020.

Cost of sales decreased by approximately HK\$17.15 million, or 16.42%, from approximately HK\$104.47 million for the nine months ended 30 September 2019 to approximately HK\$87.33 million for the nine months ended 30 September 2020. Such decrease was primarily due to the reduction of turnover for the nine months ended 30 September 2020, which was mainly caused by the outbreak of COVID-19, the slowdown of purchase orders and the postponement of shipment and/or delivery schedule.

As a result, the Group's gross profit decreased by approximately HK\$1.47 million, or 7.31%, from approximately HK\$20.07 million for the nine months ended 30 September 2019 to approximately HK\$18.60 million for the nine months ended 30 September 2020. Gross profit margin of the Group increased from 16.11% for the nine months ended 30 September 2019 to 17.56% for the nine months ended 30 September 2020. Such increase was attributable to the effort of the management in improving the efficiency of production in order to reduce production waste as well as the overall costs of production.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income increased by approximately HK\$1.06 million, or 313.48%, from approximately HK\$0.34 million for the nine months ended 30 September 2019 to approximately HK\$1.40 million for the nine months ended 30 September 2020. Such increase was mainly due to an increase in the financial supports granted by government bodies, including (i) approximately HK\$410,000 subsidies received under a fund for supporting technology innovation set up by the Heyuan Municipal Government of the People's Republic of China (the "PRC"), (ii) approximately HK\$300,000 subsidies received under a fund for supporting staff training set up by the Heyuan Municipal Government of the PRC, and (iii) approximately HK\$400,000 subsidies received under the Anti-epidemic Fund set up by The Government of the Hong Kong Special Administrative Region.

Other gains decreased by approximately HK\$537,000, or 130.31%, from approximately HK\$412,000 for the nine months ended 30 September 2019 to loss of approximately HK\$125,000 for the nine months ended 30 September 2020. Such decrease was mainly attributable to the appreciation of Renminbi against US dollars during the period under review as some of the sales were billed in Renminbi but settled in US dollars at a pre-determined rate fixed on invoice date.

Selling and distribution expenses decreased by approximately HK\$0.15 million, or 3.01%, from approximately HK\$4.89 million for the nine months ended 30 September 2019 to approximately HK\$4.75 million for the nine months ended 30 September 2020. Such decrease was mainly attributable to the reduction of transportation costs amid the decline of purchase orders and the postponement of delivery during the period under review. The costs of distribution did not drop proportionately due to the fixed distribution overhead which did not vary as a result of lower turnover, and the increase in the shipping and handling charges amid implementation of regulatory measures by countries across the world such as travel restriction and limitation of transportation.

Administrative expenses decreased by approximately HK\$3.12 million, or 18.47%, from approximately HK\$16.91 million for the nine months ended 30 September 2019 to approximately HK\$13.78 million for the nine months ended 30 September 2020. Such decrease was mainly attributable to lower staff costs and travel expenses. The Group streamlined manufacturing processes and optimized quality control, thereby improving overall productivity. Due to the travel restrictions and the mandatory quarantine measures imposed as a result of COVID-19, the Group had gradually developed an internal communication system via digital channels and saved travel expenses.

Finance costs decreased by approximately HK\$0.19 million, or 14.47%, from approximately HK\$1.34 million for the nine months ended 30 September 2019 to approximately HK\$1.15 million for the nine months ended 30 September 2020. Such decrease was mainly attributable to less bank expenses arising from the short-term factoring service during the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expenses decreased by approximately HK\$200,000, or 100.00%, from approximately HK\$200,000 for the nine months ended 30 September 2019 to approximately HK\$nil for the nine months ended 30 September 2020. Such decrease was mainly due to no provision for Hong Kong Profits Tax and PRC enterprise income tax being required since the Group has 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\$0.20 million for the nine months ended 30 September 2020 (for the nine months ended 30 September 2019: loss of approximately HK\$2.52 million).

PROSPECT

The prolonged COVID-19 pandemic had inflicted huge economic uncertainties and disruption to production and supply chains around the world. In the first half of 2020, the Group experienced a challenging business environment including volatile demand patterns, inconsistent shipment timeline and inflated shipping costs.

The management of the Group strived to rise to the challenges. The management sustained the Group's competitive advantages through solidifying business relationships with existing customers through various digitally-enabled channels including video conferencing. The production team maintained sufficient inventory buffer to cope with the demand and supply chain fluctuations.

Although the Group recorded a rebound in turnover in the third quarter of 2020, the management remains cautious with the high uncertainties, uneven impacts, and changes of government measures to contain the spread of the virus.

In the meantime, the Group is actively expanding its business relationships through different marketing channels including Global Source and online advertisement platforms. The management anticipates that the order of products especially the investors shall continue to revive in the coming quarter.

On the other hand, the production team is working on design enhancement of the Group's electric healthcare products. With extended effort in business development, the management is confident that the Group can accelerate business growth once the market demand begins to revive.

With no end to the health crisis in sight, the management of the Group is closely monitoring the development of the situation and evaluates its impact on the financial position and performance of the Group accordingly. Also, the management of the Group pays careful attention to 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.

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

For the three months and nine months ended 30 September 2020

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	40,627	35,655	105,925	124,543
Cost of sales		(33,436)	(30,298)	(87,325)	(104,475)
Gross profit		7,191	5,357	18,600	20,068
Other income	4	240	59	1,399	338
Other gains and (losses)		(172)	61	(124)	412
Selling and distribution expenses		(1,542)	(1,569)	(4,746)	(4,893)
Administrative expenses		(4,737)	(5,629)	(13,783)	(16,909)
Finance costs	5	(387)	(430)	(1,147)	(1,339)
Profit/(Loss) before tax	6	593	(2,151)	199	(2,323)
Income tax expense	7	-	-	-	200
Profit/(Loss) for the period		593	(2,151)	199	(2,523)
Other comprehensive expenses after tax:					
<i>Items that may be reclassified to profit or (loss):</i>					
Exchange differences on translating foreign operations		1,481	(39)	939	71
Profit/(Loss) and total comprehensive expenses for the period		2,074	(2,190)	1,138	(2,452)
Profit/(Loss) for the period attributable to:					
Equity holders of the Company		593	(2,151)	200	(2,522)
Non-controlling interests		-	-	(1)	(1)
		593	(2,151)	199	(2,523)
Profit/(Loss) and total comprehensive expenses for the period attributable to:					
Equity holders of the Company		2,074	(2,190)	1,139	(2,451)
Non-controlling interests		-	-	(1)	(1)
		2,074	(2,190)	1,138	(2,452)
Earnings/(Loss) per share	9				
Basic and diluted (HK cents)		0.30	(1.08)	0.10	(1.26)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2020

Attributable to owners of the Company

	Share capital HK\$'000	Share Premium HK\$'000	Special reserve HK\$'000	Retained profits HK\$'000	Translation reserve HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2019, as restated (audited)	2,000	24,973	3,000	23,574	847	54,394	17	54,411
Profit/(Loss) and total comprehensive expense for the period (unaudited)	-	-	-	(2,522)	71	(2,451)	(1)	(2,452)
At 30 September 2019 (unaudited)	<u>2,000</u>	<u>24,973</u>	<u>3,000</u>	<u>21,052</u>	<u>918</u>	<u>51,943</u>	<u>16</u>	<u>51,959</u>
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>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

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.

In the opinion of the directors of the Company, as at 30 September 2020, 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, who is the chairman of the Board, 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 2019 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.

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 2019, except for the adoption of the new and revised HKFRSs that have become effective for its accounting period beginning on 1 January 2020.

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. Adjustments 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 nine months ended 30 September 2020

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 others products, 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 2019. 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	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Sales of transformers	22,263	18,556	59,844	57,722
Sales of switching mode power supply	826	2,788	1,951	12,349
Sales of electronic parts and products as well as enamelled copper wires	17,538	11,022	43,744	42,073
Sales of electric healthcare products	-	3,289	386	12,399
	40,627	35,655	105,925	124,543

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

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 ended 30 September	For the twelve months year ended 31 December
	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Hong Kong	2,525	5,822	9,203	14,252	886	1,299
PRC	12,687	17,141	32,822	42,587	10,117	12,189
Europe	5,953	5,137	21,597	27,939	-	-
United States	5,510	3,344	12,168	16,148	-	-
Others	13,952	4,211	30,135	23,617	-	-
	40,627	35,655	105,925	124,543	11,003	13,488

All timing of revenue is at a point in time for the nine months ended 30 September 2020 and 2019.

4. OTHER INCOME

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Bank interest	6	18	42	61
Government incentive	300	18	1,170	21
Sales of scrap materials	-	23	253	256
Profit/(Loss) on disposal of property, plant and equipment	(66)	-	(66)	-
	240	59	1,399	338

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

5. FINANCE COSTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Lease liabilities interest	14	37	61	137
Interest on bank borrowings	373	393	1,086	1,202
	387	430	1,147	1,339

6. LOSS BEFORE TAX

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Loss before tax has been arrived at after charging:				
Auditor's remuneration	113	164	388	468
Cost of inventories sold	29,669	29,601	76,029	83,352
Depreciation of plant and equipment	488	431	1,485	1,625
Depreciation of right of use asset	497	732	1,491	2,194
Research and development expenses	594	667	1,636	1,992
Directors' emoluments				
– Salaries and other benefits	333	341	1,015	1,024
– Retired benefit contributions	12	12	35	35
	345	353	1,050	1,059
Staff salaries and other benefits	6,595	5,859	19,197	20,673
Staff retirement benefit contributions	298	715	1,162	1,572
	6,893	6,574	20,359	22,245
Total staff costs (including directors' emoluments)	7,238	6,927	21,409	23,304

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

7. INCOME TAX EXPENSES

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current tax:				
Hong Kong Profits Tax	-	-	-	83
PRC Enterprise Income Tax	-	-	-	117
	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>

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 2020 and 2019.

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 the assessable profit for the nine months ended 30 September 2020. 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 2020 and 2019.

8. DIVIDENDS

No dividend was paid, declared or proposed for the nine months ended 30 September 2020 (2019: nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2020

9. EARNINGS/(LOSS) PER SHARE

Basis earnings/(loss) per share is calculated by dividing the earnings/(loss) attributable to shareholders of the Company by the weighted average number of ordinary shares in issue for the nine months ended 30 September 2020 and 2019.

	For the three months ended 30 September		For the nine months ended 30 September	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Earnings/(loss) for the period attributable to owners of the Company (HK\$'000)	<u>593</u>	<u>(2,151)</u>	<u>200</u>	<u>(2,523)</u>
Number of shares:				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (Note)	<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/(loss) per share for the nine months ended 30 September 2020 and 2019 has been determined on the assumption that the capitalisation issue had been effective on 1 January 2015.

No diluted earnings/(loss) per share is presented for the nine months ended 30 September 2020 and 2019 since there are no potential diluted ordinary shares in issue during both periods.

DISCLOSURE OF INTERESTS**(a) Interests and short positions 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 30 September 2020, 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 (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 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 Directors	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 30 September 2020, 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 30 September 2020, the Directors and chief executive of the Company were not aware of any person or a corporation having an interest or short position in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

CHANGES IN THE BOARD AND THE DIRECTOR'S INFORMATION

There are no changes in the Board and the information of the Directors since the date of the Company's interim report 2020.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2020 (for the nine months ended 30 September 2019: 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 2020 and there were no outstanding share options under the Share Option Scheme as at 30 September 2020 and up to the date of this report.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed in this report, at no time during the period from 1 January 2020 to 30 September 2020 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 2020 to 30 September 2020, 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 2020 to 30 September 2020.

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 of the Company.

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 nine months ended 30 September 2020.

OTHER INFORMATION

AUDIT COMMITTEE

The Board has established its 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 2020. There is no disagreement by the Audit Committee with the accounting treatment adopted by 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 2020, the Company has complied with the CG Code.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE GEM LISTING RULES

Save as disclosed in this report, as of 30 September 2020, the Directors have confirmed that they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

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

Hong Kong, 9 November 2020

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. Cheung Yee Tak, Jonathan, Mr. Li Chung Pong, Stephen and Mr. Lam Chon Loi.