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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Keen Ocean International Holding Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)**

**MAJOR TRANSACTION  
ACQUISITION OF PROPERTIES**

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Capitalised terms used in this cover page shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 4 to 14 of this circular.

The Company has obtained an irrevocable and unconditional written approval for the Acquisitions from the controlling shareholder of the Company holding more than 50% of the issued share capital of the Company. Accordingly, no general meeting of Shareholders will be convened to approve the Acquisitions pursuant to Rule 19.44 of the GEM Listing Rules.

This circular is being despatched to the Shareholders for information only.

This circular will remain on the "Latest Listed Company Information" page of the Stock Exchange's website at <http://www.hkexnews.hk> for a minimum period of 7 days from the date of its publication and on the Company's website at <http://www.keenocean.com.hk>.

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## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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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 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.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Acquisitions”	the acquisitions of the Properties by the Purchaser from the Vendor pursuant to the Provisional Agreements and/or the Formal Agreements;
“Announcement”	the announcement of the Company dated 24 February 2023 in relation to the Acquisitions;
“Board”	the board of Directors;
“Company”	Keen Ocean International Holding Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange (stock code: 8070);
“Completion”	completion of the Acquisitions;
“connected person”	has the meaning ascribed to it under the GEM Listing Rules;
“Consideration”	the aggregate consideration of HK\$21,680,000 paid or payable by the Purchaser in respect of the Acquisitions in accordance with the Provisional Agreements;
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules;
“Director(s)”	the director(s) of the Company;
“Formal Agreement I”	the formal agreement for sale and purchase dated 10 March 2023 entered into between the Vendor and Purchaser in relation to the sale and purchase of Property I;
“Formal Agreement II”	the formal agreement for sale and purchase dated 10 March 2023 entered into between the Vendor and Purchaser in relation to the sale and purchase of Property II;
“Formal Agreements”	collectively, Formal Agreement I and Formal Agreement II;
“GEM”	GEM operated by the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange;

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## DEFINITIONS

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“Group”	the Company and its subsidiaries;
“HIBOR”	the Hong Kong Interbank Offered Rate;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, is/are not connected with the Company and its connected persons (as defined in the GEM Listing Rules);
“Independent Valuer”	CHFT Advisory and Appraisal Ltd., an independent qualified valuer appointed by the Company in relation to the Acquisitions;
“Latest Practicable Date”	8 May 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“PRC”	The People’s Republic of China;
“Properties”	collectively, Property I and Property II;
“Property I”	Room 01, 37/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong;
“Property II”	Room 02, 37/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong;
“Provisional Agreement I”	the provisional agreement for sale and purchase dated 23 February 2023 entered into between the Vendor and Purchaser in relation to the sale and purchase of Property I;
“Provisional Agreement II”	the provisional agreement for sale and purchase dated 23 February 2023 entered into between the Vendor and Purchaser in relation to the sale and purchase of Property II;
“Provisional Agreements”	collectively, Provisional Agreement I and Provisional Agreement II;
“Purchaser”	Keen Ocean Industrial Limited, a wholly owned subsidiary of the Company;

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	the ordinary shares of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Jip Cheong Industrial Limited; and
“%”	per cent.

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## LETTER FROM THE BOARD

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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)

*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

*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 People's Republic of China

*Principal place of business in Hong Kong:*

Unit 5, 34th Floor

Cable TV Tower

9 Hoi Shing Road

Tsuen Wan

New Territories

Hong Kong

11 May 2023

Dear Shareholder(s),

## MAJOR TRANSACTION ACQUISITION OF PROPERTIES

### INTRODUCTION

Reference is made to the Announcement in relation to the Acquisitions.

On 23 February 2023, the Company entered into the Provisional Agreements with the Vendor, pursuant to which, among others, the Company agreed to purchase, and the Vendor agreed to sell, the Properties at the aggregate Consideration of HK\$21,680,000.

The purpose of this circular is to provide you with, among other things, details of the Acquisitions and other information required under the GEM Listing Rules.

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## LETTER FROM THE BOARD

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### THE ACQUISITIONS

On 23 February 2023, the Purchaser and the Vendor entered into the Provisional Agreements, each of which has been superseded by the respective Formal Agreement subsequently.

On 10 March 2023, the Purchaser and the Vendor entered into the Formal Agreements, each of which has incorporated the terms and conditions contained in the respective Provisional Agreement.

The principal terms of the respective Formal Agreements are set out below:

#### 1. Formal Agreement I

Date:	10 March 2023
Vendor:	Jip Cheong Industrial Limited
Purchaser:	Keen Ocean Industrial Limited, a wholly owned subsidiary of the Company
Property I:	Room 01, 37/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong
Purchase price and payment terms:	<p>The purchase price of Property I is HK\$9,380,000, which shall be paid by the Purchaser to the Vendor in the following manner:</p> <ul style="list-style-type: none"><li>(a) a sum of HK\$469,000, being the initial deposit, has been paid upon signing of Provisional Agreement I;</li><li>(b) a sum of HK\$469,000, being the further deposit, has been paid upon the signing of the Formal Agreement I; and</li><li>(c) a sum of HK\$8,442,000, being the balance of the purchase price, shall be paid upon Completion.</li></ul>

The above-mentioned initial deposit and further deposit has been paid to the Vendor's solicitors as stakeholder who may release the same to the Vendor provided that the balance of the purchase price is sufficient to discharge the existing legal charge/mortgage.

Should the Purchaser fail to complete the purchase, the initial deposit and the further deposit shall be forfeited to the Vendor.



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## LETTER FROM THE BOARD

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Completion: Completion is not subject to any condition precedent. Completion shall take place on or before 15 June 2023.

Existing tenancy agreement: Upon Completion, Property I shall be delivered to the Purchaser on an “as-is” basis subject to a tenancy.

The existing tenancy agreement was entered into between the Vendor and Sell 2 World Company Limited (“**Tenant I**”) on 16 February 2021 (the “**Tenancy Agreement I**”), pursuant to which, among others, (i) Property I shall be let to Tenant I for a term commencing from 16 March 2021 to 15 March 2024, at a monthly rent of HK\$28,000 (inclusive of management fee, government rent and rates); and (ii) a rental deposit of HK\$56,000 has been paid by Tenant I to the Vendor.

To the best knowledge of the Directors’ knowledge having made due enquiries, Tenant I and its ultimate beneficial owner(s) are Independent Third Parties.

### 2. Formal Agreement II

Date: 10 March 2023

Vendor: Jip Cheong Industrial Limited

Purchaser: Keen Ocean Industrial Limited, a wholly owned subsidiary of the Company

Property II: Room 02, 37/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong

Purchase price and payment terms: The purchase price of Property II is HK\$12,300,000, which shall be paid by the Purchaser to the Vendor in the following manner:

- (a) a sum of HK\$615,000, being the initial deposit, has been paid upon signing of Provisional Agreement II;
- (b) a sum of HK\$615,000, being the further deposit, has been paid upon the signing of the Formal Agreement II; and
- (c) a sum of HK\$11,070,000, being the balance of the purchase price, shall be paid upon Completion.

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## LETTER FROM THE BOARD

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The above-mentioned initial deposit and further deposit has been paid to the Vendor's solicitors as stakeholder who may release the same to the Vendor provided that the balance of the purchase price is sufficient to discharge the existing legal charge/mortgage.

Should the Purchaser fail to complete the purchase, the initial deposit and the further deposit shall be forfeited to the Vendor.

Completion: Completion is not subject to any condition precedent. Completion shall take place on or before 15 June 2023.

Existing tenancy agreement: Upon Completion, Property II shall be delivered to the Purchaser on an "as-is" basis subject to a tenancy.

The existing tenancy agreement was entered into between the Vendor and Homestuff International Company Limited ("**Tenant II**") on 2 August 2022 (the "**Tenancy Agreement II**", collectively with the Tenancy Agreement I, the "**Tenancy Agreements**"), pursuant to which, among others, (i) Property II shall be let to Tenant II for a term commencing from 1 September 2022 to 31 August 2024, at a monthly rent of HK\$38,500 (inclusive of management fee, government rent and rates); and (ii) a rental deposit of HK\$77,000 has been paid by Tenant II to the Vendor.

To the best knowledge of the Directors' knowledge having made due enquiries, Tenant II and its ultimate beneficial owner(s) are Independent Third Parties.

The Properties are non-residential properties. Property I has a gross floor area of about 2,161 square feet and Property II has a gross floor area of about 2,883 square feet.

The aggregate Consideration was determined after arm's length negotiations between the parties with reference to the prevailing market value of comparable properties available in the vicinity and the recent transactions of property market in Hong Kong.

The market value of comparable properties for determination of the Consideration was assessed with reference to (i) information on recent transactions of properties located in the same building as registered at the lands registry, which had been supplied by the real estate agent; (ii) information on the property price trend of transactions of properties located in the same building, as recorded by the Group during its search of properties; (iii) enquiries having been made by the Group on the valuation of the Properties in respect of possible mortgage arrangements with one of its principal banks; and (iv) recent property market trend in Hong Kong as noted by the Directors.

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## LETTER FROM THE BOARD

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The market value of Property I and Property II as at 23 February 2023 as appraised by the Independent Valuer were HK\$10,700,000 and HK\$13,700,000, respectively. A valuation report of the Properties has been prepared by the Independent Valuer and is set out in Appendix III to this circular.

It is intended that the Consideration will be funded by internal resources and banking facilities available to the Group.

### REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group currently rents premises for use as office and warehouse in Hong Kong. The current leased premises has a gross floor area of approximately 2,681 square feet. Pursuant to the relevant existing lease, the leased premises is let to the Group at a monthly rental of HK\$36,000 for a term of two years until 31 October 2023. The space provided by the leased premises has become insufficient for the Group's operation and has restricted business expansion. The Directors intend to utilise the Properties as its principal business office in Hong Kong and as its warehouse upon expiry or termination of the respective existing tenancy agreements. It is currently intended that the Tenancy Agreement I shall be terminated upon Completion pursuant to the provisions thereto, and that the Tenancy Agreement II shall be terminated at or around the termination date of the Tenancy Agreement I upon mutual agreement with Tenant II, or upon expiry of the term thereof, subject to the provisions thereto. Having considered, among others, (i) the tenure of the current leased premises, which is to expire by October 2023, and the expected termination date of the Tenancy Agreement I (and the Tenancy Agreement II, subject to negotiation with Tenant II) in or around July 2023; (ii) the intention of the Group to remain its principal business office within the same building in saving relocation expenses, and the relatively limited supply of premises available for purchase; (iii) the rental cost of the existing leased premises; (iv) the risk of relocation upon expiration or termination of the existing lease as the Group may not be able to renew the lease with comparable and/or commercially acceptable terms and conditions; (v) the removal and renovation expenses and time costs that would have incurred by the Group for relocation and looking for replacement and/or additional premises to lease; and (vi) the additional space to be provided by the Properties for use of its business expansion, the Directors consider that it is in the interests of the Group to acquire the Properties as its self-owned premises, thus saving rental, administrative costs and removal and renovation expenses in the long run, improving the efficiency of the Group's operations and enabling business expansion.

The Directors (including the independent non-executive Directors) consider that the Acquisitions and the terms of the Provisional Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### FINANCIAL IMPACT OF THE ACQUISITIONS

#### Earnings

As disclosed in the section headed "Reasons for and Benefits of the Acquisitions", the Group currently rents premises for use as office and warehouse in Hong Kong and intends to acquire the Properties as its self-owned principal business office. The Group expects that there will be an increase in the annual depreciation expenses by approximately HK\$433,000 relating to the Properties and the one-off renovation cost of the Properties respectively. However, the impact could be offset in the long run by the combined effect of (i) annual saving of rental of property by way of depreciation of rights-of-use assets and finance cost of lease liabilities; (ii) the removal and renovation expenses that would have been incurred by the Group for relocation and looking for replacement and/or additional premises to lease; and (iii) expected income from other business operations.

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## LETTER FROM THE BOARD

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### **Assets and Liabilities**

Based on the published financial position of the Group as at 31 December 2022, upon Completion, the property, plant and equipment of the Group are expected to increase by approximately HK\$22,706,000 and the total non-current assets of the Group are expected to increase by approximately HK\$22,706,000 taking into account the Consideration of HK\$21,680,000 and other estimated transaction costs such as stamp duty and professional fee of HK\$1,026,000 attributable to the Acquisitions.

As the Acquisitions are expected to be financed by internal resources and banking facilities of an aggregate amount of HK\$19,512,000, the total liabilities of the Group are expected to increase by HK\$19,512,000. As at the Latest Practicable Date, the terms of banking facilities have not been finalised yet.

Save as disclosed above, there will be no immediate material effect on the earnings and assets and liabilities of the Group associated with the Acquisitions.

Details of the estimated effect of the Acquisitions on the assets and liabilities of the Group is set out in Appendix II to this circular.

### **GEM LISTING RULES IMPLICATIONS**

The Consideration represents the aggregate of the purchase prices of Property I and Property II. As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisitions is more than 25% but is less than 100%, the Acquisitions constitute a major transaction for the Company and is therefore subject to the announcement, reporting and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has any material interest in the Acquisitions and is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Acquisitions.

The Company has obtained an irrevocable and unconditional written approval for the Acquisitions from Cyber Goodie Limited, the controlling shareholder of the Company holding 126,000,000 Shares, representing 63.0% of the issued share capital of the Company as at the date of the Announcement and the Latest Practicable Date.

Accordingly, in accordance with Rule 19.44 of the GEM Listing Rules, the shareholders' approval requirement in respect of the Acquisitions under Chapter 19 of the GEM Listing Rules has been satisfied in lieu of a general meeting of the Company.

A valuation report of the Properties as at 23 February 2023 as appraised by the Independent Valuer is set out in Appendix III to this circular.

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## LETTER FROM THE BOARD

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### APPLICATION FOR WAIVER FROM STRICT COMPLIANCE WITH RULE 19.67(6)(b)(i) OF THE GEM LISTING RULES

Pursuant to Rule 19.67(6)(b)(i) of the GEM Listing Rules, on an acquisition of any revenue generating assets (other than a business or a company) with an identifiable income stream or assets valuation, the Company is required to include in this circular a profit and loss statement and valuation (where available) for the three preceding financial years (or less, where the asset has been held by the vendor for a shorter period) on the identifiable net income stream and valuation in relation to such assets which must be reviewed by the auditors or reporting accountants to ensure that such information has been properly compiled and derived from the underlying books and records. In the case of the Group in relation to the Acquisitions, such period covers the three financial years ended 31 December 2020, 2021 and 2022 (the “**Relevant Period**”).

As disclosed in the announcement of the Company dated 24 February 2023, the Vendor has leased out each of Property I and Property II to Independent Third Parties for rental income, and therefore the Properties were a revenue-generating asset with an identifiable income stream under Rule 19.67(6)(b)(i) of the GEM Listing Rules. The Group has no information of the previous tenancy agreements during the Relevant Period.

The Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 19.67(6)(b)(i) of the GEM Listing Rules after taking into account, among others, the following:

- (a) the Properties are intended to be used by the Group as its self-owned office and warehouse rather than for revenue-generating purpose upon expiry or termination of the respective existing tenancy agreements and therefore the amount of gross income of the Properties for the Relevant Period is not meaningful to the Company;
- (b) despite the Company’s request, the Vendor has expressed that under the respective provisional agreements and formal agreements between the Vendor and the Purchaser, it has no obligation to provide the previous tenancy agreements during the Relevant Period to the Group;
- (c) the term of the Tenancy Agreements commenced from March 2021 and September 2022 respectively, which, on average, cover less than half of the Relevant Period. At the same time, the Group has no information on whether the Properties were subject to any previous tenancy at all for the rest of the Relevant Period, and if so, such particulars;
- (d) the Group has no information on (i) the other operating expenses incurred by the Vendor, such as expenses in relation to renovation or repair being carried out at the Properties (if any); or (ii) the amounts of operating expenses for the rest of the Relevant Period, such as any increment in management fees, government rates and rents or insurance expenses. Each of the above items have been refused to be provided by the Vendor, despite the Purchaser’s request;
- (e) the Group only has limited information on the Properties in respect of the Relevant Period, being the Tenancy Agreements and the other information as set out in this circular;

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## LETTER FROM THE BOARD

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- (f) as the Vendor is not a public company, its accounts, books and records are not available to the public;
- (g) a valuation report of the Properties as at 23 February 2023 as appraised by the Independent Valuer is set out in Appendix III to this circular;
- (h) the Acquisitions have been approved irrevocably and unconditionally by the controlling Shareholder holding more than 50% of the issued share capital of the Company; and
- (i) there will be alternative disclosures in the circular including (i) a summary of the tenancy agreement including monthly rental income and (ii) the estimated gross rental income for the Properties for the Relevant Period.

Based on the reasons set out above, the Company is of the view that inclusion of the profit and loss statement for the Relevant Period is not necessary and will not render this circular materially incomplete, misleading or deceptive to the Shareholders and potential investors of the Company. Therefore, the Board considers that the waiver from strict compliance with Rule 19.67(6)(b)(i) of the GEM Listing Rules would not create undue risk for the Shareholders and its investors.

The Stock Exchange has granted a waiver to the Company from the strict compliance with Rule 19.67(6)(b)(i) of the GEM Listing Rules, on the condition that the Company would disclose the waiver (including details of the waiver application and the alternative disclosures) in the circular. As alternative disclosures, the Company discloses (i) the unaudited financial information of the Properties for the Relevant Period based on the review of the Tenancy Agreements; and (ii) an estimate of the monthly expenses for the Properties payable by the Group as landlord after the Acquisitions and the basis of such estimates.

For the preparation of alternative disclosures, the Company has obtained from the Vendor (i) a copy of the Tenancy Agreements; (ii) a copy of payment notice of management fee in respect of each of the Properties for the month ended April 2023; and (iii) a copy of demand note issued by the Rating and Valuation Department in Hong Kong for rates and government rent in respect of the Properties for the period from January to March 2023 (collectively with the Tenancy Agreements, the “**Tenancy Information**”). Save for the Tenancy Information, (i) no further detailed breakdown of any financial information has been provided by the Vendor; and (ii) the Vendor has not granted the Company access to the underlying books and records or other financial information of the Properties, including costs and expenses for the preparation of the financial information of the Properties for the Relevant Period in compliance with the requirements of Rule 19.67(6)(b)(i) of the GEM Listing Rules, on the grounds that they contain other information which is confidential and not relevant to the Acquisitions.

### **Estimated gross rental income**

The estimated gross rental income for the Properties for each of the Relevant Period set out below has been prepared by the Directors solely based on the Tenancy Agreements provided by the Vendor and represents an alternative to and does not represent the profit and loss statement of the Properties. Accordingly, it may not give a full picture of the performance of the Properties during the Relevant Period.

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## LETTER FROM THE BOARD

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Pursuant to the Tenancy Agreements, the Vendor, as the landlord of the Properties, is responsible for management fee, government rent and rates in respect of the Properties. Due to limited information available, the Directors are unable to ascertain whether there were any other expenses such as depreciation, finance costs and tax incurred for the Relevant Period. As such, all the above expenses are not included in the unaudited financial information of the Properties set out in this section.

Based on the Tenancy Agreements, the gross rental income of the Properties during the Relevant Period is set out below:

	Year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
<b>Gross rental income</b>			
Property I <sup>(1)</sup>	–	266	336
Property II <sup>(2)</sup>	–	–	154
	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>–</b>	<b>266</b>	<b>490</b>
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*Notes:*

1. Pursuant to the Tenancy Agreement I, Property I has been leased for a term of three years from 16 March 2021 to 15 March 2024, at a monthly rental of HK\$28,000 (inclusive of management fee, government rent and rates).
2. Pursuant to the Tenancy Agreement II, Property II has been leased for a term of two years from 1 September 2022 to 31 August 2024, at a monthly rental of HK\$38,500 (inclusive of management fee, government rent and rates).

The Company has engaged Zhonghui Anda CPA Limited, the auditor of the Company, to perform certain agreed-upon procedures in respect of the gross rental income for the leasing of the Properties for the Relevant Period in accordance with Hong Kong Standard on Related Services 4400 (Revised) “Agreed-Upon Procedures Engagements” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The procedures were performed solely to assist the Directors in evaluating the accuracy of the gross rental income derived from the Properties, and are summarised as follows:

- (a) obtaining the gross rental income summary (the “**Gross Rental Income Summary**”) of the Properties for the Relevant Period prepared by management of the Company and to check its arithmetical accuracy;
- (b) comparing the amount of gross rental income as set out in this section against the Gross Rental Income Summary; and
- (c) comparing the particulars of the tenancy periods and monthly rental as shown in the Gross Rental Income Summary to the respective Tenancy Agreements which were provided by management of the Company.

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## LETTER FROM THE BOARD

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Based on the information and documents made available to the auditor of the Company, their findings are:

- (a) with respect to procedure (a) above, the auditor found the Gross Rental Income Summary was arithmetically accurate;
- (b) with respect to procedure (b) above, the auditor found the gross rental income as set out in this section was in agreement with those contained in the Gross Rental Income Summary; and
- (c) with respect to procedure (c) above, the auditor found the particulars of the tenancy periods and monthly rental as shown in the Gross Rental Income Summary of the Properties to be in agreement with those contained in respective Tenancy Agreements which were provided to the auditor by management of the Company.

The above work performed by Zhonghui Anda CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, Hong Kong Standards on Assurance Engagements or Hong Kong Standards on Investment Circular Reporting Engagements issued by the HKICPA and consequently no assurance is provided by the auditor of the Company on the unaudited financial information of the Properties disclosed in this circular and the gross rental income for the Relevant Period.

### Estimated monthly expenses

The monthly expenses estimated to be incurred by the Group for the Properties after the Acquisitions are set out below:

<b>Estimated monthly expenses</b>	<i>HK\$</i>
Rates and government rent <sup>(1)</sup>	2,420
Management fee <sup>(2)</sup>	12,686
Insurance <sup>(3)</sup>	<u>567</u>
<b>Total</b>	<b><u><u>15,673</u></u></b>

*Notes:*

1. Based on the respective demand notes issued by the Rating and Valuation Department in Hong Kong for rates and government rent in respect of the Properties for the period from January to March in 2023 provided by the Vendor, in the amount of HK\$3,640 and HK\$6,040 respectively.
2. Based on the respective payment notice of management fee in respect of the Properties for the month ended 30 April 2023 provided by the Vendor, in the amount of HK\$7,249 and HK\$5,437 respectively.
3. Based on the fee of quotation of property insurance obtained from one commercial bank in Hong Kong, in the annual premium amount of HK\$6,800.



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## LETTER FROM THE BOARD

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4. The Company's current principal place of business in Hong Kong is located at the same building as the Properties since 2012. As such, the Company is of the view that it has information on the general condition of the common areas of the building. At the same time, the Group has physically inspected the Properties prior to entering into the provisional agreements and the formal agreements with the Vendor, and has noted no irregularities which would require significant operating expenses to be incurred by the Group. In addition, based on correspondence with the real estate agent and the property valuer, it is understood by the Group that no other significant operating expenses are expected to be incurred in owning the Properties.

Based on and taking into account of the above, the Company is of the view that operating expense (other than rates and government rent, management fee and insurance cost, and excluding bank mortgage interest (which is yet to be finalised)) would be insignificant, and the absence of such expense information and other financial information of the Properties would not result in an omission of material information in the circular. Therefore, no other expenses are included in the above financial information.

### **Valuation report**

A valuation report of the Properties as at 23 February 2023 as appraised by the Independent Valuer is set out in Appendix III to this circular.

### **INFORMATION ON THE GROUP AND THE VENDOR**

The principal business activity of the Company is investment holding. The Group principally engages in the design, development, production and sale of transformers, switching mode power supplies, electric healthcare products, other electronic parts and components.

The Vendor is a private limited company incorporated in Hong Kong on 5 January 1990. To the best of the Directors' knowledge, information and belief having made due enquiries, the shares of the Vendor are being held by three individuals, namely Chan Ken Wah, Lee Chik Yu and Chan Hung Kee, who are being the ultimate beneficial owner(s) of the Vendor, and are Independent Third Parties.

### **RECOMMENDATION**

The Directors (including the independent non-executive Directors) consider that the Acquisitions and the terms of the Provisional Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, notwithstanding that no general meeting will be convened by the Company to approve the Acquisitions, the Directors would recommend the Shareholders to vote in favour of the relevant ordinary resolution regarding the Acquisitions if the Company were to convene a general meeting for the approval of the Acquisitions.

### **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the appendices to this circular.

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

**1. FINANCIAL INFORMATION OF THE GROUP**

Financial information of the Group for the each of the three years ended 31 December 2020, 2021 and 2022 were set out in the annual reports of the Company for the year ended 31 December 2020 (pages 104 to 157), for the year ended 31 December 2021 (pages 73 to 141) and for the year ended 31 December 2022 (pages 85 to 140) respectively, which were published on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<http://www.keenocean.com.hk>).

**2. INDEBTEDNESS STATEMENT**

As at the close of business on 31 March 2023, being the latest practicable date for the purpose of compiling this indebtedness statement of the Group prior to the printing of this circular, the indebtedness of the Group was as follows:

**Borrowings**

The Group had bank loans and other borrowings repayable within one year or on demand of approximately HK\$48,129,000, which are secured by assets held by the Group and a company related and guaranteed by the Company, directors and a related company. All bank loans bear interest at floating rates.

**Amounts due to a related company**

The Group had amounts due to a related company of approximately HK\$1,244,000, which were interest-free, unsecured and repayable on demand.

**Lease liabilities**

The Group had lease liabilities of approximately HK\$1,549,000.

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 31 March 2023, the Group did not have any other debt securities issued and outstanding or authorised or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, lease liabilities, hire purchase commitments, guarantees or other material contingent liabilities.

### **3. WORKING CAPITAL SUFFICIENCY**

The Directors, taking into account of (i) the internal resources of the Group; (ii) cash flows from operations; (iii) the available banking facilities to the Group; and (iv) the cash flow impact of the Acquisitions, and in the absence of unforeseen circumstances such as acts of God and change in existing government policies or political, legal, fiscal, market or economic conditions in Hong Kong which will materially and adversely affect the business and the operations of the Group, are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of publication of this circular. The Company has obtained the relevant confirmation as required under Rule 19.66(13) of the GEM Listing Rules.

### **4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

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

The spread of COVID-19 including its new variants 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 and material costs.

The management of the Group is determined to rise to these challenges. The production team maintains sufficient inventory buffer to 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 since late 2021 adopted a 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, particularly the electronic parts and components of the Group, as the global policies leaned more towards renewability and sustainability. Besides, after continuous delivery of products with satisfactory quality control, together with strong demographics and growing consumption, the Group recorded increasing orders from the developed customer base. Furthermore, in order to meet the changing demands and expectations from our customers, the resources used in electric healthcare products has been reallocated to other products within the Group. With the increased production capacity during the period under review to cope with the increasing demand from the customers, the management is optimistic about the market and 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, if applicable, in compliance with industrial safety and public health policies; and deploys appropriate preventive measures to enhance the protection of the Group's employees by providing a healthy and hygienic environment both in the office and at the sites.

The Group's management is aware of and is closely monitoring the development of the Russia-Ukraine conflict and accordingly evaluates any possible impact to its financial position and performance. The Group's management believes that the impact of the conflict on its current operations, supply chain and financial performance is minimal.

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

## **5. MATERIAL ADVERSE CHANGE**

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest audited financial statements of the Group were made up and up to the Latest Practicable Date.

**A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**

The accompanying unaudited pro forma statement of assets and liabilities of the Group (the “**Statement**”) has been prepared to illustrate the effect of the acquisition of properties (the “**Acquisition**”), assuming the transaction had been completed as at 31 December 2022, might have affected the financial position of the Group.

The Statement is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2022 as extracted from the annual report of the Group for the year ended 31 December 2022 after making certain pro forma adjustments resulting from the Acquisition.

The Statement is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Statement, it may not give a true picture of the actual financial position of the Group that would have been attained had the Acquisition actually occurred on 31 December 2022. Furthermore, the Statement does not purport to predict the Group’s future financial position.

The Statement should be read in conjunction with the financial information of the Group as set out in Appendix I of the Circular and other financial information included elsewhere in the Circular.

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND  
LIABILITIES OF THE GROUP AS AT 31 DECEMBER 2022

	Audited consolidated statement of financial position of the Group as at 31 December 2022 HK\$'000 (Note 1)	Pro forma adjustments		Unaudited pro forma consolidated statement of assets and liabilities of the Group as at 31 December 2022 HK\$'000
		HK\$'000 (Note 2)	HK\$'000 (Note 3)	
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	13,041	21,680	1,026	35,747
Right-of-use assets	1,984	–	–	1,984
<b>Total non-current assets</b>	<b>15,025</b>	<b>21,680</b>	<b>1,026</b>	<b>37,731</b>
<b>CURRENT ASSETS</b>				
Inventories	104,106	–	–	104,106
Trade and other receivables and prepayments	86,123	–	–	86,123
Investments at fair value through profit or loss	1,800	–	–	1,800
Pledged bank deposits	11,835	–	–	11,835
Bank and cash balances	19,333	(2,168)	(1,026)	16,139
<b>Total current assets</b>	<b>223,197</b>	<b>(2,168)</b>	<b>(1,026)</b>	<b>220,003</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables and accruals	87,080	–	–	87,080
Contract liabilities	11,377	–	–	11,377
Bank loans and overdrafts	52,534	19,512	–	72,046
Amount due to a related party	972	–	–	972
Lease liabilities	2,076	–	–	2,076
Current tax liabilities	2,378	–	–	2,378
<b>Total current liabilities</b>	<b>156,417</b>	<b>19,512</b>	<b>–</b>	<b>175,929</b>
<b>NET CURRENT ASSETS</b>	<b>66,780</b>	<b>(21,680)</b>	<b>(1,026)</b>	<b>44,074</b>
<b>Net Assets</b>	<b>81,805</b>	<b>–</b>	<b>–</b>	<b>81,805</b>
<b>Capital and reserves</b>				
Share capital	2,000	–	–	2,000
Reserves	79,819	–	–	79,819
Equity attributable to owners of the Company	81,819	–	–	81,819
Non-controlling interests	(14)	–	–	(14)
<b>Total equity</b>	<b>81,805</b>	<b>–</b>	<b>–</b>	<b>81,805</b>

## NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

- The Group's financial information is based upon the consolidated financial information of the Group for the year ended 31 December 2022, which has been derived from the Group's published annual report for the year then ended, dated 14 March 2023.
- The properties are classified as property, plant and equipment as the Group intends to use the properties for self-use as principal business office after the completion of the Acquisition. The Group intends to finance the Acquisition partly by internal resources and partly by bank borrowings. In preparing the unaudited pro forma financial information, the Directors had assumed that the Group will settle 10% of the consideration (HK\$2,168,000) and all direct expenses (approximately HK\$1,026,000) by internal resources and 90% of the consideration (HK\$19,512,000) by mortgage bank loans. The Directors assumed that all borrowings are repayable on demand.
- The direct expenses in relation to the Acquisition comprise: (i) transaction costs and related taxes amounting to approximately HK\$986,000 and (ii) professional fee directly attributable to the Acquisition amounting to approximately HK\$40,000.

	<i>Notes</i>	<i>HK\$'000</i>
Transaction costs and related taxes	1	986
Professional fees	2	<u>40</u>
		<u><u>1,026</u></u>

*Notes:*

- The amount represents estimated transaction costs of approximately HK\$986,000 payable by the Group in connection with the Acquisition, which included the stamp duty for the Acquisition.
- The amount represents estimated professional fees of approximately HK\$40,000 payable by the Group in connection with the Acquisition, which included the legal fee and other professional fees for the Acquisition
- No adjustment has been made to reflect any trading results or other transaction of the Group entered into subsequent to 31 December 2022 for the unaudited pro forma consolidated statement of assets and liabilities.

**C. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report, prepared for the sole purpose of inclusion in this Circular, from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.*



11 May 2023

The Board of Directors  
Keen Ocean International Holding Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Keen Ocean International Holding Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the pro forma statement of assets and liabilities as at 31 December 2022 (the “**Statement**”) as set out on pages II-1 to II-3 of the investment circular issued by the Company. The applicable criteria on the basis of which the directors have compiled the Statement are described in page II-1 to II-3 to the investment circular.

The Statement has been compiled by the directors to illustrate the impact of the proposed acquisition of properties on the Group’s financial position as at 31 December 2022 as if the transaction had been taken place at 31 December 2022. As part of this process, information about the Group’s financial position has been extracted by the directors from the Group’s audited financial statements as included in the annual report for the year ended 31 December 2022, on which an audit report has been published.

**Directors’ Responsibility for the Pro Forma Financial Information**

The directors are responsible for compiling the Statement in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the GEM of The Stock exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).



**Our Independence and Quality Management**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the Statement and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Statement beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Statement in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Statement, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Statement.

The purpose of the Statement included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2022 would have been as presented.

A reasonable assurance engagement to report on whether the Statement has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Statement provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Statement reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant’s judgment, having regard to the reporting accountant’s understanding of the nature of the Group, the event or transaction in respect of which the Statement has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Statement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the Statement has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) “the adjustments are appropriate for the purposes of the Statement as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Yours faithfully,

**ZHONGHUI ANDA CPA Limited**  
*Certified Public Accountants*  
**Yeung Hong Chun**  
Practising Certificate Number P07374

Hong Kong, 11 May 2023

*The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from CHFT Advisory and Appraisal Ltd., and independent professional surveyor and valuer, in connection with its valuation as at 23 February 2023 of the Properties to be acquired of by the Company.*



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1601, 16/F, Sun House,  
90 Connaught Road Central, Hong Kong  
電話 Tel: +852 2301 4080  
傳真 Fax: +852 2301 4988

Our Ref.: P/LWO/31250/2023

Date of Report: 11 May 2023

**Keen Ocean International Holdings Limited**

3405, 34/F, Cable TV Tower,  
9 Hoi Shing Road, Tsuen Wan,  
New Territories, Hong Kong



Dear Sirs/Madams,

**Re: Valuation of Room 01 and Room 02, 37/F  
Cable TV Tower,  
No. 9 Hoi Shing Road, Tsuen Wan, Hong Kong**

In accordance with an instruction for us to value the captioned properties (the “**Properties**”) for **Keen Ocean International Holdings Limited** (the “**Company**”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinions of the market values of the Properties as at **23 February 2023** (the “**Date of Valuation**”) for the purpose of **Public Circular in relation to a proposed acquisition** by the Company only.

**Valuation Basis**

Our valuations are carried out on a Market Value basis, which is defined by The Hong Kong Institute of Surveyors (“**HKIS**”) as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

The valuations comply with “The HKIS Valuation Standards (2020 Edition)” published by The Hong Kong Institute of Surveyors, “RICS Valuation – Global Standards” published by the Royal Institution of Chartered Surveyors, and the “International Valuation Standards” published by the International Valuation Standards Council as well as the requirements set out in Chapter 8 of Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited.

**Valuation Assumptions**

Our valuations have been made on the assumption that the owner sells the Properties on the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the values of the Properties.

No allowance has been made in our valuations neither for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of onerous nature which could affect their values.

**Valuation Methodology**

We have adopted direct comparison method whereby comparisons based on transactions of comparable properties have been made. Comparable properties with similar location, character and so on are analysed and carefully weighed against all respective advantages and disadvantages of the properties in order to arrive at the fair comparison of value.

**Source of Information**

We have caused searches at the Land Registry in Hong Kong. We have not, however, searched the original documents to verify ownership or any amendment which did not appear on the copies handed to us. All documents have been used for reference only. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title to the property interest that is assumed to be good and marketable.

Site inspection of the Properties was carried on 17 March 2023 by Mr. Leo CM Wong, who has over five-year property valuation experience in Hong Kong. We have inspected the exterior and the interior of the property interests. As saleable area and gross floor area are commonly used by local agents and investors for transaction reference purpose, no re-measurement of the floor area by International Property Measurement Standards as advocated by RICS has been made. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey or any tests on the building services. Therefore, we are not able to report whether the Properties are free of rot, infestation or any other structural defects. We have not carried out investigations on the site to determine the suitability of the ground conditions, the services, etc. for any future development/redevelopment. We have not carried out any investigation into past or present uses, either of the Properties or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the Properties from these uses or sites, and have therefore assumed that none exists.

We have relied to a considerable extent on the information and advice given or made available to us by the Company and relevant government authorities on such matters as gross floor areas, planning approvals, statutory notices, easements, tenancy agreements, and all other relevant matters.

**Limitation of Liabilities**

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

The responsible valuer is in a position to provide objective and unbiased valuations and is competent to undertake the valuation assignment. Our findings or conclusion of values of the Properties in this report are valid only for the stated purpose and at the Date of Valuation, and for the sole use of the Company. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and the valuer accepts no responsibility whatsoever to any other person.

Our liability for loss or damage shall be limited to such sum as we ought reasonably to pay having regard to our responsibility for the same on the basis that all other consultants and specialists, where appointed, shall be deemed to have provided to the Company contractual undertakings in respect of their services and shall be deemed to have paid to the Company such contribution as may be appropriate having regard to the extent of their responsibility for such loss or damage.

Our liability for any loss or damage arising out of the action or proceedings aforesaid shall, notwithstanding the preceding provisions, in any event be limited to a sum not exceeding five (5) times of the amount of our agreed fee for this engagement. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, loss of profits, opportunity cost, etc.), even if it has been advised of their possible existence. For the avoidance of doubt our liability shall never exceed the lower of the sum calculated in accordance with the preceding provisions and the sum provided for in this clause.

The Company is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our engagement except to the extent that any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence, misconduct, willful default or fraud of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

We enclose herewith a summary of values and our valuation report.

Yours faithfully,  
For and on behalf of  
**CHFT Advisory and Appraisal Ltd.**

**Alex PW Leung** MRICS MHKIS  
*Senior Director*

Encl.

*Mr. Leung is a member of The Hong Kong Institute of Surveyors ("HKIS") and a member of Royal Institution of Chartered Surveyors ("RICS"). He has over 20 years of post-qualification property valuation experience in Hong Kong.*

**SUMMARY OF VALUES**

<b>No.</b>	<b>Property Address</b>	<b>Market Value as at the Date of Valuation</b>
1.	Room 01 on 37/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories	HK\$10,700,000
2.	Room 02 on 37/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories	HK\$13,700,000
	<b>TOTAL</b>	<b>HK\$24,400,000</b>

## Property to be held for own occupation

## VALUATION REPORT

No.	Property	Description and Tenure	Occupancy Details	Market Value as at the Date of Valuation
1.	Room 01 on 37/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories	The property comprises one of fourteen ancillary office units on a high floor in a 41-storey industrial development completed in 1992.	According to a copy of tenancy agreement provided to us, the property is subject to a tenancy for a term of three years expiring on 15 March 2024 at a monthly rent of HK\$28,000 per month inclusive of rates, government rent and management fee.	<b>HK\$10,700,000</b> (HONG KONG DOLLARS TEN MILLION AND SEVEN HUNDRED THOUSAND)
	150/177500 undivided shares of and in Tsuen Wan Town Lot No. 218 and Tsuen Wan Town Lot No. 36	The areas of the subject property are approximately 2,161 sqft on gross or 1,590 sqft on saleable.		
	The development is located close to the waterfront within an industrial area. Tsuen Wan West MTR Station is about 10 minutes' walk from the development.	The property is held under New Grant No. TW5008 and Conditions of Sale No. UB5156 for terms expired in July 1997. Leases of these types have been statutorily extended to 30 June 2047 and are subject to an annual Government Rent is equivalent to 3% of the rateable value of the property for the time being.		

*Notes:*

- a) The registered owner of the property is Jip Cheong Industrial Limited vide Memorial No. 06042702420079 dated 31 March 2006.
- b) A As per a recent Land Registry record, the property is subject to the following encumbrances:
  - i) Deed of Mutual Covenant and Management Agreement in favour of Kowloon Wharf Terminal & Warehouse Limited registered vide Memorial Nos. TW849489 and UB5383442 dated 13 July 1992 and re-registered vide Memorial Nos. TW1114057 and UB6936717 respectively; and
  - ii) Mortgage for all moneys in favour of Industrial and Commercial Bank of China (Asia) Limited registered vide Memorial No. 06042702420080 dated 19 April 2006.
- c) The property currently lies within an area zoned for "Other Specified Uses (Business)" under Approved Tsuen Wan Outline Zoning Plan No. S/TW/35 dated 18 February 2022.

## VALUATION REPORT

No.	Property	Description and Tenure	Occupancy Details	Market Value as at the Date of Valuation
2.	Room 02 on 37/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories	The property comprises one of fourteen ancillary office units on a high floor in a 41-storey industrial development completed in 1992.	According to a copy of tenancy agreement provided to us, the property is subject to a tenancy for a term of two years expiring on 31 August 2024 at a monthly rent of HK\$38,500 per month inclusive of rates, government rent and management fee.	<b>HK\$13,700,000</b> (HONG KONG DOLLARS THIRTEEN MILLION SEVEN HUNDRED THOUSAND)
	200/177500 undivided shares of Tsuen Wan Town Lot No. 218 and Tsuen Wan Town Lot No. 36	The areas of the subject property are approximately 2,883 sqft on gross or 2,110 sqft on saleable.		
	The development is located close to the waterfront within an industrial area. Tsuen Wan West MTR Station is about 10 minutes' walk from the development.	The property is held under New Grant No. TW5008 and Conditions of Sale No. UB5156 for terms expired in July 1997. Leases of these types have been statutorily extended to 30 June 2047 and are subject to an annual Government Rent is equivalent to 3% of the rateable value of the property for the time being.		

*Notes:*

- a) The registered owner of the properties is Jip Cheong Industrial Limited vide Memorial No. UB8811221 dated 11 October 2002.
- b) A As per a recent Land Registry record, the property is subject to the following encumbrances:
  - i) Deed of Mutual Covenant and Management Agreement in favour of Kowloon Wharf Terminal & Warehouse Limited vide Memorial Nos. TW849489 and UB5383442 dated 13 July 1992 and re-registered vide Memorial Nos. TW1114057 and UB6936717; and
  - ii) Mortgage in favour of Fortis Bank Asia HK vide Memorial No. UB8811223 dated 11 October 2002.
- c) The property currently lies within an area zoned for "Other Specified Uses (Business)" under Approved Tsuen Wan Outline Zoning Plan No. S/TW/35 dated 18 February 2022.



## 1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) 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 short positions in which they were taken or deemed to have under such provisions of the SFO), or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### *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:*

- All interest stated are long positions.
- These shares are held by Cyber Goodie Limited ("Cyber Goodie"), 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 under the SFO.

*Interests in associated corporation(s) of the Company*

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

Save as disclosed above, as at the Latest Practicable Date, 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) which (i) 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) were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO or (iii) were otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealing by Directors as referred to in rules 5.46 to 5.67 of the GEM Listing Rules.

**(b) Persons who have interests or short positions which are disclosable under Divisions 2 and 3 of Part XV of the SFO**

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any person (other than a Director or chief executive of the Company) or a corporation having an interest or short position in the Shares or underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 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.

**3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors has entered into any service contracts with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

**4. DIRECTORS' INTEREST IN THE ASSETS**

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which have been since 31 December 2022 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to or by any member of the Group, or are proposed to be acquired or disposed of by or leased to or by any member of the Group.

**5. DIRECTORS' INTEREST IN CONTRACTS OR ARRANGEMENTS**

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement which was subsisting and which was significant in relation to the business to the Group.

**6. COMPETING INTERESTS**

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors or the controlling shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) had interests in any business which competes or may compete with the business of the Group or has or may have any other conflicts of interest with the Group pursuant to the GEM Listing Rules.

**7. MATERIAL LITIGATION**

As at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

**8. AUDIT COMMITTEE**

As at the Latest Practicable Date, the audit committee of the Board comprised three independent non-executive Directors, namely Mr Cheung Yee Tak, Jonathan, Mr Li Chung Pong, Stephen and Mr Lam Chon Loi, with Mr Cheung Yee Tak, Jonathan acting as the chairman. The audit committee is responsible for, among others, (i) monitoring and reviewing the effectiveness of the Group's financial reporting system and, risk management and internal control systems; (ii) reviewing the Group's financial information; and (iii) overseeing the relationship with the auditors of the Company.

Biographical information of each member of the audit committee of the Board are set out below:

**Mr Cheung Yee Tak, Jonathan (張以德)**

Mr Cheung, aged 34, is an independent non-executive Director of the Company. Mr Cheung obtained a bachelor's degree in commerce from the University of Toronto, Canada in 2011. Mr Cheung is a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Mr Cheung has over 10 years of experience in the financial industry. From September 2011 to July 2015, Mr Cheung worked at PricewaterhouseCoopers, where his last position was a senior associate. In February 2016, Mr Cheung joined Kingsway Capital Limited, a subsidiary of Sunwah Kingsway Capital Holdings Limited (stock code: 188) whose shares are listed on the main board of the Stock Exchange, where he acted as a licensed representative of the Securities and Futures Commission for Type 1 and Type 6 regulated activities, and was subsequently promoted as a senior manager in the corporate finance department in July 2018. From July 2019 to July 2020, Mr Cheung worked at Sinolink Securities (Hong Kong) Company Limited, a subsidiary of Sinolink Securities Co. Ltd (stock code: 600109) whose shares are listed on the Shanghai Stock Exchange, where his last position was an associate director of the corporate finance department. During his employment with Kingsway Capital Limited and Sinolink Securities (Hong Kong) Company Limited. Mr Cheung executed a wide variety of capital markets and corporate finance transactions, including initial public offerings, mergers and acquisitions and compliance advisory.

**Mr Li Chung Pong (李仲邦)**

Mr Li, aged 56, is an independent non-executive Director of the Company. Mr Li graduated from Schulich School of Business, York University majoring in finance and management science in June 1989. He obtained a master degree of business administration from Schulich School of Business, York University in June 1992, of science in financial engineering from City University of Hong Kong in May 2000, of science in electronic commerce management and of science in information systems management from Hong Kong University of Science & Technology in January 2003 and November 2005 respectively. He has been a candidate for a PhD degree in finance in Shanghai University of Finance & Economics since September 2007.

Mr Li was conferred by Global Association of Risk Professionals as a certified financial risk manager in 2001. He has also been a member of Hong Kong Securities and Investment Institute since 2001, and a full member of Treasury Markets Association since 2006.

Mr Li was a financial analyst in the head office of The Body Shop Canada Limited from December 1989 to May 1991. He worked as a management trainee, assistant vice president and corporate advisor in the treasury of Bank of America NT & SA from August 1992 to September 1997. He then acted as the vice president and corporate desk head in the treasury marketing unit for Hong Kong, the vice president in the structured product group for Hong Kong, and the vice president in the regional financial market treasury for Citibank N.A., Hong Kong Branch from October 1997 to June 2004. He was the director and regional head of business sales for global markets of Standard Chartered Bank from July 2004 to December 2007. He acted as the head of treasury for Greater China and head of marketplaces for North Asia of Thomson Reuters from January 2008 to December 2013. He acted as the chief representative for Beijing of Reuters Transaction Services Ltd. from April 2011 to December 2013. He has been the director of Sky Source Enterprises Limited since April 2014.

**Mr Lam Chon Loi (林春雷)**

Mr Lam, aged 58, is an independent non-executive director of the Company. Mr. Lam obtained his bachelor of science degree from McMaster University, Hamilton, Ontario, Canada in May 1988. In October 2015, he received a professional diploma in property management for practitioners in Macao from the Vocational Training Council of Hong Kong.

Mr Lam has over 25 years of experience in the management of businesses in Macau. He currently owns a property and facilities management company in Macau.

**9. QUALIFICATIONS AND CONSENT OF THE EXPERT**

- (a) The following is the qualification of the experts who have given opinion, letter or advice which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Zhonghui Anda CPA Limited	Certified Public Accountants
CHFT Advisory and Appraisal Ltd.	Independent Valuer

- (b) Each of the above experts has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.
- (c) As at the Latest Practicable Date, each of the above experts did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

- (d) As at the Latest Practicable Date, the above expert did not have any interest, direct or indirect, in any asset which has been, since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

#### **10. MATERIAL CONTRACTS**

As at the Latest Practicable Date, the Provisional Agreements and the Formal Agreements (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within two years immediately preceding the date of this circular and are, or may be, material.

#### **11. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.keenoocean.com.hk>) for a period of 14 days from the date of this circular:

- (a) the report on the unaudited pro forma financial information prepared by Zhonghui Anda CPA Limited, the text of which is set out in Appendix II to this circular;
- (b) the property valuation report from the Independent Valuer, the text of which is set out in Appendix III to this circular;
- (c) the written consent from the experts as referred to under the section headed “Qualifications and Consent of Expert” in this appendix;
- (d) the material contracts referred to in the section headed “Material Contracts” in this appendix; and
- (e) the annual reports of the Company for the three years ended 31 December 2020, 2021 and 2022.

#### **12. MISCELLANEOUS**

- (a) The company secretary of the Company is Ms Chau Hing Ling, the executive director of corporate services of Vistra Corporate Services (HK) Limited.
- (b) The compliance officer of the Company is Mr Wong Shek Fai, Johnson, who is an executive Director of the Company.

- (c) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The head office and 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 principal place of business of the Company in China is at East of Xinggong Avenue and South of Keqi Road, High-tech Development Zone, Heyuan City, Guangdong Province, The People's Republic of China.
- (d) The branch register and transfer office of the Company in Hong Kong is Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.
- (e) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.