
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution 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 Composite Document and the accompanying Form of Acceptance to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer.

Century Lead International Limited

(Incorporated in the British Virgin Islands with limited liability)

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)

COMPOSITE OFFER AND RESPONSE DOCUMENT IN RELATION TO UNCONDITIONAL MANDATORY CASH OFFER BY WEST BULL SECURITIES LIMITED FOR AND ON BEHALF OF THE OFFEROR FOR ALL THE ISSUED SHARES IN KEEN OCEAN INTERNATIONAL HOLDING LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)

Financial adviser to the Offeror

Nuada Limited

Independent financial adviser to the
Independent Board Committee



GLOBAL MASTERMIND SECURITIES LIMITED
環球大通證券有限公司

Unless the context otherwise requires, capitalised terms used in this Composite Document (including this cover page) have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from West Bull containing, amongst other things, details of the terms and conditions of the Offer is set out on pages 5 to 13 of this Composite Document. A letter from the Board is set out on pages 14 to 20 of this Composite Document. A letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in respect of the Offer is set out on pages 21 to 22 of this Composite Document. A letter from Global Mastermind containing its advice and recommendation to the Independent Board Committee in respect of the Offer is set out on pages 23 to 44 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Form of Acceptance should be received by the Registrar, namely Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event no later than 4:00 p.m. on Monday, 29 April 2024 (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce, with the consent of the Executive, in accordance with the Takeovers Code).

Persons including, without limitation, custodians, nominees and trustees who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the paragraph headed "7. Overseas Shareholders" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdiction. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

This Composite Document is issued jointly by the Offeror and the Company. This Composite Document will remain on the website of the Stock Exchange at www.hkexnews.hk and website of the Company at www.keenocean.com.hk as long as the Offer remains open. In case of any inconsistency, the English language texts of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

8 April 2024

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and midsized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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EXPECTED TIMETABLE

The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company.

2024

Despatch date of this Composite Document and the accompanying Form of Acceptance and commencement date of the Offer (<i>Note 1</i>)	Monday, 8 April
Latest time and date for acceptance of the Offer (<i>Notes 1, 2 and 4</i>)	4:00 p.m. on Monday, 29 April
Closing Date (<i>Notes 1 and 2</i>)	Monday, 29 April
Announcement of the results of the Offer, to be posted on the website of the Stock Exchange (<i>Note 1</i>)	no later than 7:00 p.m. on Monday, 29 April
Latest date for posting of remittances in respect of valid acceptances received under the Offer (<i>Notes 3 and 4</i>)	Thursday, 9 May

Notes:

1. The Offer, which is unconditional in all respect, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. In accordance with the Takeovers Code, the Offer must remain open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance will be at 4:00 p.m. on Monday, 29 April 2024 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on Monday, 29 April 2024 stating the results of the Offer and whether the Offer has been extended, revised or expired. In the event that the Offeror decides to extend the Offer, and the announcement regarding the extension of the Offer does not specify the next Closing Date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
2. Beneficial owners of the Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be despatched to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar of all relevant documents (receipt of which renders such acceptance complete and valid), in accordance with the Takeovers Code. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code. Please refer to the paragraph headed "5. Right of withdrawal" in Appendix I to this Composite Document for further information on the circumstances where acceptances may be withdrawn.

EXPECTED TIMETABLE

4. If there is a tropical cyclone warning signal number 8 or above, or “extreme conditions” caused by super typhoons or a black rainstorm warning:
- (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for despatch of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will remain at 4:00 p.m. on the same business day (as defined under the Takeovers Code) and the latest date for despatch of remittances will remain on the same business day (as defined under the Takeovers Code); or
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for despatch of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the following business day (as defined under the Takeovers Code) which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. and the latest date for despatch of remittances will be rescheduled to the following business day (as defined under the Takeovers Code) which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

Save as mentioned above, if the latest time for acceptance of the Offer do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Independent Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

All references to dates and times contained in this Composite Document and the accompanying Form of Acceptance refer to Hong Kong dates and times.

IMPORTANT NOTICE

NOTICE TO OVERSEAS SHAREHOLDERS

The availability of the Offer to persons who are not residents in Hong Kong may be affected by the applicable laws of the relevant jurisdiction in which they are residents. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, seek their own legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions). The Offeror, parties acting in concert with the Offeror, the Vendor, the Company, West Bull, Nuada, Global Mastermind, the Registrar and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates, as applicable, or any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes they may be required to pay.

Any acceptance of the Offer by such Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the applicable local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Based on the register of members of the Company provided by the Registrar as at the Latest Practicable Date, there is no Overseas Shareholder. Please refer to the paragraph headed “7. Overseas Shareholders” in Appendix I to this Composite Document for further information.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. Subject to the requirements of the Takeovers Code and other applicable laws and regulations, each of the Offeror and the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions of circumstances on which any such statement is based.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following terms or expressions shall have the meanings set out below:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associates”	has the meaning ascribed thereto under the Takeovers Code
“Board”	the board of the Directors
“Business Day(s)”	has the meaning ascribed thereto under the Takeovers Code
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	29 April 2024, being the closing date of the Offer, or if the Offer is extended, any subsequent closing date as may be determined by the Offeror and jointly announced by the Offeror and the Company, with the consent of the Executive, in accordance with the Takeovers Code
“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 Sale and Purchase Agreement in accordance with its terms
“Completion Date”	the date on which the Completion took place, being the date of the Sale and Purchase Agreement
“Completion Payment”	has the meaning ascribed thereto under the paragraph headed “The Sale and Purchase Agreement – Consideration” in this Composite Document
“Composite Document”	this composite offer and response document issued jointly by the Offeror and the Company in relation to the Offer in accordance with the Takeovers Code and the GEM Listing Rules containing, among other things, details of the Offer (accompanied by the Form of Acceptance) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director
“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document

DEFINITIONS

“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, comprising all independent non-executive Directors, namely Mr. Cheung Yee Tak, Jonathan, Mr. Li Chung Pong, Stephen and Mr. Lam Chon Loi, established for the purpose of making a recommendation to the Independent Shareholders in relation to the Offer
“Independent Financial Adviser” or “Global Mastermind”	Global Mastermind Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, appointed by the Company with the approval by the Independent Board Committee as the independent financial adviser for the purpose of advising the Independent Board Committee in connection with the Offer
“Independent Shareholders”	the Shareholders other than the Offeror and parties acting in concert with it
“Joint Announcement”	the announcement dated 26 January 2024 jointly issued by the Offeror and the Company in relation to, among others, the Sale and Purchase Agreement and the Offer
“Last Trading Day”	26 January 2024, being the last trading day immediately prior to the release of the Joint Announcement
“Latest Practicable Date”	5 April 2024, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Mr. Chung”	Mr. Chung Chi Wah, who is the sole director and sole shareholder of the Offeror
“Nuada”	Nuada Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in respect of the Offer

DEFINITIONS

“Offer”	the mandatory unconditional cash offer made by West Bull for and on behalf of the Offeror to acquire all the Offer Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it)
“Offer Price”	the price at which the Offer is made, being HK\$0.15 per Offer Share
“Offer Share(s)”	any and all of the issued Share(s), other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it
“Offeror”	Century Lead International Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Mr. Chung as at the Latest Practicable Date
“Overseas Shareholder(s)”	holder(s) of Share(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
“PRC”	the People’s Republic of China
“Registrar”	Union Registrars Limited, the Hong Kong branch share registrar and transfer office of the Company at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Relevant Period”	the period commencing on 26 July 2023, being the date falling six months immediately preceding the commencement of the offer period (as defined under the Takeovers Code), up to and including the Latest Practicable Date
“Remaining Payment”	has the meaning ascribed thereto under the paragraph headed “The Sale and Purchase Agreement – Consideration” in this Composite Document
“Sale and Purchase Agreement”	the unconditional sale and purchase agreement dated 26 January 2024 and entered into between the Offeror (as purchaser) and the Vendor in relation to the sale and purchase of the Sale Shares
“Sale Shares”	an aggregate of 126,000,000 Shares acquired by the Offeror from the Vendor pursuant to the Sale and Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Vendor”	Cyber Goodie Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Mr. Chung Chi Hang, Larry, an executive Director and the Chairman of the Company, as at the Latest Practicable Date
“West Bull”	West Bull Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, the agent making the Offer on behalf of the Offeror
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM WEST BULL



8 April 2024

To the Shareholders,

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
WEST BULL SECURITIES LIMITED
FOR AND ON BEHALF OF THE OFFEROR
FOR ALL THE ISSUED SHARES IN
KEEN OCEAN INTERNATIONAL HOLDING LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the Sale and Purchase Agreement and the Offer.

THE SALE AND PURCHASE AGREEMENT

On 26 January 2024 (after trading hours), the Offeror and the Vendor entered into the Sale and Purchase Agreement in relation to the sale and purchase of the Sale Shares. The principal terms of the Sale and Purchase Agreement are as follows:

Date

26 January 2024

Parties

Purchaser : Century Lead International Limited

Vendor : Cyber Goodie Limited

Immediately after Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in 126,000,000 Shares, representing 63.0% of the issued share capital of the Company.

LETTER FROM WEST BULL

The Vendor is a company incorporated in the British Virgin Islands with limited liability and the entire issued share capital of which is owned by Mr. Chung Chi Hang, Larry, an executive Director and the Chairman of the Company and is the younger brother of Mr. Chung, who is the sole shareholder and sole director of the Offeror.

Subject of the Sale and Purchase Agreement

Pursuant to the Sale and Purchase Agreement, the Offeror agreed to acquire and the Vendor agreed to sell the Sale Shares, comprising 126,000,000 Shares (representing 63.0% of the total issued share capital of the Company), for a total consideration of HK\$18,900,000 (equivalent to HK\$0.15 per Sale Share).

The Sale Shares had been sold free from all encumbrances together with all rights attaching thereto as at the Completion Date including but not limited to all dividends paid, declared or made on or after the Completion Date.

Consideration

The total consideration for the sale and purchase of the Sale Shares amounted to a sum of HK\$18,900,000 (equivalent to HK\$0.15 per Sale Share) which has been agreed between the Offeror and the Vendor after arm's length negotiations taking into account of (i) the business and the historical financial performance and financial position of the Group; and (ii) the historical liquidity and share prices performance of the Shares traded on the Stock Exchange. The consideration shall be settled by the Offeror in the following manner:

- (a) as to HK\$3,000,000 (the "**Completion Payment**") shall be settled upon the Completion Date; and
- (b) as to HK\$15,900,000 (the "**Remaining Payment**") shall be settled within six (6) months following the date of close of the Offer.

Save as to the consideration paid and payable by the Offeror to the Vendor under the Sale and Purchase Agreement, there is no other consideration, compensation or benefits in whatever form provided or to be provided by the Offeror and parties acting in concert with it (other than the Vendor) to the Vendor and parties acting in concert with it.

The Completion Payment was paid by the Offeror from its internal cash resources upon Completion and the Offeror will finance the consideration of the Remaining Payment by its internal cash resources. None of the Sale Shares acquired and the Offer Shares to be acquired by the Offeror is pledged or will be pledged (as the case may be) by the Offeror for financing the payment of the Sale Shares or the consideration payable under the Offer (as the case may be).

LETTER FROM WEST BULL

Completion

The Sale and Purchase Agreement was unconditional and Completion took place on 26 January 2024. Since Completion, the Vendor and parties acting in concert with it (other than the Offeror and Mr. Chung Tin Shing) have ceased to hold any Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

THE UNCONDITIONAL MANDATORY CASH OFFER

Immediately before Completion, the Offeror and parties acting in concert with it (other than the Vendor) were not interested in any Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it (other than the Vendor) are interested in 126,000,000 Shares, representing 63.0% of the total issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it).

This letter sets out, among other things, the principal terms of the Offer, together with the information on the Offeror and the Offeror's intentions regarding the Group. Further details of the Offer and procedures for accepting and settlement of the Offer are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. Independent Shareholders are strongly advised to consider carefully the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" to the Independent Shareholders, the "Letter from Global Mastermind" to the Independent Board Committee and the appendices as set out in this Composite Document and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offer.

PRINCIPAL TERMS OF THE OFFER

West Bull, for and on behalf of the Offeror, is making the Offer pursuant to Rule 26.1 of the Takeovers Code on the following basis:

The Offer

For each Offer Share. HK\$0.15 in cash

The Offer Price of HK\$0.15 per Offer Share is equal to the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The Offer is extended to all Independent Shareholders. The Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrances and together with all rights and benefits attaching to them as at the date of this Composite Document or subsequently becoming attached to them, including but not limited to the right to receive all dividends, distributions and any return of capital, if any, which may be paid, made or declared or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offer is made, being the date of this Composite Document.

LETTER FROM WEST BULL

As at the Latest Practicable Date, there is no outstanding options granted under the share option scheme of the Company adopted under the written resolutions of the Shareholders passed on 2 February 2016. As at the Latest Practicable Date, there are 200,000,000 Shares in issue and save for the aforesaid share option scheme, the Company does not have any share scheme, outstanding options, warrants or derivatives which are convertible or exchangeable into Shares, and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

The Offer is unconditional in all aspects when made.

The procedures for acceptance and further details of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Comparison of value

The Offer Price of HK\$0.15 per Offer Share represents:

- (i) a discount of 50.00% to the closing price of HK\$0.300 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 35.90% to the closing price of HK\$0.234 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 35.90% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.234 per Share;
- (iv) a discount of approximately 35.92% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.2341 per Share;
- (v) a discount of approximately 39.27% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.2470 per Share;
- (vi) a discount of approximately 63.33% to the audited consolidated net asset value per Share as at 31 December 2022 of approximately HK\$0.409 with reference to the audited consolidated net asset value of the Group of approximately HK\$81,805,000 as at 31 December 2022 and 200,000,000 Shares in issue as at the Latest Practicable Date;
- (vii) a discount of approximately 66.81% to the unaudited consolidated net asset value per Share as at 30 June 2023 of approximately HK\$0.452 with reference to the unaudited consolidated net asset value of the Group of approximately HK\$90,359,000 as at 30 June 2023 and 200,000,000 Shares in issue as at the Latest Practicable Date;

LETTER FROM WEST BULL

- (viii) a discount of approximately 68.68% to the unaudited total equity per Share as at 30 September 2023 of approximately HK\$0.479 with reference to the unaudited total equity of the Group of approximately HK\$95,751,000 as at 30 September 2023 and 200,000,000 Shares in issue as at the Latest Practicable Date; and
- (ix) a discount of approximately 69.45% to the audited consolidated net asset value per Share as at 31 December 2023 of approximately HK\$0.491 with reference to the audited consolidated net asset value of the Group of approximately HK\$98,136,000 as at 31 December 2023 and 200,000,000 Shares in issue as at the Latest Practicable Date.

Highest and lowest prices of the Shares

During the Relevant Period, (i) the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.230 on 8 January 2024; and (ii) the highest closing price per Share as quoted on the Stock Exchange was HK\$0.330 on 19 February 2024, 22 February 2024 and 23 February 2024 respectively.

Total value of the Offer

74,000,000 Shares are subject to the Offer. Assuming there is no change in the issued share capital of the Company, on the basis of the Offer Price of HK\$0.15 per Offer Share, the Offer is valued at HK\$11,100,000.

Confirmation of financial resources

The maximum aggregate amount payable by the Offeror for the Offer would be HK\$11,100,000 based on (i) the Offer Price of HK\$0.15 per Offer Share; (ii) and 74,000,000 Shares subject to Offer and (iii) assuming full acceptance of the Offer. The Offeror intends to finance the consideration payable under the Offer by its internal cash resources.

Nuada Limited, being the financial adviser to the Offeror in respect of the Offer, is satisfied that there are sufficient financial resources available to the Offeror to satisfy full acceptances of the Offer.

Effect of accepting the Offer

By accepting the Offer, the relevant Shareholders will sell their Shares to the Offeror free from all liens, claims, charges, encumbrances, rights of pre-emption and any third party rights of any nature and together with all rights attached to them, including but not limited to the right to receive all dividends and distributions declared, made or paid, if any, on or after the date the Offer is made, being the date of despatch of this Composite Document. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, excepted as permitted under the Takeovers Code. There is no declared but unpaid dividend by the Board as at the Latest Practicable Date and the Board has not declared and does not intend to declare any dividends or distributions during the offer period (as defined under the Takeovers Code).

LETTER FROM WEST BULL

The Offer is unconditional in all respects and will remain open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code, details of which are set out in the paragraph headed “5. Right of withdrawal” in Appendix I to this Composite Document.

Stamp duty

Hong Kong seller’s ad valorem stamp duty payable by the Shareholders who accept the Offer and calculated at a rate of 0.10% of (i) the market value of the Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Offer.

Settlement

Settlement of the considerations for the Offer Shares will be made in cash as soon as possible but in any event within seven (7) Business Days following the date on which the relevant documents of title are received by or on behalf of the Offeror (or its agent) to render each such acceptance complete and valid. No fractions of a cent will be payable and the amount of the consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, the Company, and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Shareholders

The availability of the Offer to persons who are not residents in Hong Kong may be affected by the applicable laws of the relevant jurisdiction in which they are residents. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, seek their own legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions). The Offeror, parties acting in concert with the Offeror, the Vendor, the Company, West Bull, Nuada, Global Mastermind, the Registrar and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates, as applicable, or any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes they may be required to pay.

LETTER FROM WEST BULL

Any acceptance of the Offer by such Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the applicable local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Based on the register of members of the Company provided by the Registrar as at the Latest Practicable Date, there is no Overseas Shareholder. Please refer to the paragraph headed “7. Overseas Shareholders” in Appendix I to this Composite Document for further information.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Chung, who is also the sole director of the Offeror. Mr. Chung, aged 60, is a merchant. He obtained a bachelor’s degree in economics from York University in Canada and a master’s degree in financial engineering from the City University of Hong Kong. He has over 20 years of experience in the finance industry in Hong Kong and operated a group of companies which respectively engaged in type 1 (dealing in securities) regulated activity (by Berich Brokerage Limited) and type 2 regulated activity (dealing in futures contracts) (by Berich Futures (H.K.) Company Limited) under the SFO during the period from 2007 to 2022 and type 9 (asset management) regulated activity (by Guo Bang (HK) Asset Management Limited) under the SFO during the period from 2018 to 2023. Mr. Chung is the elder brother of Mr. Chung Chi Hang, Larry, an executive Director and the Chairman of the Company and the sole shareholder of the Vendor.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

It is the Offeror’s intention to further consolidate its interest in the Company pursuant to the Offer. The Offeror (including Mr. Chung) has no intention to introduce major changes to the existing business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business. The intention of the Offeror (including Mr. Chung) is that the Company’s existing principal activities will be maintained, and at the same time after completion of the Offer, the Offeror (including Mr. Chung) will assist the Company in reviewing its business and operations and seek for new investment opportunities. Any acquisition or disposal of the assets or business of the Group, if any, will be in compliance with the GEM Listing Rules and the Takeovers Code. As at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to (i) the injection of any assets or business into the Group; or (ii) the disposal of any assets or business of the Group.

The Offeror (including Mr. Chung) will, depending on the business operations and development of the Group in the future, constantly review the employee structure of the Group so as to meet the needs of the Group from time to time. As at the Latest Practicable Date, the Offeror (including Mr. Chung) has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

LETTER FROM WEST BULL

Changes to the composition of the Board

As at the Latest Practicable Date, the executive Directors are Mr. Chung Chi Hang, Larry, Mr. Chung Tin Shing and Mr. Wong Shek Fai, Johnson; and the independent non-executive Directors are Mr. Cheung Yee Tak, Jonathan, Mr. Li Chung Pong, Stephen and Mr. Lam Chon Loi. It is expected that all of the existing executive Directors and independent non-executive Directors will remain unchanged.

The Offeror intends to nominate new Directors to the Board with effect from the time permitted under the Takeovers Code and any such appointment will be made in compliance with the Takeovers Code and the GEM Listing Rules. As at the Latest Practicable Date, the Offeror has not decided on the candidates to be nominated. Further announcement(s) will be made by the Company regarding changes in the Board composition as and when appropriate.

MAINTAINING THE LISTING STATUS OF THE GROUP

The Stock Exchange has stated that, if, at the closing of the Offer, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealing in the Shares.

The Offeror intends the Shares to remain listed on the Stock Exchange after the close of the Offer. The director of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

ACCEPTANCE AND SETTLEMENT OF THE OFFER

Your attention is drawn to the details regarding the procedures for acceptance and settlement of the Offer as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any outstanding Offer Shares after the Closing Date.

LETTER FROM WEST BULL

GENERAL

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold the Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares, whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, or, in case of joint holders to the Independent Shareholder whose name appears first in the said register of members. None of the Offeror, parties acting in concert with the Offeror, the Vendor, the Company, Nuada, West Bull, Global Mastermind, the Registrar nor their respective ultimate beneficial owners, directors, officers, advisers, agents or associates, as applicable, or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the letter of advice by the Independent Financial Adviser to the Independent Board Committee as set out in the “Letter from Global Mastermind” contained in this Composite Document.

Yours faithfully,
For and on behalf of
West Bull Securities Limited
Hui Suen Tak
Executive Director

LETTER FROM THE BOARD

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 the PRC:

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:

Room 3702, 37/F

Cable TV Tower

9 Hoi Shing Road

Tsuen Wan

New Territories

Hong Kong

8 April 2024

To the Independent Shareholders:

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
WEST BULL SECURITIES LIMITED
FOR AND ON BEHALF OF THE OFFEROR
FOR ALL THE ISSUED SHARES IN
KEEN OCEAN INTERNATIONAL HOLDING LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the Sale and Purchase Agreement and the Offer.

LETTER FROM THE BOARD

THE SALE AND PURCHASE AGREEMENT

On 26 January 2024 (after trading hours), the Offeror and the Vendor entered into the Sale and Purchase Agreement in relation to the sale and purchase of the Sale Shares. The principal terms of the Sale and Purchase Agreement are as follows:

Date

26 January 2024

Parties

Purchaser : Century Lead International Limited

Vendor : Cyber Goodie Limited

Immediately after Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in 126,000,000 Shares, representing 63.0% of the issued share capital of the Company.

The Vendor is a company incorporated in the British Virgin Islands with limited liability and the entire issued share capital of which is owned by Mr. Chung Chi Hang, Larry, an executive Director and the Chairman of the Company and is the younger brother of Mr. Chung, who is the sole shareholder and sole director of the Offeror.

Subject of the Sale and Purchase Agreement

Pursuant to the Sale and Purchase Agreement, the Offeror agreed to acquire and the Vendor agreed to sell the Sale Shares, comprising 126,000,000 Shares (representing 63.0% of the total issued share capital of the Company), for a total consideration of HK\$18,900,000 (equivalent to HK\$0.15 per Sale Share).

The Sale Shares had been sold free from all encumbrances together with all rights attaching thereto as at the Completion Date including but not limited to all dividends paid, declared or made on or after the Completion Date.

LETTER FROM THE BOARD

Consideration

The total consideration for the sale and purchase of the Sale Shares amounted to a sum of HK\$18,900,000 (equivalent to HK\$0.15 per Sale Share) which has been agreed between the Offeror and the Vendor after arm's length negotiations taking into account of (i) the business and the historical financial performance and financial position of the Group; and (ii) the historical liquidity and share prices performance of the Shares traded on the Stock Exchange. The consideration shall be settled by the Offeror in the following manner:

- (a) as to HK\$3,000,000 (the “**Completion Payment**”) shall be settled upon the Completion Date; and
- (b) as to HK\$15,900,000 (the “**Remaining Payment**”) shall be settled within six (6) months following the date of close of the Offer.

Save as to the consideration paid and payable by the Offeror to the Vendor under the Sale and Purchase Agreement, there is no other consideration, compensation or benefits in whatever form provided or to be provided by the Offeror and parties acting in concert with it (other than the Vendor) to the Vendor and parties acting in concert with it.

The Completion Payment was paid by the Offeror from its internal cash resources upon Completion and the Offeror will finance the consideration of the Remaining Payment by its internal cash resources. None of the Sale Shares acquired and the Offer Shares to be acquired by the Offeror is pledged or will be pledged (as the case may be) by the Offeror for financing the payment of the Sale Shares or the consideration payable under the Offer (as the case may be).

Completion

The Sale and Purchase Agreement was unconditional and Completion took place on 26 January 2024. Since Completion, the Vendor and parties acting in concert with it (other than the Offeror and Mr. Chung Tin Shing) have ceased to hold any Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

THE UNCONDITIONAL MANDATORY CASH OFFER

Immediately before Completion, the Offeror and parties acting in concert with it (other than the Vendor) were not interested in any Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it (other than the Vendor) are interested in 126,000,000 Shares, representing 63.0% of the total issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it).

Further details of the Offer are set out in the “Letter from West Bull” and Appendix I to this Composite Document of which this letter forms part, and in the accompanying Form of Acceptance.

LETTER FROM THE BOARD

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offer, the recommendation of the Independent Board Committee to the Independent Shareholders and the “Letter from Global Mastermind” to the Independent Board Committee in relation to the Offer.

PRINCIPAL TERMS OF THE OFFER

West Bull, for and on behalf of the Offeror, is making the Offer pursuant to Rule 26.1 of the Takeovers Code on the following basis:

The Offer

For each Offer Share. HK\$0.15 in cash

The Offer Price of HK\$0.15 per Offer Share is equal to the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The Offer is extended to all Independent Shareholders. The Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrances and together with all rights and benefits attaching to them as at the date of this Composite Document or subsequently becoming attached to them, including but not limited to the right to receive all dividends, distributions and any return of capital, if any, which may be paid, made or declared or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offer is made, being the date of this Composite Document.

The Offer is unconditional in all aspects when made.

The procedures for acceptance and further details of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE GROUP

The Company is an investment holding company. 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.

Your attention is drawn to Appendix II and Appendix III to this Composite Document which contain financial and general information of the Group, respectively.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company immediately before and after Completion and as at the Latest Practicable Date are as follows:

	Immediately before Completion		Immediately after Completion and as at the Latest Practicable Date	
	Number of Shares	Approximate % of the issued Shares	Number of Shares	Approximate % of the issued Shares
The Offeror and parties acting in concert with it				
The Vendor (<i>Note 1</i>)	126,000,000	63.00	–	–
The Offeror and parties acting in concert with it (other than the Vendor)	–	–	126,000,000	63.00
Sub-total	126,000,000	63.00	126,000,000	63.00
Mr. Chung Tin Shing (<i>Note 2</i>)	14,000,000	7.00	14,000,000	7.00
Public Shareholders	60,000,000	30.00	60,000,000	30.00
Total	200,000,000	100.0	200,000,000	100.0

Note:

- These Shares are held by the Vendor, 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 the Vendor under the SFO.
- Mr. Chung Tin Shing is an executive Director. As disclosed in the annual report of the Company for the year ended 31 December 2022, 天工電子塑膠(河源)有限公司(T-Lab Electronic and Plastic (He Yuan) Co. Ltd.) (“**He Yuan T-Lab**”) is wholly-owned by Yield Speed Limited which is ultimately owned as to 90% by the Vendor (which in turn is wholly-owned by Mr. Chung Chi Hang, Larry) and as to 10% by Mr. Chung Tin Shing. 河源天裕電子塑膠有限公司 (He Yuan Sky Wealth Electronic and Plastic Company Limited) (“**He Yuan Sky Wealth**”), a wholly-owned subsidiary of the Company, and He Yuan T-Lab has entered into tenancy agreements, whereby He Yuan Sky Wealth leased from He Yuan T-Lab the properties located at the east of Xinggong Avenue and south of Keqi Road, High-tech Development Zone, Heyuan City, Guangdong Province, the PRC. Accordingly, Mr. Chung Tin Shing is considered to be a party acting in concert with Mr. Chung Chi Hang, Larry. For the avoidance of doubt, Mr. Chung Tin Shing does not have any relationship with Mr. Chung and/or the Offeror and is not a party acting in concert with the Offeror.
- Save as disclosed above, none of the Directors hold any Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

INFORMATION ON THE OFFEROR

Your attention is drawn to the paragraph headed “Information on the Offeror” in “Letter from West Bull” in this Composite Document and Appendix IV to this Composite Document.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the paragraph headed “Intention of the Offeror in relation to the Group” in “Letter from West Bull” in this Composite Document. The Board is aware of the Offeror’s intention in relation to the Group and is willing to render reasonable co-operation with the Offeror and continue to act in the best interests of the Company and the Shareholders as a whole.

MAINTAINING THE LISTING STATUS OF THE GROUP

The Stock Exchange has stated that, if, at the closing of the Offer, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealing in the Shares.

The Offeror intends the Shares to remain listed on the Stock Exchange after the close of the Offer. The director of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

RECOMMENDATION

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Cheung Yee Tak, Jonathan, Mr. Li Chung Pong, Stephen and Mr. Lam Chon Loi, has been established to advise the Independent Shareholders in relation to the Offer and in particular as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer. Your attention is drawn to “Letter from the Independent Board Committee” and “Letter from Global Mastermind” in this Composite Document containing their respective advice and recommendation in respect of the Offer and principal factors considered by them in arriving at their recommendation. You are advised to read these letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

In considering what actions to take in connection with the Offer, you should also consider your own tax positions, if any, and in case of any doubt, consult your own professional advisers.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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)

8 April 2024

To the Independent Shareholders:

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
WEST BULL SECURITIES LIMITED
FOR AND ON BEHALF OF THE OFFEROR
FOR ALL THE ISSUED SHARES IN
KEEN OCEAN INTERNATIONAL HOLDING LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

We refer to this Composite Document dated 8 April 2024 jointly issued by the Company and the Offeror, of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in this Composite Document.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Offer and to advise you (i.e. the Independent Shareholders) as to whether or not the Offer is fair and reasonable so far as the Independent Shareholders are concerned, and to make recommendation in respect of the acceptance of the Offer. Global Mastermind has been appointed as the Independent Financial Adviser to make recommendation to us in respect of the terms of the Offer and, in particular, whether the Offer is fair and reasonable so far as the Independent Shareholders are concerned, and to make recommendation in respect of the acceptance of the Offer. Your attention is drawn to the “Letter from Global Mastermind” (the “**IFA Letter**”) as set out in this Composite Document containing its advice to us and the principal factors and reasons taken into account by it in arriving at such advice.

We also wish to draw your attention to the “Letter from West Bull” and “Letter from the Board” as set out in this Composite Document as well as the additional information set out in the appendices to this Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Taking into account the terms of the Offer and the independent advice and recommendation from the Independent Financial Adviser contained in the IFA Letter, and the principal factors, reasons and recommendation considered by it in arriving at its advice and recommendation, we consider that the Offer is not fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders not to accept the Offer. The Independent Shareholders are recommended to read the full text of the IFA Letter set out in this Composite Document.

Nevertheless, for those Independent Shareholders who are considering to realise all or part of their holding in the Shares, they should closely monitor the market price and liquidity of the Shares during the offer period (as defined under the Takeovers Code) and carefully consider the relevant risks and uncertainties based on their individual preference and tolerance level. Should the net proceeds receivable under the Offer exceed the net sale proceeds from the sale of Shares in the open market, or if there is difficulty in disposing of a large volume of the Shares in the open market, in view of the thin historical trading volume of Shares on the Stock Exchange and the downward pressure it may create on the price of the Shares, the Independent Shareholders may wish to consider accepting the Offer.

Notwithstanding our recommendation, the Independent Shareholders should consider carefully the terms and conditions of the Offer and are strongly advised that their decision to realise or to hold their investment in the Shares depends on their own individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for professional advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the terms and procedures for acceptance of the Offer as detailed in this Composite Document and the accompanying Form of Acceptance.

Yours faithfully,

For and on behalf of
the Independent Board Committee of

Keen Ocean International Holding Limited

Mr. Cheung Yee Tak, Jonathan

*Independent non-executive
Director*

Mr. Li Chung Pong, Stephen

*Independent non-executive
Director*

Mr. Lam Chon Loi

*Independent non-executive
Director*

LETTER FROM GLOBAL MASTERMIND

The following is the full text of a letter of advice from the Independent Financial Adviser setting out the advice to the Independent Board Committee in respect of the Offer, which has been prepared for the purpose of inclusion in this Composite Document.



GLOBAL MASTERMIND SECURITIES LIMITED
環球大通證券有限公司

Unit 1201-02, 12/F
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

8 April 2024

*To Independent Board Committee of
Keen Ocean International Holding Limited*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
WEST BULL SECURITIES LIMITED
FOR AND ON BEHALF OF THE OFFEROR
FOR ALL THE ISSUED SHARES IN
KEEN OCEAN INTERNATIONAL HOLDING LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the terms of the Offer, details of which are set out in the Composite Document dated 8 April 2024, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

The Board was notified by the Vendor that on 26 January 2024, the Offeror and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Offeror agreed to acquire and the Vendor agreed to sell the Sale Shares, comprising 126,000,000 Shares (representing 63.0% of the total issued share capital of the Company), for a total consideration of HK\$18,900,000 (equivalent to HK\$0.15 per Sale Share).

Immediately before Completion, the Offeror and parties acting in concert with it (other than the Vendor) were not interested in any Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it (other than the Vendor) were interested in 126,000,000 Shares, representing 63.0% of the total issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it).

LETTER FROM GLOBAL MASTERMIND

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Cheung Yee Tak, Jonathan, Mr. Li Chung Pong, Stephen and Mr. Lam Chon Loi, has been established to advise the Independent Shareholders in relation to the Offer and in particular as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code.

With the approval of the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code, we, Global Mastermind Securities Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, the Vendor, the Offeror, any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. In the last two years, save for this appointment as the Independent Financial Adviser, we have not acted as financial adviser or independent financial adviser to the Company, the Vendor or the Offeror or any party acting, or presumed to be acting, in concert with any of them. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Group, the Vendor, the Offeror, any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them that could reasonably be regarded as relevant to our independence. Accordingly, we are considered eligible to give independent advice in respect of the Offer.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have considered, among other things, (i) the information contained or referred to in the Composite Document; (ii) the annual report of the Company for the year ended 31 December 2022 (the “**Annual Report 2022**”) and annual results announcement of the Company for the year ended 31 December 2023 (the “**Annual Results 2023**”); and (iii) the information and opinions provided by the Directors and the management of the Group (the “**Management**”).

We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Composite Document were true, accurate and complete in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Composite Document are true in all material respects at the time they were made and continue to be true in all material respects as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors, the Management and the Offeror and those as set out or referred to in the Composite Document were reasonably made after due and careful enquiry. We have no reason to suspect the truth, accuracy and completeness of such information and representations expressed to us or contained in the Composite Document.

LETTER FROM GLOBAL MASTERMIND

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than the information relating to the Offeror) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than that expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in the Composite Document (other than those relating to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in the Composite Document (other than the opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statements in the Composite Document misleading.

We consider that we have been provided with sufficient information and have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context. Our opinion is necessarily based on the financial market and other conditions in effect and the information made available to us as at the Latest Practicable Date, and the Shareholders will be notified of any material changes (if any) to such statements, information, opinions and/or representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

We have not considered the tax and regulatory implications on the Independent Shareholders of acceptance or non-acceptance of the Offer since these depend on their individual circumstances. In particular, the Independent Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional adviser.

This letter is issued for the Independent Board Committee solely in respect of the Offer and, except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM GLOBAL MASTERMIND

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation to the Independent Board Committee in respect of the Offer, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

The Company is an investment holding company. 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.

(a) *Financial performance*

Set out below is the consolidated financial information of the Group for the three years ended 31 December 2023 as extracted from the Annual Report 2022 and the Annual Results 2023:

	For the year ended		
	31 December		
	2023	2022	2021
	(Audited)	(Audited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000
Revenue	326,713	394,867	267,268
Sales of transformers	146,176	219,390	133,907
Sales of switching mode power supplies	3,100	2,645	3,919
Sales of electric healthcare products	2,687	1,572	679
Sales of electronic parts and components	174,750	171,260	128,763
Gross profit	50,656	57,742	42,242
Profit for the year/period attributable to the owners of the Company	17,182	16,805	12,233

For the year ended 31 December 2022 (“FY2022”)

For FY2022, the Group recorded revenue of approximately HK\$394.9 million, representing a growth of approximately 47.7% as compared to approximately HK\$267.3 million for the year ended 31 December 2021 (“FY2021”). As disclosed in the Annual Report 2022, such increase was primarily due to the increase in the placement of purchase orders for transformers, and electronic parts and components from existing customers which engaged in the production of components for clean energy appliances.

LETTER FROM GLOBAL MASTERMIND

Although there was an increase in gross profit of the Group from approximately HK\$42.2 million for FY2021 to approximately HK\$57.7 million for FY2022 due to the increase in revenue as discussed above, gross profit margin decreased slightly from approximately 15.8% for FY2021 to approximately 14.6% for FY2022. It is noted from the Annual Report 2022 that the decrease in gross profit margin was mainly attributable to the increase in the costs of raw materials and production costs during FY2022.

The Group recognised profit for the year attributable to the owners of the Company of approximately HK\$16.8 million for FY2022, representing a rise of approximately 37.7% as compared to approximately HK\$12.2 million as recorded for FY2021. According to the Annual Report 2022, such increase was primarily due to the combined effect of (i) the growth in gross profit of the Group for FY2022 as discussed above; (ii) the increase in administrative expenses of approximately HK\$9.8 million mainly attributable to (a) the development of new products and upgrade of existing products to meet with the global trend in clean energy, as well as the development to improve existing production processes to reduce costs and (b) higher staff costs and related expenses in line with the increase in revenue; (iii) the increase in other gains of approximately HK\$3.4 million mainly attributable to the gains on transfer of intercompany funds for balances denominated in Renminbi and investment income; and (iv) the increase in income tax expenses of approximately HK\$3.4 million.

For the year ended 31 December 2023 (“FY2023”)

For FY2023, the Group recorded revenue of approximately HK\$326.7 million, representing a drop of approximately 17.3% as compared to approximately HK\$394.9 million for FY2022. As disclosed in the Annual Results 2023, such decrease was primarily due to decrease in the placement of purchase orders for transformers during FY2023.

LETTER FROM GLOBAL MASTERMIND

The gross profit of the Group decreased from approximately HK\$57.7 million for FY2022 to approximately HK\$50.7 million for FY2023, while gross profit margin increased slightly from approximately 14.6% for FY2022 to approximately 15.5% for FY2023. It is noted from the Annual Results 2023 that the increase in gross profit margin was mainly attributable to efficiencies made from research and development investment in reducing production waste and overall costs of production during FY2023.

The Group recognised profit for the period attributable to the owners of the Company of approximately HK\$17.2 million for FY2023, representing a slight increase of approximately 2.4% as compared to approximately HK\$16.8 million as recorded for FY2022. According to the Annual Results 2023, such increase was primarily due to the combined effect of (i) the decline in gross profit of the Group for FY2023 as discussed above; (ii) the increase in other income of approximately HK\$1.3 million mainly attributable to the receipt of tax incentives provided by the Government of Heyuan City of the PRC for development costs related to sustainable products and the increase in interest income received in line with increase in bank balances due to improvement in account receivable collection during FY2023; (iii) the decrease in selling and distribution expenses of approximately HK\$2.3 million mainly attributable to the reduced staff costs as a result of a drive to control costs and reduction in costs for Covid-19 staff inspections, in addition to the continued efforts to offset transport and freight costs by recharge made to customers for low volume shipments during FY2023; and (iv) the decrease in income tax expenses of approximately HK\$2.4 million mainly attributable to the decrease of taxable profit for FY2023 and obtaining certain tax items with PRC concession tax rate reduced from 25% to 15%.

LETTER FROM GLOBAL MASTERMIND

(b) Financial position

Set out below is a summary of the consolidated statements of financial position of the Group as at 31 December 2022 and 2023 as extracted from the Annual Results 2023:

	As at 31 December	
	2023	2022
	(Audited) <i>HK\$'000</i>	(Audited) <i>HK\$'000</i>
Non-current assets	34,967	15,025
Property, plant and equipment	34,967	13,041
Right-of-use assets	–	1,984
Current assets	175,507	223,197
Inventories	53,148	104,106
Trade and other receivables and prepayments	34,898	86,123
Investments at fair value through profit or loss	9,140	1,800
Pledged bank deposits	10,810	11,835
Short-term deposits	55,800	–
Bank and cash balances	11,711	19,333
Current liabilities	112,338	156,417
Trade and other payables and accruals	41,958	87,080
Contract liabilities	29,851	11,377
Bank loans and overdrafts	37,050	52,534
Amount due to a related party	1,841	972
Lease liabilities	–	2,076
Current tax liabilities	1,638	2,378
Net current assets	63,169	66,780
Net assets	98,136	81,805

LETTER FROM GLOBAL MASTERMIND

As at 31 December 2023, the non-current assets of the Group amounted to approximately HK\$35.0 million, which consisted of property, plant and equipment. As disclosed in the Annual Results 2023, the increase in property, plant and equipment from approximately HK\$13.0 million as at 31 December 2022 to approximately HK\$35.0 million as at 31 December 2023 was mainly due to the purchase of two non-residential properties for self-owned premises in Hong Kong during FY2023. As noted from the Management, the decrease in right-of-use assets from approximately HK\$2.0 million as at 31 December 2022 to nil as at 31 December 2023 was due to the increase in accumulated depreciation of the rental properties of the Group. The current assets of the Group recorded approximately HK\$175.5 million as at 31 December 2023, which mainly comprised inventories of approximately HK\$53.1 million, trade and other receivables and prepayments of approximately HK\$34.9 million and short-term deposits of approximately HK\$55.8 million. As noted from the Management, the short-term deposit of approximately HK\$55.8 million (FY2022: nil) was mainly due to the trade receivables received from customers which were then deposited in bank as short-term deposit in order to maximise the return of the aforesaid cash. The current liabilities of the Group amounted to approximately HK\$112.3 million as at 31 December 2023, which mainly included trade and other payables and accruals of approximately HK\$42.0 million, contract liabilities of approximately HK\$29.9 million and bank loans and overdrafts of approximately HK\$37.1 million.

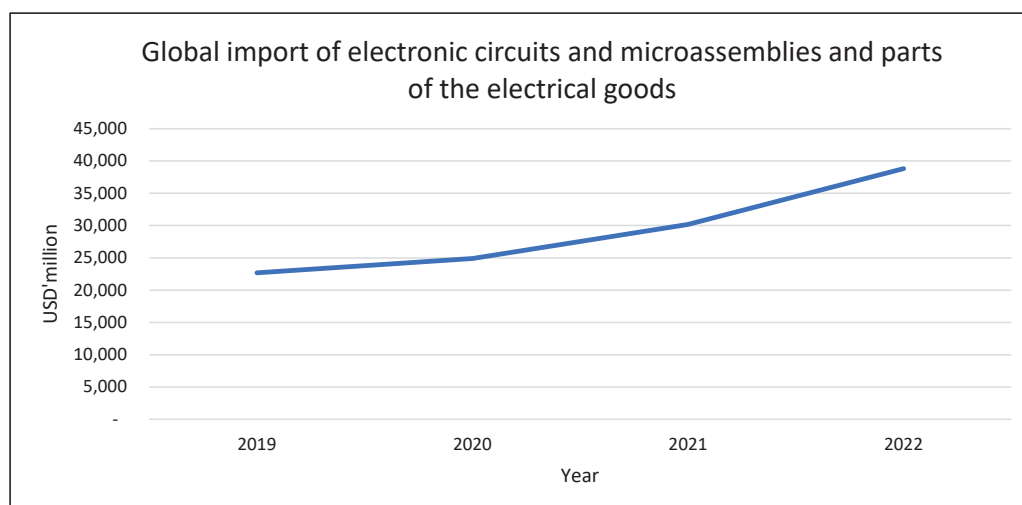
LETTER FROM GLOBAL MASTERMIND

As at 31 December 2023, the Group recorded net current assets and net assets of approximately HK\$63.2 million and HK\$98.1 million respectively. Based on the above and the number of issued Shares of 200,000,000 as at the Latest Practicable Date, the audited consolidated net asset value per Share of the Group was approximately HK\$0.491 as at 31 December 2023. As at 31 December 2023, the gearing ratio of the Group, which is based on the ratio of interest bearing borrowings net of bank and cash balance to total equity, was approximately 0.26.

2. Prospect and outlook of the Group

As disclosed in the Annual Report 2022 and Annual Results 2023, the products of the Group mainly include transformers and electronic parts and components, which in aggregate accounted for 98.9% and 98.2% of the total sales of the Group for FY2022 and FY2023 respectively, and was sold to customers worldwide.

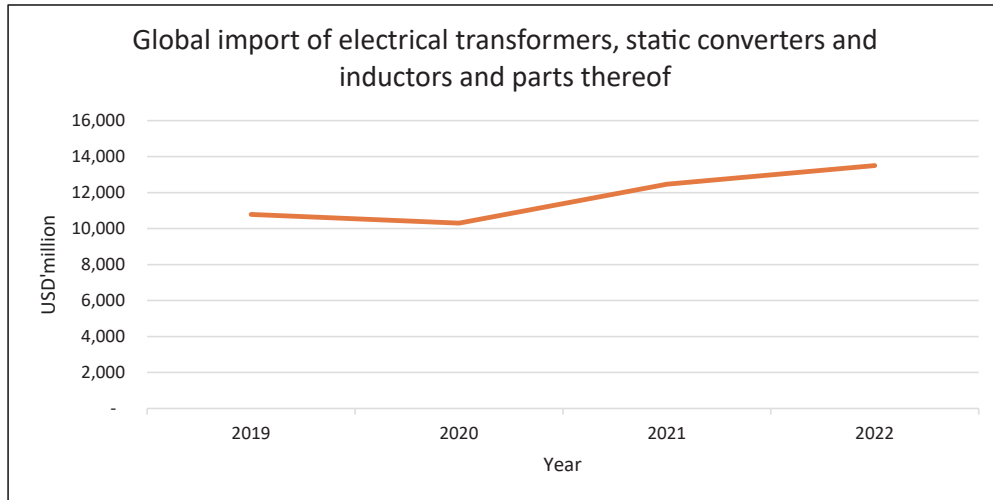
We obtained data from World Integrated Trade Solution (“WITS”), a data base developed by the World Bank in collaboration with the United Nations Conference on Trade and Development and in consultation with organisations such as International Trade Center, United Nations Statistical Division and the World Trade Organisation. As the data available on WITS are from worldwide, the full data for 2023 was not yet available as at the Latest Practicable Date. Therefore, we studied the statistics on WITS from 2019 to 2022.



Source: The World Integrated Trade Solution (wits.worldbank.org)

LETTER FROM GLOBAL MASTERMIND

As depicted above, according to WITS, the global import of electronic circuits and microassemblies and parts of the electrical goods showed an upward trend from 2019 to 2022, representing a compound annual growth rate of approximately 19.6%.



Source: *The World Integrated Trade Solution* (wits.worldbank.org)

According to WITS, the global import of electrical transformers, static converters and inductors and parts thereof, despite a slight drop in 2019, showed an increasing trend, representing a compound annual growth rate of approximately 7.8% from 2019 to 2022.

Having taken into consideration the general global trend of import of electronic components as well as transformers, we are of the view that the business prospect of the Group is generally positive.

LETTER FROM GLOBAL MASTERMIND

3. Information of the Offeror and the Offeror's intention regarding the Group

Immediately upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it (other than the Vendor) were interested in 126,000,000 Shares, representing 63.0% of the total issued share capital of the Company.

(a) Information of the Offeror

As stated in the "Letter from West Bull", the Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Chung, who is also the sole director of the Offeror. Mr. Chung, aged 60, is a merchant. He obtained a bachelor's degree in economics from York University in Canada and a master's degree in financial engineering from the City University of Hong Kong. He has over 20 years of experience in the finance industry in Hong Kong and operated a group of companies which respectively engaged in type 1 (dealing in securities) regulated activity (by Berich Brokerage Limited) and type 2 regulated activity (dealing in futures contracts) (by Berich Futures (H.K.) Company Limited) under the SFO during the period from 2007 to 2022 and type 9 (asset management) regulated activity (by Guo Bang (HK) Asset Management Limited) under the SFO during the period from 2018 to 2023. Mr. Chung is the elder brother of Mr. Chung Chi Hang, Larry, an executive Director, the Chairman of the Company and the sole shareholder of the Vendor.

Although Mr. Chung has no direct experience regarding the business of the Group, Mr. Chung's background in relation to finance and economics may help to formulate the future development of the Group by taking into account the financial performance of the Group and the current and future economic environment.

(b) Intentions of the Offeror in relation to the Group

As further noted from the "Letter from West Bull", it is the Offeror's intention to further consolidate its interest in the Company pursuant to the Offer. The Offeror (including Mr. Chung) has no intention to introduce major changes to the existing business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business. The intention of the Offeror (including Mr. Chung) is that the Company's existing principal activities will be maintained, and at the same time after completion of the Offer, the Offeror (including Mr. Chung) will assist the Company in reviewing its business and operations and seek for new investment opportunities. Any acquisition or disposal of the assets or business of the Group, if any, will be in compliance with the GEM Listing Rules and the Takeovers Code. As at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to (i) the injection of any assets or business into the Group; or (ii) the disposal of any assets or business of the Group.

LETTER FROM GLOBAL MASTERMIND

The Offeror (including Mr. Chung) will, depending on the business operations and development of the Group in the future, constantly review the employee structure of the Group so as to meet the needs of the Group from time to time. As at the Latest Practicable Date, the Offeror (including Mr. Chung) has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

(c) *Changes to the composition of the Board*

As at the Latest Practicable Date, the executive Directors were Mr. Chung Chi Hang, Larry, Mr. Chung Tin Shing and Mr. Wong Shek Fai, Johnson; and the independent non-executive Directors are Mr. Cheung Yee Tak, Jonathan, Mr. Li Chung Pong, Stephen and Mr. Lam Chon Loi. As stated in the “Letter from West Bull”, it is expected that all of the existing executive Directors and independent non-executive Directors will remain unchanged.

As stated in the “Letter from West Bull”, the Offeror intends to nominate new Directors to the Board with effect from the time permitted under the Takeovers Code and any such appointment will be made in compliance with the Takeovers Code and the GEM Listing Rules. As at the Latest Practicable Date, the Offeror had not decided on the candidates to be nominated. Further announcement(s) will be made by the Company regarding changes in the Board composition as and when appropriate.

(d) *Maintaining the GEM listing status of the Company*

The Stock Exchange has stated that, if, at the closing of the Offer, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealing in the Shares.

As set out in “Letter from West Bull”, the Offeror intends the Shares to remain listed on the Stock Exchange after the close of the Offer. The director of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

(e) *Our view*

After considering (i) the Offeror has no intention to introduce major changes to the existing business of the Group and intends that the Company’s existing principal activities will be maintained; and (ii) that apart from the appointment of new director(s), all of the existing executive Directors and independent non-executive Directors will remain unchanged, it is expected that there will be no immediate material change on the business operation of the Group after the close of the Offer.

LETTER FROM GLOBAL MASTERMIND

4. Analysis on the Offer Price

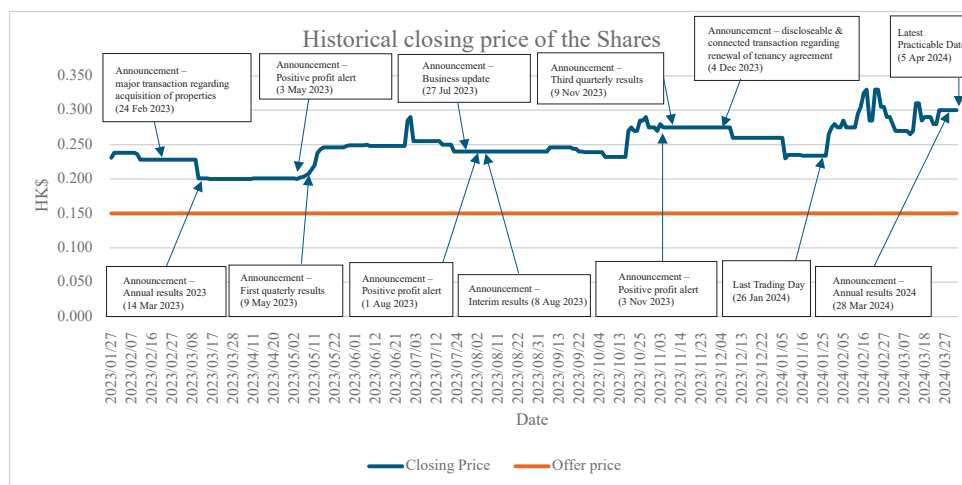
The Offer Price of HK\$0.15 per Offer Share represents:

- (i) a discount of 50.00% to the closing price of HK\$0.300 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 35.90% to the closing price of HK\$0.234 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 35.90% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.234 per Share;
- (iv) a discount of approximately 35.92% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.2341 per Share;
- (v) a discount of approximately 39.27% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.2470 per Share;
- (vi) a discount of approximately 63.33% to the audited consolidated net asset value per Share as at 31 December 2022 of approximately HK\$0.409 with reference to the audited consolidated net asset value of the Group of approximately HK\$81,805,000 as at 31 December 2022 and 200,000,000 Shares in issue as at the Latest Practicable Date;
- (vii) a discount of approximately 66.81% to the unaudited consolidated net asset value per Share as at 30 June 2023 of approximately HK\$0.452 with reference to the unaudited consolidated net asset value of the Group of approximately HK\$90,359,000 as at 30 June 2023 and 200,000,000 Shares in issue as at the Latest Practicable Date;
- (viii) a discount of approximately 68.68% to the unaudited total equity per Share as at 30 September 2023 of approximately HK\$0.479 with reference to the unaudited total equity of the Group of approximately HK\$95,751,000 as at 30 September 2023 and 200,000,000 Shares in issue as at the Latest Practicable Date; and
- (ix) a discount of approximately 69.45% to the audited consolidated net asset value per Share as at 31 December 2023 of approximately HK\$0.491 with reference to the audited consolidated net asset value of the Group of approximately HK\$98,136,000 as at 31 December 2023 and 200,000,000 Shares in issue as at the Latest Practicable Date.

LETTER FROM GLOBAL MASTERMIND

(i) *Historical price performance of the Shares*

Set out below is the chart showing the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 27 January 2023, being the twelve-month period prior to the Last Trading Day i.e. 26 January 2024, up to and including the Latest Practicable Date (the “**Review Period**”). We consider that the Review Period is a reasonable and sufficient time length to illustrate the recent closing price level and movement of the Shares.



Source: The Stock Exchange (www.hkex.com.hk)

As depicted in the above table, the Share closing price was above the Offer Price of HK\$0.15 per Share throughout the whole Review Period. The lowest and highest closing price of the Shares during the Review Period were HK\$0.20 per Share recorded for the trading days from 16 March 2023 to 6 April 2023, and 3 May 2023 respectively and HK\$0.33 per Share recorded on 19 February 2024, 22 February 2024 and 23 February 2024 respectively, as quoted on the Stock Exchange. The average daily closing price of the Shares during the Review Period is approximately HK\$0.248 per Share. The Offer Price of HK\$0.15 per Share represents (i) a discount of 25.00% to the lowest closing price; (ii) a discount of approximately 54.55% to the highest closing price; and (iii) a discount of approximately 39.60% to the average daily closing price during the Review Period.

LETTER FROM GLOBAL MASTERMIND

During the period from 27 January 2023 to 26 January 2024 i.e. the Last Trading Day (the “**Pre-Announcement Period**”), the closing price of the Shares dropped from the beginning of the period and recorded the lowest of HK\$0.20 from 16 March 2023 to 6 April 2023 and 3 May 2023 respectively, before bouncing back to a level of around HK\$0.24 in mid of May 2023 and having a sudden surge at HK\$0.29 on 29 June 2023. After that, the closing price of the Shares fluctuated. The closing price of the Shares peaked at HK\$0.29 again on 27 October 2023, which was then followed by a downward trend until the end of the Pre-Announcement Period. We enquired with the Management and were advised that save for the publication of announcements of the Company as stated in the chart above, the Directors were not aware of any specific reasons which may have an impact of the fluctuations of Share prices during the Pre-Announcement Period.

Immediately after the Last Trading Day and to the Latest Practicable Date (the “**Post-Announcement Period**”), the closing price of the Shares were in a range between HK\$0.265 to HK\$0.33. We have enquired into the Management regarding the possible reasons for such increase in the closing price of the Shares as compared to that on the Last Trading Day, and as confirmed by the Directors, save as the Offer, the Directors were not aware of any happening which might have affected the closing price of the Shares.

Having considered the above, in particular, (i) the closing prices of the Shares were well above the Offer Price during the whole Review Period; and (ii) the Offer Price represented a discount to the closing price of the Shares which is between 25.00% and approximately 54.55% during the Review Period, we are of the view that, in comparison of the historical closing prices of the Shares, the Offer Price is unattractive and not fair and not reasonable so far as the Independent Shareholders are concerned.

LETTER FROM GLOBAL MASTERMIND

(ii) *Historical liquidity of the Shares*

The table below sets out the market trading liquidity of the Shares during the Review Period:

	Total Trading volume <i>No. of Shares</i>	Number of trading days	Average daily trading volume <i>No. of Shares</i>	Percentage of the average daily trading volume to the total number of issued Shares <i>(Note 1)</i>	Percentage of the average daily trading volume to the total number of Shares held by the public Shareholders <i>(Note 2)</i>
2023					
January (from 27 January 2023)	25,000	3	8,333	0.0042%	0.0139%
February	255,000	20	12,750	0.0064%	0.0213%
March	35,000	23	1,522	0.0008%	0.0025%
April	10,000	17	588	0.0003%	0.0010%
May	155,000	21	7,381	0.0037%	0.0123%
June	140,000	21	6,667	0.0033%	0.0111%
July	220,000	20	11,000	0.0055%	0.0183%
August	50,000	23	2,174	0.0011%	0.0036%
September	5,000	19	263	0.0001%	0.0004%
October	270,100	20	13,505	0.0068%	0.0225%
November	530,000	22	24,091	0.0120%	0.0402%
December	130,000	19	6,842	0.0034%	0.0114%
2024					
January	1,445,000	22	65,682	0.0328%	0.1095%
February	915,000	19	48,158	0.0241%	0.0803%
March	1,110,000	20	55,500	0.0278%	0.0925%
April (up to and including the Latest Practicable Date)	0	3	0	0.0000%	0.0000%
			Maximum	0.0328%	0.1095%
			Minimum	0.0000%	0.0000%
			Average	0.0083%	0.0275%

Notes:

1. It is calculated by dividing the average daily trading volume for the month/period by the total number of Shares in issue at the end of each month/period.
2. It is calculated by dividing the average daily trading volume for the month/period by the total number of Shares held by the public Shareholders at the end of each month/period.

LETTER FROM GLOBAL MASTERMIND

As noted from the above table, the trading volume of the Shares was thin during the Review Period. The average daily trading volume for the respective month/period during the Review Period ranged from nil in April 2024 (up to and including the Latest Practicable Date) to approximately 65,682 Shares in January 2024, representing 0.0000% to approximately 0.0328% of the total number of the Shares in issue and 0.0000% to approximately 0.1095% of the total number of the Shares held by the public, respectively.

In view of the inactive trading of the Shares, the Independent Shareholders may exert downward pressure on the market price of the Shares in selling a significant number of Shares in the open market within a short timeframe. While the Offer provides an exit alternative at the Offer Price for the Independent Shareholders who would like to divest their investments in the Company within a short period of time, those Shareholders are also advised to consider to sell their Shares in the open market instead of accepting the Offer given the closing prices of the Shares had been staying well above the Offer Price throughout the Review Period, after taking into account the possible pressure on the Share price when selling in bulk. Independent Shareholders should also be aware that they may have to sell their Shares in the market by batches if they do not accept the Offer, given the thin average daily trading volume of the Shares during the Review Period.

(iii) Comparable analysis

In assessing the fairness and reasonableness of the Offer Price, we compared the price-to-earnings ratio (“**PE Ratio**”) and the price-to-book ratio (“**PB Ratio**”) of the Company implied by the Offer Price with other listed companies in Hong Kong with business similar to that of the Company. PE Ratio and PB Ratio are the commonly used valuation benchmarks in assessing the financial valuation of a company as the data for calculating the ratios can be obtained fairly and directly from publicly available information and reflect the value of the companies determined by the open market.

LETTER FROM GLOBAL MASTERMIND

We first attempted to look for comparable companies based on the criteria that (i) the shares of which are listed on the Stock Exchange; (ii) engage in businesses similar to the major revenue stream of the Group, i.e. the sales of transformers and/or electronic parts and components contributed over 50% of its total revenue for the latest full financial year; and (iii) were with market capitalisation of below HK\$100 million as at the Last Trading Day which are considered as of similar size as compared with that of the Company taking into account the market capitalisation of the Company of HK\$46.8 million as at the Last Trading Day. However, we could only identify 1 comparable company, which is No. 4 of the Comparable Companies (as defined below) in the below table (i.e. Mobicon Group Limited) and was loss making in the most recent financial year prior to the Last Trading Day, and therefore have no PE Ratio for reference.

In this regard, we adjusted the selection criteria for the purpose of our analysis. We have identified comparable companies based on the criteria that (i) the shares of which are listed on the Stock Exchange; (ii) engage in businesses similar to the major revenue stream of the Group, i.e. the sales of transformers and/or electronic parts and components contributed over 50% of its total revenue for the latest full financial year; and (iii) were with market capitalisation of below HK\$200 million as at the Last Trading Day. Based on the above criteria, we identified an exhaustive list of 4 comparable companies (the “**Comparable Companies**”). Due to the fact that no GEM listed companies had been found under the above selection criteria, Main Board listed companies are included for analysis. Although the Company and the Comparable Companies are not closely related in terms of, among others, financial performance, financial position and market capitalisation, the principal activities of such companies are in general affected by similar macro-economic factors including but not limited to, economy and outlook. We therefore consider the Comparable Companies can form a general reference for comparable analysis. The following table set out the details of the Comparable Companies:

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No.	Company name	Stock code	Principal business	Market capitalisation as at the Last Trading Day <i>(Note 1)</i> <i>HK\$'000</i>	PB Ratio <i>(Note 2)</i> <i>times</i>	PE Ratio <i>(Note 3)</i> <i>times</i>
1	Willas-Array Electronics (Holdings) Limited	854	Trading of electronic components	193,645	0.337	71.298 <i>(Note 4)</i>
2	Datronix Holdings Limited	889	Manufacture and trading of electronic components	104,000	0.125	3.731
3	Man Yue Technology Holdings Limited	894	Manufacture, sales and distribution of electronic components	173,575	0.120	4.066
4	Mobicon Group Limited	1213	Trading and distribution of electronic components, electrical components and equipment and computer products and mobile accessories and trading of cosmetic products	46,000	0.395	NA
				Minimum	0.120	3.731
				Maximum	0.395	4.066
				Median	0.231	3.899
	The Company	8070	Design, development, production and sale of transformers, switching mode power supplies, electric healthcare products, other electronic parts and components	46,800	0.332	1.785

LETTER FROM GLOBAL MASTERMIND

Notes:

1. It is based on the closing share prices and the total issued shares of the Comparable Companies as at the Last Trading Day.
2. It is based on the market capitalisation of the Comparable Companies as at the Last Trading Day and the net asset value attributable to owners of the company as stated in the most recent published annual/interim report prior to the Last Trading Day.
3. It is based on the market capitalisation of the Comparable Companies as at the Last Trading Day and the profit attributable to owners of the company for the most recent financial year prior to the Last Trading Day. NA denotes that profit is not applicable due to the loss recorded by the respective Comparable Company.
4. Given the PE Ratio of this Comparable Company is substantially higher than the range of that of the other Comparable Companies mainly due to the net foreign exchange loss and finance costs which caused the low level of earnings of this Comparable Company, this Comparable Company is considered as outlier and is excluded from the analysis.

As depicted from the above table, the PB Ratio of the Comparable Companies ranged from approximately 0.120 times to approximately 0.395 times, with a median of approximately 0.231 times. The implied PB Ratio of the Company (based on the Offer Price) of approximately 0.332 times is within the range and above the median of that of the Comparable Companies.

The PE Ratio of the Comparable Companies ranged from approximately 3.731 times to approximately 4.066 times, with a median of approximately 3.899 times. The implied PE Ratio of the Company (based on the Offer Price) of approximately 1.785 times is far below the range of that of the Comparable Companies.

Although the implied PB Ratio of the Company (based on the Offer Price) is within the range of that of the Comparable Companies, in view of (i) the closing prices of the Shares were well above the Offer Price during the whole Review Period and the discounts of the Offer Price to the closing prices of the Shares during the Review Period ranged between 25.00% to approximately 54.55%; (ii) the Offer Price represents a discount of approximately 69.45% to the unaudited consolidated net asset value attributable to owners of the Company as at 31 December 2023; and (iii) the implied PE Ratio of the Company (based on the Offer Price) is far below the range of that of the Comparable Companies, we are of the view that the Offer Price is not fair and not reasonable so far as the Independent Shareholders are concerned.

LETTER FROM GLOBAL MASTERMIND

RECOMMENDATION

Despite the thin trading volume of the Shares that the Independent Shareholders may exert downward pressure on the market price of the Shares in selling a significant number of Shares in the open market within a short timeframe, having considered

- (i) the Company has been profit making with an upward trend during FY2021, FY2022, and FY2023;
- (ii) the business prospect of the Group is generally positive;
- (iii) the closing prices of the Shares were well above the Offer Price during the whole Review Period and the discounts of the Offer Price to the closing prices of the Shares during the Review Period ranged between approximately 25.00% to approximately 54.55%;
- (iv) the Offer Price represents a discount of approximately 69.45% to the unaudited consolidated net asset value attributable to owners of the Company of approximately HK\$0.491 with reference to the unaudited consolidated net asset value of the Group of approximately HK\$98,136,000 as at 31 December 2023 and 200,000,000 Shares in issue as at the Latest Practicable Date;
- (v) the implied PE Ratio of the Company (based on the Offer Price) is far below the range of that of the Comparable Companies; and
- (vi) there will be no immediate material change on the business operation of the Group after the close of the Offer taking into account the background and intentions of the Offeror

we are of the view that, on balance, the Offer is not fair and not reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend the Independent Shareholders not to accept the Offer.

LETTER FROM GLOBAL MASTERMIND

Nevertheless, the Independent Shareholders are reminded that there is no guarantee that the Share price will sustain at a level above the Offer Price during and after the Offer Period and the Independent Shareholders (regardless to their amount of shareholdings) may not be able to realise their investments in the Shares at a price higher than the Offer Price by disposing of their partial or entire holdings in the open market. In such circumstance, the Offer might provide an exit alternative for the Independent Shareholders to realise their investments in the Shares. However, it is reminded that those Independent Shareholders who intend to accept the Offer should closely monitor the market price and liquidity of the Shares during the Offer Period, and having regard to their own circumstances, consider selling the Shares in the open market, instead of accepting the Offer, if the net proceeds from such sale would be higher than that proceeds from the Offer. Those Independent Shareholders who intend to dispose of large blocks of Shares in the open market should also note the possible difficulty in disposing of their Shares in the open market without creating downward pressure on the market prices of the Shares as a result of the thin trading in the Shares.

Yours faithfully,
For and on behalf of
Global Mastermind Securities Limited

Michael Wong
Director

Chelsea Chong
Vice president

Mr. Michael Wong is a person licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and is a responsible officer of Global Mastermind Securities Limited who has over 20 years of experience in corporate finance industry.

Ms. Chelsea Chong is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and is a responsible officer of Global Mastermind Securities Limited who has over 9 years of experience in corporate finance industry.

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer, by post or by hand, to the Registrar, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong in an envelope marked "Keen Ocean International Holding Limited – Offer" as soon as possible but in any event so as to reach the Registrar by no later than 4:00 p.m. on the Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code.

- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares, you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked "Keen Ocean International Holding Limited – Offer" the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer to the Registrar by no later than 4:00 p.m. on the Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code; or

 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "Keen Ocean International Holding Limited – Offer" the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer to the Registrar by no later than 4:00 p.m. on the Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code; or

APPENDIX I FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE OFFER

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf in respect of the number of Shares for which you intend to accept the Offer on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be duly completed, signed and delivered in an envelope marked "Keen Ocean International Holding Limited – Offer" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost the share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed and signed in accordance with the instructions given, should be provided to the Registrar.
- (d) If you have lodged transfer of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked "Keen Ocean International Holding Limited – Offer" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or West Bull and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

APPENDIX I FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE OFFER

- (e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar no later than 4:00 p.m. on the Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code and the Registrar has recorded that the acceptance and the relevant documents as required under this paragraph have been so received, and is:
 - (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer and, if that/those share certificate(s) is/are not in your name, such other document(s) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Independent Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (f) If the Form of Acceptance is executed by a person other than the registered Independent Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.
- (g) In Hong Kong, seller's ad valorem stamp duty for transfer of Shares registered in the seller's name by the Company through the Registrar arising in connection with acceptance of the Offer payable by the relevant Independent Shareholders at a rate of 0.10% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholders on acceptance of the Offer. No fractions of a cent will be payable and the amount of the consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of accepting Independent Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (h) No acknowledgement of receipt of any Form of Acceptance and/or share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended, with the consent of the Executive, in accordance with the Takeovers Code, the Form of Acceptance must be received by the Registrar no later than 4:00 p.m. on the Closing Date in accordance with the instructions printed on the Form of Acceptance, and the Offer will be closed on the Closing Date.
- (b) The Offeror and the Company will jointly issue an announcement through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been extended, revised or has expired.
- (c) In the event that the Offeror decides to extend the Offer, at least 14 days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offer, to those Independent Shareholders who have not accepted the Offer.
- (d) If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document is posted.
- (e) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent Closing Date of the Offer so extended.

3. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares whose investments are registered in nominee names to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

4. ANNOUNCEMENTS

- (a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement by 7:00 p.m. on the Closing Date stating the results of the Offer and whether, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offer has been extended, revised or has expired. Such announcement must state the followings:
 - (i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;

APPENDIX I FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE OFFER

- (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and the parties acting in concert with it before the offer period (as defined under the Takeovers Code);
 - (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired by the Offeror and parties acting in concert with it during the offer period (as defined under the Takeovers Code); and
 - (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and parties acting in concert with it have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold, and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.
- (b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete and fulfill the acceptance conditions set out in paragraph 1(e) of this Appendix, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer unless the Offeror revises or extends the Offer in accordance with the Takeovers Code, shall be included.
- (c) If the Offeror, the parties acting in concert with it or its advisers make any statement about the level of acceptances or the number or percentage of accepting Shareholders during the offer period (as defined under the Takeovers Code), then the Offeror must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.
- (d) As required under the Takeovers Code and the GEM Listing Rules, any announcement in relation to the Offer, in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments, will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<http://www.keenocean.com.hk>).

5. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.

- (b) If the Offeror is unable to comply with the requirements set out in paragraph headed “4. Announcements” above, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Independent Shareholders who have tendered acceptance to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirement of Rule 19 of the Takeovers Code can be met. In such case, when the Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event no later than seven (7) Business Days after the acceptance is withdrawn, return by ordinary post at their own risks the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to, or make such share certificates available for collection by the relevant Independent Shareholder(s).

6. SETTLEMENT OF THE OFFER

Provided that the accompanying Form of Acceptance for the Shares, together with the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete, and have been received by the Registrar no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Independent Shareholders in respect of the Shares tendered under the Offer (less seller’s ad valorem stamp duty payable by him/her/it) will be despatched to the accepting Independent Shareholders by ordinary post at his/her/its own risk as soon as possible but in any event no later than seven (7) Business Days after the date of receipt of all relevant documents to render such acceptance complete and valid by the Registrar in accordance with the Takeovers Code. Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be paid by the Offeror in full in accordance with the terms of the Offer (save with respect of the payment of seller’s ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder. No fraction of a cent will be payable and the amount of cash consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

7. OVERSEAS SHAREHOLDERS

The availability of the Offer to persons who are not residents in Hong Kong may be affected by the applicable laws of the relevant jurisdiction in which they are residents. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, seek their own legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions). The Offeror, parties acting in concert with the Offeror, the Vendor, the Company, West Bull, Nuada, Global Mastermind, the Registrar and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates, as applicable, or any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes they may be required to pay.

APPENDIX I FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE OFFER

Any acceptance of the Offer by such Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the applicable local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

8. TAX IMPLICATIONS

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Vendor, the Company, West Bull, Nuada, Global Mastermind, the Registrar nor their respective ultimate beneficial owners, directors, officers, advisers, agents or associates, as applicable, or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

9. GENERAL

- (a) All communications, notices, Form of Acceptance, certificates, transfer receipts and other documents of title and/or of indemnity and/or of any other nature to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, parties acting in concert with the Offeror, the Vendor, the Company, West Bull, Nuada, Global Mastermind, the Registrar nor their respective ultimate beneficial owners, directors, officers, advisers, agents or associates, as applicable, or any other person involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may arise as a result thereof.
- (b) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror that the Shares tendered under the Offer are sold or tendered by such Independent Shareholder(s) free from all encumbrance and together with all rights and benefits attached thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document.
- (c) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Offer Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of Offer Shares held by such nominee for such beneficial owners who accept the Offer.
- (d) The provisions set out in the accompanying Form of Acceptance form part of the terms of the Offer.
- (e) The accidental omission to despatch this Composite Document and/or the accompanying Form of Acceptance or either of them to any person to whom the Offer is made shall not invalidate the Offer in any way.

APPENDIX I FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE OFFER

- (f) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (g) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror and/or West Bull and/or such person or persons as any of them may direct to complete and execute on behalf of the person(s) accepting the Offer, and to do any other act(s) that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as it may direct the Shares in respect of which such person has accepted the Offer.
- (h) The Offer is made in accordance with the Takeovers Code.
- (i) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (j) The Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved, in making their decision as to acceptance of the Offer. The contents of this Composite Document, including any general advice or recommendation contained herein, together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror and parties acting in concert with it, the Company or its ultimate beneficial owners, directors, officers, agents, professional advisers or any other persons involved in the Offer. The Independent Shareholders should consult their own professional advisers for professional advices.
- (k) The English texts of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts, in case of any inconsistency.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of financial information for each of the three financial years ended 31 December 2021, 2022 and 2023 (as extracted from the annual reports and annual results announcement of the Company respectively).

	For the year ended 31 December		
	2023	2022	2021
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Revenue	326,713	394,867	267,268
Cost of sales	(276,057)	(337,125)	(225,026)
Gross profit	50,656	57,742	42,242
Interest revenue	785	87	8
Other income	3,265	1,975	1,012
Other gains/(losses)	3,731	3,327	(28)
Selling and distribution expenses	(6,887)	(9,153)	(8,023)
Administrative expenses	(29,944)	(30,059)	(20,275)
Profit from operations	21,606	23,919	14,936
Finance costs	(2,585)	(2,910)	(1,940)
Profit before tax	19,021	21,009	12,996
Income tax expense	(1,847)	(4,211)	(776)
Profit for the year	17,174	16,798	12,220
Other comprehensive income after tax:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations	(843)	(4,544)	1,393
Total comprehensive income for the year	16,331	12,254	13,613

	For the year ended 31 December		
	2023 <i>HK\$'000</i> (audited)	2022 <i>HK\$'000</i> (audited)	2021 <i>HK\$'000</i> (audited)
Profit for the year attributable to:			
Owners of the Company	17,182	16,805	12,233
Non-controlling interests	(8)	(7)	(13)
	<u>17,174</u>	<u>16,798</u>	<u>12,220</u>
Total comprehensive income for the year attributable to:			
Owners of the Company	16,339	12,261	13,626
Non-controlling interests	(8)	(7)	(13)
	<u>16,331</u>	<u>12,254</u>	<u>13,613</u>
Earnings per share			
Basic and diluted (<i>HK cents</i>)	<u>8.59</u>	<u>8.40</u>	<u>6.12</u>

Save as disclosed above, the Group did not have any item of income or expense which was material for each of the three financial years ended 31 December 2021, 2022 and 2023.

No dividend was paid or proposed by the Company during each of the three financial years ended 31 December 2021, 2022 and 2023.

There has been no change in the Group's accounting policies which would result in the figures in its consolidated financial statements for each of the three financial years ended 31 December 2021, 2022 and 2023 being not comparable to a material extent.

The consolidated financial statements of the Group for each of the three financial years ended 31 December 2021, 2022 and 2023 were audited by ZHONGHUI ANDA CPA Limited and did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

2. CONSOLIDATED FINANCIAL INFORMATION

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the last published audited accounts, together with the significant accounting policies stated therein and the accompanying notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The audited consolidated financial results of the Group for the year ended 31 December 2023 (the “**2023 Financial Information**”) has been set out on pages 2 to 16 of the 2023 annual results announcement of the Company for the year ended 31 December 2023 which was posted on 28 March 2024 on the Stock Exchange's website. Please also see below a direct link to the Company's 2023 annual results announcement:

<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0328/2024032803242.pdf>

The audited consolidated financial results of the Group for the year ended 31 December 2022 (the “**2022 Financial Information**”) has been set out on pages 90 to 140 of the 2022 annual report of the Company for the year ended 31 December 2022 which was posted on 30 March 2023 on the Stock Exchange's website. Please also see below a direct link to the Company's 2022 annual report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0330/2023033001318.pdf>

The audited consolidated financial results of the Group for the year ended 31 December 2021 (the “**2021 Financial Information**”) has been set out on pages 92 to 140 of the 2021 annual report of the Company for the year ended 31 December 2021 which was posted on 31 March 2022 on the Stock Exchange’s website. Please also see below a direct link to the Company’s 2021 annual report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0331/2022033101612.pdf>

The 2023 Financial Information, 2022 Financial Information and 2021 Financial Information (but not any other part of the annual reports of the Company for two financial years ended 31 December 2021 and 2022 and the annual results announcement of the Company for the financial year ended 31 December 2023 in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS

As at the close of business on 31 January 2024, being the latest practicable date for ascertaining certain information relating to the indebtedness statement prior to the printing of this Composite Document, 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\$37,040,000, 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\$1,976,000, which were interest-free, unsecured and repayable on demand.

Lease liabilities

The Group had lease liabilities of approximately HK\$4,397,000.

Save as aforesaid or otherwise disclose therein, and apart from intra-group liabilities and normal accounts payable, the Group did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, other recognised lease liabilities or lease commitments (whether are either guaranteed, unguaranteed, secured or unsecured), guarantees or other material contingent liabilities at the close of business on 31 January 2024.

The Directors confirm there have been no material changes in indebtedness or contingent liabilities of the Group since 31 January 2024 and up to and including the Latest Practicable Date.

4. MATERIAL CHANGES

The Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Company were made up, up to the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than that expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follow:

	Number of shares	Share capital HK\$
Authorised:		
Ordinary shares of HK\$0.01 each	1,000,000,000	HK\$10,000,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each	200,000,000	HK\$2,000,000

All of the ordinary shares currently in issue are fully paid up or credited as fully paid and rank *pari passu* in all respects with each other, including all rights in respect of dividends, voting rights and capital. The ordinary shares are listed on GEM of the Stock Exchange and none of the securities of the Company is listed or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

No shares have been issued by the Company since 31 December 2023 (being the date on which its latest published audited accounts were prepared) and up to and including the Latest Practicable Date.

As at the Latest Practicable Date, the Company had no outstanding warrants, derivatives, options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

3. DISCLOSURE OF INTERESTS

(a) Directors and chief executives' interest in securities

As at the Latest Practicable Date, save as disclosed below, none of the Directors and the chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; (b) pursuant to Section 352 of the SFO, entered in the register as referred to therein; or (c) notified to the Company and the Stock Exchange pursuant to Rules 5.46-5.67 of the GEM Listing Rules; or (d) required to be disclosed under the Takeovers Code.

Name	Capacity	Type of Shares	Number of Shares (Note 1)	Approximately (%) of interest in the Company
Mr. Chung Tin Shing	Beneficial Owner	Ordinary shares	14,000,000 (L)	7.0%

Note:

1. "L" denotes long position.

(b) Interests of Substantial Shareholders of the Company

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and, so far as was known to the Directors, the persons (other than a Director and chief executive of the Company) or entities who had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 5% or more of the issued voting shares of any other member of the Group, or in any options in respect of such share capital were as follows:

Name	Capacity	Type of Shares	Number of Shares (Note 1)	Approximately (%) of interest in the Company
Century Lead International Limited (Note 2)	Beneficial Owner	Ordinary shares	126,000,000 (L)	63.0%
Mr. Chung Chi Wah (Note 3)	Interest of a controlled corporation	Ordinary shares	126,000,000 (L)	63.0%
Mr. Chung Tin Shing	Beneficial Owner	Ordinary shares	14,000,000 (L)	7.0%

Notes:

1. "L" denotes long position.
2. On 26 January 2024, Century Lead International Limited ("**Century Lead**") and Cyber Goodie Limited ("**Cyber Goodie**") entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") in relation to 126,000,000 shares (the "**Sale Shares**") of the Company, representing approximately 63% of the issued share capital of the Company. The Sale Shares was disposed of by Cyber Goodie and acquired by Century Lead pursuant to the Sale and Purchase Agreement. Cyber Goodie is wholly owned by Mr. Chung Chi Hang, Larry, who is an executive director and the chairman of the Company as at the Latest Practicable Date.
3. As at the Latest Practicable Date, Century Lead is wholly owned by Mr. Chung Chi Wah. Mr. Chung Chi Wah is deemed to be interested in the Shares in which Century Lead is interested under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person who had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. SHAREHOLDING AND DEALINGS IN SECURITIES

As at the Latest Practicable Date:

- (a) none of the Company nor the Directors had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror, and none of the Company nor the Directors had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror during the Relevant Period;
- (b) save as disclosed above in the paragraph headed "3. Disclosure of Interests" in this Appendix, none of the Directors had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (c) save for the Sale Shares disposed of by the Vendor and acquired by the Offeror pursuant to the Sale and Purchase Agreement, none of the Directors had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period;
- (d) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group, or a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers (as defined under the Takeovers Code) had owned or controlled any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;

- (e) no person who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate had owned or controlled any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;
- (f) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company, and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;
- (g) Mr. Chung Tin Shing, being an executive Director and holding 14,000,000 Shares, intends not to accept the Offer;
- (h) neither the Company nor any of the Directors had borrowed or lent any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, save for any borrowed shares which have been either on-lent or sold; and
- (i) there is no understanding, arrangement or agreement or special deal between any Shareholders on the one hand, and the Company, its subsidiaries or associated companies on the other hand.

5. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date,

- (a) no benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (b) there was no agreement or arrangement between any Director and any other person which was conditional or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (c) there was no material contract entered into by the Offeror in which any Director had a material personal interest.

6. SERVICE CONTRACT OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with the Company or any of its subsidiaries or associated companies which:

- (a) was entered into or amended (including both continuous and fixed term contracts) within six months prior to the commencement of the offer period (as defined under the Takeovers Code);
- (b) is a continuous contract with a notice period of 12 months or more; or
- (c) is a fixed term contract with more than 12 months to run irrespective of the notice period.

7. MATERIAL CONTRACTS

As at the Latest Practicable Date, save as disclosed below, there was no material contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group) entered into by any member of the Group within the two years prior to the commencement of the offer period (as defined in the Takeovers Code) and ending on the Latest Practicable Date:

- (a) a formal agreement dated 10 March 2023 entered into between Jip Cheong Industrial Limited (the “**Jip Cheong**”) and Keen Ocean Industrial Limited (the “**Purchaser**”), a wholly owned subsidiary of the Company pursuant to which Jip Cheong agreed to sell, and the Purchaser agreed to acquire a property at Room 01, 37/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong at the consideration of HK\$9,380,000. Details of which are disclosed in the circular of the Company dated 10 May 2023.
- (b) a formal agreement dated 10 March 2023 entered into between Jip Cheong and the Purchaser pursuant to which Jip Cheong agreed to sell, and the Purchaser agreed to acquire a property at Room 02, 37/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong at the consideration of HK\$12,300,000. Details of which are disclosed in the circular of the Company dated 10 May 2023.
- (c) a tenancy agreement dated 4 December 2023 between T-Lab Electronic and Plastic (He Yuan) Co. Ltd. (the “**Landlord**”) and He Yuan Sky Wealth Electronic and Plastic Company Limited (the “**Tenant**”), an indirect wholly owned subsidiary of the Company pursuant to which the Landlord and the Tenant agreed to renew the lease of the property at East of Xinggong Avenue and south of Keqi Road, High-tech Development Zone, Heyuan City, Guangdong Province, the PRC for a term of three years from 1 January 2024 to 31 December 2026 at the rent of RMB124,000 (equivalent to approximately HK\$135,000) per month. Details of which are disclosed in the announcement of the Company dated 4 December 2023.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or claims of material importance is pending or threatened by or against the Company and any of its subsidiaries.

9. QUALIFICATION AND CONSENT OF EXPERT

In addition to those listed under the paragraph headed “4. Experts and consents” in Appendix IV to this Composite Document, the following is the name and qualifications of the expert who has given its opinion, letters, reports or advice which are contained or referred to in this Composite Document:

Name	Qualification
Global Mastermind Securities Limited	a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, and the Independent Financial Adviser to the Independent Board Committee in respect of the Offer

Global Mastermind has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its opinion, letters, reports or advice and references to its name included herein in the form and context in which it appears.

10. DOCUMENTS ON DISPLAY

In addition to the documents relating to the Offeror as set out in the paragraph headed “6. Documents on display” in Appendix IV to this Composite Document, copies of the following documents are available on display (i) on the website of the Company (<http://www.keenocan.com.hk>) and (ii) on the website of the SFC (www.sfc.hk) from the date of this Composite Document up to and including the Closing Date:

- (a) the second amended and restated memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the two years ended 31 December 2021 and 2022 and the annual results announcement of the Company for the year ended 31 December 2023, respectively;
- (c) the Letter from the Board, the text of which is set out on pages 14 to 44 of this Composite Document;
- (d) the letter from the Independent Board Committee, the text of which is set out on pages 21 to 22 of this Composite Document;

- (e) the letter from the Global Mastermind, the text of which is set out on pages 23 to 44 of this Composite Document;
- (f) the written consent as referred to in the paragraph headed “9. Qualification and Consent of Expert” in this Appendix;
- (g) the Sale and Purchase Agreement;
- (h) the material contracts referred to in the paragraph headed “7. Material Contracts” in this Appendix; and
- (i) this Composite Document and the accompanying Form of Acceptance.

1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of information contained in this Composite Document (other than those relating to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than the opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DISCLOSURES OF INTERESTS AND DEALINGS IN SECURITIES OF THE COMPANY

As at the Latest Practicable Date, the Offeror, its ultimate beneficial owner and the parties acting in concert with any one of them are interested in 126,000,000 Shares, representing 63.0% of the total issued share capital of the Company. As at the Latest Practicable Date, save as disclosed above, the Offeror, its ultimate beneficial owner and the parties acting in concert with any one of them did not own, control or have direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

The Offeror confirms that, as at the Latest Practicable Date:

- (a) save for the Sales Shares, the Offeror, its ultimate beneficial owner and parties acting in concert with any one of them do not own or have control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (b) the Offeror, its ultimate beneficial owner and parties acting in concert with any one of them have not received any irrevocable commitment to accept or not to accept the Offer;
- (c) there is no agreement or arrangement in relation to outstanding derivative in respect of securities in the Company which has been entered into by the Offeror, its ultimate beneficial owners and any person acting in concert with any one of them;
- (d) no arrangement of any kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between a person on one hand and the Offeror or any person acting in concert with it on the other hand during the Relevant Period;
- (e) since the Offer are unconditional in all respects, there is no agreement or arrangement to which the Offeror, its ultimate beneficial owners and parties acting in concert with any one of them is a party which relates to circumstances in which they may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (f) there are no Shares or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which the Offeror, its ultimate beneficial owner and any parties acting in concert with any one of them have borrowed or lent;

- (g) save for the acquisition of the Sale Shares under the Sale and Purchase Agreement, the Offeror, its ultimate beneficial owner and parties acting in concert with any one of them had not dealt in the Shares, outstanding share options, derivatives, warrants or other securities convertible into Shares during the Relevant Period;
- (h) there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;
- (i) there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror, its ultimate beneficial owner or any person acting in concert with any of them and any of the Directors, recent directors of the Company, Shareholders or recent shareholders of the Company having any connection with or dependence upon the Offer;
- (j) there is no benefit which will be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (k) save for the consideration pursuant to the Sale and Purchase Agreement, there is no consideration, compensation or benefit in whatever form paid or to be paid by the Offeror, its ultimate beneficial owner or any party acting in concert with any one of them (other than the Vendor) to the Vendor, its ultimate beneficial owner or any party acting in concert with any of them in connection with the sale and purchase of the Sale Shares;
- (l) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror, its ultimate beneficial owner or any party acting in concert with any one of them (other than the Vendor) on the one hand, and the Vendor, its ultimate beneficial owner or any party acting in concert with any of them (other than the Offeror) on the other hand; and
- (m) there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholders on the one hand, and the Offeror, its ultimate beneficial owner or any party acting in concert with any one of them on the other hand.

3. MARKET PRICES

The table below shows the closing price of the Ordinary Shares as quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Share (HK\$)
31 July 2023	0.24
31 August 2023	0.24
29 September 2023	0.239
31 October 2023	0.275
30 November 2023	0.275
29 December 2023	0.26
26 January 2024 (the Last Trading Day)	0.234
31 January 2024	0.28
29 February 2024	0.29
28 March 2024	0.30
5 April 2024 (the Latest Practicable Date)	0.30

During the Relevant Period, (i) the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.230 on 8 January 2024; and (ii) the highest closing price per Share as quoted on the Stock Exchange was HK\$0.330 on 19 February 2024, 22 February 2024 and 23 February 2024 respectively.

4. EXPERTS AND CONSENTS

The following are the name and qualifications of the expert which has given advice which are contained in this Composite Document:

Name	Qualification
West Bull	a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO
Nuada	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its opinion, letters, reports or advice and references to its name included herein in the form and context in which it appears.

5. MISCELLANEOUS

- (a) The Offeror is a company incorporated in the British Virgin Islands with limited liability on 2 January 2024.
- (b) The registered office of the Offeror is Vistra, Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (c) The correspondence address of the Offeror and Mr. Chung, being the sole shareholder of the Offeror, the sole director of the Offeror and the principal member of the Offeror's concert group, is 3/F, Shum Tower, 268 Des Voeux Rd Central, Hong Kong.
- (d) The main business address of West Bull is Unit 2701-03, 27/F, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong.
- (e) The main business address of Nuada is Unit 1606, 16/F, OfficePlus@Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong.

6. DOCUMENTS ON DISPLAY

In addition to the documents set forth in the paragraph headed "10. Documents on display" of Appendix III to this Composite Document, copies of the following documents are available on display (i) on the website of the Company (<http://www.keenocan.com.hk>) and (ii) on the website of the SFC (www.sfc.hk) from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum of association and articles of association of the Offeror;
- (b) the letter from West Bull, the text of which is set out on pages 5 to 13 of this Composite Document and
- (c) the written consent as referred to in the paragraph headed "4. Experts and Consents" in this Appendix.