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ORIENTAL EXPLORER HOLDINGS LIMITED

東方興業控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 430)

MAJOR TRANSACTION IN RELATION TO THE FORMATION OF A JOINT VENTURE

THE FORMATION OF A JOINT VENTURE

The Board is pleased to announce that on 8 March 2024, Rich Return (an indirect wholly-owned subsidiary of the Company) entered into the Agreement with Securidon, Temokin and the JV Company in respect of the Joint Venture for engaging in the acquisition and development of the Land. The total maximum capital commitment of Rich Return in the JV Company is RM65,000,000 (equivalent to approximately HK\$106,022,000).

Pursuant to the Agreement, the JV Company will be owned as to 49% by Rich Return, 30% by Securidon and 21% by Temokin respectively. The JV Company will not be a subsidiary of the Company, and its financial results will not be consolidated into the consolidated financial statements of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Joint Venture exceeds 25% but is less than 100% for the Company, the Joint Venture constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, none of the Shareholders has any material interest in the transaction contemplated under the Agreement. As such, no Shareholder is required to abstain from voting if a special general meeting was convened for the approval of the Agreement.

A circular containing, among other things, further details of the Agreement will be despatched to the Shareholders on or before 2 April 2024.

BACKGROUND

The Board is pleased to announce that on 8 March 2024, Rich Return (an indirect wholly-owned subsidiary of the Company) entered into the Agreement with Securidon, Temokin and the JV Company in respect of the Joint Venture for engaging in the acquisition and development of the Land. The total maximum capital commitment of Rich Return in the JV Company is RM65,000,000 (equivalent to approximately HK\$106,022,000).

Pursuant to the Agreement, the JV Company will be owned as to 49% by Rich Return, 30% by Securidon and 21% by Temokin respectively. The JV Company will not be a subsidiary of the Company, and its financial results will not be consolidated into the consolidated financial statements of the Company.

THE AGREEMENT

The principal terms of the Agreement in respect of the JV Company are set out below:

Date: 8 March 2024

Parties: (i) Rich Return

(ii) Securidon

(iii) Temokin

(iv) the JV Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Securidon, Temokin and the JV Company and their ultimate beneficial owners are Independent Third Parties.

Share subscription and transfer:

Within 14 days from the date of the Agreement,

- (i) Rich Return and Securidon will subscribe for, and the JV Company will allot and issue to Rich Return and Securidon, 122,500 shares and 27,500 shares respectively in the JV Company, at a subscription price of RM122,500 (equivalent to approximately HK\$200,000) and RM27,500 (equivalent to approximately HK\$45,000) respectively payable in cash; and
- (ii) Securidon will acquire 17,500 shares in the JV Company at the consideration of RM17,500 (equivalent to approximately HK\$29,000) from Temokin which were issued to Temokin prior to the entering into the Agreement.

After the completion of the aforementioned share subscription and transfer, the total issued and paid up share capital of the JV Company will be RM250,000 (equivalent to approximately HK\$408,000) and the shareholding structure will be as follows:

- (a) Rich Return will own 122,500 shares, representing 49% of the total issued share capital;
- (b) Securidon will own 75,000 shares, representing 30% of the total issued share capital;
and
- (c) Temokin will own 52,500 shares, representing 21% of the total issued share capital.

Scope of business:

The business of the JV Company shall be buying, selling, renting and operating of self-owned or leased real estate as well as other ancillary business and such other businesses as may from time to time be approved by the board of directors of the JV Company.

Capital commitment:

The maximum capital commitment by each of Rich Return, Securidon and Temokin to the JV Company including shareholders' advances, guarantees for third party loans, additional ordinary shares or securities shall be proportional to their shareholdings, being RM65,000,000 (equivalent to approximately HK\$106,022,000), RM39,795,918 (equivalent to approximately HK\$64,911,000) and RM27,857,143 (equivalent to approximately HK\$45,438,000) respectively (the "Maximum Capital Commitment").

The capital to be contributed by the Company will be financed by internal resources of the Group, bank facilities or a combination of both.

The respective maximum capital contributions to the JV Company by Rich Return, Securidon and Temokin are determined after arm's length negotiations among the parties with reference to the capital requirements of the JV Company (in particular, the capital required for the completion of the acquisition of the Land and part of development costs) and the parties' prorated interests in the JV Company.

Financing for the JV Company:

Further capital requirements of the JV Company exceeding its own resources from time to time will be met first by way of external borrowings or financing to be sought from banks and/or financial institutions, failing which, by way of shareholders' loans to be advanced by the JV Partners and/or their nominees proportional to the shareholdings of the JV Partners in the JV Company, subject to the Maximum Capital Commitment.

Board composition:

The board of directors of the JV Company shall comprise a number of 5 directors, 2 of which shall be appointed by Rich Return, 1 of which shall be appointed by Securidon and 2 of which shall be appointed by Temokin.

Quorum and adjournment:

The quorum of the board meetings is constituted by attendance of any 3 directors with the requirement that 1 director must be from Rich Return.

In the event the directors present do not meet the requisite quorum within 30 minutes of a scheduled board meeting, the board meeting will be adjourned for 7 Business Days. During the adjourned meeting, a valid quorum can be formed by 2 directors, 1 representing Rich Return.

Voting:

Save for board reserved matters specified in the Agreement, any decision of the board shall only be carried if it has been passed by a majority of the directors, provided that such majority shall consist of at least 1 director from Rich Return, present and voting at the board meeting.

In respect of board reserved matters specified in the Agreement, any decision of the board in relation thereto shall only be carried if it has been passed by a majority of the directors, provided that such majority shall consist of at least 1 director from each of the JV Partners present and voting at the board meeting.

Dividend policy:

After taking into consideration of the financial position of the JV Company and subject to the applicable laws, all profits of the JV Company shall be distributed to the JV Partners according to their shareholdings in the JV Company.

Transfer of shareholding interest:

The shareholders of the JV Company shall be subject to certain transfer restrictions (including a right of first refusal, tag-along right and drag-along right) in a proposed transfer of equity interests in the JV Company on the terms set out in the Agreement.

No consideration is payable by Rich Return for such rights and in all such cases, Rich Return has the discretion on whether to acquire or dispose of (as the case may be) the shares in the JV Company.

Condition precedent:

The Agreement shall be conditional upon fulfillment of the following condition precedent within 6 months from the date of the Agreement, or such further extended period as mutually agreed between the JV Partners:

- (i) The Company having obtained the approval from the Shareholders for the transactions contemplated under the Agreement pursuant to the Listing Rules.

Obligations of the JV Partners:

Rich Return and Temokin shall be responsible to utilize their expertise in property development to conduct the business of the JV Company in good faith and good governance.

Securidon shall be responsible to provide support and assistance to the business of the JV Company.

Project Management Committee:

- (i) Establishment of the PMC

As soon as practicable after the execution of the Agreement, the PMC shall be established by the JV Partners to oversee and monitor the execution and completion of the development on the Land.

- (ii) Appointment of representatives

The PMC shall initially have 5 representatives. Rich Return is entitled to appoint 2 representatives, Securidon is entitled to appoint 1 representative and Temokin is entitled to appoint 2 representatives.

- (iii) Quorum and adjournment

The quorum of PMC meetings is constituted by attendance of 3 representatives, with the requirement that at least 1 representative must be from Rich Return.

Deadlock Options:

A deadlock shall be deemed to have occurred if (i) a proposed board reserved matter specified in the Agreement cannot be passed, or (ii) a proposed resolution cannot be passed in an adjourned board meeting or shareholders' meeting.

Either of the JV Partners (the "Server") shall be entitled to serve a written offer ("Deadlock Offer") on the other parties (the "Recipients"), to offer to buy from the Recipients all the shares held by the Recipients in the JV Company. The Recipients shall have the options either to (a) accept the Deadlock Offer and sell all its shares in the JV Company to the Server; or (b) purchase all the shares held by the Server in the JV Company at the same price per share as stated in the Deadlock Offer (collectively the "Deadlock Options"). It is agreed that the price in the Deadlock Offer shall not exceed the Fair Value.

If the Recipients refuse, decline or fail to exercise either of the Deadlock Options, the JV Partners may resort to dispute resolution by designating in writing a person with a standing of at least director of the JV Partners to resolve the dispute. If the JV Partners fail to designate or participate in any attempt to resolve the dispute, such dispute shall be heard in the courts of Malaysia.

Event of Default:

The occurrence of any of the following events shall be an event of default (the “Event of Default”):

- (a) if a party shall have committed or permitted any breach of any of the obligations as stated in the Agreement and shall not have remedied such breach (if capable of remedy) within 30 Business Days after receiving written notice from the other parties requesting a remedy;
- (b) if an order shall be made or an effective resolution passed for the winding-up of a party otherwise than in the course of reconstruction or amalgamation;
- (c) an administrator, trustee, liquidator or provisional liquidator has been appointed for all or any substantial part of the assets or undertakings of that party which may in the reasonable determination of the non-defaulting party adversely affect or impact the JV Company or the business of the JV Company;
- (d) if a party becomes insolvent, or is presumed to be insolvent by a court, or if any winding-up proceedings are filed or commenced against a party;
- (e) if a party shall sell, transfer, or dispose of its beneficial interest in any of its shares in the JV Company to any person without complying with the terms of the Agreement;
- (f) if a party shall have committed or permitted any breach of any of the representations, warranties, or undertakings provided in the Agreement and shall not have remedied such breach (if capable of remedy) within 30 Business Days after receiving written notice from the other party requesting a remedy; or
- (g) in the event of any breach occasioned by any event resulting from any change in government or governmental policy, or any imposition of governmental orders, sanctions or embargo, but not including any adverse economic conditions or general financial or operational constraints or any force majeure event as specified in the Agreement.

EOD Options:

Upon the occurrence of an Event of Default:

- (a) if the defaulting party is Rich Return, Temokin (being the non-defaulting party) shall be deemed to have offered to buy from Rich Return all its shares in the JV Company at the Fair Value less 10%. Rich Return shall have the options either to (a) accept the deemed offer and sell all its shares in the JV Company to Temokin; or (b) refuse such deemed offer from Temokin; and
- (b) if the defaulting party is Securidon and/or Temokin, such defaulting party shall be deemed to have offered to sell all its shares in the JV Company to Rich Return (being the non-defaulting party) at the Fair Value less 10%. Rich Return shall have the options either to (a) accept such deemed offer from Securidon and/or Temokin and buy from it all its shares in the JV Company; or (b) refuse such deemed offer from Securidon and/or Temokin

(the options referred to in (a) and (b) above are collectively known as the “EOD Options”).

REASONS FOR AND BENEFITS OF THE JOINT VENTURE

The Group is principally engaged in the business of property investment and investment holding.

The Board considers that the co-operation with Securidon and Temokin under the Agreement presents a good opportunity to leverage on the Group’s knowledge and expertise in property acquisition and project management and to partner with an experienced investor to expand its business. The Joint Venture will also enable the Group to expand its business to property development and to tap into a bigger pool of funds from Securidon and Temokin to build a bigger portfolio of sizeable projects and to help expand its property investment business.

The Directors consider that the Joint Venture, the terms of the Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Each of the terms of the Agreement was determined after arm’s length negotiations between the JV Partners and the JV Company.

INFORMATION OF THE COMPANY

The Company is incorporated in Bermuda with limited liability, it engages in the property investment activities in Hong Kong and Mainland China. Its investment properties comprise car parking spaces, commercial properties, residential properties and industrial properties.

INFORMATION OF SECURIDON

Securidon is a company incorporated in Malaysia, principally engaged in activities of real estate agents and brokers for buying, selling and renting of real estate. According to the information available to the Company, the individual ultimate beneficial owner of Securidon is Raja Nor Azmin Binti Raja Sulong Hizahar.

INFORMATION OF TEMOKIN

Temokin is a company incorporated in Malaysia, principally engaged in business of property development and general contractors of and for all buildings and works. According to the information available to the Company, the individual ultimate beneficial owners of Temokin are Tan Chien Chyi, Tan Chien Hwei, Tan Chiew Wen, Tan Chien Yih and Tan Kim Kuan, Dato, each of them owns 20% of the equity interests in Temokin.

INFORMATION OF THE JV COMPANY

The JV Company is a company incorporated in Malaysia, and has not yet carried on business. As of the date of the Agreement, the JV Company is owned as to 70% by Temokin and 30% by Securidon respectively, the ultimate beneficial owners of Temokin and Securidon are set out in the sections headed “INFORMATION OF SECURIDON” and “INFORMATION OF TEMOKIN” respectively in this announcement.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Joint Venture exceeds 25% but is less than 100% for the Company, the Joint Venture constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

The grant of the Deadlock Options and EOD Options would be treated as transactions and classified with reference to the percentage ratios pursuant to Rule 14.73 of the Listing Rules. The exercise of the Deadlock Options and EOD Options is at the discretion of Rich Return. According to Rule 14.75(1) of the Listing Rules, on the grant of such options, only the premium (which is nil) will be taken into consideration for calculating the percentage ratios and thus the grant of the Deadlock Options and EOD Options do not constitute notifiable transactions under Chapter 14 of the Listing Rules. The Company will comply with the relevant Listing Rules on the exercise of the Deadlock Options and EOD Options (where required).

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, none of the Shareholders has any material interest in the transaction contemplated under the Agreement. As such, no Shareholder is required to abstain from voting if a special general meeting was convened for the approval of the Agreement.

A circular containing, among other things, further details of the Agreement will be despatched to the Shareholders on or before 2 April 2024.

DEFINITIONS

“Agreement”	the share subscription, share sale and shareholders’ agreement regarding the JV Company dated 8 March 2024 and entered into among Rich Return, Securidon, Temokin and the JV Company;
“Board”	the board of Directors of the Company;
“Business Day”	any day on which commercial banks are open for business and excludes Saturday, Sunday and a gazetted public holiday in Wilayah Persekutuan, Kuala Lumpur;
“Company”	Oriental Explorer Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 430);
“Directors”	the director(s) of the Company;
“Fair Value”	the net asset value of the shares in the JV Company as may be determined by the auditors of the JV Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, are third parties independent of the Company and its connected persons;
“Joint Venture”	the formation of joint venture in respect of the JV Company on the terms of the Agreement;
“JV Company”	Torus Development Sdn. Bhd. (Registration No.: 201501025035 [1150364-T]), a company incorporated in Malaysia;
“JV Partners”	collectively, Rich Return, Securidon and Temokin, and “JV Partner” means either one of them;

“Land”	a parcel of leasehold land measuring approximately 5.26 acres and held under H.S. (D) 133085, PT 12412, Bandar Ampang, Daerah Hulu Langat, Negeri Selangor;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PMC”	the project management committee of the JV Company;
“Rich Return”	Rich Return Development Sdn. Bhd. (Registration No. 201801036116 [1298145-W]), a company incorporated in Malaysia and an indirect wholly-owned subsidiary of the Company;
“RM”	Ringgit Malaysia, the lawful currency of Malaysia;
“Securidon”	Securidon Sdn. Bhd. (Registration No.: 201001010620 [895280-M]), a company incorporated in Malaysia;
“Shareholder(s)”	holder(s) of the share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Temokin”	Temokin Development Sdn. Bhd. (Registration No.: 201101001850 [929987-D]), a company incorporated in Malaysia; and
“%”	per cent.

By Order of the Board
Oriental Explorer Holdings Limited
Lau Chi Yung, Kenneth
Chairman

Hong Kong, 8 March 2024

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RM1.00 = HK\$1.6311 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.

As at the date of this announcement, the executive directors of the Company are Mr. Lau Chi Yung, Kenneth and Mr. Lau Michael Kei Chi and the independent non-executive directors of the Company are Mr. Lo Mun Lam, Raymond, Mr. Lo Kam Cheung, Patrick and Mr. Tsui Ka Wah.