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遠航港口發展有限公司

OCEAN LINE PORT DEVELOPMENT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8502)

MAJOR TRANSACTION FORMATION OF JOINT VENTURE COMPANY

FORMATION OF JOINT VENTURE COMPANY

The Board is pleased to announce that on 29 December 2023 (after trading hours of the Stock Exchange), Chizhou Port Holding (an indirect 72%-owned subsidiary of the Company) entered into the JV Agreement with the JV Partners pursuant to which the parties agreed to establish the JV Company with a registered capital of RMB100,000,000. Upon its establishment, the JV Company will be owned as to 60% by Chizhou Port Holding, 30% by the JV Partner I and 10% by JV Partner II, respectively.

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under GEM Listing Rule 19.07) in respect of the JV Agreement exceeds 25% but is less than 100%, the JV Agreement and the transactions contemplated thereunder constitute a major transaction on the part of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the JV Agreement and the transactions contemplated thereunder. The Company has received a written approval of the JV Agreement and the transactions contemplated thereunder by Vital Force, which holds 600,000,000 Shares, representing 75% of the total issue Shares as at the date of this announcement. Accordingly, pursuant to Rule 19.44 of the GEM Listing Rules, no general meeting of the Company will be convened for the purpose of approving the JV Agreement and the transactions contemplated thereunder.

A circular, containing, among other things, (i) further information on the JV Agreement and the transactions contemplated thereunder; and (ii) other information required under the GEM Listing Rules is expected to be despatched by the Company to the Shareholders on or before 22 January 2024 for their information only.

The JV Agreement is conditional upon fulfilment of the conditions precedent under the JV Agreement. There is no assurance that the establishment of the JV Company will take place or as to when it may take place. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

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THE JV AGREEMENT

Date: 29 December 2023 (after trading hours of the Stock Exchange)

Parties: (1) Chizhou Port Holding;
(2) JV Partner I; and
(3) JV Partner II

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, the JV Partners and their ultimate beneficial owners are Independent Third Parties.

Formation of the JV Company and its registered capital

Pursuant to the JV Agreement, Chizhou Port Holding, and the JV Partners agree to establish the JV Company that shall be principally engaged in (i) cargo handling (including barging), storage, custody, transit and surface transport, surface intermodal transport, water-rail intermodal transport; (ii) international and domestic freight forwarding services, including cargo collection, booking, chartering, customs clearance, inspection, agency transport, ship agency and supply services; and (iii) mineral products trade, port machinery and equipment maintenance.

Upon its establishment, the JV Company will be owned as to 60% by Chizhou Port Holding, 30% by the JV Partner I and 10% by JV Partner II, respectively. The registered share capital of the JV Company shall be RMB100,000,000, which will be contributed in cash as to 60% by Chizhou Port Holding (i.e. RMB60,000,000), 30% by the JV Partner I (i.e. RMB30,000,000) and 10% by JV Partner II (i.e. RMB10,000,000), respectively. 25% of the total registered share capital (i.e. RMB25,000,000) will be injected into the JV Company within one month after the establishment of the JV Company and the remaining balance of the registered share capital of the JV Company will be further injected into the JV Company depending on the progress of development of the JV Company and will be agreed further among the shareholders of the JV Company.

Accordingly, the JV Company will be accounted for as a subsidiary of the Group and its financial results will be consolidated into the consolidated financial statements of the Group. The capital contribution of RMB60,000,000 by Chizhou Port Holding will be funded by internal resources of the Group.

The amount of capital contributions was determined after arm's length negotiation between the parties to the JV Agreement with reference to the total registered share capital of the JV Company and their respective shareholding interest in the JV Company.

Condition precedent

The JV Agreement and the transactions contemplated thereunder are conditional upon the following conditions:

- (1) the Company having obtained the written approval from a Shareholder who holds more than 50% of the voting rights at the general meeting of the Company to approve the JV Agreement and the transaction contemplated thereunder; and
- (2) the Company having issued the circular in relation to the JV Agreement and the transaction contemplated thereunder as required pursuant to the GEM Listing Rules.

None of the above conditions are waivable. As at the date of this announcement, the Company has received a written approval of the JV Agreement and the transactions contemplated thereunder by Vital Force, which holds 600,000,000 Shares, representing 75% of the total issue Shares as at the date of this announcement.

Corporate governance

The board of directors of the JV Company shall comprise seven directors. Chizhou Port Holding is entitled to nominate four directors and each of JV Partner I and JV Partner II is entitled to nominate one director. The employees of the JV Company are also entitled to elect an employee representative who will be appointed as a director. The chairman of the board of directors of the JV Company shall be nominated by Chizhou Port Holding. The board meetings of the JV Company shall only be held in the presence of more than two-thirds of all directors of the JV Company. Each director of the JV Company shall have one vote. Matters arising in any meeting of the board of directors of the JV Company shall be passed by a majority of not less than two-thirds of votes cast by such directors of the JV Company.

Shareholders' rights

Each shareholder of the JV Company has the following rights:

- (1) to participate or entrust others to participate in the shareholders' meetings and exercise voting rights in proportion to its capital contribution in the JV Company;
- (2) to understand the JV Company's operating status and financial status, supervise the JV Company's operation, administrative management and financial management work and make suggestions or inquiries;
- (3) to nominate director candidates and supervisor candidates in accordance with the articles of association of the JV Company;
- (4) to receive dividends, which will be distributed on a pro rata basis of the contributed registered capital;
- (5) to have priority to subscribe for the new capital of the JV Company on a pro rata basis of the contributed registered capital;
- (6) be entitled to distribution of remaining properties of the JV Company after termination of the JV Company;
- (7) to review and copy the JV Company's articles of association, board of directors meeting resolutions, supervisors' decisions and financial accounting reports; and
- (8) other rights stipulated in laws, regulations and the JV Company's articles of association.

Distribution of profit

Each shareholder of the JV Company shall be entitled to, on a pro rata basis of the contributed registered capital, receive the dividend as the shareholders of the JV Company may decide from time to time in accordance with the laws and regulations of the PRC and the articles of association of the JV Company.

Equity transfer

The transfer of equity interests by a shareholder to a person other than a shareholder shall be subject to the consent of the other shareholders. The shareholder shall notify the other shareholders in writing of (i) its intention to transfer; (ii) the percentage of equity interests it intends to transfer; (iii) the terms and conditions of the transfer; and (iv) the basic information of the proposed transferee, etc. Other shareholders who have not responded within 30 days from the date of receiving the written notice shall be deemed to have agreed to the transfer. If other shareholders do not agree to the transfer, the disapproving shareholders shall purchase the equity to be transferred and if they do not make the purchase, they shall be deemed to have agreed to the transfer.

Project land

The JV Company will acquire the land use right of a piece of land currently held by Chizhou Port Holding for its future project and operation. The asset evaluation and transfer procedures of the land will be completed within two months after the establishment of the JV Company.

INFORMATION ON THE PARTIES TO THE JV AGREEMENT

Chizhou Port Holding is a company established in the PRC with limited liability and is an indirect 72%-owned subsidiary of the Company. It is principally engaged in port operation in the PRC.

JV Partner I is a state-owned enterprise established in the PRC with limited liability and is an investing and financing platform company of Chizhou Municipal Government. JV Partner I is principally engaged in city infrastructure (such as transportation infrastructure) construction.

JV Partner II is a state-owned enterprise established in the PRC with limited liability and is a platform company of 池州經濟技術開發區 (Chizhou Economic Development Zone*). JV Partner II is principally engaged in infrastructure construction.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY

The Group is an inland terminal operator in the PRC and is principally engaged in the provision of port logistic services (including uploading and unloading of cargoes, bulk cargo handling services, container handling, storage and other services).

The JV Company will plan, construct and operate the Phase IV of Jiangkou terminal located in Jiangkou Port Area, Economic and Technological Development Zone, Chizhou City, Anhui Province, PRC. The total investment amount for the construction of Jiangkou Terminal Phase IV is estimated to be approximately RMB505,000,000, and will be funded by the JV Company's registered capital and the JV Company's appropriate financing (including bank borrowings). The construction of Jiangkou Terminal Phase IV is expected to be completed by the end of 2025.

The Directors believe that the establishment of the JV Company and cooperation with the JV Partners in the JV Agreement will help the Group seize the opportunities brought by the development of Jiangkou Terminal Phase IV to promote Multi-mode Transport Demonstration Project, and the Group will thereby obtain the operating advantages of the public port in Chizhou City and enhance the status of Jiangkou Central Port Area. In addition, it will provide a better investment promotion platform for the development of Chizhou City and facilitate the development of the mining industry in Chizhou City, which will in turn benefit the long-term operation and development of the Group's port business in Chizhou City. The Group will also be able to enhance its competitiveness in the inland terminal operators market in Chizhou City, Anhui Province, the PRC.

The terms of the JV Agreement were negotiated between the parties thereto after arm's length negotiations. In light of the above, the Directors consider that the terms of the JV Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Board”	the board of Directors
“Chizhou Port Holding”	池州港遠航控股有限公司 (Chizhou Port Ocean Line Holdings Limited*), a company established in the PRC and an indirect 72%-owned subsidiary of the Company
“Company”	Ocean Line Port Development Limited (遠航港口發展有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 30 October 2017 and the issued Shares of which are listed on GEM (stock code: 8502)

“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party independent of and not connected with the Company and/or its subsidiaries and their respective connected persons
“JV Agreement”	the joint venture agreement dated 29 December 2023 entered into between Chizhou Port Holding and the JV Partners in relation to the formation of the JV Company
“JV Company”	the company to be formed under the JV Agreement and to be established under the laws of the PRC with limited liability
“JV Partner I”	池州資產運營集團有限公司 (Chizhou Assets Operation Group Co., Ltd.*), a company established in the PRC with limited liability
“JV Partner II”	安徽平天湖投資控股集團有限公司 (Anhui Pingtian Lake Investment Holding Group Co., Ltd.*), a company established in the PRC with limited liability
“JV Partners”	JV Partner I and JV Partner II
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau and Taiwan
“Shareholder(s)”	shareholders of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary/subsidiaries”	has the meaning ascribed thereto in the GEM Listing Rules
“Vital Force”	Vital Force Developments Limited, a company incorporated in the British Virgin Islands with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“RMB” Renminbi, the lawful currency of the PRC

“%” per cent.

By order of the Board
Ocean Line Port Development Limited
Kwai Sze Hoi
Chairman and executive Director

Hong Kong, 29 December 2023

As at the date of this announcement, the executive Directors are Mr. Kwai Sze Hoi and Mr. Huang Xueliang, the non-executive Director is Ms. Cheung Wai Fung, and the independent non-executive Directors are Mr. Nie Rui, Mr. Cheung Sze Ming and Dr. Li Weidong.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the Stock Exchange’s website at www.hkexnews.hk, on the “Latest Company Announcements” page for at least 7 days from the date of its publication and on the website of the Company at www.oceanlineport.com.

** For identification purpose only*