

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its 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 announcement.



ORIENT VICTORY TRAVEL GROUP COMPANY LIMITED

東勝旅遊集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 265)

DISCLOSEABLE TRANSACTION ACQUISITION OF THE SALE SHARES

THE ACQUISITION

The Board is pleased to announce that on 6 August 2021 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the Share Transfer Agreement with the Vendor, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor agreed to sell, the Sale Shares for the Consideration of HK\$24,000,000.

Upon Completion, each of the companies within the Target Group will become an indirect wholly-owned subsidiary of the Company and the consolidated financial results of the Target Company will be consolidated into the Group's financial results.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% and all of such ratios are below 25%, the Share Transfer Agreement and the transaction contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Completion is subject to the fulfilment of the Conditions Precedent set out in the Share Transfer Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that on 6 August 2021 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the Share Transfer Agreement with the Vendor, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor agreed to sell, the Sale Shares for the Consideration of HK\$24,000,000.

THE SHARE TRANSFER AGREEMENT

The principal terms of Share Transfer Agreement are set out below:

Date

6 August 2021 (after trading hours)

Parties

Purchaser: the Purchaser (a wholly-owned subsidiary of the Company)

Vendor: the Vendor

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor and his associates are Independent Third Parties.

Assets to be acquired

Pursuant to the Share Transfer Agreement, the Purchaser has conditionally agreed to purchase, and the Vendor has agreed to sell, the Sale Shares subject to fulfilment of the Conditions Precedent.

Consideration and payment terms

The Consideration for the Sale Shares is HK\$24,000,000, which shall be paid in cash by the Purchaser to the Vendor within ten Business Days after Completion.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the consolidated net asset value of the Target Company of approximately RMB21 million (equivalent to approximately HK\$25 million) as at 20 July 2021, which is the latest practicable date for calculating the consolidated net asset value of the Target Company, after taking into account (i) the fair value of the right-of-use assets of the sub-leases under the Leases classified as investment properties under HKAS 40 *Investment Property*, of approximately RMB70 million (equivalent to approximately HK\$84 million) (the “**Fair Value of the Investment Properties**”) as at 20 July 2021, which is based on the valuation report under capitalisation approach prepared by an independent valuer; (ii) the lease liabilities of the Leases estimated in accordance with HKFRS 16 *Leases* of approximately RMB43 million (equivalent to approximately HK\$52 million); and (iii) the related deferred tax liabilities of approximately RMB7 million (equivalent to approximately HK\$8 million).

The Consideration will be financed by the Group's internal resources.

Conditions Precedent

Completion is conditional upon each of the following conditions being satisfied:

- (a) the Purchaser having informed the Vendor in writing that it is satisfied with the due diligence results in relation to financial, legal, tax and business aspects of the Target Group;
- (b) the Purchaser having obtained a legal opinion on the legality of the Target Group from a qualified legal adviser and the Purchaser is satisfied with such legal opinion;
- (c) there has been no improper or negative impact or material adverse change in the business, prospects, operations or finance of the Target Group from the date of the Share Transfer Agreement to the date of Completion;
- (d) all necessary consent(s) from third parties (including governmental or official or regulatory authorities) and all other necessary consents and approvals required pursuant to any legal or regulatory requirement in respect of the transactions contemplated under the Share Transfer Agreement having been obtained;
- (e) the Share Transfer Agreement and the transactions contemplated thereunder having been complied with the Articles of Association of the Purchaser and the requirements under the applicable laws, rules and regulations (including the Listing Rules);
- (f) the Purchaser having received a certificate of incumbency and a certificate of good standing in relation to the Target Company, which shall be dated within 30 days prior to the date of the Share Transfer Agreement and the contents of which shall be in line with the Share Transfer Agreement; and

- (g) all representations and warranties given by the Vendor shall remain true, accurate and not misleading from the date of the Share Transfer Agreement to the date of Completion.

Pursuant to the Share Transfer Agreement, the parties shall use their best endeavours to fulfil the Conditions Precedent. If any of the Conditions Precedent has not been fulfilled before the Long Stop Date, the Purchaser shall not be obliged to complete the purchase of the Sale Shares and the Share Transfer Agreement shall immediately cease and determined and any party to the Share Transfer Agreement shall have the right to claim against the other for any antecedent breaches of the terms thereof. However, the Purchaser may choose to continue to complete the purchase of the Sale Shares and request the Vendor to fulfil any of the outstanding Conditions Precedent after Completion. In addition, any party to the Share Transfer Agreement shall have the right to claim against the other for loss and damage as a result of not using their best endeavours to fulfil any of the Conditions Precedent.

Completion

Completion shall take place within three Business Days (or such other later date as agreed between the parties) upon the Conditions Precedent being satisfied, fulfilled and/or waived (as the case may be).

Upon Completion, each of the companies within the Target Group will become an indirect wholly-owned subsidiary of the Company and the consolidated financial results of the Target Company will be consolidated into the Group's financial results.

INFORMATION OF THE GROUP AND THE PURCHASER

The Company is an investment holding company and its subsidiaries are principally engaged in the property management and leasing services businesses for residential and commercial properties, the diversified tourism products and services businesses and the integrated development businesses.

The Purchaser is an investment holding company and a direct wholly-owned subsidiary of the Company as at the date of this announcement.

INFORMATION OF THE VENDOR

The Vendor is a merchant conducting businesses mainly in the PRC. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor and his associates are Independent Third Parties.

INFORMATION OF THE TARGET GROUP

The Target Company was incorporated in the BVI with limited liability on 3 June 2021 and was wholly-owned by the Vendor as at the date of this announcement. The Target Group is principally engaging in the sub-leases business in Shijiazhuang, Hebei Province, the PRC. As at the date of this announcement, the Target Group held the sub-leases right in respect of the non-residential units located at (1) Feng Shou Du Hui, no. 325 of Jianshebeidajie, Changan District, Shijiazhuang City, Hebei Province* (河北省石家莊市長安區建設北大街325號豐收都會) with an aggregate area of 22,224.6 square meter; and (2) Chang An Hua Yuan, no. 80 of Jianshebeidajie, Changan District, Shijiazhuang City, Hebei Province* (河北省石家莊市長安區建設北大街80號長安花苑) with an aggregate area of 3,925 square meter, substantially all of which have been sub-leased to different merchants including bank and chain restaurants. As confirmed by the Directors, each of the sub-lessees under the sub-leases granted by the Target Group is an Independent Third Party.

Due to the fact that the Target Group had no operation prior to the sub-leases right granted to it in July 2021, no financial information for the two financial years immediately preceding the Acquisition is available.

Based on the unaudited financial information of the Target Group prepared in accordance with the HKFRSs for the period from 3 June 2021 (date of incorporation of the Target Company) to 20 July 2021 (the latest practicable date for calculating the consolidated net asset value of the Target Company) provided by the Vendor, the consolidated total and net asset values of the Target Group (after taking into account the Fair Value of the Investment Properties and related lease liabilities and deferred tax liabilities) as at 20 July 2021 were approximately RMB76 million (equivalent to approximately HK\$91 million) and approximately RMB21 million (equivalent to approximately HK\$25 million) respectively.

The Right-of-use Assets

The unaudited value of the right-of-use assets in respect of the sub-leases under the Leases to be recognised by the Target Group as investment properties as at 20 July 2021 (the latest practicable date for calculating the consolidated net asset value of the Target Company) is approximately RMB70 million (equivalent to approximately HK\$84 million), which is the Fair Value of the Investment Properties with reference to the valuation report under capitalisation approach prepared by an independent valuer. If Completion materialised, the right-of-use assets in respect of the sub-leases under the Leases will be recognised in the consolidated financial statements of the Company as investment properties for the year ending 31 December 2021 in accordance with HKFRS 16 and HKAS 40.

REASONS FOR AND BENEFITS OF THE ACQUISITION

In the light that the full recovery for global tourism industry is still highly uncertain under the novel coronavirus disease (2019) pandemic (the “**Pandemic**”), the Board considers that the Group must take appropriate steps to cope with the unprecedented market change resulting from the Pandemic. With an aim to stabilising the Group’s income sources which in turn improve the financial performance of the Group and achieve better return for the Shareholders during the current unfavourable environment, the Group has been exploring new income stream in the PRC since late July 2020 while striving on mitigating the effect of the Pandemic to the existing businesses of the Group.

Having considered the terms of the sub-leases arrangements, the background of the principal lessors and the sub-lessees, and the business operation of the Target Group, the Board is of the view that the Acquisition will contribute stable revenue and profits to the Group and improve the Group’s financial performance.

In view of the foregoing, the Directors consider that the terms of the Share Transfer Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

As one of the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 5% and all of such ratios are below 25%, the Share Transfer Agreement and the transaction contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Completion is subject to the fulfilment of the Conditions Precedent set out in the Share Transfer Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the purchase of the Sale Shares by the Purchaser in accordance with the terms of the Share Transfer Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, a Sunday and a public holiday) on which banks are generally open for business in Hong Kong
“BVI”	the British Virgin Islands
“Company”	Orient Victory Travel Group Company Limited (東勝旅遊集團有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition contemplated under the Share Transfer Agreement
“Conditions Precedent”	the conditions precedent to Completion
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	consideration of HK\$24,000,000 payable by the Purchaser to the Vendor for the Acquisition
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKAS”	Hong Kong Accounting Standard
“HKFRS”	Hong Kong Financial Reporting Standard
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and the connected persons of the Company

“Leases”	the principal leases granted by (i) Xinhua Property Management Branch Company, Shijiazhuang City Baozhangxing Anju Engineering Development Construction Company Limited* (石家莊市保障性安居工程開發建設有限責任公司新華房產管理分公司), a company wholly-owned by Shijiazhuang City Municipal Finance Bureau* (石家莊市財政局), in respect of the non-residential units located at Feng Shou Du Hui, no. 325 of Jianshebeidajie, Changan District, Shijiazhuang City, Hebei Province* (河北省石家莊市長安區建設北大街325號豐收都會) with an aggregate area of 22,224.6 square meter; and (ii) Changan Property Management Branch Company, Shijiazhuang City Baozhangxing Anju Engineering Development Construction Company Limited* (石家莊市保障性安居工程開發建設有限責任公司長安房產管理分公司), a company wholly-owned by Shijiazhuang City Municipal Finance Bureau* (石家莊市財政局), in respect of the non-residential units located at Chang An Hua Yuan, no. 80 of Jianshebeidajie, Changan District, Shijiazhuang City, Hebei Province* (河北省石家莊市長安區建設北大街80號長安花苑) with an aggregate area of 3,925 square meter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2021 or such other day as the Vendor and the Purchaser may agree in writing
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Allied World Corporation, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“Sale Shares”	100 ordinary shares (representing the entire issued share capital of the Target Company)
“Shareholders”	holder(s) of the Shares from time to time
“Shares”	ordinary share(s) of HK\$0.005 each in the share capital of the Company

“Share Transfer Agreement”	the share transfer agreement dated 6 August 2021 entered into between the Vendor and the Purchaser relating to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Kinyoun International Limited, a company incorporated in the BVI with limited liability
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Mr. Lu Liqiang* (路利強), a merchant who owns the Sale Shares as at the date of this announcement
“%”	per cent

By order of the Board
Orient Victory Travel Group Company Limited
Shi Baodong
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 6 August 2021

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Shi Baodong, Mr. Zhao Huining and Mr. Mo Yueming, one non-executive Director, being Ms. Song Sining, and three independent non-executive Directors, being Mr. Dong Xiaojie, Mr. He Qi and Mr. Sui Feng-jih.

For illustrative purpose of this announcement and unless otherwise specified, conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.20.

** for identification purpose only*