

*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)**

## **CONTINUING CONNECTED TRANSACTIONS UNDER THE EVENT PLANNING FRAMEWORK AGREEMENT**

### **THE EVENT PLANNING FRAMEWORK AGREEMENT**

The Board is pleased to announce that on 28 November 2019 (after trading hours), the Event Planning Framework Agreement was entered into between the Company and OVPD. Pursuant to which, OVPD agrees to appoint the Company or its subsidiaries as its exclusive agent for the provision of event planning and front-to-back production services in connection with the Business for the Term (i.e. from the date of the Event Planning Framework Agreement to 30 September 2022).

### **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, OVPD is wholly-owned by Mr. Shi, the chairman of the Board, the chief executive officer and an executive Director. As OVPD is wholly-owned by Mr. Shi, OVPD is an associate of Mr. Shi and thus a connected person of the Company. Therefore, the Continuing Connected Transactions contemplated under the Event Planning Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) in respect of the maximum amount of the Proposed Annual Caps is more than 5% and exceed HK\$10 million, the Continuing Connected Transactions are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **THE EGM**

The Company will convene the EGM for the purpose of seeking approval from the Independent Shareholders on the Event Planning Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps. An Independent Board Committee comprising all the independent non-executive Directors will be established by the Company to consider the Event Planning Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps, and to advise the Independent Shareholders as to whether the Event Planning Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps are on normal commercial terms or better and fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

A circular containing, among other things, (i) a letter of recommendation from the Independent Board Committee; (ii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iii) further details on the Continuing Connected Transactions (including the Proposed Annual Caps); and (iv) a notice to convene an EGM will be despatched to the Shareholders on or before 19 December 2019.

## **THE EVENT PLANNING FRAMEWORK AGREEMENT**

On 28 November 2019 (after trading hours), the Company entered into the Event Planning Framework Agreement with OVPD. The principal terms of the Event Planning Framework Agreement are summarised below.

### **Date**

28 November 2019 (after trading hours)

### **Parties**

- (i) OVPD; and
- (ii) the Company

### **Term**

From the date of the Event Planning Framework Agreement to 30 September 2022

## Subject Matter

OVPD agrees to appoint the Company or its subsidiaries as its exclusive agent who shall provide event planning and front-to-back production services to OVPD or its subsidiaries in connection with the Business.

Under the Event Planning Framework Agreement, the Company or its subsidiaries (or through its subcontractor) shall be responsible for the following matters including but not limited to:

- (i) pre-event planning;
- (ii) decoration of venue for the event;
- (iii) design and production of materials to be used in the event;
- (iv) the recruitment and management of performers for the event;
- (v) provision of stage lighting and equipment for the event;
- (vi) the recruitment and management of on-site crews for the event;
- (vii) obtaining relevant approval required for holding the event from the relevant authorities;  
and
- (viii) assisting OVPD or its subsidiaries to retreat the equipment from the event venue.

(the above collectively referred to the “**Services**”)

OVPD or its subsidiaries and the Company or its subsidiaries shall enter into specific agreement in respect of each individual transaction contemplated under the Event Planning Framework Agreement and shall be performed separately under the relevant specific agreement (the “**Specific Agreement**”) in accordance with the principal terms under the Event Planning Framework Agreement.

Pursuant to the Event Planning Framework Agreement, the Services to be provided by the Company or its subsidiaries to OVPD or its subsidiaries under the Event Planning Framework Agreement shall be conducted on normal commercial terms or better, in particular:

- (i) the terms of the Continuing Connected Transactions must be fair and reasonable and in the interest of the Shareholders as a whole;
- (ii) the terms of the Continuing Connected Transactions shall be no less favourable to the Group than terms available from independent third parties;

- (iii) the Continuing Connected Transactions shall be conducted after arm's length negotiations; and
- (iv) the Continuing Connected Transactions shall not exceed the Proposed Annual Caps without re-complying with the requirements of the Listing Rules with regard to continuing connected transactions.

### **Conditions Precedent**

The Event Planning Framework Agreement is conditional upon the following:

- (i) the Event Planning Framework Agreement and the transactions contemplated thereunder having been approved by the respective board of directors of OVPD and the Company;
- (ii) all guarantees, representations and warranties given by OVPD and the Company under the Event Planning Framework Agreement remaining valid, true and correct in all material respects;
- (iii) the Independent Shareholders having approved the Event Planning Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps) by way of poll at a general meeting of the Company to be convened in compliance with the Listing Rules; and
- (iv) (if necessary) all authorities' authorizations, approvals, consents, waivers and permits which are necessary or relevant to give effect to the Event Planning Framework Agreement having been granted, received or obtained and not revoked.

Save for condition precedent (ii), all other conditions precedent cannot be waived by OVPD or the Company.

### **Service Fees**

The fee to be charged by the Company or its subsidiaries for the provision of the Services shall be determined after arm's length negotiation based on scope and scale of services, work complexity, location, expected labour force to be involved resources to complete the services, schedule and compare with the prevailing market rate for comparable planning services available from other marketing or event planning companies in the PRC, and in any event the fee offered by OVPD or its subsidiaries to the Group shall be on normal commercial term or better than that offered to (a) the Group by other independent marketing or event planning companies for the comparable service; and (b) other independent third parties by OVPD or its subsidiaries for the comparable service. To determine whether the price and terms offered to the Group by OVPD or its subsidiaries are fair and reasonable and comparable to those offered by independent third parties, the Board would obtain, or request OVPD to obtain, quotation from at least two other independent marketing or event planning companies in the PRC for the comparable service.

If the total service fee is agreed at a fixed sum, 30% of the total service fee shall be paid by OVPD or its subsidiaries to the Company or its subsidiaries within seven days after the signing of the Specific Agreement and the balance shall be paid within seven days after the issuance of a completion confirmation and an inspection report by OVPD or its subsidiaries in respect of the relevant event. If the total service fee is variable and shall be determined with reference to unit price per headcount and actual time spent, the total service fee shall be paid within 30 days after the service.

### **Proposed Annual Caps**

The proposed annual monetary caps of the Continuing Connected Transactions to be contracted between OVPD and the Company in aggregate (including value added tax) during the term shall not exceed the sum set out below:

<b>Period</b>	<b>Annual Cap</b> <b>(contract sum in aggregate including VAT)</b>	
	<i>equivalent to approximately</i>	
	<i>RMB (million)</i>	<i>HK\$ (million)</i>
Up to and including 31 December 2019	9.48	10.56
1 January 2020 to 31 December 2020	35.82	39.89
1 January 2021 to 31 December 2021	26.05	29.01
1 January 2022 to 30 September 2022	17.11	19.06

### **Basis of the Proposed Annual Caps**

The Proposed Annual Caps were determined after taking into account, among others,

- (i) the preliminary scheduled real estate projects (the “**Real Estate Projects**”) under the Business provided by OVPD;
- (ii) the event planning and marketing budget plan for each of the Real Estate Projects provided by OVPD;

- (iii) the estimated work to be undertaken by the Group in the Real Estate Projects; and
- (iv) a buffer of 5% providing for the necessary increase of event planning and marketing expenses.

## **INFORMATION OF THE PARTIES**

The Company was an investment holding company and its subsidiaries were principally engaged in the provision of diversified tourism products and services, the provision of integrated development and investment holding.

OVPD is a company incorporated in the PRC, principally engaged in the Business, and is wholly-owned by Mr. Shi, the chairman, the chief executive officer and an executive Director. Mr. Shi is also a controlling shareholder of the Company holding, including through Orient Victory Real Estate Group Holdings Limited (東勝置業集團控股有限公司), 7,784,802,880 Shares (representing approximately 60.24% of the entire issued share capital of the Company).

## **REASONS FOR ENTERING INTO EVENT PLANNING FRAMEWORK AGREEMENT**

With an effort to further develop the business of the Group, the Group has been enhancing its existing business and looking for suitable business opportunities to diversify the business of the Group with an objective to broaden the Group's income sources which in turn improve the financial performance of the Group and achieve better return for the Shareholders. During the year ending 31 December 2019, the Group has recruited a team of talents with extensive experience in corporate image building, brand management, marketing, event planning and public relations and communication. With reference to their aptitude, energetic attitude and ambition in works, they have completed certain event planning projects in the aggregate contract amount of RMB4.45 million (equivalent to approximately HK\$4.96 million) as at 31 October 2019. The Board is of the view that given the business opportunity provided under the Event Planning Framework Agreement, the ability of this team will be further explored and developed and gained the appreciation from various class of customer. The Directors (excluding the members of the Independent Board Committee who will form their opinion after considering the advice from the independent financial adviser in respect of the Event Planning Framework Agreement) consider the terms of the Event Planning Framework Agreement, the Continuing Connected Transactions thereunder and the Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In view of the aforesaid, the Board considers that the terms and conditions of the Event Planning Framework Agreement including the Proposed Annual Caps thereof are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and the Board is not aware of there being any disadvantages for entering into the Continuing Connected Transactions.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, OVPD is wholly-owned by Mr. Shi, the chairman of the Board, the chief executive officer and an executive Director. As OVPD is wholly-owned by Mr. Shi, OVPD is an associate of Mr. Shi and thus a connected person of the Company. Therefore, the Continuing Connected Transactions contemplated under the Event Planning Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) in respect of the maximum amount of the Proposed Annual Caps is more than 5% and exceed HK\$10 million, the Continuing Connected Transactions are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **THE EGM**

The Company will convene the EGM for the purpose of seeking approval from the Independent Shareholders on the Event Planning Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps. An Independent Board Committee comprising all the independent non-executive Directors will be established by the Company to consider the Event Planning Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps, and to advise the Independent Shareholders as to whether the Event Planning Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps are on normal commercial terms or better and fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

A circular containing, among other things, (i) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (ii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iii) further details on the Continuing Connected Transactions (including the Proposed Annual Caps); and (iv) a notice to convene an EGM will be despatched to the Shareholders on or before 19 December 2019.

## DEFINITIONS

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

“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of directors of the Company
“Business”	real estate development in the PRC
“Company”	Orient Victory Travel Group Company Limited, a company incorporated in the Cayman Islands, shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the Event Planning Framework Agreement
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Event Planning Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps
“Event Planning Framework Agreement”	the event planning framework agreement dated 28 November 2019 entered into between OVPD and the Company in relation to the provision of event planning and front-to-back production services in connection with the Business
“Group”	the Company and its subsidiaries
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the board committee of the Company comprising all independent non-executive Directors, namely Mr. Dong Xiaojie, Mr. He Qi and Mr. Sui Feng-jih, to be established to make recommendation to the Independent Shareholders in respect of the terms of the Event Planning Framework Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps)
“Independent Shareholders”	the Shareholders who are not prohibited under the Listing Rules from voting on a resolution to approve the relevant transaction at a general meeting of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Mr. Shi”	Mr. Shi Baodong (石保棟), the chairman, the chief executive officer and an executive Director as well as a controlling shareholder of the Company
“OVPD”	Orient Victory Property Development Group Co., Limited* (東勝房地產開發集團有限公司), a company incorporated in the PRC and wholly-owned by Mr. Shi
“PRC”	the People’s Republic of China
“Proposed Annual Caps”	the proposed annual monetary caps for the Continuing Connected Transactions for the period from the date of the Event Planning Framework Agreement to 30 September 2022
“Shareholder(s)”	shareholder(s) of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“Term”

from to date of the Event Planning Framework Agreement to  
30 September 2022

By order of the Board

**Orient Victory Travel Group Company Limited**

**Shi Baodong**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 28 November 2019

*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. Swei 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\$1.1137.*

\* For identification purpose only