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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)

- (1) DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION
OF THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY;
(2) CONTINUING CONNECTED TRANSACTIONS PURSUANT TO
RULE 14A.60 OF THE LISTING RULES;
AND
(3) THE EXISTING TENANCY AGREEMENT**

THE EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that, on 8 February 2021 (after trading hours), the Vendor and the Purchaser entered into the Equity Transfer Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to dispose of, the Sale Interest at the Consideration of RMB7,500,000.0 (equivalent to approximately HK\$9,000,000.0).

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the consolidated financial results of the Target Group will be consolidated into the Group's financial results.

CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60 OF THE LISTING RULES

The Target Group has been providing property management services to the OVPD Group since 2013. Prior to the date of this announcement, the Target Group and the OVPD Group entered into the Property Management Agreements.

As at the date of this announcement, OVPD is wholly-owned by Mr. Shi, the chairman of the Board, the chief executive officer of the Company and an executive Director, and a controlling shareholder of the Company. As such, each of the companies within the OVPD Group is an associate of Mr. Shi and thus a connected person of the Company.

Immediately after Completion, each of the companies within the Target Group will become an indirect wholly-owned subsidiary of the Company. Accordingly, certain transactions (i.e. transactions which involve payments for services by the OVPD Group) contemplated under the Property Management Agreements will become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the applicable reporting and disclosure requirements under Chapter 14A of the Listing Rules regarding such continuing connected transactions. The Company will comply in full with all applicable reporting, disclosure and, if applicable, independent Shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the relevant Property Management Agreements.

THE EXISTING TENANCY AGREEMENT

Prior to the date of this announcement, the Target Group and the OVPD Group entered into the Existing Tenancy Agreement, which will subsist upon Completion. If Completion materialised, the right-of-use asset under the Existing Tenancy Agreement will be recognised in the consolidated financial statements of the Company for the year ending 31 December 2021 in accordance with HKFRS 16.

IMPLICATION UNDER THE LISTING RULES

As certain applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Equity Transfer Agreement and the transactions contemplated thereunder are more than 5% and all of such ratios are below 25%, the Equity Transfer Agreement and the transactions 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.

Since Completion is subject to fulfilment of the Conditions Precedent under the Equity Transfer Agreement, the Equity Transfer may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that, on 8 February 2021 (after trading hours), the Vendor and the Purchaser entered into the Equity Transfer Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to dispose of, the Sale Interest at the Consideration of RMB7,500,000.0 (equivalent to approximately HK\$9,000,000.0).

The material terms of the Equity Transfer Agreement are summarised below:

Date: 8 February 2021

Parties: (i) the Vendor as vendor; and
(ii) the Purchaser as purchaser.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquires, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

Assets to be acquired

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

Consideration and payment terms

The Consideration for the Sale Interest is RMB7,500,000.0 (equivalent to approximately HK\$9,000,000.0), 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 Group.

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, and outstanding matters and documents as may be requested by the Purchaser having been completed, subject to the Purchaser's satisfaction;
- (b) there being no material adverse change in the position of financial, business, operation and prospect of the Target Group from the date of the Equity Transfer Agreement and up to the date of Completion;
- (c) the Vendor having provided the Purchaser with the board resolutions of the Vendor approving the Equity Transfer Agreement and the transactions contemplated thereunder pursuant to the articles of association of the Vendor;
- (d) the Equity 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);
- (e) all necessary valid consents, approvals, waivers or necessary notice from the relevant parties, government or authorities in respect of the Equity Transfer having been obtained;
- (f) all warranties, representations, indemnities and undertakings given by the Vendor shall remain true, accurate and not misleading from the date of the Equity Transfer Agreement to the date of Completion; and
- (g) for the purposes of the Equity Transfer Agreement and the transactions contemplated thereunder, approval having been obtained from the independent Shareholders (if required).

Completion

Within 3 Business Days after the fulfilment of all the Conditions Precedent, the Purchaser and the Vendor shall procure the Target Company to apply to the Administration for Industry and Commerce for registration update. Completion of the registration update shall be the date of Completion, which shall take place as soon as practicable but in any event not later than 30 June 2021.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the consolidated financial results of the Target Group will be consolidated into the Group's financial results.

INFORMATION OF THE TARGET GROUP

The Target Company was incorporated in the PRC with limited liability in 2006 and was wholly-owned by the Vendor as at the date of this announcement. The Target Group was a property management service provider and headquartered in Shijiazhuang, Hebei Province, the PRC, which is principally engaged in the provision of property management services and property rental services for residential and commercial properties in Hebei Province, the PRC. The Target Company possesses certifications of the ISO9001 (Quality Management Systems), ISO14001 (Environmental Management Systems) and OHSAS18001 (Occupational Health and Safety Assessment Series) and won various awards in past years, including the “2020 Top 500 Property Services Companies: Comprehensive Strength*” (二零二零年度物業服務企業綜合實力500強) and the “Top Ten Property Management Projects in Hebei Province in 2019*” (二零一九年度河北省物業管理十佳項目). As at 31 December 2020, the Target Group had a total contracted gross floor area of approximately 8.1 million square meters, of which a total gross floor area of approximately 7.1 million square meters was under management as at 31 December 2020. The total gross floor area mainly involves residential properties, commercial properties, office buildings, sales offices and related areas, hospitals, government and other public facilities.

Based on the Target Company's audited consolidated financial statements prepared in accordance with the PRC Generally Accepted Accounting Principles for the year ended 31 December 2020 provided by the Vendor, the consolidated total and net asset values of the Target Group (before the disposal of the Disposed Subsidiary) as at 31 December 2020 were approximately RMB69.1 million (equivalent to approximately HK\$82.9 million) and approximately RMB7.1 million (equivalent to approximately HK\$8.5 million) respectively.

Set out below is a summary of the consolidated financial information of the Target Group (before the disposal of the Disposed Subsidiary) for the two years ended 31 December 2020 as extracted from the Target Company's audited consolidated financial statements prepared in accordance with the PRC Generally Accepted Accounting Principles for the year ended 31 December 2020 and the Target Company's unaudited consolidated financial statements prepared in accordance with the PRC Generally Accepted Accounting Principles for the year ended 31 December 2019 provided by the Vendor:

	For the year ended 31 December 2020 (Audited) (RMB'000)	For the year ended 31 December 2019 (Unaudited) (RMB'000)
Revenue	89,954 (equivalent to approximately HK\$107,945,000)	75,412 (equivalent to approximately HK\$90,494,000)
Profit/(loss) before taxation	5,019 (equivalent to approximately HK\$6,023,000)	(1,631) (equivalent to approximately HK\$(1,957,000))
Profit/(loss) after taxation	3,837 (equivalent to approximately HK\$4,604,000)	(1,715) (equivalent to approximately HK\$(2,058,000))

Note:

The above consolidated financial information of the Target Group was prepared before the disposal of the Disposed Subsidiary which completed in January 2021. Based on the Target Company's consolidated financial statements prepared in accordance with the PRC Generally Accepted Accounting Principles for the year ended 31 December 2020 provided by the Vendor, revenue, loss before taxation and loss after taxation of the Disposed Subsidiary for the year ended 31 December 2020 amounted to RMB21.9 million (equivalent to approximately HK\$26.3 million), RMB27,000.0 (equivalent to approximately HK\$32,000.0) and RMB44,000.0 (equivalent to approximately HK\$53,000.0) respectively, and total assets and net deficit of the Disposed Subsidiary as at 31 December 2020 amounted to RMB33.4 million (equivalent to approximately HK\$40.0 million) and RMB1.8 million (equivalent to approximately HK\$2.2 million) respectively.

INFORMATION OF THE PURCHASER AND THE GROUP

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

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

INFORMATION OF THE VENDOR

The Vendor is a company established in the PRC with limited liability, which is primarily involved in asset management, investment management, investment consulting, business management consulting, economic and trade consulting, business planning, financial consulting (excluding audit, capital verification, audit, evaluation, accounting advice, accounting and other businesses which require special approval), project investment and technology promotion services. It was a then non-controlling shareholder of 張家口大坤直方房地產開發有限公司 (Zhangjiakou Dakun Zhifang Real Estate Development Co., Ltd.*), a non-wholly owned subsidiary of the Company, and has business relationship with the OVPD Group prior to the Equity Transfer, in particular, the provision of property management services for the OVPD Group through the Target Group. As at the date of this announcement, the ultimate beneficial owners of the Vendor are 高東營先生 (Mr. Gao Dongying*) and 常福嶺先生 (Mr. Chang Fuling*), holding 50.5% and 49.5% equity interests in the Target Company respectively.

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER

In the light that the full recovery for global tourism industry is still highly uncertain under the Novel Coronavirus (COVID-19) pandemic (the “**Pandemic**”), the Board considers that the Group must take appropriate steps to cope with the market change resulting from the Pandemic. With an aim to broadening 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 (i.e. diversified tourism products and services businesses and integrated development businesses) and projects.

In view that certain Directors including Mr. Shi possess extensive experience in property development and management in the PRC, and that a team of experienced staff will be formed and led by the relevant Directors upon Completion, the Board considers that the Group is capable of operating the property management business. Besides, having considered the business scale, the historical financial information and the business reputation of the Target Group as well as the terms of the Equity Transfer, the Board believes the Equity Transfer will broaden the Group's income sources and improve the Group's financial performance.

As advised by an independent valuer, the consideration for acquisition of property management companies in the PRC is generally determined based on price-to-earnings ratio of over 10 times. However, after negotiations with the Vendor, the Company is able to acquire the Target Group at the Consideration based on the net asset value of the Target Group. In view of the above, the Board considers that the terms of the Equity Transfer Agreement and the transactions contemplated therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60 OF THE LISTING RULES

The Target Group has been providing property management services to the OVPD Group since 2013. Prior to the date of this announcement, the Target Group and the OVPD Group entered into the Property Management Agreements.

As at the date of this announcement, OVPD is wholly-owned by Mr. Shi, the chairman of the Board, the chief executive officer of the Company and an executive Director, and a controlling shareholder of the Company. As such, each of the companies within the OVPD Group is an associate of Mr. Shi and thus a connected person of the Company.

Immediately after Completion, each of the companies within the Target Group will become an indirect wholly-owned subsidiary of the Company. Accordingly, certain transactions (i.e. transactions which involve payments for services by the OVPD Group) contemplated under the Property Management Agreements will become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the applicable reporting and disclosure requirements under Chapter 14A of the Listing Rules regarding such continuing connected transactions. The Company will comply in full with all applicable reporting, disclosure and, if applicable, independent Shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the relevant Property Management Agreements.

The principal terms of the Property Management Agreements are as follows:

Sales offices, display units, leisure areas and other related areas

Project	Term	Scope of Service	Service Fee
Project A	From 1 December 2020 to 30 November 2021	Provision of overall property management services including concierge, cleaning, safety, administration and management services for the sales offices and display units and other related areas	The OVPD Group shall pay to the Target Group a monthly service fee of RMB148,220.0 (equivalent to approximately HK\$177,864.0), which was determined based on an arm's length basis by reference to (i) the labour costs and other necessary expenses incurred in providing the relevant services; and (ii) the market price of services of comparable nature and scale.
Project A	From 15 July 2020 to 15 July 2022	Provision of overall property management services including cleaning, safety and management services for the additional display units and other related areas	The OVPD Group shall pay to the Target Group a monthly service fee of RMB52,555.0 (equivalent to approximately HK\$63,066.0), which was determined based on an arm's length basis by reference to (i) the labour costs and other necessary expenses incurred in providing the relevant services; and (ii) the market price of services of comparable nature and scale.

Project	Term	Scope of Service	Service Fee
Project B	From 1 December 2020 to 30 November 2022	Provision of overall property management services including maintenance, cleaning, safety, and management services for the leisure areas	The OVPD Group shall pay to the Target Group a monthly service fee of RMB125,381.0 (equivalent to approximately HK\$150,457.0), which was determined based on an arm's length basis by reference to (i) the labour costs and other necessary expenses incurred in providing the relevant services; and (ii) the market price of services of comparable nature and scale.
Project C	1 January 2021 to 31 December 2021	Provision of overall property management services including concierge, cleaning, safety, administration and management services for the sales offices and display units and other related areas	The OVPD Group shall pay to the Target Group a monthly service fee of RMB99,970.0 (equivalent to approximately HK\$119,964.0), which was determined based on an arm's length basis by reference to (i) the labour costs and other necessary expenses incurred in providing the relevant services; and (ii) the market price of services of comparable nature and scale.

Project	Term	Scope of Service	Service Fee
Project D	1 August 2020 to 31 July 2021	Provision of overall property management services including concierge, cleaning, safety, administration and management services for the sales offices and display units and other related areas	The OVPD Group shall pay to the Target Group a monthly service fee of RMB111,029.0 (equivalent to approximately HK\$133,235.0), which was determined based on an arm's length basis by reference to (i) the labour costs and other necessary expenses incurred in providing the relevant services; and (ii) the market price of services of comparable nature and scale.
Project E	1 May 2020 to 30 April 2022	Provision of overall property management services including concierge, cleaning, safety, administration and management services for the sales offices and display units and other related areas	The OVPD Group shall pay to the Target Group a monthly service fee of RMB219,216.0 (equivalent to approximately HK\$263,059.0), which was determined based on an arm's length basis by reference to (i) the labour costs and other necessary expenses incurred in providing the relevant services; and (ii) the market price of services of comparable nature and scale.

Project	Term	Scope of Service	Service Fee
Project F	1 June 2020 to 31 May 2022	Provision of overall property management services including concierge, cleaning, safety, administration and management services for the sales offices and display units and other related areas	The OVPD Group shall pay to the Target Group a monthly service fee of RMB174,569.0 (equivalent to approximately HK\$209,483.0), which was determined based on an arm's length basis by reference to (i) the labour costs and other necessary expenses incurred in providing the relevant services; and (ii) the market price of services of comparable nature and scale.
Project G	1 June 2020 to 31 May 2022	Provision of overall property management services including concierge, cleaning, safety, administration and management services for the sales offices and display units and other related areas	The OVPD Group shall pay to the Target Group a monthly service fee of RMB54,316.0 (equivalent to approximately HK\$65,179.0), which was determined based on an arm's length basis by reference to (i) the labour costs and other necessary expenses incurred in providing the relevant services; and (ii) the market price of services of comparable nature and scale.

Commercial and residential units and car parking spaces

Pursuant to the Property Management Agreements, the Target Group shall provide management services for (i) commercial and residential units; and (ii) car parking spaces. As at 31 January 2021, some of the commercial and residential units, representing a total gross floor area of approximately 17,184 square meters involving 4 projects, remain unsold or not available for sale, and a total of 1,116 car parking spaces involving 5 projects remain unsold or not available for sale. All the projects are located in Hebei Province, the PRC.

As the OVPD Group shall be responsible for the management fee of the units and car parking spaces (which are unsold or not available for sale), such transactions will constitute continuing connected transactions of the Company immediately after Completion under Chapter 14A of the Listing Rules.

Scope of Service

The management services provided or to be provided by the Target Group include but not limited to providing assistance on keeping public order and safety, maintenance and management of common areas, operation, maintenance and management of the facilities and equipment, cleaning, gardening, repair, owners' home maintenance service and arranging for decoration and renovation services.

Service fees

The OVPD Group shall pay to the Target Group a monthly management fee equivalent to a sum calculated based on the size of the commercial and residential units (which are unsold or not available for sale) at the unit price ranging from RMB1.0 (equivalent to approximately HK\$1.2) per square meter to RMB3.0 (equivalent to approximately HK\$3.6) per square meter, which was determined by way of tender prepared by the Target Group by reference to (i) the nature of the projects and geographical locations; (ii) labour costs and other necessary expenses incurred in providing the relevant services; (iii) the market price of services of comparable nature and scale; and (iv) the indicative prices set by local government authorities.

In respect of car parking spaces, which are unsold or not available for sale, the OVPD Group shall pay to the Target Group monthly management fees as shown below, which was also determined by way of tender prepared by the Target Group by reference to (i) the nature of the projects and geographical locations; (ii) labour costs and other necessary expenses incurred in providing the relevant services; (iii) the market price of services of comparable nature and scale; and (iv) the indicative prices set by local government authorities:

**Number of car parking spaces
as at 31 January 2021**

Monthly management fee for each car parking space

1	RMB20.0 (equivalent to approximately HK\$24.0)
1,074	RMB50.0 (equivalent to approximately HK\$60.0)
41	RMB60.0 (equivalent to approximately HK\$72.0)

Without taking into account the car parking spaces (which are unsold or not available for sale), it is expected that a total monthly management fee of approximately RMB34,962.0 (equivalent to approximately HK\$41,954.0) (calculated based on the total gross floor area of approximately 17,184 square meters as at 31 January 2021) would be received by the Target Group from the OVPD Group in respect of the management fees of the commercial and residential units (which are unsold or not available for sale).

In respect of the OVPD Office Premises, in addition to the above-mentioned monthly management fee, the OVPD Group shall pay to the Target Group a monthly fee for additional property management services of RMB38,413.0 (equivalent to approximately HK\$46,096.0), which was determined based on an arm's length basis by reference to (i) the labour costs and other necessary expenses incurred in providing the relevant services; and (ii) the market price of services of comparable nature and scale.

Term

Save that the provision of the additional property management services for the OVPD Office Premises shall be for the period from 1 January 2020 to 31 December 2021, the management service for the commercial and residential units and car parking spaces (which are unsold or not available for sale) shall remain effective until the relevant owners' committees having been incorporated and a new property management service agreement with new service provider becoming effective.

Pre-delivery property management and related services

In 2018 and 2020, the OVPD Group appointed Target Group to provide pre-delivery property management and related service for residential units to be delivered. There is no specific term for the appointment. Details of which are summarised below:

Project	Scope of Service	Service Fee
Project A	Provision of pre-delivery services including inspection and cleaning services and consultancy services for residential units prior to the delivery of residential units, and property management office preparation services	The total fee payable by the OVPD Group to the Target Group for the relevant services amounted to approximately RMB2.8 million (equivalent to approximately HK\$3.4 million), which was estimated based on the total gross floor area of residential units to be delivered of approximately 258,861 square meters as at 31 January 2021. The service fee was determined based on an arm's length basis by reference to (i) the labour costs and other necessary expenses incurred in providing the relevant services; and (ii) the market price of services of comparable nature and scale.
Project I	Provision of pre-delivery services including inspection and cleaning services and consultancy services for residential units prior to the delivery of residential units, and property management office preparation services	The total fee payable by the OVPD Group to the Target Group for the relevant services amounted to approximately RMB2.1 million (equivalent to approximately HK\$2.5 million), which was estimated based on the total gross floor area of residential units to be delivered of approximately 192,322 square meters as at 31 January 2021. The service fee was determined based on an arm's length basis by reference to (i) the labour costs and other necessary expenses incurred in providing the relevant services; and (ii) the market price of services of comparable nature and scale.

THE EXISTING TENANCY AGREEMENT

Prior to the date of this announcement, the Target Group and the OVPD Group entered into the Existing Tenancy Agreement, which will subsist upon Completion:

Date of the Existing Tenancy Agreement	Parties	Premises	Tenancy Period	Remaining aggregate value of consideration payable as at the date of this announcement
1 January 2018	Tuoda Real Estate as landlord and the Target Company as tenant	Shop 107, Levels 1 to 2, Block 1 and Shops 101 to 107, Levels 1 to 2, Block 3, No. 55, Quannan East Street, Qiaodong District, Xingtai City, Hebei Province* (河北省刑臺市橋東區泉南東大街55號1號樓1至2層107商鋪及3號樓1至2層101至107商鋪)	1 January 2018 to 31 December 2032	RMB4,164,000.0 (equivalent to approximately HK\$4,997,000.0) (annual rental consideration payable amounted to RMB350,000.0 (equivalent to approximately HK\$420,000.0))

Notes:

1. By a sub-tenancy agreement dated 25 July 2019, shop 101 of Block 3 has been sub-leased to an education institute for a term commenced on 1 August 2019 and ending on 31 August 2029 at an initial monthly fixed rent of RMB2,942.0 (equivalent to approximately HK\$3,530.0) with an increase of 3% for every two years. The sub-tenant is an Independent Third Party.
2. By a sub-tenancy agreement dated 1 January 2020, shops 102 to 103 of Block 3 have been sub-leased to a bank for a term commenced on 1 January 2020 and ending on 31 December 2028 at an initial monthly fixed rent of RMB27,416.0 (equivalent to approximately HK\$32,899.0) with an increase of 3% for every two years. The sub-tenant is an Independent Third Party.
3. By a sub-tenancy agreement dated 15 June 2019, shops 104 to 105 of Block 3 have been sub-leased to a café shop for a term commenced on 15 June 2019 and ending on 14 July 2029 at an initial monthly fixed rent of RMB13,370.0 (equivalent to approximately HK\$16,044.0) with an increase of 3% for every two years. The sub-tenant is an Independent Third Party.

4. By a sub-tenancy agreement dated 1 January 2021, shop 107 of Block 3 has been sub-leased to a bakery shop for a term commenced on 1 January 2021 and ending on 31 December 2022 at a monthly fixed rent of RMB6,617.0 (equivalent to approximately HK\$7,940.0). The sub-tenant is an Independent Third Party.
5. By a sub-tenancy agreement dated 1 November 2019, shop 107 of Block 1 has been sub-leased to a restaurant for a term commenced on 1 November 2019 and ending on 30 November 2024 at an initial monthly fixed rent of RMB3,055.0 (equivalent to approximately HK\$3,666.0) with an increase of 3% for every two years. The sub-tenant is an Independent Third Party.

To the best knowledge of the Directors, after making reasonable enquires to the Target Group, the premises under the Existing Tenancy Agreement were leased by the Target Group with a view to making profit through sub-lease arrangement. As confirmed by the Target Group, each of the sub-leases has been authorised by the OVPD Group.

The Right-of-use Asset

The unaudited value of the right-of-use asset to be recognised by the Target Company as at the date of the Equity Transfer Agreement under the Existing Tenancy Agreement amounted to approximately RMB3,302,000.0 (equivalent to approximately HK\$3,962,000.0), which is the present value of the total rent payable during the remaining terms of the Existing Tenancy Agreement in accordance with HKFRS 16. A discount rate of 4.16% per annum is applied to compute the present value of the total outstanding rent payable under the Existing Tenancy Agreement.

If Completion materialised, the right-of-use asset under the Existing Tenancy Agreement will be recognised in the consolidated financial statements of the Company for the year ending 31 December 2021 in accordance with HKFRS 16.

DIRECTORS' CONFIRMATION

The Directors (including the independent non-executive Directors) are of the view that each of the Property Management Agreements, the Existing Tenancy Agreement and the sub-tenancy agreements as disclosed in the section headed "THE EXISTING TENANCY AGREEMENT" was entered into in the ordinary and usual course of business of the Target Group, on normal commercial terms, is fair and reasonable and is in the interests of the Company and Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

As certain applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Equity Transfer Agreement and the transactions contemplated thereunder are more than 5% and all of such ratios are below 25%, the Equity Transfer Agreement and the transactions 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.

Since Completion is subject to fulfilment of the Conditions Precedent under the Equity Transfer Agreement, the Equity Transfer may or may not proceed. Shareholders and potential investors are reminded 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:

“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 PRC
“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 Equity Transfer in accordance with the terms and conditions of the Equity Transfer Agreement
“Conditions Precedent”	the conditions precedent to Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	consideration of RMB7,500,000.0 (equivalent to approximately HK\$9,000,000.0) payable by the Purchaser to the Vendor for the Equity Transfer
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Disposed Subsidiary”	a then wholly-owned subsidiary of the Target Company, which was disposed of by the Vendor in January 2021
“Equity Transfer”	the acquisition of the Sale Interest by the Purchaser from the Vendor in accordance with the terms of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 8 February 2021 entered into between the Vendor and the Purchaser in respect of the Equity Transfer
“Existing Tenancy Agreement”	the existing tenancy agreement dated 1 January 2018 entered into between Tuoda Real Estate as landlord and the Target Company as tenant in respect of eight (8) shops, namely Shop 107, Levels 1 to 2, Block 1 and Shops 101 to 107, Levels 1 to 2, Block 3, No. 55, Quannan East Street, Qiaodong District, Xingtai City, Hebei Province* (河北省刑臺市橋東區泉南東大街55號1號樓1至2層107商鋪及3號樓1至2層101至107商鋪)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS 16”	Hong Kong Financial Reporting Standards 16 Leases
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Shi”	Mr. Shi Baodong (石保棟先生), the chairman of the Board, the chief executive officer of the Company and an executive Director, and a controlling shareholder of the Company

“OVPD”	東勝房地產開發集團有限公司 (Orient Victory Property Development Group Co., Ltd.*), a company established in PRC with limited liability and wholly-owned by Mr. Shi as at the date of this announcement
“OVPD Group”	OVPD and its subsidiaries
“OVPD Office Premises”	the office premises occupied by the OVPD Group as one of its offices
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Property Management Agreements”	the property management agreements in relation to (i) the provision of property management services for sales offices, display units, leisure areas and other related areas; (ii) the provision of property management services for commercial and residential units and car parking spaces; and (iii) pre-delivery property management and related services, by the Target Group to the OVPD Group entered into before the date of this announcement, details of which are set out in the section headed “CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60 OF THE LISTING RULES”
“Purchaser”	華勝新生活服務(深圳)有限公司 (Huasheng New Life Services (Shenzhen) Company Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	the entire equity interest in the Target Company
“Share(s)”	ordinary share(s) of HK\$0.005 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	石家莊市東勝物業服務有限公司 (Shijiazhuang Dongsheng Property Management Services Company Limited*), a company established in the PRC with limited liability and is wholly-owned by the Vendor as at the date of this announcement
“Target Group”	the Target Company and its wholly-owned subsidiaries as at the date of this announcement, namely 張家口祥融物業服務有限公司 (Zhangjiakou Xiangrong Property Services Company Limited*), 東勝融輝物業服務(北京)有限公司 (Dongsheng Ronghui Property Services (Beijing) Company Limited*), 石家莊友鄰房產經紀有限公司 (Shijiazhuang Youlin Property Agent Company Limited*), 邢臺市祥安物業服務有限公司 (Xingtai City Xiang'an Property Services Company Limited*), 石家莊諾瑞商業管理有限公司 (Shijiazhuang Nuorui Commercial Management Company Limited*), 廊坊市祥泓物業服務有限公司 (Langfang City Xianghong Property Services Company Limited*) and 邢臺祥拓物業服務有限公司 (Xingtai Xiangtuo Property Services Company Limited*)
“Tuoda Real Estate”	石家莊市拓達房地產開發有限公司 (Shijiazhuang City Tuoda Real Estate Development Co., Ltd.*), a company incorporated in the PRC and wholly-owned by OVPD as at the date of this announcement
“Vendor”	恆晟鑫業(北京)資產管理有限公司 (Heng Sheng Xin Ye (Beijing) Asset Management Company Limited*), a company established in the PRC with limited liability and owns the Sale Interest 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, 8 February 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*