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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 TU MEN TRAVEL; AND (2) FULLY EXEMPTED CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF YIDAO TOWN REAL ESTATE

(1) ACQUISITION OF TU MEN TRAVEL

On 18 December 2018, the Purchaser I as purchaser and the Vendors as vendors entered into the Tu Men Share Transfer Agreement in relation to, inter alia, the acquisition of 55% equity interest in Tu Men Travel. The total consideration payable by the Purchaser I to the Vendors for the acquisition of 55% equity interest under the Tu Men Share Transfer Agreement is RMB45,000,000 (approximately equivalent to HK\$50,918,000), net of individual income tax. Upon completion of the acquisition of 55% equity interest in Tu Men Travel, the Group will hold 55% interest in Tu Men Travel and Tu Men Travel will become an indirect non-wholly owned subsidiary of the Company. The remaining equity interest of 45% in Tu Men Travel will continue to be held by the Vendors and the Village Committees.

LISTING RULES IMPLICATIONS

Since the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the acquisition of 55% equity interest in Tu Men Travel exceed 5% but are less than 25%, the Tu Men Share Transfer Agreement and the transaction contemplated thereunder constitute a discloseable transaction of the Company under Rule 14.06 of the Listing Rules.

(2) ACQUISITION OF YIDAO TOWN REAL ESTATE

On 18 December 2018, the Purchaser II as purchaser and Eco-Town Development as vendor entered into the Yidao Town Share Transfer Agreement in relation to, inter alia, the acquisition of 75% equity interest in Yidao Town Real Estate. The total consideration payable by the Purchaser II for the acquisition of 75% equity interest in Yidao Town Real Estate under the Yidao Town Share Transfer Agreement is RMB7,800 (approximately equivalent to HK\$9,000). Upon completion of the acquisition of 75% equity interest in Yidao Town Real Estate, the Group will hold 75% interest in Yidao Town Real Estate and Yidao Town Real Estate will become an indirect non-wholly owned subsidiary of the Company. The remaining equity interest of 25% in Yidao Town Real Estate will continue to be held by Mr. Wang and Mr. Zhang.

LISTING RULES IMPLICATIONS

As Eco-Town Development is wholly-owned by Dongsheng Cultural Tourism Group Co., Ltd.* (東勝文化旅遊集團有限公司), a company incorporated in the PRC and is owned as to 30% by Mr. Shi's mother and 70% by Mr. Shi, the chairman, chief executive officer and an executive Director of the Company, Eco-Town Development is an associate of Mr. Shi and thus is a connected person of the Company under the Listing Rules. Accordingly, the Yidao Town Share Transfer Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the consideration of the acquisition of 75% equity interest in Yidao Town Real Estate is less than HK\$3,000,000 and each of the applicable percentage ratios is less than 5%, the acquisition by the Company contemplated under the Yidao Town Share Transfer Agreement and the transaction contemplated thereunder will be a de minimis transaction and all the connected transaction requirements including shareholders' approval, annual review and all disclosure requirements are fully exempted under Rule 14A.76(1)(c) of the Listing Rules. Despite its voluntary nature, the announcement of the acquisition of 75% equity interest in Yidao Town Real Estate would provide the Shareholders with a better understanding of the ongoing business development of the Company.

Shareholders and potential investors should note that completion of the acquisitions of Tu Men Travel and/or Yidao Town Real Estate is subject to the fulfillment of their respective conditions precedent and therefore the acquisition of Tu Men Travel and/or the acquisition of Yidao Town Real Estate may or may not occur. As the acquisition of Tu Men Travel and/or the acquisition of Yidao Town Real Estate may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

(1) ACQUISITION OF TU MEN TRAVEL

The Board is pleased to announce that, on 18 December 2018, the Purchaser I as purchaser and the Vendors as vendors entered into the Tu Men Share Transfer Agreement in relation to, inter alia, the acquisition of 55% equity interest in Tu Men Travel. The total consideration payable by Purchaser I to the Vendors for the acquisition of 55% equity interest under the Tu Men Share Transfer Agreement is RMB45,000,000 (approximately equivalent to HK\$50,918,000), net of individual income tax. Upon completion of the acquisition of 55% equity interest in Tu Men Travel, the Group will hold 55% interest in Tu Men Travel and Tu Men Travel will become an indirect non-wholly owned subsidiary of the Company. The remaining equity interest of 45% in Tu Men Travel will continue to be held by the Vendors and the Village Committees.

TU MEN SHARE TRANSFER AGREEMENT

Principal terms of the Tu Men Share Transfer Agreement are summarized below:

Date:	18 December 2018
Parties:	(1) the Vendors, namely Mr. Wang, Mr. Zhang and Mr. Cheng; and (2) the Purchaser I (an indirect wholly-owned subsidiary of the Company) as purchaser
Equity interest to be transferred:	Mr. Wang, Mr. Zhang and Mr. Cheng shall transfer equity interest of approximately 30.25%, 20.35% and 4.4% in Tu Men Travel, respectively, to the Purchaser I;
Consideration:	The Purchaser I shall pay to Mr. Wang, Mr. Zhang and Mr. Cheng a sum of RMB24,750,000 (equivalent to approximately HK\$28,004,000), RMB16,650,000 (equivalent to approximately HK\$18,839,000) and RMB3,600,000 (equivalent to approximately HK\$4,073,000), respectively, net of their respective individual income taxes.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, before the acquisition of Tu Men Travel, each of the Vendors and the Village Committees are third parties independent of the Company and its respective connected persons.

Basis for determination of the Consideration

The consideration was determined after arm's length negotiations between the parties to the Tu Men Share Transfer Agreement after taking into consideration (i) the valuation of the net assets of Tu Men Travel prepared by an independent professional valuer in the sum of RMB72,749,600 (equivalent to approximately HK\$82,316,000); (ii) the audited financial statements of Tu Men Travel for the financial year ended 31 December 2017 and the period for the 10 months ended 31 October 2018; (iii) substantial control of Tu Men Travel to be acquired by the Group; and (iv) development potential of Tu Men Travel.

Conditions Precedent

Completion of the Tu Men Share Transfer Agreement is subject to the following conditions:

- (a) the Tu Men Share Transfer Agreement is in effect;
- (b) a resolution approving the transfer of the equity interest of 55% in Tu Men Travel having been unconditionally passed by all the shareholders of Tu Men Travel;
- (c) the registered capital of Tu Men Travel in the sum of RMB50 million having been fully paid-up by the Vendors and relevant documents having been provided to the Purchaser I for confirmation;
- (d) the Purchaser I is satisfied with the due diligence results in relation to financial, legal, tax and business aspects of Tu Men Travel;

- (e) the Tu Men Share Transfer Agreement and the transactions contemplated thereunder having been complied with the articles of association of the Purchaser I and the requirements under the applicable laws, rules and regulations; and
- (f) the Tu Men Share Transfer Agreement and the transactions contemplated thereunder having been complied with the Listing Rules.

Pursuant to the Tu Men Share Transfer Agreement, unless it is waived or extended by the Purchaser I, if any of the conditions is not fulfilled on or before the expiry of 15 days after the signing of the Tu Men Share Transfer Agreement, the Purchaser I shall be entitled to terminate the Tu Men Share Transfer Agreement.

As at the date of this announcement, (b), (c), (d) and (e) of the above conditions precedent have been fulfilled.

INFORMATION OF TU MEN TRAVEL

Tu Men Travel is a company established in the PRC on 12 October 2016 with registered capital of RMB66,486,080 (equivalent to approximately HK\$75,229,000). As at the date of this announcement, Tu Men Travel is owned as to approximately 41.4%, 27.8%, 6.0% and 24.8% by Mr. Wang, Mr. Zhang, Mr. Cheng and the Village Committees respectively.

Tu Men Travel is primarily involved in management and operation of a tourist attraction. The principal asset of Tu Men Travel is the right to use the land located at Dongtu Gate Village and Xitu Gate Village, Bailuquan County, Luquan District, Shijiazhuang City and the buildings namely the Tu Men Yidao Town and structures erected thereon.

Set out below is a summary of key financial information of Tu Men Travel extracted from its audited financial statements for the year ended 31 December 2017 and the period for the 10 months ended 31 October 2018:

	For the year ended 31 December 2017 (audited) RMB'000	For the 10 months ended 31 October 2018 (audited) RMB'000
Net (loss) before taxation/profit before taxation	(976)	1,637

Upon completion, Tu Men Travel will be owned as to 55% by the Group, approximately 20.2% by the Vendors and approximately 24.8% by the Village Committees, and Tu Men Travel will become a non-wholly owned subsidiary of the Company.

(2) ACQUISITION OF YIDAO TOWN REAL ESTATE

The Board is pleased to announce that, on 18 December 2018, the Purchaser II as purchaser and Eco-Town Development as vendor entered into the Yidao Town Share Transfer Agreement in relation to, inter alia, the acquisition of 75% equity interest in Yidao Town Real Estate. The total consideration payable by the Purchaser II for the acquisition of 75% equity interest in Yidao Town Real Estate under the Yidao Town Share Transfer Agreement is RMB7,800 (approximately equivalent to HK\$9,000). Upon completion of the acquisition of 75% equity interest in Yidao Town Real Estate, the Group will hold 75% interest in Yidao Town Real Estate and Yidao Town Real Estate will become an indirect non-wholly owned subsidiary of the Company. The remaining equity interest of 25% in Yidao Town Real Estate will continue to be held by Mr. Wang and Mr. Zhang.

YIDAO TOWN SHARE TRANSFER AGREEMENT

Principal terms of the Yidao Town Share Transfer Agreement are summarized below:

Date:	18 December 2018
Parties:	(1) Eco-Town Development as vendor; and (2) the Purchaser II (an indirect wholly-owned subsidiary of the Company) as purchaser
Equity interest to be transferred:	Eco-Town Development shall transfer 75% equity interest of Yidao Town Real Estate to the Purchaser II;
Consideration:	The Purchaser II shall pay to Eco-Town Development a sum of RMB7,800 (equivalent to approximately HK\$9,000).

Upon completion, Yidao Town Real Estate will be owned as to 75% by the Group and 25% by Mr. Wang and Mr. Zhang, and Yidao Town Real Estate will become an indirect non-wholly owned subsidiary of the Company.

Basis for determination of the Consideration

The consideration was determined after arm's length negotiations between the parties to the Yidao Town Share Transfer Agreement after taking into consideration (i) the valuation of the net assets of Yidao Town Real Estate prepared by an independent professional valuer in the sum of RMB10,400 (equivalent to approximately HK\$11,800); and (ii) the audited financial statements of Yidao Town Real Estate for the period from its incorporation to 31 October 2018.

Conditions Precedent

Completion of the Yidao Town Share Transfer Agreement is subject to the following conditions:

- (a) the Yidao Town Share Transfer Agreement is in effect;
- (b) a resolution approving the transfer of the equity interest of 75% in Yidao Town Real Estate having been unconditionally passed by all the shareholders of Yidao Town Real Estate;
- (c) internal approval for the transactions contemplated under Yidao Town Share Transfer Agreement having been obtained by Eco-Town Development;
- (d) the Purchaser II is satisfied with the due diligence results in relation to financial, legal, tax and business aspects of Yidao Town Real Estate;
- (e) the Yidao Town Share Transfer Agreement and the transactions contemplated thereunder having been complied with the articles of association of the Purchaser II and the requirements under the applicable laws, rules and regulations; and
- (f) the Yidao Town Share Transfer Agreement and the transactions contemplated thereunder having been complied with the Listing Rules.

Pursuant to the Yidao Town Share Transfer Agreement, unless it is waived or extended by the Purchaser II, if any of the conditions is not fulfilled on or before the expiry of 15 days after the signing of the Yidao Town Share Transfer Agreement, the Purchaser II shall be entitled to terminate the Yidao Town Share Transfer Agreement.

As at the date of this announcement, (b), (c), (d) and (e) of the above conditions precedent have been fulfilled.

INFORMATION OF YIDAO TOWN REAL ESTATE

Yidao Town Real Estate is a company established in the PRC on 21 March 2018 with registered capital of RMB120,000,000 (equivalent to approximately HK\$135,780,000). As at the date of this announcement, Yidao Town Real Estate is owned as to 75% by Eco-Town Development and 25% by Mr. Wang and Mr. Zhang in aggregate.

Yidao Town Real Estate is primarily involved in real estate development and sales; real estate agencies; property management; sales of building materials; decoration; landscaping; and real estate information service. The principal asset of Yidao Town Real Estate is the development right on a piece of 21.97 mu of commercial land located in Dongtumen Village, Bailuquan Township, Luquan District, Shijiazhuang, Hebei, the PRC.

Set out below is a summary of key financial information of Yidao Town Real Estate extracted from its audited financial statements for the period from its incorporation to 31 October 2018.

**For the period from
incorporation to
31 October 2018
(audited)
RMB'000**

Net (loss) before taxation (50)

Upon completion, Yidao Town Real Estate will be owned as to 75% by the Group and 25% by Mr. Wang and Mr. Zhang in aggregate, and Yidao Town Real Estate will become an indirect non-wholly owned subsidiary of the Company. Besides, each of Mr. Wang and Mr. Zhang will become a connected person of the Company at the subsidiary level.

INFORMATION OF THE VENDORS

Mr. Wang, Mr. Zhang and Mr. Cheng holds approximately 41.4%, 27.8%, 6.0% of the registered capital of Tu Men Travel, respectively, before completion of the acquisition of Tu Men Travel.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendors is third party independent of the Company and its connected persons.

INFORMATION OF ECO-TOWN DEVELOPMENT

Eco-Town Development is a company established in the PRC whose business is primarily involved in tourism, travelling development, provision of accommodation, agricultural technology development and information consultation, sale of agricultural products and prepackaged food, catering and advertising. Eco-Town Development is wholly-owned by Dongsheng Cultural Tourism Group Co., Ltd.* (東勝文化旅遊集團有限公司), a company incorporated in the PRC and is owned as to 30% by Mr. Shi's mother and 70% by Mr. Shi, the chairman, the chief executive officer and an executive director of the Company and holds 75% equity interest in Yidao Town Real Estate.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS OF TU MEN TRAVEL AND YIDAO TOWN REAL ESTATE

The Group is principally engaged in the provision of diversified tourism products such as air tickets and other travel related services, integrated development involves the development and operation of tourism spots and culture spots, visitor accommodation and properties for sale, provision of financial services and investment holding business.

The Company has been researching and developing opportunities to expand its travel-related business in order to enhance the core competitiveness of the Group. It is expected by the Board that the acquisition of Tu Men Travel and Yidao Town Real Estate will enable the Group to expand its travel-related business in Hebei Province, including operation and management of tourist attraction and its focus on the development of tourism property (including hotel apartments, healthcare housing and other travel and living real estates). Despite the Tu Men Share Transfer Agreement and the Yidao Town Share Transfer Agreement are not inter-conditional, the Group considers that it is the Group's benefit to simultaneously acquire Tu Men Travel and Yidao Town Real Estate so as to enable it to capture the opportune moment for expanding its travel-related business and improve the financial performance of the Group with a view to achieving better return for the Shareholders, which is in line with the Group's "Travel + Characteristic Towns" development strategy.

Tu Men Travel is currently operating and managing the Tu Men Yidao Town, which is a tourist attraction located at Tu Men (土門), Shijiazhuang (石家莊), the PRC, and is composed of two villages, namely Dongtu Gate (東土門) and Xitu Gate (西土門) in Bailuquan County (白鹿泉鄉) of Luquan District (鹿泉區). It is one of the important tourist attractions in Luquan Bailuquan Beautiful Rural Tourism Resort (鹿泉白鹿泉美麗鄉村). Tu Men Yidao Town restored the prosperous scene of the Tu Men Gate Yidao Han Pier (土門關驛道旱碼頭) and the streets and lanes of Zhumen Qingwa (朱門青瓦) makes tourist feel like crossing back to the ancient times. It has built a tourist resort featuring the history of human, culture of folk, natural landscape, business, entertainment, themed accommodation and ecological nursing for elderly.

Shijiazhuang City (石家莊市) has an unique and incomparable resources advantage. In recent years, benefiting from the opportunity of integrated and coordinated development in Beijing-Tianjin-Hebei region, the scale of tourism has been expanding, and its industrial status and competitiveness are also constantly improving. Further, leveraging on the prosperity of tourism in the well-developed Tu Men Yidao Town, the Group considers that it is a good business opportunity to develop hotel apartments and/or healthcare housing in the vicinity of Tu Men Yidao Town.

Upon completion, each of Tu Men Travel and Yidao Town Real Estate will become an indirect non-wholly owned subsidiary of the Company. As such, the acquisition of Tu Men Travel and Yidao Town Real Estate will enable the Group to exercise its strategic and operational control over Tu Men Travel and Yidao Town Real Estate more efficiently and further improve the financial performance of the Group and achieve better return for the Shareholders. Accordingly, the Directors are of the view that the acquisitions of Tu Men Travel and Yidao Town Real Estate and the terms of the Tu Men Share Transfer Agreement and Yidao Town Share Transfer Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Since the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the acquisition of 55% equity interest in Tu Men Travel exceed 5% but are less than 25%, the Tu Men Share Transfer Agreement and the transaction contemplated thereunder constitute a discloseable transaction of the Company under Rule 14.06 of the Listing Rules.

As Eco-Town Development is wholly-owned by Dongsheng Cultural Tourism Group Co., Ltd.* (東勝文化旅遊集團有限公司), a company incorporated in the PRC and is owned as to 30% by Mr. Shi's mother and 70% by Mr. Shi, the chairman, chief executive officer and an executive Director of the Company, Eco-Town Development is an associate of Mr. Shi and thus is a connected person of the Company under the Listing Rules. Accordingly, the Yidao Town Share Transfer Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the consideration of the acquisition of 75% equity interest in Yidao Town Real Estate is less than HK\$3,000,000 and each of the applicable percentage ratios is less than 5%, the acquisition by the Purchaser II contemplated under the Yidao Town Share Transfer Agreement and the transaction contemplated thereunder will be a de minimis transaction and all the connected transaction requirements including shareholders' approval, annual review and all disclosure requirements are fully exempted under Rule 14A.76(1)(c) of the Listing Rules. Despite its voluntary nature, the announcement of the acquisition of 75% equity interest in Yidao Town Real Estate would provide the Shareholders with a better understanding of the ongoing business development of the Company.

Shareholders and potential investors should note that completion of the acquisition of Tu Men Travel and/or Yidao Town Real Estate is subject to the fulfillment of their respective conditions precedent and therefore the acquisition of Tu Men Travel and/or Yidao Town Real Estate may or may not occur. As the acquisition of Tu Men Travel and/or Yidao Town Real Estate may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Orient Victory Travel Group Company Limited (東勝旅遊集團有限公司), a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Eco-Town Development”	Eco-Town Development and Operation Limited* (河北東勝生態小鎮開發運營有限公司), a company incorporated in the PRC and wholly-owned by Dongsheng Cultural Tourism Group Co., Ltd.* (東勝文化旅遊集團有限公司), a company incorporated in the PRC and is owned as to 30% by Mr. Shi’s mother and 70% by Mr. Shi
“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 PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cheng”	Mr. Cheng Tonghui (成同輝)
“Mr. Shi”	Mr. Shi Baodong (石保棟)
“Mr. Wang”	Mr. Wang Aijun (王愛軍)
“Mr. Zhang”	Mr. Zhang Wenxue (張文學)
“PRC”	the People’s Republic of China which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser I”	Hebei Tengming Tourism Development Co., Ltd.* (河北滕鳴旅遊開發有限公司), an indirect wholly-owned subsidiary of the Company
“Purchaser II”	Hebei Xinmen Real Estate Development Co., Ltd.* (河北鑫門房地產開發有限公司), an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	holder(s) of the share(s) of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tu Men Share Transfer Agreement”	the share transfer agreement dated 18 December 2018 entered into between the Vendors as vendor and the Purchaser I as purchaser relating to the acquisition of 55% equity interest of Tu Men Travel
“Tu Men Travel”	Hebei Tu Men Travel Development Limited* (河北土門旅遊開發有限公司), a company incorporated in the PRC
“Tu Men Yidao Town”	the Tu Men Yidao Town (土門關驛道小鎮) located at Tu Men (土門), Shijiazhuang (石家莊) of the PRC
“Vendors”	Mr. Wang, Mr. Zhang and Mr. Cheng
“Villager Committees”	Shijiazhuang City Luquan District Bailuquan County Dongtu Gate Village Villagers’ Committee (石家莊市鹿泉區白鹿泉鄉東土門村村民委員會) and Shijiazhuang City Luquan District Bailuquan County Xitu Gate Village Villagers’ Committee (石家莊市鹿泉區白鹿泉鄉西土門村村民委員會)
“Yidao Town Real Estate”	Hebei Yidao Town Real Estate Development Limited* (河北驛道小鎮房地產開發有限公司), a company incorporated in the PRC
“Yidao Town Share Transfer Agreement”	the share transfer agreement dated 18 December 2018 entered into between Eco-Town Development as vendor and the Purchaser II as purchaser relating to the acquisition of 75% equity interest of Yidao Town Real Estate
“%”	per cent

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

Hong Kong, 18 December 2018

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\$1.1315.

* For identification purpose only