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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)

DISCLOSEABLE AND CONNECTED TRANSACTIONS

SUPPLEMENTAL AGREEMENT IN RELATION TO THE ACQUISITION OF 40% EQUITY INTEREST IN EACH OF THE TARGET COMPANIES

Reference is made to the announcement of Orient Victory Travel Group Company Limited (the “**Company**”) dated 22 January 2018 (the “**Announcement**”) in relation to the Acquisitions. Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Announcement.

SUPPLEMENTAL AGREEMENTS TO THE GREAT ASCENT AGREEMENT AND THE YIERSAN AGREEMENT

The Board announces that, on 6 June 2018 (after trading hours), the Company, OV(HK), Heng Sheng and Mr. Li entered into a supplemental agreement to the Great Ascent Agreement (the “**Great Ascent Supplemental Agreement**”) and the Company, OVPD, Heng Sheng, Yinmao and Mr. Nie Jiangqiang entered into a supplemental agreement to the Yiersan Agreement (the “**Yiersan Supplemental Agreement**”), pursuant to which the following terms are amended or added:–

Great Ascent Supplemental Agreement

Consideration

- (1) According to the valuation report on Great Ascent prepared by an independent valuer, the fair net asset value of Great Ascent is RMB52,000,000 (equivalent to approximately HK\$63,840,000). Based on the valuation report, the consideration for the Great Ascent Acquisition together with other Great Ascent Purchasers shall be adjusted to RMB46,800,000 (equivalent to approximately HK\$57,456,000) in aggregate, four-ninths (4/9) of which will be satisfied by cash by the Company.

The Great Ascent Purchasers are entitled to withhold RMB2,000,000 (equivalent to approximately HK\$2,455,000) from the balance of consideration in securing Mr. Li's undertakings under the Great Ascent Agreement as supplemented by the Great Ascent Supplemental Agreement.

- (2) The repayment of bank loans owed by Great Ascent, Hongshan and its subsidiaries of approximately RMB50,000,000 (equivalent to approximately HK\$61,385,000) shall be borne by OV(HK) and Heng Sheng in the proportion of four-fifths (4/5) and one-fifth (1/5) respectively. The Company shall not be required to bear the said bank loans.
- (3) The repayment of other loans owed by Great Ascent, Hongshan and its subsidiaries to Great Ascent's existing shareholder and associated companies of approximately RMB56,200,000 (equivalent to approximately HK\$68,997,000) shall be borne by OV(HK) and Heng Sheng in the proportion of four-fifths (4/5) and one-fifth (1/5) respectively. The Company shall not be required to bear the said other loans.
- (4) Each party to the Great Ascent Supplemental Agreement confirmed that all the amount due for the contract works under the development project of the Hongshan Sports Park, including those incurred by Great Ascent, its subsidiaries and associated companies, approximately RMB13,540,000 (equivalent to approximately HK\$16,623,000) in aggregate, shall be borne by OV(HK) and Heng Sheng after the completion of the Great Ascent Acquisition.
- (5) The Great Ascent Acquisition does not include any subsidiaries of Great Ascent (the "**Excluded Subsidiaries**") other than Hongshan and the subsidiaries of Hongshan. The Excluded Subsidiaries shall be disposed of within 6 months from the date of the Great Ascent Supplemental Agreement or before any such other later date as agreed by the Great Ascent Purchasers. For the avoidance of doubt, Yangzhou Great Ascent Consulting Co., Ltd.* (揚州振浩商務諮詢有限公司) ("**YZ Great Ascent**") shall be disposed of, and all assets and liabilities of YZ Great Ascent and all the Excluded Subsidiaries shall not form part of the Great Ascent Acquisition.

Considering the Company's involvement is essential to the development of Hongshan Sports Park, OV(HK) and Heng Sheng agreed to take up the loans mentioned in (2) to (4) entirely in the aforesaid proportion and the Company is not required to bear any of the said loans. Mr. Li shall take up or waive the liabilities mentioned in (5).

Confirmation from Mr. Li

Mr. Li shall fulfill, among others, the following conditions and obtain the confirmation from the Great Ascent Purchasers before the later of 1 July 2018 and the registration of the share transfer of Great Ascent:

(1) Accounting Compliance

From the date of the Great Ascent Supplemental Agreement, Mr. Li shall designate professional personnel to rectify and address the relevant financial and tax issues discovered in the due diligence conducted on each of the companies of the Hongshan Sports Park development project.

(2) Government Matters

Mr. Li shall communicate with the local government for the completion of the following matters as soon as possible:

- A. 36.78 mu of land within the land lot No.4 of Hongshan Sports Park development project but not included in the leasing area set out in the subcontracting agreement was changed to leasehold land and has not entered into any relevant agreement, Mr. Li shall communicate with the government and enter into a relevant supplemental agreement as soon as possible.
- B. Settle the legacy land rent issue as soon as possible and request the issuance of written document or the execution of any relevant supplemental agreement in relation to the relief of rent in the amount of RMB9,720,000 (equivalent to approximately HK\$11,933,000) by the government as soon as possible, or settle the payment in relation to the auction of property in the amount of RMB9,720,000 (equivalent to approximately HK\$11,933,000).

(3) Annual Inspection of Subsidiaries

According to the online research made on the website of Administration for Industry and Commerce, the Nanjing branch and Yangzhou branch of Hongshan are listed as abnormal operation by the local administration authority for the reason of failure to submit annual report as required. Mr. Li shall address the issues as soon as possible and resume the normal operation status of such branches.

(4) Yinghua Park* (櫻花園) Project

Mr. Li shall formulate plans to deal with the Yinghua Park project and properly handle follow-up operational issues of the Yinghua Park project.

(5) Third-Party Cooperation Projects

For all the cooperation agreements entered into between Hongshan and other third-party, Mr. Li shall communicate with each party involved for the coordination of the subsequent business plan of Hongshan Sports Park. Mr. Li shall be responsible for the adverse consequences arising from the conflict between such cooperation agreements and the subsequent development and operation plan of Hongshan Sports Park, including but not limited to compensation and termination with indemnity, etc.

- (6) Mr. Li shall properly settle the payment issue in relation to the acquisition of equity interest of Hongshan by Great Ascent and provide written evidence proving the settlement.
- (7) For lawful dismissal of all employees of the Hongshan Sports Park development project, Mr. Li shall make proper payment of all outstanding wages, social insurance, compensation and other fees, and provide written evidence proving the lawful dismissal. Mr. Li shall bear all the related expenses by himself alone.
- (8) Mr. Li shall provide Great Ascent Purchasers with an organizational chart of Great Ascent and its subsidiaries signed and confirmed by a director of Great Ascent.

If the abovementioned matters are not fully completed within the specified time and delay of which would seriously affect the operation of Great Ascent Purchasers, Great Ascent and Hongshan, the Great Ascent Purchasers are entitled to delay in performance of their obligations under the Great Ascent Agreement until the settlement of the abovementioned matters unless such other later date to fulfill the matters is agreed between Mr. Li and the Great Ascent Purchasers.

Yiersan Supplemental Agreement

Consideration

According to the valuation report on Yiersan prepared by an independent valuer, the fair net asset value of Yiersan is RMB82,000,000 (equivalent to approximately HK\$100,671,000). Based on the valuation report, the consideration for the Yiersan Acquisition together with other Yiersan Purchasers shall be adjusted to RMB82,000,000 (equivalent to approximately HK\$100,671,000) in aggregate, 40% of which will be satisfied by cash by the Company.

The Yiersan Purchasers are entitled to withhold RMB1,000,000 (equivalent to approximately HK\$1,228,000) from the balance of consideration in securing the Yiersan Vendors' undertakings under the Yiersan Agreement as supplemented by the Yiersan Supplemental Agreement.

All the liabilities of Yiersan not disclosed by Yiersan Vendors to Yiersan Purchasers before the registration of the transfer of the entire equity interest of Yiersan to Yiersan Purchasers and the liabilities owed to YZ Great Ascent shall be borne by Yiersan Vendors.

Confirmation from Yiersan Vendors

Yiersan Vendors shall fulfill, among others, the following conditions and obtain the confirmation from the Yiersan Purchasers before the later of 1 July 2018 and the registration of the transfer of the equity interest of Yiersan:

(1) Accounting Compliance

From the date of the Yiersan Supplemental Agreement, Yiersan Vendors shall designate professional personnel to rectify and address the relevant financial and tax issues discovered in the due diligence conducted on Yiersan.

(2) Yiersan Vendors shall provide Yiersan Purchasers with an organizational chart of Yiersan and its subsidiaries signed and confirmed by a director of Yiersan.

If the abovementioned matter is not fully completed within the specified time and delay of which would seriously affect the operation of Yiersan Purchasers and Yiersan, the Yiersan Purchasers are entitled to delay in performance of their obligations under the Yiersan Agreement until the settlement of the abovementioned matters unless such other later date to fulfill the matters is agreed between Yiersan Vendors and Yiersan Purchasers.

Save and except for the aforesaid amendments, the additional clauses and other incidental changes, all other terms and conditions to the Great Ascent Agreement and the Yiersan Agreement remain unchanged and shall remain in full force and effect in all aspects.

Completion is subject to fulfilment of the conditions, and the Acquisitions may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 6 June 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. Law Wang Chak, Waltery.

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\$1.2277.

* *For identification purpose only*