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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)**

## **CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF ENTIRE INTEREST IN TARGET COMPANY**

### **DISPOSAL**

The Board wishes to inform its shareholders that the Vendor (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with Mr. Shi on 18 April 2019 (after trading hours), pursuant to which the Vendor agreed to transfer the entire interest in the Target Company to Mr. Shi, for the purpose of disposing the Target Group, at a total consideration of HK\$15.9 million. Upon completion of the Disposal, each member of the Target Group will cease to be a subsidiary of the Company and will be wholly-owned by Mr. Shi.

### **LISTING RULES IMPLICATIONS**

As Mr. Shi is the chairman, the chief executive officer and an executive Director as well as a controlling shareholder of the Company, Mr. Shi is a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Disposal exceed 0.1% but are all less than 5%, the Disposal contemplated under the Sale and Purchase Agreement and the transactions contemplated thereunder are subject to reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from circular and independent Shareholders' approval requirements.

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## **The Sale and Purchase Agreement**

Principal terms of the Sale and Purchase Agreement are summarized below:

- Date:** 18 April 2019
- Parties:**
- (1) The Vendor (a wholly-owned subsidiary of the Company) as vendor
  - (2) Mr. Shi as purchaser
- Subject Matter:** The Vendor shall sell 100% of the issued share capital of the Target Company to Mr. Shi so as to dispose of the Target Group. Upon completion of the Disposal, each member of the Target Group will cease to be a subsidiary of the Company and will be wholly-owned by Mr. Shi.
- Consideration:** The total consideration of the Disposal is HK\$15.9 million, which was determined after arm's length negotiation between both parties by reference to the (i) the net liabilities of the Target Group; and (ii) the assignment of the shareholder's loan from the Group to Mr. Shi in the sum of HK\$25.5 million.
- The consideration is to be settled in full on the date of completion of the Disposal by a cashier order drawn on a license bank in Hong Kong (or such other settlement method as mutually agreed by the parties thereto).
- Conditions Precedent:** Completion of the Disposal is conditional upon:
- (1) the warranties and undertakings given by the Vendor under the Sale and Purchase Agreement remaining true and accurate in all material respects and not misleading in any material respect up to the date of completion;
  - (2) the transactions contemplated under the Sale and Purchase Agreement having complied with the necessary requirements under the relevant and applicable laws, rules and regulations;
  - (3) Mr. Shi having informed the Vendor in writing that he is satisfied with the due diligence results in relation to financial, legal, tax and business aspects of the Target Group; and
  - (4) if required, the Securities and Futures Commission of Hong Kong having granted the approval or consent or having no objection (as the case may be) to the Disposal and other transactions contemplated thereunder.
- Completion:** Completion of the Disposal shall take place on the tenth Business Day after the conditions precedent are fulfilled (or such later date as the parties may agree) and in any event no later than 31 December 2019 (or such other date as confirmed by the parties).

## INFORMATION OF THE TARGET GROUP

The Target Company is an investment holding company incorporated in the British Virgin Islands which mainly holds the entire interest in two operating subsidiaries, namely Orient Victory Azure Capital Limited (a company incorporated in Hong Kong and licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO) and Orient Victory Azure Asset Management Limited (a company incorporated in Hong Kong and licensed to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO).

Set out below is a summary of the unaudited consolidated financial information of the Target Group:

	<b>For the year ended 31 December 2018 (unaudited) HK\$'000</b>	For the year ended 31 December 2017 (unaudited) HK\$'000
<b>Loss before taxation and extraordinary items</b>	<b>2,931</b>	3,322
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		<b>As at 31 December 2018 (unaudited) HK\$'000</b>
<b>Total assets</b>		<b>18,723</b>
<b>Net liabilities</b>		<b>9,642</b>

As at 31 December 2018, the major assets of the Target Group are the securities licence, representing the licence to carry out Type 6 (advising on corporate finance), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. The aggregate market value of the licences was HK\$13,640,000 as at 31 December 2018. The aggregate market value was estimated by an independent valuer using cost approach in the course of the Group's annual financial reporting. The unaudited consolidated total assets and net liabilities of the Target Group had already included the aforesaid market value of the securities licence as at 31 December 2018.

## INFORMATION OF THE GROUP

The Group is striving to be an integrated tourism operator. Currently, the Group is principally engaged in the provision of diversified tourism products such as air tickets and other travel related services (including travel related property development and investment). Besides, it also engaged in provision of financial services and other investment holding business.

## **INFORMATION OF THE PURCHASER**

Mr. Shi is the chairman, chief executive officer and an executive Director as well as a controlling shareholder holding approximately 63.06% interest in the Company. He is a merchant principally engaging in investment and property development activities.

## **FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS**

Upon completion of the Disposal, the Group will cease to hold any interest in the Target Group, and each member of the Target Group will no longer be included in the scope of consolidated statements of the Company. The Company estimates that there shall be no material gain or loss (before tax and based on consolidated statements) upon the completion of the Disposal (the actual amount of which is subject to the audit results), and the cash flow of the Company will be increased by HK\$13.85 million.

The Directors currently intend to apply the net proceeds from the Disposal (after deducting relevant costs and expenses in connection with the Disposal) as general working capital of the Group.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

As the Target Group is not a core business of the Group, the Board is of the view that there will not be any material impact to the operation of the Group. As the Target Group's operating results did not meet the management's expectation, it was resolved by the Board to proceed with the Disposal. Through the Disposal, the Company will be able to further optimise and adjust its asset structure to increase the liquidity of assets, improve the efficiency of the use of the Company's assets and gain certain benefits therefrom. As such, the Board considers that the Disposal is in the interest of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As Mr. Shi is the chairman, chief executive officer and an executive Director as well as a controlling shareholder of the Company, Mr. Shi is a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Disposal exceed 0.1% but are all less than 5%, the Disposal contemplated under the Sale and Purchase Agreement and the transactions contemplated thereunder are subject to reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from circular and independent Shareholders' approval requirements.

## DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day on which banks are open in Hong Kong for general banking business (other than Saturdays)
“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
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Disposal”	the disposal of the Target Group through the disposal of 1 ordinary share in the Target Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on 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
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Vendor as vendor and Mr. Shi as purchaser dated 18 April 2019 in relation to the Disposal
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the share(s) of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Orient Victory International Financial Holdings Limited, a company incorporated in the British Virgin Islands

“Target Group”	the Target Company and its subsidiaries including Orient Victory Azure Capital Limited (a company incorporated in Hong Kong and licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO) and Orient Victory Azure Asset Management Limited (a company incorporated in Hong Kong and licensed to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO)
“Vendor”	Broad Vantage Limited (博益有限公司), a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company 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, 18 April 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.*