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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)**

### **TOP-UP PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

#### **TOP-UP PLACING AND SUBSCRIPTION**

On 25 January 2019 (after trading hours), the Vendor and the Placees entered into the SP Agreement, under which the Vendor agreed to sell and the Placees agreed to purchase the Placing Shares of up to 156,460,000 Shares at the Placing Price per Placing Share at the Total Consideration. On the same date, the Company entered into the Subscription Agreement with the Vendor, pursuant to which the Company agreed to allot and issue and the Vendor agreed to subscribe for up to 156,460,000 Subscription Shares at the Subscription Price per Subscription Share.

The Placing Shares represents approximately 1.23% of the aggregated number of the issued Shares as at the date of this announcement.

Assuming the sale and purchase of all the Placing Shares will be completed, the Subscription Shares will represent (i) approximately 1.23% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 1.21% of the total number of issued Shares as enlarged by the allotment and issue of Subscription Shares. The actual number of Subscription Shares to be subscribed by the Vendor pursuant to the Subscription Agreement shall be equal to the total number of the Placing Shares actually sold by the Subscriber and purchased by all Placee(s) upon completion of the Placing.

The Subscription Price of HK\$0.145 represents (i) a discount of approximately 19.44% to the closing price of HK\$0.18 per Share as quoted on the Stock Exchange on the date of this announcement, being the date of the SP Agreement and the Subscription Agreement; and (ii) a discount of approximately 19.44% to the average of the closing prices for the five consecutive trading days immediately prior to the date of this announcement as quoted on the Stock Exchange of HK\$0.18 per Share. The Placing Price is same as the Subscription Price.

Upon completion of the Placing under the SP Agreement and the Subscription under the Subscription Agreement and assuming the sale and purchase of all the Placing Shares will be completed, the aggregate gross proceeds from the Subscription will be approximately HK\$22,686,700 and the Company intends to use the net proceeds of approximately HK\$22,186,700 from the Subscription for (i) pursuing the strategy of the Company to develop travel services and characteristic towns and to expand project resources and business development opportunities; (ii) improving service quality of existing travel services projects of the Company; and (iii) general working capital use of the Company.

The Subscription would constitute a connected transaction for the Company that is exempted from all connected transaction requirements pursuant to Rule 14A.92(4) if it is completed within 14 days after the execution of the SP Agreement. As such, the Subscription is not subject to Shareholders' approval as the Subscription Shares will be issued under the General Mandate.

**Shareholders and potential investors should note that completion of each of the Placing and the Subscription is subject to fulfilment of the respective conditions under the SP Agreement and the Subscription Agreement. As the Placing and Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **THE SP AGREEMENT**

### **Date**

25 January 2019 (after trading hours)

### **Parties**

- (i) the Vendor as vendor;
- (ii) the Placees as purchasers; and
- (iii) the Company

### **Subject Matter**

Pursuant to the SP Agreement, the Vendor agreed to sell and the Placees agreed to purchase the Placing Shares of up to 156,460,000 Shares at the Placing Price of HK\$0.145 per Placing Share at the Total Consideration of HK\$22,686,700.

### **Placees**

The Placing Shares will be sold to not less than six Placees.

To the best knowledge of the Directors:

- (a) each of the Placees is not a connected person of the Company and is independent of and not connected with the Company, the directors, chief executives or substantial shareholders of the Company or its subsidiaries, or any of their respective associates;
- (b) none of the Placees will become substantial shareholders of the Company immediately following the Placing;
- (c) each of the Placees is not a party acting in concert with (i) one another; (ii) the Company, the directors, chief executives or substantial shareholders of the Company or its subsidiaries; (iii) the Vendor or any party acting or presumed to be acting in concert with it; or any of their respective associates; and
- (d) each of the Placees is not an associate of the Vendor.

### **Placing Shares**

The Placing Shares held by the Vendor represent approximately 1.23% of the total number of issued Shares as at the date of this announcement.

### **Placing Price**

The Placing Price of HK\$0.145 represents:

- (i) a discount of approximately 19.44% to the closing price of HK\$0.18 per Share as quoted on the Stock Exchange on the date of this announcement, being the date of the SP Agreement; and
- (ii) a discount of approximately 19.44% to the average of the closing prices for the five consecutive trading days immediately prior to the date of this announcement as quoted on the Stock Exchange of HK\$0.18 per Share.

### ***Right of the Placing Shares***

The Vendor shall sell the Placing Shares and all rights attaching to such Placing Shares pursuant to the SP Agreement free from all mortgage, charge, pledge, lien, option or other encumbrances.

### ***Placing Conditions***

Completion of the Placing is conditional upon the fulfilment of the following Placing Conditions:

- (a) the passing of the necessary resolutions by the Vendor approving the SP Agreement and all other transactions contemplated hereunder and the granting of such regulatory approvals as may be necessary, including without limitation in accordance with the Listing Rules and other applicable laws;

- (b) the representation, warranties and/or undertakings given by the Vendor under the SP Agreement shall remain true, accurate and not misleading throughout the period from the date of the SP Agreement to the Completion Date (Placing), and there having been no breach by any party of the SP Agreement;
- (c) (if required) all requisite waivers, consents and approvals from any relevant governments or regulatory authorities or other relevant third parties in connection with the transactions contemplated by the SP Agreement required to be obtained on the part of the Vendor having been obtained; and
- (d) the representation, warranties and/or undertakings given by each Placee under the SP Agreement shall remain true, accurate and not misleading throughout the period from the date of the SP Agreement to the Completion Date (Placing), and there having been no breach by the relevant Placee.

The Placees may by written notice to the Vendor waive Placing Condition (b). None of the other Placing Conditions are capable of being waived by the Placees or the Vendor. In the event that any of the Placing Conditions shall not have been fulfilled (or waived in accordance with the terms of the SP Agreement) at or before 12:00 noon (Hong Kong time) on the Long Stop Date (Placing), the SP Agreement shall lapse and be of no further effect and no party to the SP Agreement shall have any liability and obligation to the other parties, save in respect of any antecedent breaches of the SP Agreement.

### ***Completion of the Placing***

Completion of the Placing will take place on the Completion Date (Placing) in respect of the Placing Shares in accordance with the terms and conditions of the SP Agreement (provided that it shall take place on a date no later than the Long Stop Date (Placing)).

### ***Lock-up Period***

Each Placee undertakes to the Company that, for a period of twelve (12) months after the Completion Date (Placing), and save with the prior written consent of the Company, it shall not sell or transfer or otherwise dispose of, or cause to withdraw, transfer or otherwise remove, or create or cause to create any encumbrances on, its direct or indirect legal or beneficial interest or any other right, title, benefit or interest of whatsoever nature therein or thereto in respect of all or any of the Sale Shares acquired or held by the relevant Placee, or enter into or cause to enter into any agreement or commitment to give or create any of the foregoing.

## **SUBSCRIPTION AGREEMENT**

### **Date**

25 January 2019 (after trading hours)

### **Parties**

- (i) the Vendor as subscriber; and
- (ii) the Company as issuer

The Vendor is a company incorporated in the British Virgin Islands with limited liability. Its principal business is investment holding. It is a controlling Shareholder currently beneficially interested in 8,008,042,874 Shares, representing approximately 62.81% of the existing issued Shares as at the date of this announcement.

## **The Subscription**

The Company has conditionally agreed to allot and issue and the Vendor has conditionally agreed to subscribe for up to 156,460,000 Subscription Shares. The actual number of Subscription Shares to be subscribed by the Vendor pursuant to the Subscription Agreement shall be equal to the number of the Placing Shares actually sold by the Subscriber and purchased by all Placee(s) upon completion of the Placing.

### ***Subscription Shares***

Assuming the sale and purchase of all the Placing Shares will be completed, the Subscription Shares will represent (i) approximately 1.23% of the aggregated number of the issued Shares as at the date of this announcement; and (ii) approximately 1.21% of the aggregated number of issued Shares as enlarged by the allotment and issue of Subscription Shares.

### ***Subscription Price***

The Subscription Price is the same as the Placing Price. Assuming the sale and purchase of all the Placing Shares will be completed, the aggregate Subscription Price of all Subscription Shares will be HK\$22,686,700, and the net subscription price per Subscription Share after deduction of expenses will be approximately HK\$22,186,700.

The Subscription Price was determined after arm's length negotiations between the Vendor and the Company with reference to the prevailing market price of the Shares. The Directors (including all independent non-executive Directors, but excluding Mr. Shi Baodong who is the ultimate beneficial owner of the Subscriber) consider that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable and that the Subscription is in the interests of the Company and the Shareholders as a whole.

### ***Ranking of the Subscription Shares***

The Subscription Shares shall, when fully paid, rank *pari passu* in all respects with the other Shares in issue as at the Completion Date (Subscription), in particular shall rank in full for all rights to any dividends and other distributions declared, made or paid at any time after the Completion Date (Subscription).

### ***Subscription Conditions***

Completion of the Subscription is conditional upon the fulfilment of the following Subscription Conditions:

- (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Subscription Shares;
- (ii) trading in the Shares on the Stock Exchange not being revoked or withdrawn at any time prior to Completion;

- (iii) there being no indication being received from the Stock Exchange that the listing of the Shares on the Stock Exchange will be suspended, revoked or withdrawn at any time after the Completion Date (Subscription), whether in connection with any of the transactions contemplated by the Subscription Agreement or otherwise;
- (iv) the Company having obtained all necessary consents and approvals as may be required to be obtained on the part of the Company in respect of the Subscription and the transactions contemplated under the Subscription Agreement;
- (v) the Placing having been completed pursuant to the SP Agreement; and
- (vi) the Vendor having obtained all necessary consents and approvals as may be required to be obtained on the part of the Vendor in respect of the Subscription and the transactions contemplated under the Subscription Agreement.

None of the Subscription Conditions are capable of being waived by the Company or the Vendor. In the event that any of the Subscription Conditions not being fulfilled in full by the Long Stop Date (Subscription), the Subscription Agreement shall cease and terminate and neither party shall have any obligations and liabilities hereunder save for any antecedent breaches of the provisions.

### ***Completion of the Subscription***

Completion of the Subscription shall take place on the Completion Date (Subscription) in respect of the Subscription Shares in accordance with the terms and conditions of the Subscription Agreement (provided that it shall take place on a date no later than the Long Stop Date (Subscription)).

### **General Mandate**

The Board has been authorised to issue and allot up to a total of 2,549,785,103 Shares under the General Mandate granted by the Shareholders at the annual general meeting of the Company held on 25 June 2018.

As at the date of this announcement, the General Mandate has not yet been utilised. The Subscription Shares will be issued and allotted under the General Mandate. No Shareholders' approval is required for the issue of the Subscription Shares.

### **Application for Listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## **REASONS FOR THE PLACING AND SUBSCRIPTION AND USE OF PROCEEDS**

The Group is an established travel services group committed to delivering premier travel arrangement services and packages that can serve the needs of clients in Hong Kong.

The Board (including all independent non-executive Directors, but excluding Mr. Shi Baodong who is the ultimate beneficial owner of the Subscriber) considers that the Placing and the Subscription represent an opportunity to raise capital for the Group while broadening its Shareholders' portfolio. In light of the market conditions, the Placing and Subscription will raise additional capital for the Group for its business development. On the other hand, the purchase of the Placing Shares by the Placees, some of whom are managerial staff and employees of the Group, reflected their confidence in the development prospect of the Group.

The Group will continue to explore business opportunities, and the Placing will therefore enhance the Group's flexibility in future business developments or investments as and when opportunities arise.

Upon completion of the Subscription under the Subscription Agreement and assuming the sale and purchase of all the Placing Shares will be completed, the aggregate gross proceeds from the Subscription will be approximately HK\$22,686,700 and the Company intends to use the net proceeds of approximately HK\$22,186,700 from the Subscription for:

- (i) pursuing the strategy of the Company to develop travel services and characteristic towns and to expand project resources and business development opportunities;
- (ii) improving service quality of existing travel services projects of the Company; and
- (iii) general working capital use of the Company.

Accordingly, the Board (including all independent non-executive Directors, but excluding Mr. Shi Baodong who is the ultimate beneficial owner of the Subscriber) considers that the Subscription is fair and reasonable and on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any equity fund raising activities in the past twelve months.



## EFFECT ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the completion of the Placing but before the completion of the Subscription; and (iii) immediately after the completion of the Placing and the Subscription, on the assumption that there will be no other change to the share capital of the Company from the date of this announcement until the completion of the Subscription save for the issue of the new Shares as a results of the Subscription:

Shareholders & Directors	Shareholding as at the date of this announcement		Immediately after the completion of the Placing but before the completion of the Subscription (Note 4)		Immediately after the completion of the Placing and the Subscription (Note 4)	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
<i>Controlling Shareholders</i>						
The Vendor (Notes 1 & 2)	8,008,042,874	62.81	7,851,582,874	61.58	8,008,042,874	62.05
Shi Baodong (Notes 1 & 3)	130,239,145	1.02	130,239,145	1.02	130,239,145	1.01
<i>Other Directors</i>						
Dong Xiaojie	2,014,085	0.02	2,014,085	0.02	2,014,085	0.02
<i>Public Shareholders</i>						
The Placees	–	–	156,460,000	1.23	156,460,000	1.21
Other public Shareholders	4,609,629,412	36.15	4,609,629,412	36.15	4,609,629,412	35.71
Total (Note 5)	<u>12,749,925,516</u>	<u>100</u>	<u>12,749,925,516</u>	<u>100</u>	<u>12,906,385,516</u>	<u>100</u>

### Notes:

1. Mr. Shi Baodong holds 100% equity interest in the Vendor.
2. The above table has not included the Vendor's interest in the unlisted derivatives (convertible into 2,191,488,936 Shares as at the date of this announcement).
3. The above table has not included Mr. Shi Baodong's interest in 183,958,793 Shares which would arise upon the exercise of the put option in full as contemplated under the investment agreement of the Company dated 27 June 2015 (as amended by a supplemental agreement dated 8 January 2016) by Outstanding Global Holdings Limited, details of which are disclosed in the Company's announcement dated 30 March 2016 and the Company's circular dated 29 January 2016.
4. Assuming the sale and purchase of all the Placing Shares will be completed.
5. Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

## GENERAL

The Subscription would constitute a connected transaction for the Company that is exempted from all connected transaction requirements pursuant to Rule 14A.92(4) if it is completed within 14 days after the execution of the SP Agreement. As such, the Subscription is not subject to Shareholders' approval as the Subscription Shares will be issued under the General Mandate.

**Shareholders and potential investors should note that completion of the Placing and the Subscription are subject to fulfilment of the respective conditions under the SP Agreement and the Subscription Agreement. As the Placing and Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**



## DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business in Hong Kong
“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
“Completion Date (Placing)”	the fourth (4th) Business Day after the date of the SP Agreement (or such other date agreed by the Placees and the Vendor in writing), on which completion of the Placing is to take place
“Completion Date (Subscription)”	the next Business Day following the day on which all the Subscription Conditions are satisfied in full or at such date as may be agreed in writing by the Vendor and the Company, on which completion of the Subscription is to take place
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	directors of the Company
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting held on 25 June 2018 to issue and allot up to 2,549,785,103 new Shares, representing 20% of the aggregate number of the issued Shares of the Company in issue on the date of the meeting
“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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date (Placing)”	8 February 2019, or another date as the Vendor and the Placees may agree in writing
“Long Stop Date (Subscription)”	8 February 2019, being the date falling fourteen (14) calendar days after the date of the Subscription Agreement, or another date as the Company and the Vendor may agree in writing
“Placee(s)”	individuals, each of whom (a) is not a connected person of the Company and is independent of and not connected with the Company, the directors, chief executives or substantial shareholders of the Company or its subsidiaries, or any of their respective associates; (b) will not become a substantial shareholder of the Company immediately following the Placing; and (c) is not a party acting in concert with (i) one another; (ii) the Company, the directors, chief executives or substantial shareholders of the Company or its subsidiaries; (iii) the Vendor or any party acting or presumed to be acting in concert with it; or any of their respective associates; and (d) is not an associate of the Vendor
“Placing”	the placing of the Placing Shares from the Vendor to the Placees pursuant to the SP Agreement
“Placing Conditions”	the conditions to completion of the Placing set out in the SP Agreement
“Placing Price”	HK\$0.145 per Placing Share
“Placing Shares”	up to 156,460,000 Shares
“Share(s)”	the issued ordinary share(s) of nominal value HK\$0.005 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“SP Agreement”	the sale and purchase agreement dated 25 January 2019 entered into among the Vendor and the Placees in relation to the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by the Vendor for the Subscription Shares
“Subscription Agreement”	the subscription agreement dated 25 January 2019 entered into by the Vendor as subscriber and the Company for the Subscription at the Subscription Price
“Subscription Conditions”	the conditions to completion of the Subscription set out in the Subscription Agreement
“Subscription Price”	HK\$0.145 per Share, which shall be the same as the Placing Price

“Subscription Shares”	such aggregate number of new Shares as the total number of Placing Shares actually sold by the Subscriber and purchased by all Placee(s) upon completion of the Placing, the maximum number of which shall be 156,460,000 Shares
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Total Consideration”	HK\$22,686,700, being the total consideration for the sale and purchase of all Placing Shares under the SP Agreement
“Vendor”	Orient Victory Real Estate Group Holdings Limited (東勝置業集團控股有限公司), a company incorporated in the British Virgin Islands with limited liability, who is a controlling Shareholder
“%”	per cent.

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

Hong Kong, 25 January 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. Sui Feng-jih.*