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ORIENT VICTORY CHINA HOLDINGS LIMITED

東勝中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 265)

(1) PROPOSED ISSUE OF PERPETUAL CONVERTIBLE SECURITIES UNDER SPECIFIC MANDATE AND (2) TRANSFER OF SHARES BY THE CONTROLLING SHAREHOLDER



THE INVESTMENT AGREEMENT

On 27 June 2015, the Company as issuer and Mr. Shi and Longtrade Genesis as guarantors have conditionally agreed to enter into the Investment Agreement with the Investors in relation to, among other things, the proposed issue of the Perpetual Convertible Securities under a specific mandate. Pursuant to the Investment Agreement, the Company has conditionally agreed to issue, and CTM and OGH have conditionally agreed to subscribe for, the CTM Perpetual Convertible Securities and the OGH Perpetual Convertible Securities, respectively.

Upon full conversion of the Perpetual Convertible Securities at the initial Conversion Price, the Perpetual Convertible Securities will be convertible into 62,545,990 Shares, representing approximately 3.43% of the existing issued share capital of the Company and approximately 3.32% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Perpetual Convertible Securities.

Under the Investment Agreement and the Personal Guarantee, Mr. Shi will, at the option of an Investor as holder of Perpetual Convertible Securities or any Holder, purchase all or part of their holding of Perpetual Convertible Securities on the Third Anniversary at the Put Repurchase Price.

Under the Investment Agreement, Mr. Shi undertakes that if an Investor fails to achieve an internal rate of return of 12% on the Third Anniversary in respect of the Perpetual Convertible Securities not purchased by Mr. Shi pursuant to the Put Option, Mr. Shi will pay such Investor an amount in order to make up an internal rate of return of 12% on such Perpetual Convertible Securities.

Mr. Shi will also undertake in the Personal Guarantee that upon the occurrence of a Forced Repurchase Event, a Holder may serve a notice on Mr. Shi requiring Mr. Shi to purchase, and Mr. Shi shall purchase, the outstanding Perpetual Convertible Securities held by such Holder on the date of purchase at the Forced Repurchase Price.

TRANSFER OF SHARES

Pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO, the Board announces that the Company was informed by Orient Victory Real Estate, the controlling shareholder of the Company, on 27 June 2015 that Orient Victory Real Estate entered into the SPAs with the Investors, pursuant to which Orient Victory Real Estate respectively agreed to off-the-market transfer 56,470,000 Shares to CTM at the consideration of HK\$1.51 per Share and transfer 87,275,000 Shares to OGH at the consideration of HK\$1.51 per Share respectively.

LISTING RULES IMPLICATIONS

Mr. Shi is an executive Director and holds a controlling interest in the Company and all of the issued share capital of Longtrade Genesis, as at the date of this announcement. Mr. Shi and Longtrade Genesis are therefore connected persons of the Company. Each of the guarantees provided by Mr. Shi and Longtrade Genesis under the Investment Agreement, the Personal Guarantee and the Corporate Guarantee will constitute financial assistance to be provided by a connected person for the benefit of the Company, which are on normal commercial terms similar to or even more favourable than those offered by independent third parties for comparable services, and which is exempt under Rule 14A.90 of the Listing Rules from all reporting, announcement and Independent Shareholders' approval requirements since no security over the assets of the Company will be granted in respect of the guarantees.

In the event that an Investor or a Holder exercises the Put Option or the Forced Put Option, Mr. Shi shall be required to purchase the relevant outstanding Perpetual Convertible Securities in accordance with the terms of the Investment Agreement. Accordingly, the entering into the Investment Agreement will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to Independent Shareholders' approval at the EGM.

EGM

The Company will convene the EGM at which a resolution will be proposed for the Independent Shareholders to approve the Investment Agreement and the transactions contemplated thereunder (including the issue of the Perpetual Convertible Securities and the granting of a specific mandate to allot and issue the Conversion Shares).

The Company has established the Independent Board Committee and will appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. The relevant circular (including the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser in relation to the Investment Agreement) is expected to be despatched to the Shareholders on or before 24 July 2015, which is more than 15 business days after the publication of this announcement, as the Company requires more time to prepare the information to be included in the circular.

As Completion is subject to the fulfilment of the conditions precedent stated in the Investment Agreement, the Transactions may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE INVESTMENT AGREEMENT

On 27 June 2015, the Company as issuer and Mr. Shi and Longtrade Genesis as guarantors have conditionally agreed to enter into the Investment Agreement with the Investors in relation to, among other things, the proposed issue of the Perpetual Convertible Securities under a specific mandate. The main terms of the Investment Agreement are summarised below:

Date

27 June 2015

Parties

- (1) the Company (as issuer);
- (2) CTM (as investor);
- (3) OGH (as investor);
- (4) Mr. Shi (as guarantor); and
- (5) Longtrade Genesis (as guarantor).

Conditions Precedent to the Investment Agreement

Completion shall be conditional on the following conditions precedent being satisfied (or, where applicable, waived):

- (a) save in respect of WFOE Pledge On Shenzhen Subsidiary, all the necessary regulatory filings, notifications and approvals to the relevant government authorities to enter into the Transaction Documents and the Security Documents and perform the obligations of the parties (other than the investors) thereunder shall have been made and obtained, and such filings, notifications and approvals remaining valid and effective, and no government authority shall have been taken or initiated any action which would prohibit the transactions contemplated under the Transaction Documents or any of the Security Documents;
- (b) the Company shall have obtained all necessary approvals (including but are not limited to any necessary approval by the Independent Shareholders), consents and waivers from the Stock Exchange for the Transactions and for the listing of, and permission to deal in, any Conversion Shares that may be required to be issued to each of the Investors on conversion of the Perpetual Convertible Securities;
- (c) the EGM shall have been held and (i) the execution of the Investment Agreement, the other transaction and security documents in relation to the Perpetual Convertible Securities and the performance of the Company's obligations under such documents; and (ii) the issue of the Perpetual Convertible Securities to the Investors in accordance with the Investment Agreement shall have been approved by the Independent Shareholders;
- (d) the Share Charge on Donghui HK shall have been duly executed by Donghui Holdings, which shall be in such form as reasonably satisfactory to the Investors;
- (e) the WFOE Pledge on Shenzhen Subsidiary shall have been duly executed by Donghui HK and Shenzhen Subsidiary, which shall be in such form as reasonably satisfactory to the Investors;

- (f) the Personal Guarantee shall have been duly executed by Mr. Shi, which shall contain, among other things, the Put Option and shall be in such form as reasonably satisfactory to the Investors;
- (g) the Corporate Guarantee having been duly executed by Longtrade Genesis, which shall be in such form as satisfactory to the Investors;
- (h) the representations and warranties given by the Company and the Guarantors under the Investment Agreement are as at the date of the Investment Agreement and will as at the Completion Date be true, accurate and not misleading in all material respects;
- (i) the Company and the Guarantors having performed all of their respective obligations under the Investment Agreement to be performed on or before the Completion Date and there having been delivered to each of the Investors a certificate of a duly authorized officer of each of the Company and the Guarantors to such effect (in form reasonably satisfactory to the Investors);
- (j) there shall have been delivered to each of the Investors certified copies of all consents and approvals required in relation to the issue of the Perpetual Convertible Securities, the giving of the Personal Guarantee, the Corporate Guarantee and the collateral (save as provided under the Investment Agreement that the Company shall procure the due registration of WFOE Pledge On Shenzhen Subsidiary with its commercially reasonable within 3 months after the Completion Date but in any event complete such registration within 4 months after the Completion Date);
- (k) there having been delivered to each of the Investors opinions in connection with the transaction contemplated in the Investment Agreement, in form and substance reasonably satisfactory to the Investors, dated the Completion Date of:
 - (i) legal advisers to the Issuer as to laws of the Cayman Islands;
 - (ii) legal advisers to Longtrade Genesis as to the BVI laws;
 - (iii) legal advisers to the Issuer and the Guarantors as to Hong Kong laws;
 - (iv) legal advisers to the Investors as to PRC law; and
 - (v) legal advisers to the Investors as to Hong Kong law,

and such other necessary resolutions, consents, authorities and documents relating to the issue of the Securities, as any Investor may reasonably require;
- (l) there having been no redemption event under the Perpetual Convertible Securities and no redemption event under the Perpetual Convertible Securities would result from the proposed issue of the Perpetual Convertible Securities by the Company to the Investors;
- (m) the Company and the Guarantors shall have delivered to the Investors the completion deliverables pursuant to the Investment Agreement;
- (n) each Investor having performed all necessary external, internal and corporate approvals and checks under all applicable laws regarding the Transaction Documents and the Security Documents, including but not limited to its investment committee approval, anti-money laundering checks and know-your-client checks; and
- (o) each Investor having been reasonably satisfied with the results of its commercial, financial and legal due diligence on the Company, the Guarantors and any other members of the Group in its sole discretion.

Any Investor may waive all or any of the above conditions precedent (except for the conditions precedent as set out in paragraphs (b) and (c) above) at any time before 31 October 2015 by notice in writing to the Company with respect to the Perpetual Convertible Securities to be subscribed by it pursuant to the Investment Agreement and may proceed to Completion in respect of such Perpetual Convertible Securities without Completion by the other Investor.

Completion in respect of the CTM Perpetual Convertible Securities and Completion in respect of the OGH Perpetual Convertible Securities are not inter-conditional.

Termination

An Investor may, by notice to the Company given at any time prior to the Completion Date, terminate the Investment Agreement with the Company and the Guarantors (without affecting the rights and obligations of the other Investor under the Investment Agreement with the Company and the Guarantors) in any of the following circumstances:

- (a) if there shall have come to the notice of such Investor any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties or any failure to perform any of the Company's or the Guarantors' undertakings or agreements in the Investment Agreement;
- (b) if any of the conditions precedent has not been satisfied or waived by such Investor on or prior to 31 October 2015;
- (c) if, in the reasonable opinion of the Investor, there shall have been, since the date of the Investment Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls such as would in its view, be likely to prejudice materially the transaction contemplated in the Investment Agreement;
- (d) if, in the reasonable opinion of the Investor, there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc and/or the Hong Kong Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (ii) a general moratorium on commercial banking activities in the United States, the PRC, Hong Kong and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, the PRC, Hong Kong or the United Kingdom; or (iii) a change or development involving a prospective change in taxation affecting the Company, the Guarantors, the Perpetual Convertible Securities or the transfer thereof; and
- (e) if, in the reasonable opinion of the Investor, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in their view be likely to prejudice materially the success of the transaction contemplated in the Investment Agreement.

Upon a notice being given, the rights and obligations of the parties in relation to the relevant Investor under the Investment Agreement shall terminate and be of no further effect and the parties shall be under no liability in respect of the Investment Agreement in respect of such Investor, save and except that certain provisions of the Investment Agreement shall continue to apply.

Internal Rate of Return Payment

Under the Investment Agreement, Mr. Shi undertakes that if an Investor fails to achieve an internal rate of return of 12% on the Third Anniversary in respect of the Perpetual Convertible Securities not purchased by Mr. Shi pursuant to the Put Option, Mr. Shi will pay such Investor an amount in order to make up an internal rate of return of 12% on such Perpetual Convertible Securities.

Covenants of the Company and the Guarantors

Under the Investment Agreement, each of the Company and the Guarantors undertakes and covenants with the Investors that the Company shall procure the due registration of the WFOE Pledge On Shenzhen Subsidiary with its commercially reasonable endeavour within 3 months after the Completion Date but in any event complete such registration within 4 months after the Completion Date and deliver to the Investors a legal opinion as to the laws of PRC in relation to the legal, valid, binding and enforceable nature of the provisions of the WFOE Pledge On Shenzhen Subsidiary and the completion of the registration of the WFOE Pledge on Shenzhen Subsidiary, and the due incorporation, capacity and authority of Shenzhen Subsidiary within 7 business days after completion of the registration.

The Company undertakes and covenants with each Investor that the Company shall immediately after 12 months from the Completion Date deposit a sum equal to 6% of the principal amount of the Perpetual Convertible Securities of both the Investors in a bank account of the Company designated by the Investors for the purpose of providing fund proof for meeting the obligations of the Company under the Perpetual Convertible Securities Instrument.

The Company covenants with the Investors that the Subscription Amount received from the Investors pursuant to the Investment Agreement will be used as to (i) 80% for the purposes of payment of the consideration for the Acquisition; and (ii) 20% for general working capital of the Company.

The Perpetual Convertible Securities

Principal terms and conditions of the Perpetual Convertible Securities

Issuer : the Company

Guarantors : Mr. Shi and Longtrade Genesis

Guarantee : The Perpetual Convertible Securities are guaranteed by the Guarantors.

Principal amount of the CTM Perpetual Convertible Securities	Principal amount of the OGH Perpetual Convertible Securities
HK\$70,000,000	HK\$100,000,000

Form and denomination	:	The Perpetual Convertible Securities will be issued in registered form in the denomination of HK\$1,000,000 each.
Issue Price	:	100% of the principal amount of the Perpetual Convertible Securities, payable by the Investors at Completion.
Maturity Date	:	There is no maturity date.
Distribution Rate	:	6%
Distributions	:	Subject to the Conditions relating to deferral of the Distribution (as defined below), the Perpetual Convertible Securities confer a right to receive distribution (“ Distribution ”) from the Issue Date at the Distribution Rate. Distributions shall be payable on the Perpetual Convertible Securities semi-annually (each payment date, a “ Distribution Payment Date ”).

If any Distribution is required to be calculated for a period of less than one year, it will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

Distribution Deferral	:	The Company may, at its sole discretion, elect to defer in whole or in part Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice of not more than 20 nor less than 10 business days prior to the relevant Distribution Payment Date unless a Compulsory Distribution Payment Event has occurred. Any such deferred Distribution shall constitute “Arrears of Distribution”.
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The Company may, at its sole discretion, elect to further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued Distribution. The Company is not subject to any limits as to the number of times Distribution and Arrears of Distribution can be deferred pursuant to the Conditions.

Each amount of Arrears of Distribution shall accrue distribution as if it constituted the principal of the Perpetual Convertible Securities at the Distribution Rate and the amount of such distribution (“**Additional Distribution Amount**”) with respect to Arrears of Distribution shall be calculated by applying the Distribution Rate to the amount of the Arrears of Distribution and otherwise mutatis mutandis as provided in the Conditions. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added (for the purpose of calculating the Additional Distribution Amount accruing thereafter) to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distributions.

Restrictions in case of Distribution Deferral	: If, on any Distribution Payment Date, payment of all Distribution payments scheduled to be made on such date is not made in full, the Company shall not: <ul style="list-style-type: none"> (a) declare or pay any discretionary dividends or distributions or make any other payment, and will procure that no dividend, distribution or other payment is made, on any Parity Securities or Junior Securities of the Company; or (b) at its discretion repurchase, redeem or otherwise acquire for any consideration any Parity Securities or Early Redeemable Securities prior to its stated maturity or Junior Securities of the Company, <p>in each case, unless and until (i) the Company has satisfied in full all outstanding Arrears of Distribution and Additional Distribution Amount; or (ii) the Company is permitted to do so by all Holders.</p>
Status of the Perpetual Convertible Securities	: The Perpetual Convertible Securities constitute direct, guaranteed, secured and unsubordinated obligations of the Company and shall at all times rank <i>pari passu</i> and without any preference among themselves. <p>The obligations of the Company under the Perpetual Convertible Securities are secured by security interest over the Collateral.</p>
Conversion Right	: Subject to the Conditions, a Holder has the right to convert its Perpetual Convertible Securities into Shares at any time after six months from the Issue Date, provided that the Holder may only convert such number of Perpetual Convertible Securities as would not cause the Company to not comply with the minimum public float requirement under the rules and regulations of the Stock Exchange, following the conversion.
Initial Conversion Price	: HK\$2.718 per Conversion Share, subject to adjustments including, among others, as a result of consolidation, subdivision, re-denomination or reclassification, capitalisation of profits or reserves, all distributions, rights issues or issue of options, warrants or other rights to subscribe for or purchase of the Shares, rights issues of securities (other than the Shares or options, warrants or other rights to subscribe for or purchase Shares), issues at a price which below the current market price of the Shares, modifications of rights of conversion, exchange, subscription, purchase or acquisition attaching to any such securities, offers to the Shareholders.
Conversion Shares	: Based on the initial Conversion Price above, a maximum of 62,545,990 Conversion Shares will be issued upon the full conversion of the Perpetual Convertible Securities, representing approximately 3.43% of the issued share capital of the Company as at the date of this announcement and approximately 3.32% of the issued share capital of the Company as enlarged by a full conversion of the Perpetual Convertible Securities (assuming no other Shares are issued).

No fixed Redemption : Date	The Perpetual Convertible Securities are perpetual securities in respect of which there is no fixed redemption date.
Optional Redemption :	The Company may at its option at any time after the date falling one year after the Issue Date by giving not less than five business days' written notice to the Holder redeem either in whole or in part of the Perpetual Convertible Securities for the time being outstanding at the Optional Redemption Price together with all outstanding Distributions and the Distribution accrued to the date fixed for redemption.
Forced Redemption : Event	Upon the occurrence of a Forced Redemption Event, a Holder serve a notice on the Company requiring the Company to redeem the outstanding Perpetual Convertible Securities held by such Holder at the Forced Redemption Price together with all outstanding Distributions and the Distribution accrued to the date fixed for redemption.
Put Option :	Mr. Shi will, at the option of any Holder, purchase all or part of their holding of the Perpetual Convertible Securities on the date of the Third Anniversary at the Put Repurchase Price.
Forced Repurchase : Event	Upon the occurrence of a Forced Repurchase Event, a Holder serve a notice on the Company requiring Mr. Shi to purchase the outstanding Perpetual Convertible Securities held by such Holder at the Forced Repurchase Price together with all outstanding Distributions and the Distribution accrued to the date fixed for repurchase.

A "Forced Purchase Event" means, among other things, any of the following events:

- (i) an occurrence of a Material Adverse Change of the Company;
- (ii) Mr. Shi ceases to hold, directly or indirectly, over 50 per cent. of the entire issued share capital of the Company;
- (iii) the Company fails to use its commercially reasonable endeavours to procure the due registration of the WFOE Pledge on Shenzhen Subsidiary within three months after the Issue Date and in any event fails to procure the due registration of the WFOE Pledge on Shenzhen Subsidiary within four months after the Issue Date;
- (iv) the Company fails to deposit an amount equivalent to six per cent. of the then outstanding principal amount of the Perpetual Convertible Securities on each anniversary date of the Issue Date into the Reserve Account;
- (v) the Company becomes insolvent or is unable to pay its debts as they fall due or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or the whole or any substantial part of the undertaking, property, assets or revenues of the Company or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them;

- (vi) a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed for the winding-up, insolvency, administration or dissolution of the Company;
- (vii) the insolvency of the Company;
- (viii) a moratorium is agreed or declared in respect of any indebtedness of the Company or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Company or any of its principal operating subsidiaries;
- (ix) the listing of the Shares (as a class) on the Stock Exchange ceases;
- (x) the Company fails to meet the minimum public float requirement under the rules and regulations of the Stock Exchange;
- (xi) any of the Personal Guarantee or the Corporate Guarantee becomes unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by any of the Guarantors;
- (xii) the Security is or becomes unenforceable or invalid or is not or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect or any security interest created pursuant to the Security Documents is not or fails to remain perfected and of first priority in favour of the Security Agent for the benefit of itself and the Holders;
- (xiii) breach of negative pledge with respect to the equity interest in Shenzhen Dongsheng Huamei Cultural Travel Company Limited (深圳東勝華美文化旅遊有限公司); or
- (xiv) the Acquisition fails to complete by 31 October 2015.

Undertakings : The Company undertakes and warrants, *inter alia*, that so long as there are any Perpetual Convertible Securities remain outstanding save with the approval of all Holders, (and, where applicable, shall procure that its subsidiaries shall), among other things:

- (a) it will obtain and maintain all necessary consents, licences, approvals, permits and authorisations required for the ownership and operation of its business and shall comply with the terms of such consents, licences, approvals, permits and authorisations in all material respects;
- (b) it will use all reasonable endeavours: (i) to maintain a listing for all the issued Shares on the Stock Exchange; (ii) to obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights attaching to the Perpetual Convertible Securities on the Stock Exchange;

- (c) it will comply in all material respects with all the rules, regulations and requirements of the Stock Exchange (including the listing rules) or an alternative stock exchange (if applicable);
- (d) it will reserve, free from any pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital, the full number of Shares liable to be issued on conversion of the Perpetual Convertible Securities from time to time and will ensure that all Shares will be duly and validly issued as fully-paid and free from any encumbrance;
- (e) it will deposit an amount equivalent to six per cent. of the then outstanding principal amount of the Perpetual Convertible Securities on each anniversary date of the Issue Date into the Reserve Account.

Transferability	:	The Perpetual Convertible Securities will be freely transferrable.
Voting	:	The Holder will not be entitled to attend or vote at any meetings of the Company by reason only of it being a Holder.
Listing	:	No application will be made for the listing of the Perpetual Convertible Securities on the Stock Exchange or any other stock exchange. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Conversion Price

The initial Conversion Price (being HK\$2.718 per Conversion Share) represents:

- (i) a discount of approximately 9.40% to the closing price of HK\$3.00 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 10.89% to the average of the closing prices of approximately HK\$3.05 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date; and
- (iii) a discount of approximately 15.06% to the average of the closing prices of approximately HK\$3.20 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date.

Upon full conversion of the Perpetual Convertible Securities at the initial Conversion Price, the Perpetual Convertible Securities will be convertible into 62,545,990 Shares, representing approximately 3.43% of the existing issued share capital of the Company and approximately 3.32% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Perpetual Convertible Securities.

The initial Conversion Price was determined after arm's length negotiation between the Company and the Investors with reference to the prevailing market price of the Shares. The Directors consider that the initial Conversion Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Security Documents

Pursuant to the Investment Agreement, to secure the obligations of the Company under the Investment Agreement, the Instrument, the Perpetual Convertible Securities certificates, the Security Documents shall be executed in favour of the Security Agent as agent for and on behalf of the Investors on or before the Completion. The Security Documents creates certain security interest over the Collateral.

The Put Option

Under the Investment Agreement and the Personal Guarantee, Mr. Shi will, at the option of an Investor or a Holder, purchase all or some of that such Investor's Perpetual Convertible Securities on the date of the Third Anniversary ("**Early Repurchase Date**"), at the Put Repurchase Price together with all outstanding Arrears of Distribution in respect of the relevant Perpetual Convertible Securities to be redeemed and the Distribution accrued to the Early Repurchase Date.

TRANSFER OF SHARES

Pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO, the Board announces that the Company was informed by Orient Victory Real Estate, the controlling shareholder of the Company, on 27 June 2015 that Orient Victory Real Estate entered into the SPAs with each of the Investors, pursuant to which Orient Victory Real Estate respectively agreed to off-the-market transfer 56,470,000 Shares to CTM at the consideration of HK\$1.51 per Share and transfer 87,275,000 Shares to OGH at the consideration of HK\$1.51 per Share respectively.

As at the date of this announcement, Orient Victory Real Estate holds 1,331,163,004 Shares, representing approximately 73% of the existing issued share capital of the Company. Upon completion of the Transfer of Shares to CTM and Transfer of Shares to OGH, (a) Orient Victory Real Estate will remain as the controlling shareholder of the Company and will hold 1,187,418,004 Shares, representing approximately 65.12% of the issued share capital of the Company, (b) CTM will hold 56,470,000 Shares, representing approximately 3.10% of the issued share capital of the Company, and (c) OGH will hold 87,275,000 Shares, representing approximately 4.78% of the issued share capital of the Company.

The Board does not expect the Transfer of Shares to CTM and Transfer of Shares to OGH to have any adverse or significant impact on the business operations of the Company.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

As disclosed in the Announcement, the Company has been in discussion with the Vendors of the Acquisition and/or their agent(s) in relation to the potential subscription of the new Shares (“**Potential Subscription**”). As at date of this announcement, no definitive agreement has been entered into in relation to the Potential Subscription. An announcement will be made by the Company if there shall be any development in this regard in accordance with the Listing Rules and the inside information provisions under Part XIVA of the SFO. Saved as disclosed, the Company has not raised fund on any issue of equity securities in the past 12 months immediately before the date of this announcement.

MANDATE TO ISSUE THE CONVERSION SHARES

The issue and allotment of the Conversion Shares under a specific mandate of the Company are subject to the approval of the Independent Shareholders at the EGM.

INFORMATION ON THE COMPANY

The Company is an investment holding company. The Group is principally engaged in sale of air-tickets and other travel related services, trading and retail of jewellery products, and investment holding.

INFORMATION OF THE INVESTORS

CTM	OGH
CTM is a company incorporated under the laws of the BVI, which is indirectly and wholly-owned subsidiary of CCB International (Holdings) Limited. CCB International (Holdings) Limited is an investment services flagship which is indirectly and wholly-owned by China Construction Bank Corporation, a joint-stock company incorporated in the PRC and listed on the Main Board of the Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939).	OGH is a company incorporated under the laws of the BVI, which is an indirectly wholly-owned subsidiary of China Huarong and principally engaged in investment business. With the approval of the State Council of PRC, China Huarong was established as a state-owned non-banking financial corporation in 2012 jointly by the Ministry of Finance and China Life Insurance (Group) Company. China Huarong is one of the largest four assets management companies in the PRC with total assets of over RMB600 billion by end of 2014.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the date of this announcement, each of CTM and OGH and its respective ultimate beneficial owners are Independent Third Parties and none of them hold any Shares.

CHANGES TO SHAREHOLDING STRUCTURE OF THE COMPANY AS A RESULT OF TRANSFER OF SHARES AND PROPOSED ISSUE OF CONVERSION SHARES

As at the date of this announcement, the Company has 1,823,401,376 Shares in issue. The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately following the Transfer of Shares to CTM and Transfer of Shares to OGH; and (iii) immediately following the Transfer of Shares to CTM and the Transfer of Shares to OGH and upon the full conversion of the Perpetual Convertible Securities (assuming that there is no change in the issued share capital of the Company other than the issue of the Conversion Shares):

Shareholders	As at the date of this announcement		Immediately following the Transfer of Shares to CTM and Transfer of Shares to OGH		Immediately following the Transfer of Shares to CTM and the Transfer of Shares to OGH and upon the full conversion of the Perpetual Convertible Securities	
	No. of Shares	Approximate % of Shares in issue	No. of Shares	Approximate % of Shares in issue	No. of Shares	Approximate % of Shares in issue
Orient Victory Real Estate (<i>Note 1</i>)	1,331,163,004	73.00	1,187,418,004	65.12	1,187,418,004	62.96
CTM	–	–	56,470,000	3.10	82,224,231	4.36
OGH	–	–	87,275,000	4.78	124,066,759	6.58
Other public Shareholders	492,238,372	27.00	492,238,372	27.00	492,238,372	26.10
Total	<u>1,823,401,376</u>	<u>100%</u>	<u>1,823,401,376</u>	<u>100%</u>	<u>1,885,947,366</u>	<u>100%</u>

Note:

- Orient Victory Real Estate is a company incorporated in the BVI and whose entire issued share capital/equity is beneficially owned by Mr. Shi.

REASONS FOR AND BENEFITS OF ENTERING INTO THE INVESTMENT AGREEMENT AND USE OF PROCEEDS FROM PROPOSED ISSUE OF THE PERPETUAL CONVERTIBLE SECURITIES

The gross proceeds from the issue of the Perpetual Convertible Securities are expected to be approximately HK\$170,000,000. After deducting related professional fees and all related expenses of about HK\$7,800,000, the net proceeds from the issue of the Perpetual Convertible Securities will amount to approximately HK\$162,200,000, representing a net price of approximately HK\$2.59 per Conversion Share.

Reference is made to the Announcement. As disclosed in the Announcement, all or part of the consideration for the Acquisition may be financed by funds raised by issue of equity and/or debt securities, and/or borrowings from third parties. The Board considers that the funds to be raised on the issue of the Perpetual Convertible Securities will be used for the payment of the consideration for the Acquisition and as general working capital of the Company.

Furthermore, the Board has considered various ways of raising funds and considers that the entering into of the Investment Agreement represents an opportunity for the Company to raise immediate capital for the Company and to broaden the Shareholder base and the capital base of the Company.

In light of the foregoing, the Directors (other than the independent non-executive Directors who will express their views after having considered the advice of the Independent Financial Adviser) consider that the terms of the Investment Agreement are fair and reasonable and that the Transactions are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Mr. Shi is an executive Director and holds a controlling interest in the Company and all of the issued share capital of Longtrade Genesis, as at the date of this announcement. Mr. Shi and Longtrade Genesis are therefore connected persons of the Company. The guarantees provided by Mr. Shi and Longtrade Genesis under the Investment Agreement, the Personal Guarantee and the Corporate Guarantee will constitute financial assistance to be provided by a connected person for the benefit of the Company, which are on normal commercial terms similar to or even more favourable than those offered by independent third parties for comparable services, and which is exempt under Rule 14A.90 of the Listing Rules from all reporting, announcement and Independent Shareholders' approval requirements since no security over the assets of the Company will be granted in respect of the guarantees.

In the event that an Investor or a Holder exercises the Put Option or the Forced Put Option, Mr. Shi shall be required to purchase the relevant outstanding Perpetual Convertible Securities in accordance with the terms of the Investment Agreement. Accordingly, the entering into the Investment Agreement will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to Independent Shareholders' approval at the EGM.

EGM

The Company will convene the EGM at which a resolution will be proposed for the Independent Shareholders to approve the Investment Agreement and the transactions contemplated thereunder (including the issue of the Perpetual Convertible Securities and the grant of a specific mandate to allot and issue the Conversion Shares). As Mr. Shi has material interests in the Investment Agreement, Mr. Shi and his associates will abstain from voting on the resolutions to approve the Investment Agreement and the transactions contemplated thereunder.

The Company has established the Independent Board Committee and will appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. The relevant circular (including the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser in relation to the Investment Agreement) is expected to be despatched to the Shareholders on or before 24 July 2015, which is more than 15 business days after the publication of this announcement, as the Company requires more time to prepare the information to be included in the circular.

As Completion is subject to the fulfilment of the conditions precedent stated in the Investment Agreement, the Transactions may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

Unless otherwise stated or the context requires otherwise, the terms in this announcement have the following meanings:

“Account Charge”	a fixed and floating security deed over the Reserve Account to be granted by the Company in favour of the Security Agent
“Acquisition”	the proposed acquisition of the 49% equity interest in the Target Company as announced by the Company on 9 April 2015
“Announcement”	the announcement of the Company dated 9 April 2015 in relation to, among other things, the Acquisition
“Board”	the board of Directors
“Business Day”	a day, other than a Saturday or Sunday or public holiday, on which commercial banks are generally open for normal banking business in Hong Kong or the PRC
“BVI”	the British Virgins Island
“China Huarong”	China Huarong Asset Management Co., Ltd
“Collateral”	the 100% shareholding interest in Donghui HK, the 100% equity interest in Shenzhen Subsidiary and the Reserve Account
“Company”	Orient Victory China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	completion of the issue and subscription of the Perpetual Convertible Securities in accordance with the Investment Agreement
“Completion Date”	the date of the Completion, which shall be the 15th Business Day after the all conditions precedent are either satisfied or waived (except those conditions precedent which can only be satisfied or waived on the Completion Date pursuant to the terms in the Investment Agreement) or on such other date as the parties may agree, but in any event no later than 31 October 2015
“Compulsory Distribution Payment Event”	(a) circumstances in which during the 6-month period ending on the day before the relevant scheduled Distribution Payment Date either or both of the following have occurred: (i) a discretionary dividend, distribution or other payment has been declared or paid by the Issuer on or in respect of any of its Parity Securities or Junior Securities; or (ii) the Issuer has at its discretion repurchased, redeemed or otherwise acquired any of its Parity Securities or Early Redeemable Securities prior to its stated maturity or Junior Securities; or

	(b) if the Company has given notice to the Holders not more than 60 nor less than 30 business days prior to the relevant scheduled Distribution Payment Date that it intends to pay the Distribution on the next Distribution Payment Date.
“Condition(s)”	the terms and conditions in relation to the Perpetual Convertible Securities
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	HK\$2.718, being the initial price per Conversion Share at which the Perpetual Convertible Securities may be converted into Conversion Shares pursuant to the terms and conditions of the Instrument
“Conversion Rights”	the rights attaching to the Perpetual Convertible Securities to convert the principal amount or a part thereof into the Conversion Shares
“Conversion Shares”	62,545,990 new Shares to be allotted and issued by the Company upon exercise by the holder(s) of the Perpetual Convertible Securities of the Conversion Rights attaching to the Perpetual Convertible Securities in full
“Corporate Guarantee”	the deed of guarantee to be executed by Longtrade Genesis in favour of the Investors, pursuant to which Longtrade Genesis shall guarantee the obligations of the Company under the Instrument
“CTM”	Chance Talent Management Limited, a company incorporated in the BVI and being one of the Investors
“CTM Perpetual Convertible Securities”	the perpetual convertible securities in an aggregate principal amount of HK\$70,000,000 having a denomination of HK\$1,000,000 each to be subscribed by CTM pursuant to the Investment Agreement
“CTM SPA”	the share purchase agreement dated 27 June 2015 entered into between Orient Victory Real Estate and CTM in relation to the Transfer of Shares to CTM
“Debt Securities”	any present or future indebtedness in the form of, or represented by, bonds, debentures, notes, loan stock or other debt securities but shall exclude any indebtedness constituted by loan agreements with lenders not involving the issue of securities
“Director(s)”	the director(s) of the Company
“Distribution Rate”	the rate of distribution(s) applicable to the Perpetual Convertible Securities which shall be 6% per annum pursuant to the Instrument
“Donghui HK”	Donghui Hong Kong Holdings Limited, a company incorporated in Hong Kong and the entire issued share capital of which is owned by Donghui Holdings

“Donghui Holdings”	Donghui Holdings Limited, a company incorporated in the BVI and the entire issued share capital of which is owned by the Company
“Early Redeemable Securities”	any Debt Securities issued or guaranteed by the Company which ranks or is expressed to rank, by its terms or by operation of law, at least <i>pari passu</i> with the Perpetual Convertible Securities and the terms of which include an early redemption option
“EGM”	the extraordinary general meeting of the Company to be held for the Independent Shareholders to consider and, if thought fit, approve the Investment Agreement and the transactions contemplated thereunder (including the issue of the Perpetual Convertible Securities and the grant of a specific mandate to allot and issue the Conversion Shares)
“Forced Put Option”	the put option to require Mr. Shi to purchase Perpetual Convertible Securities held by a Holder at the Forced Repurchase Price
“Forced Redemption Event”	a sale, disposal or transfer by the Company of any of its Major Assets without the prior written approval of all of the Holders
“Forced Redemption Price”	such amount as would result in an internal rate of return on the Perpetual Convertible Securities to be redeemed of 20% per annum from the Completion Date to the date of redemption (which for the avoidance of doubt, shall include the principal amount of the Perpetual Convertible Securities)
“Forced Repurchase Price”	such amount as would result in an internal rate of return on the Perpetual Convertible Securities to be purchased of 20% per annum from the Issue Date to the date of forced repurchase (which shall include the principal amount of the Securities)
“Group”	the Company and its subsidiaries
“Guarantors”	Mr. Shi and Longtrade Genesis
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Holder(s)”	holder(s) of the Perpetual Convertible Securities
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all its independent non-executive Directors (namely Mr. Dong Xiaojie, Mr. He Qi, Mr. Law Wang Chak, Waltery) established for the purpose of considering and advising the Shareholders on the terms of the Investment Agreement, and the transactions contemplated thereunder
“Independent Financial Adviser”	the independent financial adviser which will be appointed to advise the Independent Shareholders and the Independent Board Committee in relation to the Investment Agreement and the transactions contemplated thereunder

“Independent Shareholders”	the shareholders of the Company other than Mr. Shi and his associates
“Independent Third Party(ies)”	a third party independent of the Company and the connected persons of the Company
“Instrument”	instrument to be executed as a deed by the Company on the Completion Date constituting the Perpetual Convertible Securities in the form as set out in the Investment Agreement
“Investment Agreement”	the investment agreement dated 27 June 2015 entered into by the Company, the Investors and the Guarantors
“Investors” or each “Investor”	CTM and/or OGH
“Issue Date”	the date of issue of the Perpetual Convertible Securities
“Junior Securities”	any class of the Company’s share capital (including without limitation any preference shares) and any Subordinated Indebtedness issued or guaranteed by the Company
“Last Trading Day”	26 June 2015, being the last trading day prior to the signing of the Investment Agreement
“Listing Committee”	the listing sub-committee of the board of the directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longtrade Genesis”	Longtrade Genesis Limited, a company incorporated in the BVI and the entire issued share capital of which is owned by Mr. Shi
“Major Assets”	any assets relating to the travel-related business or health-care business of the Group which amounts to at least 20% of the total assets of the Group based on the Company’s latest published financial statements, and for the avoidance of doubt, does not include any available-for-sale financial assets of the Group
“Material Adverse Change”	any change, event, circumstance or other matter that has, either individually or in the aggregate, a material adverse effect on the business, operations, financial condition, assets or liabilities of the Group taken as a whole which results in a net decrease in the Group’s consolidated net asset value by more than fifty (50) per cent. of its consolidated net asset value as shown in the latest published financial statement of the Group
“Mr. Shi”	Mr. Shi Baodong, the chairman of the Company and an executive Director and who beneficially owns the entire issued share capital of Longtrade Genesis and Orient Victor Real Estate
“OGH”	Outstanding Global Holdings Limited, a company incorporated in the BVI and being one of the Investors

“OGH Perpetual Convertible Securities”	the perpetual convertible securities in an aggregate principal amount of HK\$100,000,000 having a denomination of HK\$1,000,000 each to be subscribed by OGH pursuant to the Investment Agreement
“OGH SPA”	the share purchase agreement dated 27 June 2015 entered into between Orient Victory Real Estate and OGH in relation to the Transfer of Shares to OGH
“Optional Redemption Price”	such amount as would result in an internal rate of return on the Perpetual Convertible Securities to be redeemed of 12% per annum from the Issue Date to the date of redemption (which for the avoidance of doubt, shall include the principal amount of the Perpetual Convertible Securities)
“Orient Victory Real Estate”	Orient Victory Real Estate Group Holdings Limited, a company incorporated in the BVI and is a controlling shareholder of the Company
“Parity Securities”	any Debt Securities issued or guaranteed by the Company which (i) which ranks or is expressed to rank, by its terms or by operation of law, <i>pari passu</i> with the Perpetual Convertible Securities and (ii) the terms of which provide that the making of payment thereon or distributions in respect thereof are fully at the discretion of the Company
“Perpetual Convertible Securities”	the CTM Perpetual Convertible Securities and the OGH Perpetual Convertible Securities
“Personal Guarantee”	the deed of guarantee to be executed by Mr. Shi in favour of the Investors pursuant to which Mr. Shi shall, among others, guarantee the obligations of the Company under the Transaction Documents and the Security Documents
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“Put Option”	the put option to require Mr. Shi to purchase all or part of the Perpetual Convertible Securities held by an Investor or a Holder on the Third Anniversary at the Put Repurchase Price
“Put Repurchase Price”	such amount as would result in an internal rate of return on the Perpetual Convertible Securities to be redeemed of 12% per annum from the issue date of the Perpetual Convertible to the Early Repurchase Date (which shall include the principal amount of the Perpetual Convertible Securities).
“Reference Price”	5-day average closing price of the Shares ending on the Third Anniversary (or if it is not a Business Day, the immediately preceding Business Day) as quoted on the Stock Exchange
“Reserve Account”	a HK\$ bank account of the Company as designated by the Investors
“Security Agent”	CTM

“Security Documents”	Share Charge On Donghui HK, WFOE Pledge On Shenzhen Subsidiary, the Account Charge and any other agreements or instrument that in each case may evidence or create any security interest in favour of the Security Agent in any or all of the Collateral
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.025 each in the share capital of the Company
“Share Charge On Donghui HK”	the share charge to be executed by Donghui Holdings in favour of the Security Agent as agent for and on behalf of the Investors, pursuant to which Donghui Holdings shall charge all the issued shares of Donghui HK to secure the obligations of the Company under the Investment Agreement, the Instrument, the Perpetual Convertible Securities certificates
“Shareholder(s)”	holder(s) of the Shares
“Shenzhen Subsidiary”	Shenzhen Dong Sheng Hua Yu Commercial Management Company Limited* (深圳東勝華譽商業管理有限公司), a company established in Shenzhen, PRC and the entire equity interest in which is owned by Donghui HK
“SPAs”	the CTM SPA and the OGH SPA
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subordinated Indebtedness”	all Debt Securities which is subordinated, in the event of the winding-up in respect of the Company, in right of payment to the claims of unsecured and unsubordinated creditors of the Company, and for this purpose Debt Securities shall include all liabilities, whether actual or contingent
“Subscription Amount”	<p>(a) in respect of CTM, HK\$70,000,000 minus the sum of (i) HK\$4,200,000; and (ii) the amount of legal and professional expenses incurred by CTM in connection with Transactions pursuant to the terms of the Investment Agreement; and</p> <p>(b) in respect of OGH, HK\$100,000,000 minus the sum of (i) HK\$6,000,000; and (ii) the amount of expenses incurred by OGH in connection with Transactions pursuant to the terms of the Investment Agreement</p>
“Target Company”	China Comfort Travel Group Company Limited* (中國康輝旅行社集團有限責任公司), a company established in the PRC and the target company of the Acquisition
“Third Anniversary”	the third anniversary of the Completion Date
“Transactions”	the issue by the Company of, and the subscription by the Investors for, the Perpetual Convertible Securities, and the other transactions contemplated by the Investment Agreement on the terms and conditions of the Investment Agreement

“Transaction Documents”	the Investment Agreement, the Instrument, the Perpetual Convertible Securities certificates, the Personal Guarantee and the Corporate Guarantee
“Transfer of Shares to CTM”	the transfer of 56,470,000 Shares from Orient Victory Real Estate to CTM pursuant to the CTM SPA
“Transfer of Shares to OGH”	the transfer of 87,275,000 Shares from Orient Victory Real Estate to OGH pursuant to the OGH SPA
“WFOE Pledge On Shenzhen Subsidiary”	the equity pledge to be executed by Donghui Hong Kong Holdings Limited in favour of the Security Agent as agent for and on behalf of, among others, the Investors, pursuant to which Donghui HK shall pledge all of its equity interest in Shenzhen Subsidiary to secure the obligations of the Company under the Investment Agreement, the Instrument, the Perpetual Convertible Securities certificates
“%”	per cent

* for identification purpose only

By Order of the Board
Orient Victory China Holdings Limited
Shi Baodong
Chairman and Executive Director

Hong Kong, 28 June 2015

As at the date of this announcement, the Board of the Company comprises three executive Directors, being Mr. Shi Baodong, Mr. Wang Jianhua and Ms. Xu Yongmei, one non executive Director, being Mr. Li Yankuan, and three independent non-executive Directors, being Mr. Dong Xiaojie, Mr. He Qi and Mr. Law Wang Chak, Waltery.