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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHT

The Board hereby announces the unaudited interim results of the Group for the six months ended 30 June 2019. A summary of the interim results is set forth below:

- Revenue was approximately HK$150.06 million for the Period, representing an increase of approximately 22.26%, as compared with of approximately HK$122.74 million (restated) for the six months ended 30 June 2018. The increase in revenue was mainly contributed by the newly acquired subsidiaries in the PRC in year 2018 which engages in provision of tourism-related services and provision of integrated development, respectively.

- A loss of approximately HK$26.37 million was recorded for the Period, representing a slight increase of approximately 15.76%, while comparing with a loss of approximately HK$22.78 million for the six months ended 30 June 2018. The increase in loss were primarily attributable to:

  – the increase in the share of losses of associates of the Group by approximately HK$3.51 million from approximately HK$8.48 million for the six months ended 30 June 2018 to approximately HK$11.99 million for the Period mainly due to the intense competition from the on-line travel agencies which led to the decrease in both of the revenue and profit of the associates; and

  – the increase in selling, general and administrative expenses by approximately HK$4.19 million from approximately HK$23.71 million (restated) for the six months ended 30 June 2018 to approximately HK$27.90 million for the Period mainly due to the expenses incurred by the newly acquired subsidiaries in the PRC in year 2018.

- Basic and diluted loss per share attributable to equity shareholders of the Company for the Period was approximately HK$0.29 cents. The basic and diluted loss per share attributable to equity shareholders of the Company for the six months ended 30 June 2018 was approximately HK0.28 cents.

- The Board does not recommend the payment of any interim dividend for the Period.

The board (the "**Board**") of director(s) (the "**Director(s)**") of Orient Victory Travel Group Company Limited (the "**Company**") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2019 (the "**Period**"), together with comparative figures for the corresponding period in 2018 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019 – unaudited

	Notes	**For the six months ended 30 June**	
		2019	2018
		HK$'000	*HK$'000*
			(Restated)
			(Note)
Continuing operations:			
Revenue	3	**150,059**	122,735
Cost of sales		**(135,175)**	(114,513)
Gross profit		**14,884**	8,222
Other income		**1,645**	3,814
Selling, general and administrative expenses		**(27,902)**	(23,708)
Share of losses of associates		**(11,992)**	(8,480)
Loss from operations		**(23,365)**	(20,152)
Finance costs	4(a)	**(1,946)**	(1,050)
Loss before taxation	4	**(25,311)**	(21,202)
Income tax	5	**–**	(2)
Loss for the period from continuing operations		**(25,311)**	(21,204)
Discontinued operations:			
Loss for the period from discontinued operations		**(1,063)**	(1,571)
Loss for the period		**(26,374)**	(22,775)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)
For the six months ended 30 June 2019 – unaudited

	Note	**For the six months ended 30 June**	
		2019	2018
		HK$'000	*HK$'000*
			(Restated)
			(Note)
Attributable to:			
Equity owners of the Company			
– continuing operations		**(23,543)**	(20,741)
– discontinued operations		**(1,063)**	(1,381)
		(24,606)	(22,122)
Non-controlling interests			
– continuing operations		**(1,768)**	(463)
– discontinued operations		**–**	(190)
		(1,768)	(653)
Loss for the period		**(26,374)**	(22,775)
Basic and diluted loss per share	6	**(0.29 cents)**	(0.28 cents)

Note: The statement of comparative information is attributable to the discontinued operation. The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019 – unaudited

	For the six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
		(Restated)
		(Note)
Loss for the period	**(26,374)**	(22,775)
Other comprehensive income for the period (after tax)		
Items that may be reclassified subsequently to profit or loss:		
– exchange differences on translation of financial statements of foreign operations	**(2,228)**	(7,482)
	(2,228)	(7,482)
Total comprehensive income for the period	**(28,602)**	(30,257)
Attributable to:		
Equity owners of the Company		
– continuing operations	**(25,139)**	(28,280)
– discontinued operations	**(1,063)**	(1,325)
	(26,202)	(29,605)
Non-controlling interests		
– continuing operations	**(2,400)**	(462)
– discontinued operations	**–**	(190)
	(2,400)	(652)
Total comprehensive income for the period	**(28,602)**	(30,257)

Note: The statement of comparative information is attributable to the discontinued operation. The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019 – unaudited

	Notes	**At 30 June 2019** *HK$'000*	At 31 December 2018 *HK$'000* (Note)
Non-current assets			
Property, plant and equipment		**120,286**	103,576
Intangible assets		**1,767**	18,128
Lease prepayments		**155,283**	27,684
Goodwill		**12,994**	12,994
Interests in associates		**348,048**	391,253
Other financial assets		**–**	71,063
		638,378	624,698
Current assets			
Inventories		**202,744**	69,986
Trade receivables	8	**32,132**	25,578
Prepayments, deposits and other receivables		**285,003**	81,680
Restricted bank deposits		**6,404**	11,794
Cash and cash equivalents		**84,122**	188,873
		610,405	377,911
Current liabilities			
Trade payables	9	**40,656**	26,701
Contract liabilities		**1,223**	1,223
Other payables and accruals		**353,152**	170,209
Lease liabilities		**3,892**	–
Short-term borrowings	10	**19,991**	13,226
		418,914	211,359
Net current assets		**191,491**	166,552

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 30 June 2019 – unaudited

	Notes	**At 30 June 2019** *HK$'000*	At 31 December 2018 *HK$'000* (Note)
Total assets less current liabilities		**829,869**	791,250
Non-current liabilities			
Lease liabilites		**2,500**	–
Long-term borrowings	10	**108,915**	–
Deferred tax liabilities		**4,095**	6,790
		115,510	6,790
NET ASSETS		**714,359**	784,460
CAPITAL AND RESERVES			
Share capital	11	**64,610**	63,750
Perpetual convertible securities		**296,274**	396,274
Reserves		**268,187**	283,576
Total equity attributable to equity owners of the Company		**629,071**	743,600
Non-controlling interests		**85,288**	40,860
TOTAL EQUITY		**714,359**	784,460

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

This interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"), including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It was authorised for issue on 23 August 2019.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of the interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim result announcement contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for the HKFRS 16, *Leases*, none of the developments have had a material effect on how the Groups' results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and there is no impact to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. For the Group, low-value assets are typically laptops or office furniture. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the following types of right-of-use asset:

– right-of-use assets that meet the definition of investment property are carried at fair value;

– right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at fair value; and

– right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Leasehold investment property

Under HKFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("**leasehold investment properties**"). The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements as the Group did not have any leasehold properties that were held for investment purposes as at 31 December 2018.

(iv) Lessor accounting

The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17. Under HKFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements in this regard.

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting

Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) Transitional impact

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The Group has initially applied HKFRS 16 as from 1 January 2019 and there is no impact to the opening balance of equity at 1 January 2019.

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period is as follows:

	At 30 June 2019 *HK$'000*
Property, plant and equipment, carried at depreciated cost	6,392
	6,392

(d) ***Lease liabilities***

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period are as follows:

	At 30 June 2019	
	Present value of the minimum lease payments *HK$'000*	**Total minimum lease payments** *HK$'000*
Within 1 year	3,892	3,990
After 1 year but within 2 years	1,972	2,109
After 2 years but within 5 years	528	611
	2,500	2,720
	6,392	6,710
Less: total future interest expenses		(318)
Present value of lease liabilities		6,392

(e) ***Impact on the financial result, segment results and cash flows of the Group***

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Total cash flows are unaffected.

The adoption of HKFRS 16 does not result in a significant change in the Group's consolidated statement of profit or loss and the presentation of cash flows within the cash flow statement.

3. REVENUE AND SEGMENT REPORTING

(a) Disaggregation of revenue

The Group, upon the sale of its financial service business, is principally engaged in the provision of diversified tourism products and services, integrated development, and investment holding business. Further details regarding the Group's principal activities are disclosed in Note 3(b).

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	For the six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Continuing operations:		
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines:		
– Sales of air tickets	**119,134**	119,912
– Commission and service income from travel related and other services	**2,038**	2,823
– Sale of products in tourism and cultural attractions	**28,887**	–
	150,059	122,735
Discontinued operations:		
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines:		
– Financial services	**–**	100
– Trading and retail of jewellery	**–**	16,888
– Commission income from sales of jewellery	**–**	1,812
	–	18,800
	150,059	141,535

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in Notes 3(b)(i) and 3(b)(ii) respectively.

The Group mainly engages in retail business, and the directors of the Company consider that the Group's customer base is diversified and has no customer with whom transactions have exceeded 10% of the Group's revenue for the six months ended 30 June 2019 and 2018.

(b) Segment reporting

For management purposes, the Group is organised into business units based on their products and services, and has reportable operating segments as follows:

Continuing reportable segments:

– The diversified tourism products and services segment, which comprises the sale of air tickets and provision of other travel related services principally to corporate clients.

– The integrated development segment, which involves the development and operation of tourism and cultural attractions, visitor accommodation and properties for sale.

– The investment holding segment, which mainly involves equity investment activities.

Discontinued reportable segments:

– The financial services segment, which mainly involves the provision of advisory services on corporate finance, securities and asset management.

– The trading and retail of jewellery segment, which involves the distribution and sale of jewellery products.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that finance costs are excluded from such measurement.

Segment assets and liabilities include all assets and liabilities with the exception of cash and cash equivalents and restricted bank deposits which are managed centrally.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2019 and 2018 is set out below.

	Continuing operations								Discontinued operations					Total	
	Diversified tourism products and services		Integrated development		Investment holding		Sub-total		Financial services		Trading and retail of jewellery	Sub-total		Total	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	For the six months ended 30 June		For the six months ended 30 June	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (Restated) (Note)	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (Restated) (Note)	*HK$'000* (Restated) (Note)	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Disaggregated by timing of revenue recognition:															
– Point in time	**121,172**	122,735	**28,887**	–	**–**	–	**150,059**	122,735	**–**	–	18,700	**–**	18,700	**150,059**	141,435
– Over time	**–**	–	**–**	–	**–**	–	**–**	–	**–**	100	–	**–**	100	**–**	100
Revenue from external customers	**121,172**	122,735	**28,887**	–	**–**	–	**150,059**	122,735	**–**	100	18,700	**–**	18,800	**150,059**	141,535
Segment results	**(6,205)**	(459)	**(1,920)**	(303)	**(15,240)**	(19,390)	**(23,365)**	(20,152)	**(1,063)**	(1,143)	(88)	**(1,063)**	(1,231)	**(24,428)**	(21,383)
Finance costs							**(1,946)**	(1,050)				**–**	(340)	**(1,946)**	(1,390)
Loss before taxation							**(25,311)**	(21,202)				**(1,063)**	(1,571)	**(26,374)**	(22,773)

	Continuing operations								Discontinued operations				Total	
	Diversified tourism products and services		Integrated development		Investment holding		Sub-total		Financial services		Sub-total		Total	
	30 June 2019	31 December 2018	**30 June 2019**	31 December 2018	**30 June 2019**	31 December 2018	**30 June 2019**	31 December 2018	**30 June 2019**	31 December 2018	**30 June 2019**	31 December 2018	**30 June 2019**	31 December 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (Restated) (Note)	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (Restated) (Note)	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**50,943**	36,348	**583,810**	315,541	**523,504**	431,329	**1,158,257**	783,218	**–**	18,724	**–**	18,724	**1,158,257**	801,942
Corporate and other unallocated assets													**90,526**	200,667
Total assets													**1,248,783**	1,002,609
Segment and total liabilities	**76,863**	50,055	**285,583**	69,500	**171,978**	95,692	**534,424**	215,247	**–**	2,902	**–**	2,902	**534,424**	218,149

Note: The restatement of comparative information is attributable to the discontinued operations. The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.

(ii) ***Geographical information***

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's assets. The geographical location of customers is based on the location at which the goods and services were sold or provided. The geographical location of the specified assets is based on the physical location of the assets or the location of the operations, in the case of property, plant and equipment, intangible assets, lease prepayments and current assets, the location of the lender's operation, in the case of other financial assets, and the location of operations, in the case of goodwill and interests in associates except for the associate's intangible assets in distribution network which is separately allocated based on the location receiving the substantial benefits.

	Revenue from external customers (Continuing operations) For the six months end 30 June		Revenue from external customers (Discontinued operations) For the six months end 30 June		Non-current assets		Current assets		Total assets	
					30 June	31 December	**30 June**	31 December	**30 June**	31 December
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000* (Restate) (Note)	***HK$'000***	*HK$'000* (Restate) (Note)	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**113,365**	122,735	**–**	100	**351,656**	365,495	**159,813**	211,591	**511,469**	577,086
Mainland China	**36,694**	–	**–**	18,700	**286,705**	259,200	**373,532**	98,427	**660,237**	357,627
New Zealand	**–**	–	**–**	–	**17**	3	**77,060**	67,893	**77,077**	67,896
	150,059	122,735	**–**	18,800	**638,378**	624,698	**610,405**	377,911	**1,248,783**	1,002,609

Note: The restatement of comparative information is attributable to the discontinued operations. The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.

4. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	For the six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000* (Restated) (Note)
Interest on lease liabilities	**96**	–
Net finance charges in connection with interest-free loan from a related party	**1,278**	526
Net foreign exchange loss	**572**	524
	1,946	1,050

(b) Other items

	For the six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
		(Restated)
		(Note)
Depreciation and amortisation	**3,353**	322
Wages, salaries and other benefits and pension scheme contributions	**12,237**	12,512
Minimum lease payments under operating leases	**1,120**	1,992

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.

5. INCOME TAX

Provision for Hong Kong Profits Tax for the six months ended 30 June 2019 is calculated at 16.5% (for the six months ended 30 June 2018: 16.5%) of the estimated assessable profits for the six months ended 30 June 2019. The Company and the subsidiaries of the Group incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2019 (for the six months ended 30 June 2018: HK$Nil).

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

Pursuant to the rules and regulations of the PRC, the Group's subsidiaries established in the PRC are subject to PRC Corporate Income Tax at the statutory rate of 25% for the six months ended 30 June 2019 (for the six months ended 30 June 2018: 25%), except for a subsidiary of the Group which is a small-scale enterprise and is subject to income tax rate at 20% (for the six months ended 30 June 2018: 20%).

Pursuant to the rules and regulations of the New Zealand, the Group's subsidiaries established in the New Zealand are subject to the Business Income Tax at the statutory rate of 28% for the six months ended 30 June 2019 (for the six months ended 30 June 2018: 28%).

6. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the six months ended 30 June 2019 attributable to ordinary equity shareholders of the Company of HK$37,643,000 (for the six months ended 30 June 2018: HK$35,161,000) after deducting the distribution to the holders of perpetual convertible securities of HK$13,037,000 (for the six months ended 30 June 2018: HK$13,039,000), and the weighted average ordinary shares of 12,811,739,379 in issue for the six months ended 30 June 2019 (for the six months ended 30 June 2018: 12,748,925,516).

There were no dilutive potential ordinary shares outstanding for the six months ended 30 June 2019 and 2018. The effect of the deemed conversion of the perpetual convertible securities was not included in the calculation of diluted loss per share as they were anti-dilutive for the six months ended 30 June 2019 and 2018.

7. INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: Nil).

8. TRADE RECEIVABLES

The general credit terms granted to customers range from 14 to 90 days. As at the end of the period, the aging analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	30 June 2019 *HK$'000*	31 December 2018 *HK$'000*
Within 90 days	**27,803**	23,060
91 to 180 days	**3,605**	1,902
181 to 365 days	**724**	429
Over 365 days	**–**	187
	32,132	25,578

9. TRADE PAYABLES

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	30 June 2019 *HK$'000*	31 December 2018 *HK$'000*
Within 90 days	**33,709**	26,701
91 to 180 days	**6,947**	–
	40,656	26,701

10. SHORT-TERM AND LONG-TERM BORROWINGS

The analysis of the Group's borrowings is as follows:

	Notes	**30 June 2019** *HK$'000*	31 December 2018 *HK$'000*
Borrowings from related parties:			
– Short-term	(i)	**19,991**	13,226
– Long-term	(ii)	**108,915**	–
		128,906	13,226

(i) At 30 June 2019, short-term borrowings from related parties bear interest at a rate of 4.35% per annum and are repayable within one year.

(ii) At 30 June 2019, long-term borrowings represented borrowings of RMB106,650,000 obtained from a subsidiary's minority shareholders. The long-term borrowings are unsecured, interest-free and is repayable on 21 October 2021.

The long-term borrowings was measured at fair value at initial recognition and subsequently measured at amortised cost using the effective interest method. The fair value of the long-term borrowings was determined by its present value with reference to the market interest rate of loans with similar terms.

11. SHARE CAPITAL

	Number of ordinary shares	
	'000	*HK$'000*
Authorised:		
Ordinary share at HK$0.005 each	**20,000,000**	**100,000**
Issued and fully paid:		
At 1 January 2018	12,748,925	63,745
Issuance of new shares upon conversion of perpetual convertible securities	1,000	5
At 31 December 2018	12,749,925	63,750
Issuance of new shares upon top-up placing (Note)	172,150	860
At 30 June 2019	**12,922,075**	**64,610**

Note: On 25 January 2019 and 6 June 2019, the immediate parent of the Group, Orient Victory Real Estate Group Holdings Limited ("**OVRE**"), as vendor, and certain third-party individuals as placees (the "**Placees**") entered into a sale and purchase agreement (the "**SPA**"), under which OVRE agreed to sell and the Placees agreed to purchase 156,460,000 shares of the Company at HK$0.145 per share and 15,690,000 shares of the Company at HK$0.129 per share respectively. On the same date, the Company as issuer entered into the subscription agreement with OVRE as subscriber for the subscription of 156,460,000 shares of the Company at HK$0.145 per share and 15,690,000 shares of the Company at HK$0.129 per share respectively, resulting in an aggregate proceeds of HK$24,710,000, of which HK$860,000 was credited to share capital and the remaining HK$23,850,000 was credited to the share premium account.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

Diversified Tourism Products and Services Business

Diversified tourism products and services business remains the major source revenue of the Group. Despite poor economic growth, decline in demand of high cabin corporate travel and intense composition from one-line travel agencies, the Group maintained the stability revenue in the diversified tourism products and services business. In May 2018, the Group had acquired a subsidiary, Dongsheng (Beijing) International Travel Co., Limited* (東勝(北京)旅行社有限公司) ("**Dongsheng Beijing**"), who is principally engaged in the provision of travel-related services business in the PRC. As a result, the source of revenue of the Group in term of geographically for the Period has expanded.

The revenue of the diversified tourism products and services business decreased slightly by approximately HK$1.57 million from approximately HK$122.74 million for the six months ended 30 June 2018 to approximately HK$121.17 million for the Period. The loss of the diversified tourism products and services business increased by approximately HK$5.75 million from approximately HK$0.46 million for the six months ended 30 June 2018 to approximately HK$6.21 million for the Period. The increase in loss was mainly due to the increase in selling, general and administrative expenses incurred by the newly acquired subsidiaries in the PRC in year 2018.

The competition in diversified tourism products and services business was keen. Price of the air-tickets and other services were challenged by the widespread usage of on-line app to manage the booking the travel-related products and other services. Revenue remained stable as the experienced sales and marketing staff were capable to capture new clients including corporate clients, and consequently, the Company benefits from high profitable tourism products, including MICE (Meeting, Incentives, Conferences and Exhibitions) services, cruise services and hotel booking services.

In order to promote diversified tourism products and services business, the Group has worked with various global business partners to establish the travel reporting tools which will provide effective and efficient scheme tailor-made to the needs of our corporate clients. The Group is also exploring other potential opportunities to expand its travel-related business vertically and generate synergy effects on the existing business of the Group.

Integrated Development Business

The Group started to operate the integrated development business since the acquisition of a piece of land in New Zealand was completed in 2017. The Group planned to develop this piece of land in certain phases, with the first phase being self-serviced units and residential units, which is expected to be completed in the second half of 2019. Thus, no revenue has been generated from this project during the Period.

The Group has acquired certain companies in the PRC, namely Zhangjiakou Dakun Zhifang Real Estate Development Co., Limited* (張家口大坤直方房地產開發有限公司) ("**Dakun Zhifang**"), Hebei Tu Men Travel Development Limited* (河北土門旅遊開發有限公司) ("**Tu Men Travel**") and Hebei Yidao Town Real Estate Development Limited* (河北驛道小鎮房地產開發有限公司) ("**Yidao Town Real Estate**") in March 2019, December 2018 and December 2018 respectively, which are principally engaged in operation and management of tourist attractions and culture spots in the PRC. Tu Men Travel generated approximately HK$28.89 million integrated development business revenue for the Period.

The loss of the integrated development business increased by approximately HK$1.62 million from approximately HK$0.30 million for the six months ended 30 June 2018 to approximately HK$1.92 million for the Period. The increase in loss was mainly due to the increase in selling, general and administrative expenses incurred by the newly acquired subsidiaries in the PRC in year 2018.

In addition, the Group entered into a corporation agreement in order to invest 70% of interest in Zhangjiakou Wan Long Property Development Company Limited* (張家口萬龍置業旅遊有限公司) ("**Wan Long**") in January 2019. Wan Long is expected to engage in providing ski resort in the PRC.

The Group also entered into a sale and purchase agreement regarding the acquisition of 40% interest in Great Ascent Limited ("**Great Ascent**") and 40% interest in Jiangsu Yiersan Real Estate Development Co., Limited* (江蘇一二三房地產開發有限公司) ("**Yiersan**") during 2018. Great Ascent (through its subsidiary) is principally engaged in providing exclusive travel services in the Hongshan Sports Park* (紅山體育館) development project while Yiersan is principally engaged in real estate development and management, property services, real estate agencies, construction consulting services and sales of building materials. The integrated development business will be further expanded upon the expected completion of acquisition of Great Ascent and Yiersan are expected in second half of 2019.

Investment Holding Business

Investment holdings business of the Group mainly represents the interests in associates of the Group. For example the associate engages in the provision of tourism-related and ticket-sales-related services. As the economic growth in the PRC was not as rapid as few years ago and the demand of local and overseas' tourism has been slowing down gradually. Despite the associate has adopted cost control policies strictly, it still suffered from loss for the Period, which was mainly due to the intense competition from the on-line travel agencies and led to the decrease in both of the revenue and profit of the associates. As a result, the share of losses of associates were recorded a significant increase by approximately HK$3.51 million from approximately HK$8.48 million for the six months ended 30 June 2018 to approximately HK$11.99 million for the Period.

Financial Services Business

The Group has disposed all its interests in licensed corporations which carry the Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities under the Securities Future Ordinances (Chapter 571 of the Laws of Hong Kong) ("**SFO**"). The Board had put effort to improve its sources of revenue and operating performance but the outcome did not meet the Board's expectation. In addition, the financial services business was not a core business of the Group. In order to allocate resources for the better interests to the shareholder, the Group ceased to engage in the financial services business since May 2019.

No revenue was generated from the financial services business for the Period, representing an approximately HK$0.1 million decrease compared with the revenue of approximately HK$0.10 million for the six months ended 30 June 2018 was recorded. The loss of the financial services business decreased by approximately HK$0.08 million from approximately HK$1.14 million for the six months ended 30 June 2018 to approximately HK$1.06 million for the Period. The decrease in loss was mainly due to the gain on disposal of financial services business of approximately HK$0.18 million was recorded for the Period.

Financial Analysis

Operating Performance

(a) Continuing operations

The continuing operations of the Group are the provision of diversified tourism products and services, the provision of integrated development and the investing holding.

Revenue

The Group recorded revenue of approximately HK$150.06 million for the Period, representing an increase of approximately 22.26% compared to approximately HK$122.74 million (restated) for the six months ended 30 June 2018.

The revenue of the Group for the Period increased slightly as compared with the corresponding period in 2018. The increase in the Group's revenue was mainly attributable from the increase in revenue from the integrated development segment.

The revenue generated from the diversified tourism products and services segment represented approximately 80.75% of total revenue of the Group for the Period, while it represented approximately 100.00% of total revenue of the Group for the six months ended 30 June 2018. Under the diversified tourism products and services segment, the revenue was decreased by approximately 1.28%, which amounted from approximately HK$122.74 million for the six months ended 30 June 2018 to approximately HK$121.17 million for the Period. It was mainly due to the keen competition in tourism related business among in Hong Kong. Although the newly acquired subsidiary, Dongsheng Beijing, in the PRC in year 2018 contributed revenue of approximately HK$7.10 million to the Group, this could not eliminate the negative effect brought to the Group in the Period.

The revenue from the integrated development segment represented approximately 19.25% of total revenue of the Group for the Period. This revenue was attributed by one of the newly acquired subsidiaries, Tu Men Travel, in the PRC which engage in the provision of operation and management of tourist attractions and culture spots in the PRC.

Gross profit

The Group recorded gross profit of approximately HK$14.88 million for the Period, representing an approximately 81.02% increase as compared with the corresponding period of last year. The increase in gross profit is mainly attributable to the revenue from the newly acquired subsidiary in integrated development segment of the Company, which has a higher gross profit margin as comparted to the diversified tourism products and service of the Group.

The gross profit margin was approximately 9.92% for the Period as compared with approximately 6.70% for the six months ended 30 June 2018. The increase in gross profit was mainly attributed by the higher gross profit margin in the integrated development business rather than the diversified tourism products and services business.

Loss for the period

A loss from continuing operations of approximately HK$25.31 million was recorded for the Period as compared with a loss from continuing operations of approximately HK$21.20 million was recorded for the six months ended 30 June 2018, representing an increase of approximately 19.39%. The increase in loss was primarily attributable to:

(i) the increase in the share of losses of associates of the Group by approximately HK$3.51 million from approximately HK$8.48 million for the six months ended 30 June 2018 to approximately HK$11.99 million for the Period due to the intense competition from the on-line travel agencies which led to the decrease in both of the revenue and profit of the associates; and

(ii) the increase in selling, general and administrative expenses by approximately HK$4.19 million from approximately HK$23.71 million (restated) for the six months ended 30 June 2018 to approximately HK$27.90 million for the Period mainly due to the expenses incurred by the newly acquired subsidiaries in the PRC in year 2018.

(b) Discontinued operations

The Group discontinued the operations for financial services segment for the Period. The Group ceased to engage in the financial services segment since May 2019.

Revenue

There was no revenue generated from the financial services segment for the Period, while it contributed approximately HK$0.10 million for the six months ended 30 June 2018. The revenue contributed from trading and retails of jewellery segment was approximately HK$18.70 million for the six months ended 30 June 2018. The decrease in revenue in the financial services segment was mainly due to the deteriorate effect brought from the on-going Sino-US Trade War to the global economy.

Gross profit

The gross profit of the financial services business and the trading and retails of jewellery business were approximately HK$0.10 million and approximately HK$4.86 million respectively for the six months ended 30 June 2018.

Loss for the period

The loss of the financial services business for the Period was approximately HK$1.06 million as compared with the loss of approximately HK$1.14 million for the six months ended 30 June 2018, representing a decrease of approximately 7.02%. The decrease in loss were attributable by the gain on disposal of financial services business of approximately HK$0.18 million for the Period. The loss of the trading and retails of jewellery business for the six months ended 30 June 2018 was approximately HK$0.43 million.

Liquidity and Financial Resources

During the Period, the Group's operations and investments have continued to be mainly financed by internal resources and borrowings. In addition, proceeds raised from the disposal of subsidiaries and top-up placing were an extra fundings to the Group. Other than the funding assigned to the specific projects, the usage of funding are monitored by the Company. On 30 June 2019, the aggregated amount of the cash and cash equivalent and the restricted bank deposit of the Group were to approximately HK$90.53 million (31 December 2018: approximately HK$200.67 million), representing a decrease of approximately 54.89% to 31 December 2018.

The decrease of cash and cash equivalent and the restricted bank deposit was mainly attributable to (i) the payments of the distribution of perpetual convertible securities ("**PCS**") issued in March 2016 and October 2016 of approximately HK$13.04 million; and (ii) the payment for the redemption of PCS issued in March 2016 of approximately HK$100.00 million.

On 30 June 2019, the short-term borrowings of the Group were approximately HK$19.99 million (31 December 2018: approximately HK$13.23 million), all of which were denominated in RMB and borrowing from the related parties, which was unsecured, bearing interest at a rate of 4.35% per annum and payable within one year. The long-term borrowings of the Group were approximately HK$108.92 million (31 December 2018: approximately HK$Nil), all of which were denominated in RMB and borrowing from the minority shareholders of a subsidiary, which was unsecured, interest-free and payable after one year.

On 30 June 2019, the Group had a current ratio of approximately 1.46 (31 December 2018: approximately 1.79). The gearing ratio of the Group was approximately 0.05 (net cash and cash equivalents over the total equity) on 30 June 2019. On 31 December 2018, the gearing ratio was not applicable as the Group had the net cash and cash equivalents of approximately HK$175.65 million.

Foreign Exchange Exposure

Since the transactions of the Group were mainly denominated in Hong Kong Dollar ("**HK$**"), Renminbi ("**RMB**") and New Zealand Dollar ("**NZD**"), the Group is exposed to foreign currency risk on the cash and cash equivalents which are denominated in RMB and NZD whose functional currency is HK$. During the Period, the Group had reviewed the hedged product in respect of foreign currency exposure of NZD but no hedging action was performed by the Group. The Directors will monitor the related foreign currency exposure and are prepared to take appropriate hedging action as and when necessary.

ACQUISITION, INVESTMENT AND DISPOSAL

(a) Acquisition of Dakun Zhifang

Pursuant to a shareholders' resolution of Dakun Zhifang passed on and the revised articles of association dated 29 March 2019, the composition of the board of directors of Dakun Zhifang has been amended. Pursuant to these revisions, the directors of the Company consider that the Group has obtained the power to control Dakun Zhifang through its power to control the board of directors of Dakun Zhifang from that date onwards. 40% equity interest of Dakun Zhifang was acquired by the Group on 7 August 2018 and before the revisions, Dakun Zhifang was accounted for using the equity method in the Group's consolidated financial statements.

The operating results and financial performance of Dakun Zhifang have been consolidated into the Group's financial statements since 30 March 2019 (the date of acquisition). Dakun Zhifang will be built as a ski resort to enrich the integrated development business of the Group.

For details of the initial acquisition of Dakun Zhifang, please refer to the Company's announcement dated 12 June 2018 and 7 August 2018 respectively.

(b) Acquisition of 70% Interest in Wan Long

Pursuant to a corporation agreement dated 28 January 2019 entered into between Zhangjiakou Wan Long Yun Dong Tourism Company Limited* (張家口市萬龍運動旅遊有限公司), Zhangjiakou Wan Long Property Development Company Limited* (張家口市萬龍房地產開發有限公司) and an indirect wholly owned subsidiary of the Company, Zhangjiakou Chongliqu Hua Yu Travel Company Limited* (張家口崇禮區華譽旅游開發有限公司), to acquire 70% equity interest in Wan Long by injecting capital of RMB35.00 million (equivalent to approximately HK$41.14 million) into Wan Long. Pursuant to a shareholders' resolution of Wan Long passed on 15 February 2019 and the revised articles of association dated 5 March 2019, the Group obtained the power to control Wan Long through its power to control the board of directors of Wan Long. Wan Long will be built as a ski resort to further enlarge the integrated development business of the Group.

(c) Disposal of 100% Interest in Orient Victory International Financial Company Limited ("OVIF")

Reference is made to the announcement of the Company dated 18 April 2019 in relation to the disposal of 100% interest in OVIF.

Pursuant to an agreement dated 18 April 2019 entered into between Broad Vantage Limited ("**Board Vantage**"), an indirect wholly-owned subsidiary of the Company, and Mr Shi Baodong ("**Mr. Shi**"), controlling shareholder of the Company, Broad Vantage transferred 100% interest in OVIF to Mr. Shi at a cash consideration of approximately HK$15.9 million. The principal activities of OVIF and its subsidiaries are the provision of financial services through the licensed corporations which carry the Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities under the Securities Future Ordinances (Chapter 571 of the Laws of Hong Kong). All conditions precedent set out in the agreement have been fulfilled and the completion of the disposal of 100% interest in OVIF took place on 15 May 2019 in accordance with the terms and conditions of the agreement.

USE OF NET PROCEEDS

(a) Issue of ordinary shares from top-up placing under general mandate

The net proceeds from the issue of ordinary shares from top-up placing under general mandate in January 2019 amounted to approximately HK$22.19 million (after deducting the related cost and expenses). As at 30 June 2019, the Group has utilised all the net proceeds, details of which were set out as follows:

Net proceeds raised *HK$'000*	**Intended use of the net proceeds**	**Actual use of the net proceeds**	*HK$'000*
22,187	i) Pursuing the strategy of the Company to develop travel services and characteristic towns and to expand project resources and business development opportunities;	Used as intended;	19,587
	ii) Improving service quality of existing travel service projects of the Company; and	Not used; and	n/a
	iii) General working capital use of the Company.	Payment of professional fees.	2,600
			22,187

(b) Issue of ordinary shares from top-up placing under general mandate

The net proceeds from the issue of ordinary shares from top-up placing under general mandate in June 2019 amounted to approximately HK$1.92 million (after deducting the related cost and expenses). As at 30 June 2019, the Group has utilised all the net proceeds, details of which were set out as follows:

Net proceeds raised *HK$'000*	**Intended use of the net proceeds**	**Actual use of the net proceeds**	*HK$'000*
1,920	General working capital use of the Company.	Used as intended.	1,920

EVENTS AFTER THE REPORTING PERIOD

At 12 July 2019, the controlling shareholder of the Company, Orient Victory Real Estate Group Holdings Limited ("**OVRE**") adopted a share award scheme in order to (i) motivate and incentivise the respective employees of the Group and the companies controlled by OVRE and provide them with the opportunity to own equity interests of the Company; (ii) align the interests of the eligible persons selected by OVRE with those of the Company, and strive for the future development and expansion of the Group; and (iii) attract capable persons to join the Group. Please refer to the announcement dated 12 July 2019 for further details.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2019, the total number of employees of the Group was approximately 200 (31 December 2018: approximately 200). Employment costs (including Directors' emoluments) amounted to approximately HK$12.24 million for the Period (six months ended 30 June 2018: approximately HK$12.51 million (restated)).

In addition to salary, other fringe benefits such as medical insurance and mandatory provident fund schemes for employees, are offered to all employees of the Group. Performance of the employees is normally reviewed on an annual basis with adjustment to their salaries comparable to that of the market. Individual employees may also receive a discretionary bonus at the end of each year based on their individual performance.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the Period (six months ended 30 June 2018: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, the Company did not redeem any of its shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any such shares.

CORPORATE GOVERNANCE

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the "Corporate Governance Code and Corporate Governance Report" as set out in the Appendix 14 to the Listing Rules (the "**CG Code**"). Throughout the Period, the Company had complied with all the code provisions of the CG Code, save for the followings:–

– Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. For the period from 11 May 2018 to date of this announcement, despite the responsibilities of the chairman and the chief executive officer of the Company vested in Mr. Shi Baodong, all major decisions are made in consultation with the Board. The Board considers that there is sufficient balance of power; and the current corporate arrangement maintains a strong management position of the Company; and

– The code provision A.6.7 of the CG Code requires that the independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Dong Xiaojie was unable to attend the annual general meetings of the Company held on 28 June 2019 due to other important engagement.

AUDIT COMMITTEE

Regular meetings have been held by the Audit Committee of the Company since its establishment and it meets at least twice a year to review and supervise the Group's financial reporting process and internal control. The Company's interim results for the Period have not been audited, but have been reviewed by the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct for dealings in securities of the Company by the Directors. Specific enquiries had been made with all the Directors, who have confirmed that they had complied with the required standards as set out in the Model Code throughout the Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Company's website (www.orientvictory.com.hk) and the website of the Stock Exchange (www.hkexnews.hk). The 2019 interim report will be despatched to our Shareholders in September 2019 and will be published on the website of the Company and the Stock Exchange, respectively, in due course.

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

Hong Kong, 23 August 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. Suei Feng-jih.