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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)**

## ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

### FINANCIAL HIGHLIGHT

The Board is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2015 and set forth below a summary of the results:

- Turnover was HK\$36.7 million for the six months ended 30 June 2015, representing a decrease of 54.2% as compared with the corresponding period in 2014. The decrease is mainly attributable to the Disposal (as defined in the Company's circular dated 12 August 2014 (the "**Disposal Circular**")) on 4 September 2014, where the Group's revenue in the travel related and other services segment for the six months ended 30 June 2015 contains only the Corporate Travel Business, and the Group's revenue for the six months ended 30 June 2014 contains both the Corporate Travel Business and Wholesale Travel Business.
- The net profit was HK\$0.72 million for the six months ended 30 June 2015, representing an increase of 104.9% as compared with the corresponding period in 2014. The relevant increase in profit for the six months ended 30 June 2015 was mainly attributable to:
  - (i) a decrease in the profit from the Corporate Travel Business for the six months ended 30 June 2015 due to the relatively weak global economic environment and the decrease in profit after the Disposal;
  - (ii) a decrease in the profit from the Trading and Retail of Jewellery Business for the six months ended 30 June 2015 due to the extension of the slowdown in China's economic growth from 2014 to 2015, and the decline in prices of gold as a raw material of jewellery had led to decline in overall sales of the gold and jewellery;
  - (iii) the non-recurring expenses of professional fees incurred by the proposed very substantial acquisition of 49% equity interest in China Comfort Travel Group Company Limited ("**Target Company**") and the possible issue of new shares of the Company as more particularly set out in the Company's circular dated 21 August 2015 ("**VSA Circular**") and the Company's announcements dated 7 July 2015 and 9 April 2015; and

(iv) the above was set off by the recognition of a one-off disposal gain on the available-for-sale financial assets for shares of South China Holdings Company Limited (formerly known as South China (China) Limited) (“**SCC Shares**”) in the amount of approximately HK\$17.62 million during the reporting period of six months ended 30 June 2015.

- Basic and diluted earnings per share attributable to owners of the Company for the six months ended 30 June 2015 was HK0.04 cent, as compared with loss per share attributable to owners of the Company of HK0.76 cent for the corresponding period in 2014.
- The Board has resolved not to declare any interim dividend for the six months ended 30 June 2015.

The board (the “**Board**”) of directors (the “**Directors**”) of Orient Victory China Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2015 (the “**Period**”), together with comparative figures for the corresponding period in 2014 are as follows.

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
	Notes	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>REVENUE</b>	2	<b>36,696</b>	80,047
Cost of sales		<u>(19,751)</u>	<u>(25,609)</u>
Gross profit		<b>16,945</b>	54,438
Other income		<b>739</b>	1,549
Fair value loss on financial assets at fair value through profit or loss		–	(6,423)
Loss on disposal of financial assets at fair value through profit or loss		<b>(526)</b>	–
Gain on disposal of available-for-sale financial assets		<b>17,618</b>	–
Selling and distribution expenses		<b>(3,977)</b>	(3,438)
Administrative expenses		<b>(29,434)</b>	(54,979)
Other operating expenses		–	(1,168)
Finance costs	3	<u><b>(633)</b></u>	<u>(2,496)</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>	4	<b>732</b>	(12,517)
Income tax expense	5	<u><b>(17)</b></u>	<u>(2,125)</u>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<u><b>715</b></u>	<u>(14,642)</u>
Attributable to:			
Owners of the Company		<b>733</b>	(13,816)
Non-controlling interests		<u><b>(18)</b></u>	<u>(826)</u>
		<u><b>715</b></u>	<u>(14,642)</u>
<b>PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	6		
Basic and diluted		<u><b>HK0.04 cent</b></u>	<u>HK(0.76) cent</u>

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b><u>715</u></b>	<b><u>(14,642)</u></b>
<b>OTHER COMPREHENSIVE LOSS</b>		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Changes in fair value on available-for-sale financial assets	–	(5,128)
Release of available-for-sale financial assets revaluation reserve upon disposal of available-for-sale financial assets	(35,467)	–
Exchange differences on translation of foreign operations	<u>(174)</u>	<u>(1,314)</u>
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b><u>(35,641)</u></b>	<b><u>(6,442)</u></b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b><u>(34,926)</u></b>	<b><u>(21,084)</u></b>
Attributable to:		
Owners of the Company	(34,899)	(19,729)
Non-controlling interests	<u>(27)</u>	<u>(1,355)</u>
	<b><u>(34,926)</u></b>	<b><u>(21,084)</u></b>

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>30 June 2015 (Unaudited) HK\$'000</b>	<b>31 December 2014 (Audited) HK\$'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>434</b>	452
Available-for-sale financial asset		<b>–</b>	54,509
Total non-current assets		<b>434</b>	54,961
<b>CURRENT ASSETS</b>			
Inventories		<b>28,620</b>	28,026
Trade receivables	7	<b>47,198</b>	29,089
Prepayments, deposits and other receivables		<b>57,663</b>	5,215
Financial assets at fair value through profit or loss		<b>–</b>	11,756
Cash and bank balances		<b>97,655</b>	56,935
Total current assets		<b>231,136</b>	131,021
<b>CURRENT LIABILITIES</b>			
Trade payables	8	<b>46,496</b>	34,889
Other payables and accruals		<b>16,695</b>	5,564
Interest-bearing bank and other borrowings		<b>71,940</b>	15,594
Amount due to a related company		<b>749</b>	–
Tax payable		<b>1,137</b>	456
Total current liabilities		<b>137,017</b>	56,503
<b>NET CURRENT ASSETS</b>		<b>94,119</b>	74,518
<b>NET ASSETS</b>		<b>94,553</b>	129,479
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	9	<b>45,584</b>	45,584
Reserves		<b>41,866</b>	76,765
<b>Non-controlling interests</b>		<b>87,450</b>	122,349
<b>TOTAL EQUITY</b>		<b>94,553</b>	129,479

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group for the Period have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2014.

The principal accounting policies adopted in the preparation of the condensed consolidated interim financial statements of the Group are consistent with those followed in the preparation of the audited annual financial statements of the Group for the year ended 31 December 2014, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by HKICPA, which are effective for accounting periods beginning on or after 1 January 2015, as noted below.

Amendments to HKAS 19

*Annual Improvements 2010-2012 Cycle*

*Annual Improvements 2011-2013 Cycle*

*Defined Benefit Plans: Employee Contributions*

Amendments to a number of HKFRSs

Amendments to a number of HKFRSs

The adoption of these new and revised standards and interpretations has had no material financial effect on the interim financial information. The Group has not applied any new and revised HKFRSs, that have been issued but not yet effective, for the current accounting period.

### 2. OPERATING SEGMENT INFORMATION

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

- (a) the travel-related and other services segment, which comprises the sale of air tickets and other travel-related services principally to corporate clients (the “**Corporate Travel Business**”), and the sale of air tickets and other travel-related services principally to travel agents (the “**Wholesale Travel Business**”) before the Disposal (as defined in the Company’s circular dated 12 August 2014);
- (b) the trading and retail of jewellery segment (the “**Trading and Retail of Jewellery**”), which involves the distribution and sale of jewellery products; and
- (c) the investment holding segment, which comprises the Group’s management services and other investment holding.

## 2. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 30 June 2015				
	Travel related and other services (Unaudited) HK\$'000	Trading and retail of jewellery (Unaudited) HK\$'000	Investment holding (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Segment revenue:</b>				
Sales to external customers	<u>11,717</u>	<u>24,979</u>	<u>–</u>	<u>36,696</u>
<b>Segment results</b>	<b>38</b>	<b>576</b>	<b>751</b>	<b>1,365</b>
Finance costs				<u>(633)</u>
Profit before tax				<u><u>732</u></u>
As at 30 June 2015				
	Travel related and other services (Unaudited) HK\$'000	Trading and retail of jewellery (Unaudited) HK\$'000	Investment holding (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Segment assets and total assets</b>	<b>53,743</b>	<b>32,756</b>	<b>145,071</b>	<b>231,570</b>
<b>Segment liabilities</b>	<b>50,622</b>	<b>19,608</b>	<b>65,649</b>	<b>135,879</b>
Corporate and other unallocated liabilities				<u>1,138</u>
Total liabilities				<u><u>137,017</u></u>

## 2. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 30 June 2014				
	Travel related and other services (Unaudited) <i>HK\$'000</i>	Trading and retail of jewellery (Unaudited) <i>HK\$'000</i>	Investment holding (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
<b>Segment revenue:</b>				
Sales to external customers	<u>51,697</u>	<u>28,350</u>	<u>–</u>	<u>80,047</u>
<b>Segment results</b>	8,784	291	(19,096)	(10,021)
Finance costs				<u>(2,496)</u>
Loss before tax				<u>(12,517)</u>
As at 31 December 2014				
	Travel related and other services (Audited) <i>HK\$'000</i>	Trading and retail of jewellery (Audited) <i>HK\$'000</i>	Investment holding (Audited) <i>HK\$'000</i>	Total (Audited) <i>HK\$'000</i>
<b>Segment assets and total assets</b>	35,990	32,777	117,215	185,982
<b>Segment liabilities</b>	34,931	4,642	880	40,453
Corporate and other unallocated liabilities				<u>16,050</u>
Total liabilities				<u>56,503</u>

## 2. OPERATING SEGMENT INFORMATION (continued)

### Geographical segments

#### (a) Revenue from external customers

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Hong Kong	11,717	38,334
Mainland China	24,979	41,713
	<u>36,696</u>	<u>80,047</u>

The revenue information above is based on the locations of the customers.

#### (b) Total assets

	As at 30 June 2015		
	Non-current assets (Unaudited) HK\$'000	Current assets (Unaudited) HK\$'000	Total assets (Unaudited) HK\$'000
Hong Kong	103	126,610	126,713
Mainland China	331	104,526	104,857
	<u>434</u>	<u>231,136</u>	<u>231,570</u>

  

	As at 31 December 2014		
	Non-current assets (Audited) HK\$'000	Current assets (Audited) HK\$'000	Total assets (Audited) HK\$'000
Hong Kong	54,597	98,607	153,204
Mainland China	364	32,414	32,778
	<u>54,961</u>	<u>131,021</u>	<u>185,982</u>

### 3. FINANCE COSTS

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interests on bank loans, overdrafts and other borrowings	633	989
Interest on advances from shareholders	—	1,507
	<u>633</u>	<u>2,496</u>

### 4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	<u>45</u>	<u>1,456</u>

### 5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period. Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current		
– Hong Kong	6	2,159
– Outside Hong Kong	11	35
Overprovision in prior years	<u>—</u>	<u>(69)</u>
Total tax expense for the period	<u>17</u>	<u>2,125</u>

## 6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of approximately HK\$733,000 (six months ended 30 June 2014: loss of approximately HK\$13,816,000), and the weighted average number of 1,823,401,376 (six months ended 30 June 2014: 1,823,401,376) ordinary shares in issue during the Period.

The Group had no dilutive potential ordinary shares in issue for the six months periods ended 30 June 2015 and 2014.

## 7. TRADE RECEIVABLES

The general credit terms granted to customers range from 60 to 90 days. An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2015 (Unaudited) HK\$'000</b>	<b>31 December 2014 (Audited) HK\$'000</b>
Within 90 days	<b>44,832</b>	25,840
91 to 180 days	<b>2,130</b>	1,580
181 to 365 days	<b>233</b>	1,518
Over 365 days	<b>3</b>	151
	<hr/>	<hr/>
Total	<b>47,198</b>	29,089
	<hr/> <hr/>	<hr/> <hr/>

## 8. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the Period, based on the invoice date, is as follows:

	<b>30 June 2015 (Unaudited) HK\$'000</b>	<b>31 December 2014 (Audited) HK\$'000</b>
Within 90 days	<b>46,406</b>	34,762
91 to 180 days	<b>54</b>	69
181 to 365 days	<b>8</b>	28
Over 365 days	<b>28</b>	30
	<hr/>	<hr/>
Total	<b>46,496</b>	34,889
	<hr/> <hr/>	<hr/> <hr/>

The carrying amounts of trade payables approximate to their fair values.

## 9. SHARE CAPITAL

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Authorised:		
4,000,000,000 (31 December 2014: 4,000,000,000) ordinary shares of HK\$0.025 each	<b>100,000</b>	100,000
Issued and fully paid:		
1,823,401,376 (31 December 2014: 1,823,401,376) ordinary shares of HK\$0.025 each	<b>45,584</b>	45,584

At the annual general meeting of the Company held on 5 June 2012, the shareholders of the Company (the “Shareholders”) approved the adoption of a share option scheme (the “2012 Option Scheme”) and it became effective on 11 June 2012. No share option has been granted under the 2012 Option Scheme since its adoption, and all the outstanding share options of the Company had been cancelled in April 2014.

## 10. CAPITAL COMMITMENTS

	<b>30 June 2015 (Unaudited) HK\$'000</b>	31 December 2014 (Audited) HK\$'000
Contracted, but not provided for:		
Capital contributions payable to an associate	<b>554,820</b>	—
Deposit	<b>(55,480)</b>	—
	<b>499,340</b>	—

As set out in the Company’s announcement dated 9 April 2015, on 26 March 2015, the Group entered into an Equity Transfer Agreement to purchase the Sale Interest, representing 49% equity interest in the Target Company in aggregate, at a total consideration of RMB441,000,000 (approximately HK\$554,820,000). As at the date of this announcement, the Group has paid a deposit sum of RMB44,100,000 (approximately HK\$55,480,000), representing 10% of the purchase consideration of the said acquisition. Settlement of the balance sum is currently pending fulfilment of certain various conditions precedent as stated in the VSA Circular. Please refer to the section headed “Material Acquisition of an Associate” in the Management Discussion and Analysis section of this announcement for details.

## 11. RELATED PARTY TRANSACTIONS

- (a) The Group had the following significant transactions with related parties:

Related party	Nature of transaction	Note	For the six months ended 30 June	
			2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
(1) Companies in which certain directors have beneficial interests <sup>*/#</sup>	Net proceeds from air-tickets and travel related services sold	(i)	152	199
(2) Companies in which certain directors have beneficial interests <sup>*/**</sup>	Rental expenses	(i)	757	1,534
(3) Companies in which certain directors have beneficial interests <sup>*/**</sup>	Agent fee for air tickets and travel related service provided	(i)	2,758	–
(4) Companies in which certain directors have beneficial interests <sup>*/**</sup>	Management service fee	(ii)	600	–
(5) Shareholders <sup>#</sup>	Interest expenses	(iii)	–	1,436

\* Certain directors of the Group are also directors and/or substantial shareholders of the related companies of the Company. The related party(ies) of the above related party transactions are related to a former Director and former substantial Shareholder, Mr. Ng Hung Sang and a former Director and a director of a subsidiary of the Company, Ms. Cheung Choi Ngor. They both ceased to be Directors on 30 October 2014.

\*\* The related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

# The related party transactions also constitute exempted connected transactions (in respect of transaction (1) and (5) above) or continuing connected transactions or connected transactions as defined in Chapter 14A of the Listing Rules.

### Notes:

- (i) The transactions were entered into on normal commercial terms after arm's length negotiation between the parties at prevailing market rates after taking into account the extent of services required and the estimated costs. For the transaction (2) and (3) above, please refer to the circular of the Company dated 12 August 2014 for details.
- (ii) The management service fee was charged on normal commercial terms after arm's length negotiation between the parties based on actual costs incurred. Please refer to the circular of the Company dated 12 August 2014 for details.
- (iii) The interest expenses were charged at Hong Kong dollar prime rate per annum on the outstanding balances due to the shareholders.

## 11. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

- (iv) During the Period, Worldunity Investments Limited, an indirect wholly-owned subsidiary of the Company, entered into a placing agreement dated 11 June 2015 (“**Placing Agreement**”) with South China Securities Limited as the placing agent for the placing of 64,128,416 SCC Shares. Mr. Ng Hung Sang, a former Director for the last 12 months immediately before the date of the Placing Agreement, is a controlling shareholder of South China Securities Limited. As such, the placing under the Placing Agreement constitutes a connected transaction of the Company. The transaction was completed on 15 June 2015. The placing commission paid to South China Securities Limited was HK\$1,135,073. The placing under the Placing Agreement constitutes a fully exempted connected transaction under Chapter 14A of the Listing Rules. Please refer to the section headed “Investments” in this announcement and the circular of the Company dated 24 July 2015 for details. Such transaction did not constitute a related party transaction for the Period.
- (v) During the Period, Shijiazhuang Orient Victory Investment Group Limited<sup>##</sup> (石家莊市東勝集團投資有限公司), a company controlled and owned by Mr. Shi Baodong (“**Mr. Shi**”), the Chairman of the Company, provided an interest-free loan to the Group for the payment of a legal fee of approximately RMB600,000 (or approximately HK\$749,000) in relation to the acquisition under the VSA Circular on behalf of Shenzhen Dongsheng Huamei Cultural Travel Company Limited<sup>##</sup> (深圳東勝華美文化有限公司). It is a financial assistance from a connected person of the Company. It constitutes a fully exempted connected transaction under Chapter 14A of the Listing Rules. Such transaction did not constitute a related party transaction for the Period.

<sup>##</sup> *for identification purpose only.*

(b) Balance with a related parties:

Details of the balances with related parties at the end of the Period are included in the condensed consolidated statement of financial position.

(c) Compensation of key management personnel of the Group:

Executive Directors are the key and senior management personnel of the Group. Details of their remuneration are as follows:

	For the six months end	
	30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Total compensation paid to key management personnel	<b>811</b>	1,028

## 12. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

### Financial asset

	Carrying amounts		Fair value	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets				
at fair value through profit or loss	–	11,756	–	11,756
Available-for-sale financial asset	–	54,509	–	54,509

Management has assessed that the fair values of cash and bank balances, interest-bearing bank and other borrowings, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables and financial liabilities included in accruals and other payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair values:

As at 30 June 2015 (Unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair				
value through profit or loss	–	–	–	–
Available-for-sale financial asset	–	–	–	–

## 12. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

As at 31 December 2014 (Audited)

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial assets at fair value through profit or loss	11,756	–	–	11,756
Available-for-sale financial asset	54,509	–	–	54,509

The fair values of the financial assets at fair value through profit or loss and available-for-sale financial asset are determined based on the quoted market prices.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2014: Nil).

The Group did not have any financial liabilities measured at fair value as at 30 June 2015 and 31 December 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and New Business Update

#### Travel Related and Other Services

Following the completion of the disposal of the Group's Wholesale Travel Business on 4 September 2014, only the Corporate Travel Business remains in our travel related and other services segment for the Period. As a result, this segment recorded a 77.3% decrease in revenue from approximately HK\$51.70 million to approximately HK\$11.72 million and a 99.6% decrease in operating profit from approximately HK\$8.78 million to approximately HK\$38,000 for the Period as compared to the corresponding period ended 30 June 2014.

In 2015, the global economy is still affected by the slowdown in global economy in 2014. The relatively weak global economic environment, coupled with intense competition in the industry and the fiscal tightening by the Central People's Government of the People's Republic of China ("PRC"), has resulted in corporate client lowering demand for business travel services, reducing their travel costs and remaining cautious in their business travel spendings. Such factors have affected the travel industry negatively and led to the decline in the profitability.

The Group took the strategy of looking for more suppliers and business partners in order to control purchase costs effectively and maintain a longer term of payment. The Group also sought to develop highly profitable tourism products, including MICE (Meetings, Incentives, Conferences and Exhibitions) business, cruise business and hotel booking business.

For marketing of this segment, the Group cooperated with domestic and coalition partners around the world to attract more multi-national corporate customers, and continued to devote resources to the marketing, promotion and publicity exposure, to enhance the image of the Group and its influence in the market.

The Group will provide comprehensive training and allowances for the study of tourism-related courses in order to improve the quality and service standards of its staff.

#### Trading and Retail of Jewellery

Trading and Retail of Jewellery includes the distribution and sale of jewellery products such as precious stones, jade, gold and silver in our flagship store and counters of large department stores in Nanjing. The extension of the slowdown in China's economic growth from 2014 to 2015 and the decline in prices of gold as a raw material of jewellery had led to decline in overall sales of the gold and jewellery industry.

For the Period, the segment recorded a 11.9% decrease in revenue to approximately HK\$24.98 million (six months ended 30 June 2014: approximately HK\$28.35 million) and the profit from operation was approximately HK\$0.58 million (six months ended 30 June 2014: approximately HK\$0.29 million). The revenue decreased by approximately HK\$3.37 million for the Period as compared to the corresponding period in 2014. The drop in revenue in the first half of 2015 was partially compensated by the enhancement in gross profit margin. As such, Trading and Retail of Jewellery recorded a slight drop in business performance for the Period.

The Group will make every effort to achieve this year's sales target amid the sluggish economic environment. The Group will monitor the gross margin, fine-tune the product categories and seek for different sources of supply so as to promote sales and accelerate turnover. The Group will also seek and develop new markets with potential of large demand.

For marketing of this segment, the Group will promote its brand as a strong and popular proprietary brand and increase the number of franchisees to increase its influence, such that the profitability can be increased and the competitiveness can be enhanced for a bigger market shares.

The principal assets for this segment are inventories, which mainly comprise of gold ornaments, gold materials, inlaid ornament and diamond materials. During the course of business, the Group has well-established systems for sourcing, warehousing, storage, payment, delivery, sales and payment collection for better inventory and credit control. The Group's internal control system is generally in normal operation and being effectively executed.

## Investments Holding

### *Disposal of SCL Shares*

Reference is made to the Company's announcement dated 12 January 2015. On 8 January 2015, 9 January 2015 and 12 January 2015, Worldunity Investments Limited, an indirect wholly-owned subsidiary of the Company, disposed of 22,000,000, 18,240,000 and 46,841,856 shares of South China Land Limited (Stock Code: 8155) (the "**SCL shares**") respectively on market.

### *Disposal of SCC Shares*

Reference is made to the Company's announcement dated 11 June 2015 and the Company's circular dated 24 July 2015 (the "**Disposal Circular**"). Unless otherwise stated, capitalised terms used in this section and Note 11 to the condensed consolidated financial statements of this announcement headed "Related Party Transactions" have the same meanings as defined in the Disposal Circular.

On 11 June 2015, the Vendor entered into the Placing Agreement with the Placing Agent pursuant to which the Vendor agreed to appoint the Placing Agent as agent for the Vendor to procure, on a best effort basis, Placees to subscribe for up to 64,128,416 Placing Shares. The Transaction was completed on 15 June 2015.

For the Period, the Group recognized a disposal loss on financial assets at fair value through profit or loss for SCL shares in the amount of approximately HK\$0.53 million and a one-off disposal gain on the available-for-sale financial assets of SCC Shares in the amount of approximately HK\$17.62 million.

After the above disposals and as at 30 June 2015, the Group no longer held any SCL Shares nor any SCC Shares.

### New Business update

- (a) The Group takes an optimistic view in the prospect of the global tourism industry, believe that through the proposed very substantial acquisition of 49% equity interest in the Target Company, the Group will be able to broaden and strength its revenue stream and have access to the massive PRC market through the extensive network of the Target Company in the PRC. Please refer to the section headed "Material Acquisition of an Associate" in this announcement for details.
- (b) The Company has envisaged a gradual development of business in the health care market in the PRC as disclosed in its most recently published annual report. Updates of the development are as follows:
  - 1. The Group carried out its strategic plan in Beijing by establishing Beijing Dongsheng Huayu Health Management Limited (北京東勝華譽健康管理有限公司) ("**Beijing Huayu**") in March 2015 with a registered capital of HK\$40 million, which is wholly owned by the Company. Its principal activities include health management, medical information consultation, goods import and export, technology import and export as well as computer software technology development.
  - 2. Currently, the management of Beijing Huayu is formulating the development strategy and preparing a business plan according to its initial stage studies.

## Financial Review

### Operating Performance

The Group recorded revenue, gross profit and profit attributable to owners of the Company were of approximately HK\$36.70 million, HK\$16.94 million and HK\$0.73 million, respectively, for the Period, representing a decrease by 54.2%, 68.9% and an increase by 105.3% respectively as compared to the corresponding period ended 30 June 2014.

The relevant increase in profit for the Period was mainly attributable to:

- (i) a decrease in the profit from the Corporate Travel Business for the Period due to the relatively weak global economic environment and the decrease in profit after the Disposal;
- (ii) a decrease in the profit from the Trading and Retail of Jewellery Business for the Period due to the extension of the slowdown in China's economic growth from 2014 to 2015, and the decline in prices of gold as a raw material of jewellery leading to decline in overall sales of the gold and jewellery;
- (iii) the non-recurring expenses of professional fees incurred by the proposed acquisition of 49% equity interest in the Target Company and the possible issue of new shares as more particularly set out in the VSA Circular and the Company's announcements dated 7 July 2015 and 9 April 2015; and
- (iv) the above was set off by the recognition of a one-off disposal gain on the available-for-sale financial assets for the SCC Shares in the amount of approximately HK\$17.62 million during the Period. Please refer to the section headed "Investments" in this announcement for details.

### Liquidity and Financial Resources

During the Period, the Group's operations and investments continued to be mainly financed by internal resources and bank and other borrowings. As at 30 June 2015, the Group's cash and cash equivalent amounted to approximately HK\$97.66 million (31 December 2014: approximately HK\$56.94 million).

As at 30 June 2015, the Group's interest-bearing bank borrowings were approximately HK\$7.82 million (31 December 2014: approximately HK\$7.56 million), all of which were denominated in Renminbi ("**RMB**"). The bank borrowings were secured and the range of effective interest rate on bank borrowings for the Period was 5.1%-6.7% per annum (31 December 2014: 6.4%-7.2% per annum).

As at 30 June 2015, the Group's other borrowings were approximately HK\$64.12 million (31 December 2014: HK\$8.03 million), all of which were denominated in RMB. The other borrowings were unsecured, of which approximately HK\$56.18 million was interest free and the interest rate on the remaining of other borrowings for the Period was 7% per annum (31 December 2014: 7%).

As at 30 June 2015, the Group had a current ratio of 1.69 (31 December 2014: 2.32). The Group was in net cash position for both six months ended 30 June 2015 and the year ended 31 December 2014.

## Pledges of Assets and Contingent Liabilities

As at 30 June 2015, there was no material change in the Group's pledge of assets and contingent liabilities as compared to the most recently published annual report.

## Capital Commitment

As at 30 June 2015, the Group had contracted, but not provided capital commitment for the acquisition of 49% equity interest in the Target Company. Please refer to the note 10 headed "Capital Commitment" of this announcement for details.

## MATERIAL ACQUISITION OF AN ASSOCIATE

Reference is made to the Company's announcements dated 9 April 2015 and 7 July 2015 and also the VSA Circular. Unless otherwise stated, capitalised terms used in this section and in note 10 to the condensed consolidated financial statements of this announcement headed "Capital Commitments" have the same meanings as defined in the VSA Circular.

### Framework Agreement

On 26 March 2015, the Purchaser, Mr. Li (acting on behalf of the Vendors), Beijing Tourism Group and the Target Company entered into the Framework Agreement, which sets out the framework upon which the parties thereto will cooperate with one another in developing and managing the Target Company after the Acquisition.

### Equity Transfer Agreement

On 26 March 2015, the Purchaser, being an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendors and the Target Company, pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Interest, representing 49% equity interest in the Target Company in aggregate, at a total Consideration of RMB441,000,000 (approximately HK\$554,820,000). The Acquisition is conditional upon fulfillment of various conditions precedent under the paragraph headed "Conditions Precedent to the Equity Transfer Agreement" as stated in the VSA Circular.

### Subscription Agreement

On 7 July 2015, the Company entered into the Subscription Agreement with the Subscribers and the Guarantors, pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 372,466,100 Subscription Shares at the Subscription Price of HK\$0.74 per Subscription Share to the Subscribers.

The Subscription Shares represent approximately 20.43% of the issued share capital of the Company as at the date of the Subscription Agreement and approximately 16.96% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming no further change in the share capital structure of the Company from the date of the Subscription Agreement and up to the Subscription Completion).

Completion of the Equity Transfer Agreement and the Subscription Agreement are inter-conditional and shall take place simultaneously.

## **EVENTS AFTER THE REPORTING PERIOD**

### **Issue of Perpetual Convertible Securities**

Reference is made to the Company's announcement dated 28 June 2015 and also the Company's circular dated 21 August 2015 in relation to the proposed issue of perpetual convertible securities (the "**PCS Circular**"). Unless otherwise stated, capitalised terms used in this section have the same meanings as defined in the PCS Circular.

On 27 June 2015, the Company as issuer and Mr. Shi and Longtrade Genesis as guarantors, have conditionally agreed to enter into an investment agreement with CTM and OGH in relation to, among other things, the proposed issue of the perpetual convertible securities in aggregate principal amount of HK\$70,000,000 and HK\$100,000,000 respectively having a denomination of HK\$1,000,000 each under a specific mandate.

Upon full conversion of the Perpetual Convertible Securities at the Initial Conversion Price of HK\$2.718, the Perpetual Convertible Securities will be convertible into 62,545,990 Conversion 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 abovementioned transactions are subject to fulfilment of certain conditions set out in the PCS Circular and the approval by way of poll at the extraordinary general meeting of the Company.

As disclosed in the VSA Circular, 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 cost and fees (such as legal and other professional fee) in respect of the Acquisition.

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

### **Loans from Connected Parties**

On 24 July 2015, Shenzhen Dongsheng Hua Yu Commercial Management Company\* (深圳東勝華譽商業管理有限公司), an indirect wholly-owned subsidiary of the Company, as borrower, entered into an interest-free entrusted loan agreement with 深圳東源匯融實業有限公司, a company indirectly wholly-owned by Mr. Shi, as the lender, with a loan in the principal amount of RMB450,000,000.

On 29 July 2015, Donghui Hong Kong Holdings Limited, an indirect wholly-owned subsidiary of the Company, as borrower, entered into an interest-free loan agreement with Orient Victory Group HK Holdings Limited, a company indirectly wholly owned by Mr. Shi, as the lender, with a loan in the principal amount of HK\$540,000,000.

These two loans are fully exempted connected transactions since they are conducted on normal commercial terms or better, and not secured by the assets of the Group.

## **NUMBER AND REMUNERATION OF EMPLOYEES**

As at 30 June 2015, the total number of employees of the Group was 140 (31 December 2014: 139). Employment costs (including Directors' emoluments) amounted to approximately HK\$12.8 million for the Period (six months ended 30 June 2014: approximately HK\$30.0 million).

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

## **INTERIM DIVIDEND**

The Board resolved not to declare of any interim dividend for the Period (six months ended 30 June 2014: 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.

## **SHARE OPTION SCHEME**

The Directors, employees of the Group and participants as described under the 2012 Option Scheme are entitled to participate in the 2012 Option Scheme. Particulars of the 2012 Option Scheme together with the details of the share options granted were set out in note 9 to the condensed consolidated interim statements of financial position in this announcement. No share option has been granted, exercised or executed during the period and all the outstanding share options of the Company had been cancelled in April 2014.

## **DIRECTORS' AND CHIEF EXECUTIVES' LONG AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**

As at 30 June 2015, the long and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO (the "**Register**"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules, were as follows:

## Long positions in shares

Name of Directors	Capacity	Approximate	
		Number of ordinary shares held	percentage of shareholding to total issued ordinary shares
Mr. Shi	Interest in a controlled corporation	1,187,418,004	65.12%

*Note:*

The following sets out the long positions of the Directors of the Company subsequent to the period ended 30 June 2015:

1. Mr. Shi holds 100% equity interest in Orient Victory Real Estate Group Holdings Limited, which holds 1,207,418,004 shares in the Company, representing approximately 66.22% of the total issued shares of the Company, as at the date of this announcement, after the purchase on the market a total of 20,000,000 shares of the Company from 21 July 2015 to 24 July 2015.
2. Mr. Dong Xiaojie, an independent non-executive Director, holds a total of 300,000 shares of the Company, representing 0.017% of the total issued ordinary shares of the Company, as at the date of this announcement, which reflected his purchase of the shares of the Company from 13 July 2015 to 14 July 2015.
3. Mr. Law Wang Chak, Waltery, an independent non-executive Director, holds a total of 70,000 shares of the Company, representing 0.004% of the total issued ordinary shares of the Company, as at the date of this announcement, which reflected his purchase of the shares of the Company from 15 July 2015 to 16 July 2015.

Save as disclosed above, none of the Directors and the chief executive of the Company has or is deemed to have any long or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the Register, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2015 and the date of this announcement.

## CORPORATE GOVERNANCE

For the Period, the Company has complied with all the code provisions of the “Corporate Governance Code and Corporate Governance Report” as set out in the Appendix 14 to the Listing Rules.

## AUDIT COMMITTEE

Regular meetings have been held by the Audit Committee of the Company since its establishment and it meets at least twice each 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 as its own code of conduct for dealings in securities of the Company by the Directors. Specific enquiries have been made with all the Directors, who have confirmed that they 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.orientvictorychina.com.hk](http://www.orientvictorychina.com.hk)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2015 interim report will be despatched to Shareholders in September 2015 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 China Holdings Limited**  
**Shi Baodong**  
*Chairman and Executive Director*

Hong Kong, 28 August 2015

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