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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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The Directors refer to the profit warning announcement of the Company dated 27 February 2015 and set forth below a summary of the final results of the Group for the year ended 31 December 2014:

- Turnover was HK\$124.67 million for the year ended 31 December 2014, representing a decrease of 37.8% from HK\$200.56 million for the year ended 31 December 2013.
- Profit was HK\$0.54 million for the year ended 31 December 2014, representing a decrease of 97.5% as compared with the profit of HK\$21.87 million for the year ended 31 December 2013. The substantial decrease in profit for the year ended 31 December 2014 was mainly attributable to:
 - (i) the disposal loss and fair value loss on financial assets at fair value through profit or loss in the amount of approximately HK\$7.84 million and HK\$3.22 million, respectively for the year ended 31 December 2014 as opposed to the fair value gain in the amount of approximately HK\$11.32 million for the year ended 31 December 2013;
 - (ii) the non-recurring expenses of professional fees of approximately HK\$2.5 million in total relating to the transactions as disclosed in the Circular and the Company's announcement dated 7 December 2014 respectively;
 - (iii) the non-recurring legal expenses incurred by the Disposal Group, which ceased to be subsidiaries of the Company with effect from completion of the disposal thereof on 4 September 2014, in respect of a series of litigations against Sinosoft Technology Group Limited and other parties as more particularly set out in the Company's announcements dated 20 June 2013, 26 June 2013, 24 July 2013, 30 July 2013, 20 August 2013, 2 September 2013, 3 December 2013 and 12 May 2014;
 - (iv) a decrease in the revenue and profit from the Corporate Travel Business of the Group for the year ended 31 December 2014 as compared to that for the year ended 31 December 2013 due to the relatively weak global economic environment; and
 - (v) the above were partly set off by the gain on disposal of the Disposal Group at about HK\$22.76 million.
- Basic and diluted earnings per share for the year ended 31 December 2014 was HK0.06 cent, as compared with earnings per share of HK1.20 cent for the year ended 31 December 2013.
- The Board does not recommend the payment of any final dividend.

The board of directors (the “Board”) of Orient Victory China Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2014, together with comparative figures for the last financial year as follows:

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	<i>Notes</i>	2014 HK\$'000	2013 HK\$'000
REVENUE	3	124,668	200,556
Cost of sales		<u>(41,521)</u>	<u>(77,110)</u>
Gross profit		83,147	123,446
Other income		2,807	6,462
Fair value gain on investment properties		–	300
Fair value (loss)/gain on financial assets at fair value through profit or loss		(3,222)	11,323
Loss on disposal of financial assets at fair value through profit or loss		(7,840)	–
Gain on disposal of subsidiaries		22,760	–
Selling and distribution expenses		(7,103)	(7,509)
Administrative expenses		(82,036)	(100,055)
Other operating expenses		(1,249)	(1,444)
Finance costs	4	<u>(3,936)</u>	<u>(5,117)</u>
PROFIT BEFORE TAX	5	3,328	27,406
Income tax expense	6	<u>(2,786)</u>	<u>(5,533)</u>
PROFIT FOR THE YEAR		<u>542</u>	<u>21,873</u>
Attributable to:			
Owners of the Company		1,029	21,812
Non-controlling interests		<u>(487)</u>	<u>61</u>
		<u>542</u>	<u>21,873</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	7	<u>HK0.06 cent</u>	<u>HK1.20 cent</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
PROFIT FOR THE YEAR	542	21,873
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of available-for-sale financial assets	6,416	3,847
Release of available for sale financial asset revaluation reserve upon disposal of subsidiaries	(4,998)	–
Release of exchange fluctuation reserve upon disposal of subsidiaries	(8,631)	–
Exchange differences on translation of foreign operations	(809)	2,577
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(8,022)	6,424
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(7,480)	28,297
Attributable to:		
Owners of the Company	(6,686)	27,470
Non-controlling interests	(794)	827
	(7,480)	28,297

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	<i>Notes</i>	2014 HK\$'000	2013 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		452	8,015
Investment properties		–	38,900
Available-for-sale financial assets		54,509	48,566
Other non-current assets		–	29,150
Goodwill		–	2,994
		<hr/>	<hr/>
Total non-current assets		54,961	127,625
CURRENT ASSETS			
Inventories		28,026	31,970
Trade receivables	8	29,089	181,749
Prepayments, deposits and other receivables		5,215	49,666
Financial assets at fair value through profit or loss		11,756	40,916
Advances to non-controlling shareholders of subsidiaries		–	1,878
Tax recoverable		–	146
Pledged bank deposits		–	3,250
Cash and bank balances		56,935	34,229
		<hr/>	<hr/>
Total current assets		131,021	343,804
CURRENT LIABILITIES			
Trade payables	9	34,889	94,987
Other payables and accruals		5,564	60,585
Interest-bearing bank and other borrowings		15,594	37,419
Tax payable		456	1,997
		<hr/>	<hr/>
Total current liabilities		56,503	194,988
		<hr/>	<hr/>
NET CURRENT ASSETS		74,518	148,816
		<hr/>	<hr/>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		129,479	276,441
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Advances from shareholders		–	62,438
		<hr/>	<hr/>
NET ASSETS		129,479	214,003
		<hr/>	<hr/>

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	45,584	45,584
Reserves	<u>76,765</u>	<u>146,905</u>
	122,349	192,489
Non-controlling interests	<u>7,130</u>	<u>21,514</u>
TOTAL EQUITY	<u><u>129,479</u></u>	<u><u>214,003</u></u>

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Orient Victory China Holdings Limited is an exempted limited company incorporated in the Cayman Islands. The registered office of the Company is located at Floor 4, Willow House, Cricket Square, P O Box 2804, Grand Cayman KY1-1112, Cayman Islands. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

During the year ended 31 December 2014, the Group was involved in the sale of air tickets and other travel related services, trading and retail of jewellery products, and the Group's management services and other investment holding.

The English name of the Company has been changed from South China Holdings Limited to Orient Victory China Holdings Limited, and the Chinese name 東勝中國控股有限公司 has been adopted as the Company's dual foreign name, with effect from 9 October 2014.

2. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

The accounting policies and basis of preparation adopted in these financial statements are generally consistent with those adopted in the Group's audited 2013 annual financial statements except that the Group has adopted the newly issued and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations), which are effective for the annual period beginning on 1 January 2014.

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statement:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Definition of Vesting Condition¹</i>
Amendment to HKFRS 3 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination¹</i>
Amendment to HKFRS 13 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to HKFRS 1 included in <i>Annual Improvements 2011-2013 Cycle</i>	<i>Meaning of Effective HKFRSs</i>

¹ Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

- (a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.
- (b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

- (c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.
- (d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.
- (e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.
- (f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.
- (g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	<i>Financial Instruments</i> ⁴
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ²
HKFRS 14	<i>Regulatory Deferral Accounts</i> ⁵
HKFRS 15	<i>Revenue from Contracts with Customers</i> ³
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ²
Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ²
<i>Annual Improvements 2010-2012 Cycle</i>	Amendments to a number of HKFRSs ¹
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs ¹
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs ²

- ¹ Effective for annual periods beginning on or after 1 July 2014
- ² Effective for annual periods beginning on or after 1 January 2016
- ³ Effective for annual periods beginning on or after 1 January 2017
- ⁴ Effective for annual periods beginning on or after 1 January 2018
- ⁵ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

The Group is in the process of making an assessment of the impact of the new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

In addition, the Companies Ordinance (Cap. 622, Laws of Hong Kong) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

3. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts; the value of services rendered and commission income during the year.

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 involves the sale of air tickets and other travel-related services principally provided to corporate clients (the "Corporate Travel Business"), and the sale of air tickets and other travel-related services principally provided to travel agents before the Disposal (as defined in the Company's circular dated 12 August 2014 (the "Circular")) (the "Wholesale Travel Business"). On 4 September 2014, completion of the Disposal took place and the Disposal Group (as defined in the Circular) which was engaged in, among other things, the Wholesale Travel Business, ceased to be subsidiaries of the Company, while the Corporate Travel Business continued to be conducted by the Group.

For the year ended 31 December 2014, the Group recorded the revenue and profit of the Corporate Travel Business for the period from 1 January 2014 to 31 December 2014, together with the Wholesale Travel Business for the period from 1 January 2014 to the date of completion of the Disposal;

- (b) the trading and retail of jewellery segment, 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.

The Group's management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of profit before tax. The segment profit before tax is measured consistently with the Group's profit before tax except that finance costs are excluded from such measurement.

Segment liabilities exclude tax payable and interest-bearing bank and other borrowings as these liabilities are managed on a group basis.

Year ended 31 December 2014

	Travel related and other services [#] HK\$'000	Trading and retail of jewellery HK\$'000	Investment holding HK\$'000	Total HK\$'000
Segment revenue:				
Sales to external customers	72,988	51,680	–	124,668
Segment results	16,242	1,994	(10,972)	7,264
<i>Reconciliation:</i>				
Finance costs				(3,936)
Profit before tax				3,328
Segment assets and total assets	35,990	32,777	117,215	185,982
Segment liabilities	34,931	4,642	880	40,453
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				16,050
Total liabilities				56,503
Other segment information:				
Fair value loss on financial assets at fair value through profit or loss	–	–	3,222	3,222
Loss on disposal of financial assets at fair value through profit or loss	–	–	7,840	7,840
Gain on disposal of subsidiaries	–	–	(22,760)	(22,760)
Impairment of trade receivables	1,280	–	–	1,280
Gain on disposal of items of property, plant and equipment, net	(31)	–	–	(31)
Depreciation	1,937	76	1	2,014
Capital expenditure*	1,456	153	29	1,638

* Capital expenditure consists of additions to property, plant and equipment.

Includes the revenue and results of the Corporate Travel Business from 1 January 2014 to 31 December 2014 and the Wholesale Travel Business from 1 January 2014 to the date of completion of the Disposal.

Year ended 31 December 2013

	Travel related and other services <i>HK\$'000</i>	Trading and retail of jewellery <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:				
Sales to external customers	114,519	86,037	–	200,556
Segment results	36,415	2,058	(5,950)	32,523
<i>Reconciliation:</i>				
Finance costs				(5,117)
Profit before tax				27,406
Segment assets and total assets	255,150	36,132	180,147	471,429
Segment liabilities	144,610	7,890	65,510	218,010
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				39,416
Total liabilities				257,426
Other segment information:				
Fair value gain on investment properties	–	–	(300)	(300)
Fair value gain on financial assets at fair value through profit or loss	–	–	(11,323)	(11,323)
Write-off of trade receivables	94	–	–	94
Loss on disposal of items of property, plant and equipment, net	21	–	–	21
Depreciation	2,710	62	1	2,773
Capital expenditure*	2,759	35	6	2,800

* Capital expenditure consists of additions to property, plant and equipment.

Geographical segments

(a) Revenue from external customers

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Hong Kong	72,988	84,437
Mainland China	51,680	116,119
	124,668	200,556

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

(b) Total assets

	2014		
	Non-current assets HK\$'000	Current assets HK\$'000	Total assets 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>
	2013		
	Non-current assets HK\$'000	Current assets HK\$'000	Total assets HK\$'000
Hong Kong	95,118	216,549	311,667
Mainland China	32,507	127,255	159,762
	<u>127,625</u>	<u>343,804</u>	<u>471,429</u>

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2014 HK\$'000	2013 HK\$'000
Interest on bank loans, overdrafts and other loans wholly repayable within five years	1,911	2,220
Interest on advances from shareholders	<u>2,025</u>	<u>2,897</u>
	<u>3,936</u>	<u>5,117</u>

5. PROFIT BEFORE TAX

For the year ended 31 December 2014, profit before tax is arrived at after charging/(crediting):

	2014 HK\$'000	2013 HK\$'000
Auditor's remuneration	820	820
Depreciation	2,014	2,773
Staff costs (including directors' remuneration)		
Wages and salaries and other benefits	43,398	57,539
Pension scheme contributions	<u>3,752</u>	<u>5,320</u>
Total employee benefit expenses	47,150	62,859
Minimum lease payments under operating leases in respect of land and buildings	11,202	10,849
Exchange (loss)/gain, net	<u>1,217</u>	<u>(12,906)</u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2014 HK\$'000	2013 HK\$'000
Current – Hong Kong		
Charge for the year	2,727	5,248
Overprovision in prior years	–	(10)
Current – Mainland China		
Charge for the year	59	295
	<u>2,786</u>	<u>5,533</u>
Total tax charge for the year	<u>2,786</u>	<u>5,533</u>

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculations of the basic and diluted earnings per share are based on:

	2014 HK\$'000	2013 HK\$'000
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculations	<u>1,029</u>	<u>21,812</u>
	Number of shares	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculations	<u>1,823,401,376</u>	<u>1,823,401,376</u>

The Company's share options have no dilutive effect for the year ended 31 December 2014 and 31 December 2013 because the exercise price of the Company's share options was higher than the average market price of the Company's shares for both years. As at 31 December 2014, all outstanding share options of the Company have been cancelled.

8. TRADE RECEIVABLES

	As at 31 December 2014 HK\$'000	2013 HK\$'000
Trade receivables	29,089	184,402
Impairment	–	(2,653)
	<u>29,089</u>	<u>181,749</u>

The Group's trading terms with its customers are on credit with credit periods ranging from 30 to 90 days (2013: 30 to 90 days), depending on a number of factors including trade practices, collection history and location of customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	As at 31 December	
	2014	2013
	HK\$'000	HK\$'000
Within 90 days	25,840	175,720
91 to 180 days	1,580	4,850
181 to 365 days	1,518	956
Over 365 days	151	223
	29,089	181,749

9. TRADE PAYABLES

An ageing analysis as at the end of reporting period, based on the invoice date is as follows:

	As at 31 December	
	2014	2013
	HK\$'000	HK\$'000
Within 90 days	34,762	93,113
91 to 180 days	69	265
181 to 365 days	28	608
Over 365 days	30	1,001
	34,889	94,987

The trade payables are non-interest-bearing and are normally settled on 15 to 90 days terms (2013: 15 to 90 days).

10. DIVIDEND

A special dividend of HK3.48 cents per ordinary share was paid to shareholders of the Company on 1 September 2014 pursuant to an ordinary resolution passed at a special general meeting on 29 August 2014. The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Summary

On 4 September 2014, completion of the Disposal (as defined in the Company's circular dated 12 August 2014 (the "Circular")) took place and the Disposal Group (as defined in the Circular), which was engaged in, among other things, the sale of air tickets and other travel-related services principally provided to travel agents (the "Wholesale Travel Business"), ceased to be subsidiaries of the Company. Therefore, the Group only recorded the revenue and profit of the Disposal Group for the period from 1 January 2014 to the date of completion of the Disposal. The Group recorded revenue of HK\$124.67 million and profit after tax of HK\$0.54 million for the year ended 31 December 2014, representing a decrease by 37.8% and 97.5% respectively as compared to 2013.

The substantial decrease in profit for the year ended 31 December 2014 was mainly attributable to:

- (i) the disposal loss and fair value loss on financial assets at fair value through profit or loss in the amount of approximately HK\$7.84 million and HK\$3.22 million, respectively for the year ended 31 December 2014 as opposed to the fair value gain in the amount of approximately HK\$11.32 million for the year ended 31 December 2013;

- (ii) the non-recurring expenses of professional fees of approximately HK\$2.5 million in total relating to the transactions as disclosed in the Circular and the Company's announcement dated 7 December 2014 respectively;
- (iii) the non-recurring legal expenses incurred by the Disposal Group, which ceased to be subsidiaries of the Company with effect from completion of the disposal thereof on 4 September 2014, in respect of a series of litigations against Sinosoft Technology Group Limited and other parties as more particularly set out in the Company's announcements dated 20 June 2013, 26 June 2013, 24 July 2013, 30 July 2013, 20 August 2013, 2 September 2013, 3 December 2013 and 12 May 2014, respectively;
- (iv) a decrease in the revenue and profit from the Corporate Travel Business of the Group for the year ended 31 December 2014 as compared to that for the year ended 31 December 2013 due to the relatively weak global economic environment; and
- (v) the above were partly set off by the gain on disposal of the Disposal Group at about HK\$22.76 million.

Business Review

Travel Related and Other Services

Our travel related and other services segment mainly comprises the Corporate Travel Business and the Wholesale Travel Business. It recorded 36.3% decrease in revenue to HK\$72.99 million and 55.4% decrease in operating profit to HK\$16.24 million for the year ended 31 December 2014 as compared to the year ended 31 December 2013.

The decrease in revenue by HK\$41.53 million as compared to the year ended 31 December 2013 is mainly attributable to the Disposal which completed on 4 September 2014. For the year ended 31 December 2014, the Group recorded the revenue and profit of the Corporate Travel Business for the period from 1 January 2014 to 31 December 2014 and the revenue and profit of the Wholesale Travel Business for the period from 1 January 2014 to the date of completion of the Disposal.

The relatively weak global economic environment, with fiscal tightening by the Central People's Government of the People's Republic of China, corporate clients reducing their travel costs and remaining cautious in their business travel spendings, and political events unfolding in Thailand, one of the most popular tourist destinations for Hong Kong people, have affected the travel industry negatively.

Trading and Retail of Jewellery

Our trading and retail of jewellery segment 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. During the year ended 31 December 2014, the revenue recorded a drop, since the high demand for gold products driven by the slide of the international gold price in the year of 2013 was not sustained in 2014.

For the year ended 31 December 2014, the segment recorded 39.9% decrease in revenue to HK\$51.68 million (2013: HK\$86.04 million) and the segment result was HK\$1.99 million (2013: HK\$2.06 million). The revenue decreased by HK\$34.36 million for the year ended 31 December 2014 as compared to the year ended 31 December 2013. The drop in revenue in 2014 was partially compensated by the enhancement in gross profit margin. As such, our trading and retail of jewellery segment recorded a slight drop in business performance for the year ended 31 December 2014.

Liquidity and Financial Resources

During the year ended 31 December 2014, the Group's operations and investments continue to be mainly financed by internal resources and bank and other borrowings. As at 31 December 2014, the Group's cash and cash equivalent amounted to approximately HK\$56.94 million (2013: HK\$37.48 million).

As at 31 December 2014, the Group's interest-bearing bank borrowings were approximately HK\$7.56 million (2013: HK\$29.02 million), all of which were denominated in RMB. The bank borrowings were secured and the range of effective interest rate on bank borrowings for the year ended 31 December 2014 was 6.42%-7.2% per annum (2013: 2.2%-7.2% per annum).

As at 31 December 2014, the Group's other borrowings were approximately HK\$8.03 million (2013: HK\$8.40 million), all of which were denominated in RMB. The other borrowings were unsecured and the interest rate on other borrowings for the year ended 31 December 2014 was 7% per annum (2013: 7%).

As at 31 December 2014, the Group had a current ratio of 2.32 (2013: 1.76). The net debt to total assets ratio was not applicable as the Group was in net cash position for both 2013 and 2014.

Material Acquisitions and Disposals of Subsidiaries and Associates

Reference is made to the Circular. On 30 April 2014, the Company entered into a disposal agreement (as amended by a supplemental agreement dated 24 June 2014) with Tremendous Success Holdings Limited ("Tremendous Success"), which was wholly owned by Mr. Ng Hung Sang, a former director and substantial shareholder of the Company, for the disposal of the entire issued share capital of South China (BVI) Limited ("South China BVI"). Mr. Ng ceased to be a director of the Company on 3 October 2014.

Under this arrangement, Tremendous Success became the owner of the Disposal Group (including, among other interests, the entire issued share capital of Hong Kong Four Seas Tours Limited which was engaged in the Wholesale Travel Business, 35% of the issued share capital of Four Seas Tours Limited and 15% of the issued share capital of King Link Investments Limited). Completion of the Disposal took place on 4 September 2014, and the Disposal Group ceased to be subsidiaries of the Company.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 2014 (2013: Nil).

Capital Commitments

The Group did not have any significant capital commitment as at 31 December 2014 (2013: Nil).

Prospects

Travel Related and Other Services

For our Corporate Travel Business, the global aviation market benefits from the drop in oil price and we expect that our Corporate Travel Business will be able to enjoy steady growth. The Company will also deploy resources in marketing, promotion and technology with an aim to enhance our market position in the corporate travel market, including the MICE sector (Meetings, Incentives, Conferences and Exhibitions) and hotel booking business as appropriate. We will continue to focus on internal training. Further, in order to offer better quality services to customers and to benefit from market growth potential, we will join hands with our Hong Kong and overseas partners in the travel industry to roll out an internet booking platform for corporate travels.

Trading and Retail of Jewellery

For our jewellery business, we intend to cope with the gloomy outlook of the bullion and jewellery markets by taking the following initiatives: firstly, we will step up our marketing efforts so as to grasp a larger market share; secondly, we intend to increase the turnover of bullion, increase the variety of our jewellery products, especially those with innovative designs, and follow the policy of small profits and quick turnover so as to increase sales revenue.

New Business

Our management has identified the health care market in Mainland China as a possible new focus of development. The Group intends to tap into the business of health care services related to hospitals, treatments, rehabilitation and senior care through acquisition of a suitable target company to be identified, self development and/or business co-operation. Health-check and monitoring, health assessment and consultancy, and health improvement and protection operations may also be set up and launched should suitable opportunities arise. All these initiatives are intended to enable the Company to envisage a gradual development of business in the health care market in China.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

CORPORATE GOVERNANCE

The Company had complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year ended 31 December 2014 except that Mr. Ng Hung Sang, the former Chairman and executive director of the Company, was unable to attend the annual general meeting of the Company held on 10 June 2014 since he had other business engagements, which deviated from code provision E.1.2.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code as set out in Appendix 10 – Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in the Listing Rules as its own code of conduct for dealings in securities of the Company by the directors (the “Code”).

Specific enquiries have been made with all the directors, who have confirmed that they complied with the required standards set out in the Code during the year ended 31 December 2014.

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

During the year ended 31 December 2014, the Company did not redeem any of its shares listed on The Stock Exchange of Hong Kong Limited nor did the Company or any of its subsidiaries purchase or sell any such shares.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with the Listing Rules. The Audit Committee presently comprises two independent non-executive Directors, namely Mr. Law Wang Chak, Waltery (being the chairman) and Mr. He Qi, and a non-executive Director, namely Mr. Li Yankuan.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in this preliminary announcement of the Group’s results for the year ended 31 December 2014 have been agreed by the Group’s external auditor, Messrs., Ernst and Young, to the amounts set out in the Group’s draft consolidated financial statements for the year.

The work performed by Ernst and Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst and Young on this preliminary announcement.

The Audit Committee of the Company has met Messrs., Ernst and Young, and reviewed the annual results for the year ended 31 December 2014 and has recommended its adoption by the Board.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The electronic version of this announcement will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.orientvictorychina.com.hk).

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

Hong Kong, 20 March 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.