

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2018

FINANCIAL HIGHLIGHT

The Board hereby announces the unaudited interim results of the Group for the Period and set forth below a summary of the results:

- Revenue was HK\$141.54 million for the Period, representing a slight increase of approximately 0.57% as compared with the corresponding period in 2017.
- The net loss of approximately HK\$22.78 million, representing an increase in the net loss of approximately 15.34% as compared with a net loss of approximately HK\$19.75 million in the corresponding period of last year. The net loss for the Period was primarily attributable to the increase in administrative expenses, finance cost and share of loss of an associate of the Company.
- Basic and diluted loss per share attributable to ordinary equity Shareholders for the Period was HK0.28 cent, as compared with basic and diluted loss per share attributable to ordinary equity Shareholders of HK0.16 cent for the corresponding period in 2017.
- The Board has resolved not to declare 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 2018 (the “**Period**”), together with comparative figures for the corresponding period in 2017 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

		Six months ended 30 June	
	<i>Notes</i>	2018	2017
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
REVENUE	3	141,535	140,744
Cost of sales		<u>(128,358)</u>	<u>(127,158)</u>
Gross profit		13,177	13,586
Other income		3,839	2,092
Selling expenses		(3,213)	(3,004)
Administrative expenses		(27,192)	(25,570)
Gain on disposal of interest in a subsidiary		486	–
Share of loss of an associate		<u>(8,480)</u>	<u>(7,610)</u>
Loss from operations		(21,383)	(20,506)
Finance (costs)/income	4(a)	<u>(1,390)</u>	<u>754</u>
LOSS BEFORE TAX	4	(22,773)	(19,752)
Income tax	5	<u>(2)</u>	<u>1</u>
LOSS FOR THE PERIOD		<u>(22,775)</u>	<u>(19,751)</u>
Attributable to:			
Equity owners of the Company		(22,122)	(17,755)
Non-controlling interests		<u>(653)</u>	<u>(1,996)</u>
LOSS FOR THE PERIOD		<u>(22,775)</u>	<u>(19,751)</u>
LOSS PER SHARE			
Basic and diluted	6	<u>(HK0.28 cent)</u>	<u>(HK0.16 cent)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(22,775)	(19,751)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD (after tax)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of foreign operations	(7,482)	13,032
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	(7,482)	13,032
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(30,257)	(6,719)
Attributable to:		
Equity owners of the Company	(29,605)	(4,770)
Non-controlling interests	(652)	(1,949)
	(30,257)	(6,719)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

		At 30 June 2018 (Unaudited) HK\$'000	At 31 December 2017 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		1,717	2,020
Interest in an associate		386,060	399,271
Intangible assets		18,094	16,388
		<u>405,871</u>	<u>417,679</u>
CURRENT ASSETS			
Inventories		61,935	63,791
Trade receivables	7	39,753	28,159
Prepayments, deposits and other receivables		51,790	15,249
Restricted bank deposits		43,072	43,448
Cash and cash equivalents		332,065	357,696
		<u>528,615</u>	<u>508,343</u>
CURRENT LIABILITIES			
Trade payables	8	44,730	33,391
Other payables and accruals		63,425	22,655
Short-term borrowings	9	8,172	8,948
		<u>116,327</u>	<u>64,994</u>
NET CURRENT ASSETS		<u>412,288</u>	<u>443,349</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		818,159	861,028
NON-CURRENT LIABILITIES			
Deferred tax liabilities		3,131	2,704
NET ASSETS		<u>815,028</u>	<u>858,324</u>
CAPITAL AND RESERVES			
Share capital	10	63,745	63,745
Perpetual convertible securities		396,402	396,402
Reserves		348,981	391,625
Total equity attributable to equity owners of the Company		809,128	851,772
Non-controlling interests		5,900	6,552
TOTAL EQUITY		<u>815,028</u>	<u>858,324</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The 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 24 August 2018.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 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 2017 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

(a) Overview

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s financial statements:

- HKFRS 9, Financial Instruments
- HKFRS 15, Revenue from contracts with customers
- HK (IFRIC) 22, Foreign currency transactions and advance consideration

None of these developments has had a material effect on how the Group’s 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 except for the amendments to HKFRS 9, Prepayment features with negative compensation which have been adopted at the same time as HKFRS 9.

Details of the changes in accounting policies are discussed in note 2(b) for HKFRS 9 and note 2(c) for HKFRS 15.

(b) **HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation***

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has assessed the cumulative effect of initial application is not material, therefore no adjustment to the opening equity at 1 January 2018 was made. Comparative information continues to be reported under HKAS 39.

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

(i) Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;
- FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or
- FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as finance income.

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The Group does not have financial assets classified as FVPL or FVOCI. With respect to the financial assets classified as "loans and receivables" which were measured at amortised cost under HKAS 39, the Group has assessed the business model under which the financial assets are managed and its contractual cash flow characteristics, and these financial assets will continue with their respective classification and measurements upon the adoption of HKFRS 9, and the carrying amounts of these financial assets as at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

The measurement categories for all financial liabilities remain the same, except for financial guarantee contracts.

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

After initial recognition at fair value, an issuer of such a contract shall subsequently measure it at the higher of: (i) the amount of the loss allowance determined in accordance with note 2(b)(ii) and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

The carrying amounts for all financial liabilities of the Group at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 January 2018.

(ii) Credit losses

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with the “expected credit loss” (“ECL”) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the “incurred loss” accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

- financial assets measured at amortised cost;
- contract assets as defined in HKFRS 15 (see note 2(c));

Financial assets measured at fair value, including debt securities or equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Low credit risk

If the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations, the credit risk on a financial instrument is considered low.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income on credit-impaired financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Opening balance adjustment

The Group assessed the ECLs of financial assets measured at amortised cost as at 1 January 2018. There was not significant change to the loss allowance for these financial assets of the Group as at 1 January 2018.

(iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.
- The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2018:
 - the determination of the business model within which a financial asset is held; and
 - the designation of certain investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).
- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

(c) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 11 and HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018, referred to as open contracts.

Since substantially all of the Group's revenue comprised of contracts with customers from sales of air tickets and jewellery, where revenue continue to be recognised upon delivery to the customers. The adoption of HKFRS 15 did not have a material impact on the consolidated financial statements.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

(i) Timing of revenue recognition

Previously, revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers, whereas, revenue arising from construction contracts and provision of services was recognised over time.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

(ii) Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The adoption of HKFRS 15 did not have a significant impact on the presentation of the consolidated financial statements.

(d) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) 22 did not have any material impact on the financial position and the financial result of the Group.

3. REVENUE AND SEGMENT REPORTING

(a) Disaggregation of revenue

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

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

	Six months ended 30 June	
	2018	2017
	\$'000	\$'000
Sale of air tickets	119,912	124,546
Commission and service income from travel related and other services	2,823	2,645
Trading and retail of jewellery	16,888	10,496
Commission income from sale of jewellery	1,812	1,497
Financial services	100	1,560
	141,535	140,744

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 2(c)(i).

(b) Segment reporting

During the Period, the Group strives to being an integrated tourism operator. For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

- The travel-related and other services segment, which comprises the sale of air tickets and other travel-related services principally to corporate clients;
- The trading and retail of jewellery segment, which involves the distribution and sale of jewellery products;
- The financial services segment, which mainly involves the provision of advisory on corporate finance, advisory on securities, and asset management services;
- The integrated development segment, which involves the development and operation of tourism spots and culture spots, visitor accommodation and properties for sale; and
- The investment holding segment, which mainly involves equity investment activities.

(i) **Information about profit or loss, assets and liabilities**

Disaggregation of revenue from contracts with customers by 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 is set out below.

	Travel related and other services		Trading and retail of jewellery		Financial services		Integrated development		Investment holding		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended 30 June (Unaudited)												
Disaggregated by timing of revenue recognition												
point in time	122,735	127,191	18,700	11,993	-	-	-	-	-	-	141,435	139,184
over time	-	-	-	-	100	1,560	-	-	-	-	100	1,560
Revenue from external customers	<u>122,735</u>	<u>127,191</u>	<u>18,700</u>	<u>11,993</u>	<u>100</u>	<u>1,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,535</u>	<u>140,744</u>
Segment results	<u>(459)</u>	<u>(534)</u>	<u>(72)</u>	<u>(1,028)</u>	<u>(1,474)</u>	<u>(1,055)</u>	<u>(303)</u>	<u>-</u>	<u>(19,075)</u>	<u>(17,889)</u>	<u>(21,383)</u>	<u>(20,506)</u>
Reconciliation:												
Finance (costs)/income											(1,390)	754
Loss before tax											<u>(22,773)</u>	<u>(19,752)</u>
	Travel related and other services		Trading and retail of jewellery		Financial services		Integrated development		Investment holding		Total	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000
Segment assets	<u>40,316</u>	<u>28,341</u>	<u>13,417</u>	<u>16,148</u>	<u>16,692</u>	<u>17,132</u>	<u>50,801</u>	<u>50,677</u>	<u>438,123</u>	<u>412,580</u>	<u>559,349</u>	<u>524,878</u>
Reconciliation:												
Corporate and other unallocated assets											375,137	401,144
Total assets											<u>934,486</u>	<u>926,022</u>
Segment and total liabilities	<u>53,265</u>	<u>40,467</u>	<u>12,064</u>	<u>11,845</u>	<u>2,920</u>	<u>3,380</u>	<u>147</u>	<u>126</u>	<u>51,062</u>	<u>11,880</u>	<u>119,458</u>	<u>67,698</u>

(ii) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's assets. The geographical location of customers is based on the location at which the goods and services were sold. 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 arising from licences and current assets, and the location of the operations, in the case of interests in an associate except for the associate's intangible assets in distribution network which is separately allocated based on the location receiving the substantial benefits.

	Revenues from external customers Six months ended		Non-current assets		Current assets		Total assets	
	30 June		30 June	31 December	30 June	31 December	30 June	31 December
	2018	2017	2018	2017	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	122,835	128,751	384,919	384,651	408,264	409,255	793,183	793,906
Mainland China	18,700	11,993	20,948	33,023	68,916	28,368	89,864	61,391
New Zealand	-	-	4	5	51,435	70,720	51,439	70,725
	<u>141,535</u>	<u>140,744</u>	<u>405,871</u>	<u>417,679</u>	<u>528,615</u>	<u>508,343</u>	<u>934,486</u>	<u>926,022</u>

4. LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting):

(a) Finance costs/(income)

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank and other borrowings repayable within five years	253	343
Net finance charges in connection with interest-free loans from a related party	526	-
Net foreign exchange loss/(gain)	611	(1,097)
	<u>1,390</u>	<u>(754)</u>

(b) Other items

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	359	277
Staff costs (including directors' emoluments)	17,173	16,483
Minimum lease payments under operating leases	3,075	4,025
Reversal of impairment losses on trade receivables	-	(654)
	<u>-</u>	<u>(654)</u>

5. INCOME TAX

Provision for Hong Kong Profits Tax for the Period is calculated at 16.5% (six months ended 30 June 2017: 16.5%) of the estimated assessable profits for the Period. The Company and the subsidiaries of the Group incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profit Tax for the Period (six months ended 30 June 2017: \$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 Mainland China are subject to PRC Corporate Income Tax at the statutory rate of 25% during the Period (six months ended 30 June 2017: 25%), except for a subsidiary of the Group which is a small-scale enterprise and is subject to income tax rate at 20% (six months ended 30 June 2017: 20%).

Pursuant to the rules and regulations of New Zealand, the Group’s subsidiaries established in New Zealand are subject to the Business Income Tax at the statutory rate of 28% during the Period (six months ended 30 June 2017: not applicable). The Group is not subject to New Zealand’s income tax as it has no assessable income arising in and derived from New Zealand during the Period (six months ended 30 June 2017: not applicable).

6. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the Period attributable to ordinary equity shareholders of the Company of approximately HK\$35.16 million (six months ended 30 June 2017: loss of approximately 20.31 million) after deducting the paid distribution to the holders of perpetual convertible securities of approximately HK\$13.04 million (six months ended 30 June 2017: HK\$2.55 million), and the weighted average of 12,748,925,516 ordinary shares in issue (six months ended 30 June 2017: 12,320,795,134 shares after adjusting for effect of exercise of warrants) during the Period.

There were had no dilutive potential ordinary shares outstanding for the six months ended 30 June 2018. The effect of the deemed conversion of the perpetual convertible securities and exercise of the warrants were not included in the calculation of diluted loss per share as they are anti-dilutive during the period ended 30 June 2018 and 2017.

7. TRADE RECEIVABLES

The general credit terms granted to customers range from 14 to 90 days. As at the end of the Period, the ageing analysis of trade receivables, based on the invoice date and net of allowance for doubtful debts:

	30 June 2018 (Unaudited) HK\$’000	31 December 2017 (Audited) HK\$’000
Within 90 days	35,685	25,768
91 to 180 days	3,611	2,272
181 to 365 days	457	119
	39,753	28,159

8. TRADE PAYABLES

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

	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
Within 90 days	44,544	33,225
91 to 180 days	32	48
181 to 365 days	57	28
Over 365 days	97	90
	<u>44,730</u>	<u>33,391</u>

9. SHORT-TERM BORROWINGS

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

	<i>Notes</i>	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Bank loans	(i)	4,738	4,798
Other borrowings	(ii)	3,434	4,150
		<u>8,172</u>	<u>8,948</u>

Notes:

- (i) The bank loans bear interest at a rate of 4.35% (As at 31 December 2017: 4.35%) per annum. The Group's bank loans with an aggregate carrying amount of HK\$4,738,000 (As at 31 December 2017: HK\$4,798,000) are guaranteed by Nanjing Minxing Credit Guarantee Co., Ltd. ("**Nanjing Minxing**"), a third party. Such guarantees are further secured by the Group's inventories and other receivables with carrying amount of HK\$8,290,900 and HK\$592,200 as at 30 June 2018, respectively (As at 31 December 2017: HK\$8,396,000 and HK\$599,700 respectively).
- (ii) Other borrowings are unsecured, bear interest at 6.5% per annum (As at 31 December 2017: 6.5% per annum) and are repayable on demand.

All of the short-term borrowings at 30 June 2018 and 31 December 2017 are denominated in Renminbi ("**RMB**").

10. SHARE CAPITAL

	Number of ordinary shares '000	Share capital HK\$'000
Authorised:		
At 31 December 2017, 1 January 2018 and 30 June 2018		
– Ordinary shares of HK\$0.005 each	20,000,000	100,000
Issued and fully paid:		
At 1 January 2017	12,047,043	60,235
Issuance of new shares upon exercise of warrants (<i>Note (i)</i>)	700,552	3,503
Issuance of new shares upon conversion of perpetual convertible securities (<i>Note (ii)</i>)	1,330	7
At 31 December 2017, 1 January 2018 and 30 June 2018	12,748,925	63,745

Note:

- (i) In 2016, the Company made a bonus issue of warrants to the shareholders of the Company on the basis of one warrant for every seven existing ordinary shares of the Company. Accordingly, 1,568,476,768 units of warrants were issued on 4 May 2016.

Each warrant entitles its holder to subscribe in cash for one new ordinary share at an initial subscription price of HK\$0.195 or HK\$0.193 after 24 October 2016 (after adjusting for the effect of the open offer in September 2016). The warrants are exercisable at any time during the period of twelve months commencing from 4 May 2016 and ending on 3 May 2017 (both dates inclusive). Details of the warrants are disclosed in the Company's circular dated 26 April 2016.

In 2017, 700,552,419 units of warrants had been exercised by the holders and accordingly, 700,552,419 ordinary shares were issued and allotted by the Company to the holders of the warrants. The consideration of HK\$135,207,000 from the exercise of warrants were credited to share capital and share premium account at the amounts of approximately HK\$3,503,000 and HK\$131,704,000, respectively. The remaining 83,665,064 units of warrants had expired upon maturity.

- (ii) In 2017, 1,330,000 units of the perpetual convertible securities have been converted into 1,330,000 ordinary shares of the Company. The amount of HK\$154,000 from the above conversion were credited to share capital and share premium account at the amounts of HK\$7,000 and HK\$147,000, respectively.

11. INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the Period (six months ended 30 June 2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Travel-Related and Other Services

The continuing economic slowdown, weak demand of high cabin corporate travel, intense competition from online travel agencies and direct sale of low cost carriers continued to impact the Group's operating performance.

For the Period, this segment recorded a slight decrease of approximately 3.50% in revenue from approximately HK\$127.19 million for the six months ended 30 June 2017 to approximately HK\$122.74 million. This segment recorded an operating loss of approximately HK\$0.46 million for the Period (six months ended 30 June 2017: an operating loss of approximately HK\$0.53 million).

The Group kept looking for more experienced sales and marketing staff to bring more business and clients from the markets of Hong Kong and the People's Republic of China (the "PRC").

The Group also sought to further develop its tourism services, including MICE (Meetings, Incentives, Conferences and Exhibitions) business, cruise business and hotel booking business. The Group has been working with global partners to develop travel reporting tools to provide our corporate clients with effective and efficient travel management solutions that are customized to their needs.

The Group will provide our staff with comprehensive trainings and allowances for the study of tourism-related courses in order to improve their knowledge, service quality and service standards in the area of tourism and travel-related business.

Trading and Retail of Jewellery

Trading and retail of jewellery include distribution and sale of jewellery products such as precious stones, jade, gold and silver in the Group's flagship stores and counters of large department stores in Nanjing.

During the Period, both of the revenue and number of customers increased. The Directors believe that it was mainly attributable to the removal of blocked fences along the road in front of our flagship store in Nanjing by the local municipal government and the flagship jewellery store was reopened in June 2017 after an urgent repairment from a fire accident occurred last year.

As a result of the above issues, this segment recorded an increase in revenue of approximately 55.96% to approximately HK\$18.70 million for the Period (six months ended 30 June 2017: approximately HK\$11.99 million) and a loss from operating of approximately HK\$0.07 million was recorded for the Period (six months ended 30 June 2017: approximately HK\$1.03 million).

Although the Group has tried various ways to improve the performance of jewellery business, it still suffered loss. As this segment is not a core business and is not expected to be a meaningful driver of or contributor to the operating results of the Group, on 23 July 2018, the Company entered into a sale and purchase agreement with South China Financial Holdings Limited for the disposal of the jewellery business such that the Company will be able to further optimise and adjust its asset structure to increase the liquidity of assets, improve the efficiency of the use of the Company's assets and gain certain benefits therefrom. For details, please refer to the section headed "Events After The Reporting Period" and the announcement of the Company dated 23 July 2018.

Financial Services

During the Period, this segment recorded a decrease of approximately 93.59% in revenue from approximately HK\$1.56 million for the six months ended 30 June 2017 to approximately HK\$0.10 million. This segment recorded an operating loss of approximately HK\$1.47 million for the Period (six months ended 30 June 2017: an operating loss of HK\$1.06 million) from the regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Company has directed efforts to remarket the brand name and promote the related services, which could enhance our reputations among the peers and result in positive revenue contribution in the future. It is expected by the Company that a reasonable return would be brought to the Group through these exercises. However, there is no guarantee that this segment will cease from losing given the uncertain capital market condition affected by the ongoing Sino-US Trade War.

Due to the effort of reshaping our brand name and business strategy, by taking advantage of our strong tourist flow, the Board believes that the Group should promote our financial platform and services to our ultra high net worth individual and institutional clients. The Board sees strong demand of holistic financial services from mainland tourist and that will be our core revenue driver in the upcoming years. By leveraging its professionalism in finance, the Group is confident to bring values to our shareholders and clients. Again, the Group will maintain high attention to adjust our business strategy fitting in various market conditions.

Integrated Development

This segment involves the development of visitor accommodation for operating purpose and properties for sale in overseas and vicinity of tourist attraction.

Last year, the Group successfully entered into the property industry by acquiring a land in New Zealand. The preliminary plan is to develop the land in phases which will comprise self-serviced units and residential units. For details, please refer to the announcement of the Company dated 11 August 2017.

As the acquisition was only completed in late 2017 and the development is still under the construction stage, no revenue was recorded and this segment recorded a loss of approximately HK\$0.30 million during the Period.

Financial Analysis

Operating Performance

The Group recorded the revenue and gross profit of approximately HK\$141.54 million and HK\$13.18 million respectively for the Period, representing an increase of approximately 0.57% and a decrease of 3.02%, respectively, as compared to the corresponding period of last year.

The net loss of approximately HK\$22.78 million, representing an increase in the net loss of approximately 15.34%, as compared with a net loss of approximately HK\$19.75 million in the corresponding period of the last year. The net loss for the period was primarily attributable to the increase in administrative expenses, finance cost and share of loss of an associate of the Company.

Liquidity and Financial Resources

During the Period, the Group's operations and investments continued to be mainly financed by internal resources. As at 30 June 2018, the Group's cash and cash equivalents and the restricted bank deposit totally amounted to approximately HK\$375.14 million (31 December 2017: approximately HK\$401.14 million), representing a decrease of approximately HK\$26.00 million as compared to the position as at 31 December 2017.

The decrease of cash and cash equivalents and the restricted bank deposit were mainly attributable to the payment of perpetual convertible securities distribution, operation and construction cost of New Zealand and the legal and professional fee due to acquisition projects incurred in the Period.

As at 30 June 2018, the Group had total bank and other borrowings of approximately HK\$8.17 million (31 December 2017: HK\$8.95 million), all of which are denominated in Renminbi ("RMB"), among which (i) approximately HK\$4.74 million is from bank loans (31 December 2017: HK\$4.80 million), which were secured at the effective interest rate of 4.35% per annum for the Period (31 December 2017: 4.35% per annum); and (ii) approximately HK\$3.43 million is from other short-term borrowings (31 December 2017: HK\$4.15 million), which were unsecured and fixed at an interest rate of 6.5% per annum for the Period (31 December 2017: 6.5% per annum).

As at 30 June 2018, the Group had a current ratio of 4.54 (31 December 2017: 7.82). The net debt to total assets ratio was not applicable as the Group was in net cash position of approximately HK\$323.89 million as at 30 June 2018 (31 December 2017: HK\$348.75 million).

Foreign Exchange Exposure

Since the transactions of the Group were mainly denominated in Hong Kong Dollars ("HK\$"), RMB and New Zealand Dollars ("NZD"), the Group is exposed to foreign currency risk on the cash and cash equivalents of the entity which are denominated in RMB and NZD while the Group's functional currency is HK\$. The Directors will continue monitoring the related foreign currency exposure and are prepared to take appropriate hedging action as and when necessary.

MATERIAL ACQUISITIONS

Great Ascent Acquisition

Reference is made to the Company's announcements dated 22 January 2018 and 6 June 2018, the Company, Orient Victory Group HK Holdings Limited ("**OV (HK)**") and Heng Sheng Xin Ye (Beijing) Asset Management Company Limited* (恒晟鑫業(北京)資產管理有限公司) ("**Heng Sheng**"), as purchasers, entered into a conditional equity transfer agreement dated 22 January 2018 as amended and supplemented by a supplemental agreement dated 6 June 2018 (the "**Great Ascent Agreement**") with Mr. Li Jun Bang ("**Mr. Li**") as vendor, pursuant to which the Company will acquire from Mr. Li Jun Bang 40% of the issued share capital of Great Ascent Limited ("**Great Ascent**"), a company established in Hong Kong (the "**Great Ascent Acquisition**") for the cash consideration of approximately RMB20.80 million. After the completion of the Great Ascent Acquisition, Great Ascent will become an associate of the Company.

Great Ascent wholly owns Jiangsu Hongshan Sports Fitness Holiday Village Company Limited* (江蘇紅山體育健身度假村有限公司) ("**Hongshan**"), a company incorporated in the PRC, which has exclusive operation rights and stated-owned land use rights in Hongshan Sports Park, Zaolin Hunan, Changshan Village, Tongshan office, Yizheng City, Jiangsu Province* (江蘇省儀征市銅山辦事處長山村棗林湖南紅山體育園). Hongshan is the sole asset of Great Ascent. Great Ascent and its subsidiary are primarily involved in tourism projects.

For details of the Great Ascent Acquisition, please refer to the announcements of the Company 22 January 2018 and 6 June 2018.

Yiersan Acquisition

Reference is made to the Company's announcements dated 22 January 2018 and 6 June 2018, the Company, Orient Victory Property Development Group Co., Ltd.* (東勝房地產開發集團有限公司) ("**OVPD**") and Heng Sheng, as purchasers, entered into a conditional equity transfer agreement dated 22 January 2018 as amended and supplemented by a supplemental agreement dated 6 June 2018 (the "**Yiersan Agreement**") with Jiangsu Yinmao Holding (Group) Company Limited* (江蘇銀茂控股(集團)有限公司) ("**Yinmao**") and Mr. Ni Jiangqiang ("**Mr. Ni**"), as vendors, pursuant to which the Company will acquire from Yinmao and Mr. Ni a total of 40% of the entire equity interest of Jiangsu Yiersan Real Estate Development Company Limited* (江蘇一二三房地產開發有限公司) ("**Yiersan**") a company established in the PRC (the "**Yiersan Acquisition**") for the cash consideration of approximately RMB32.80 million. After the completion of the Yiersan Acquisition, Yiersan will become an associate of the Company.

The main assets of Yiersan are the stated-owned land use rights. Yiersan and its subsidiary are primarily involved in real estate development and management, property services, real estate agencies, construction consulting services and sales of building materials.

For details of the Yiersan Acquisition, please refer to the announcements of the Company dated 22 January 2018 and 6 June 2018.

The Company has been exploring opportunities to expand its travel-related business in order to add momentum to the growth of the Group. In view of the local government's intention to develop residential property and tourist attraction in the Hongshan Sports Park located on the land owned by Hongshan and Yiersan and provide ancillary facilities in the vicinity, the Great Ascent Acquisition and Yiersan Acquisition (the “**Acquisitions**”) represent good investment opportunities for the Group to expand its travel business and drag in the real estate sector and thereby broaden the business scope and increase the profitability of the Group, which is in line with the Group's long-term strategy.

Since the applicable percentage ratios under Rule 14.07 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in respect of the Great Ascent Acquisition and Yiersan Acquisition exceed 5% but are less than 25%, the Acquisitions constitute discloseable transactions for the Company under Rule 14.06 of the Listing Rules. Moreover, Mr. Shi Baodong, the chairman, chief executive officer and an executive Director of the Company, is the director and ultimate shareholder of OV(HK), which indirectly wholly owns OVPD. Therefore, each of OV(HK) and OVPD is a connected person of the Company under the Listing Rules. Accordingly, each of the Acquisitions constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Acquisitions are subject to the independent Shareholders' approval and the circular will be despatched to the Shareholders as soon as possible.

As at the date of this announcement, the conditions precedent under the Great Ascent Agreement and Yiersan Agreement have not been fulfilled in full, and completion of the Great Ascent Acquisition and Yiersan Acquisition will take place when all the conditions precedent have been fulfilled.

Dakun Zhifang Acquisition

Reference is made to the Company's announcement dated 12 June 2018, Zhangjiakou Chongliqiu Hua Yu Travel Co., Ltd.* (張家口崇禮區華譽旅遊開發有限公司) (“**Zhangjiakou Hua Yu**”), an indirect wholly-owned subsidiary of the Company as the purchaser, Mr. Ji Hai (“**Existing Equity Holder 1**”) and Ms. Ji Ling (“**Existing Equity Holder 2**”) as the sellers entered into a share transfer agreement dated 12 June 2018 (the “**Agreement**”) in relation to the transfer of 40% equity interest and shareholders' loan in Dakun Zhifang Real Estate Development Co., Ltd.* (張家口大坤直方房地產開發有限公司) (“**Dakun Zhifang**”) for the consideration RMB40.90 million and completion of the Agreement took place on 7 August 2018. As at the date of this announcement, Dakun Zhifang is owned as to 40%, 40%, 19%, 0.76% and 0.24% by Zhangjiakou Hua Yu, Dongsheng Real Estate Development (Zhangjiakou) Co., Ltd.* (東勝房地產開發集團張家口有限公司) (“**Zhangjiakou Dongsheng**”), Heng Sheng, Existing Equity Holder 1 and Existing Equity Holder 2 respectively. Dakun Zhifang has become an associate of the Company since 7 August 2018.

Dakun Zhifang is a company established in the PRC and it is primarily involved in real estate development and sales, real estate agencies, property management, sales of building materials, decoration, landscaping and real estate information service. Dakun Zhifang's temporary qualification as a real estate development company in the PRC will be valid until 17 December 2018.

The principal asset of Dakun Zhifang is the land use right of a piece of 77 mu of land situated at Huangtuzui Village, Xi Wan Zi Town, Chongli District (the “**Phase 1 Land**”) which book value is approximately RMB30,200,000. Dakun Zhifang is in the process of acquiring a piece of 133 mu of land situated at the west of the Phase 1 Land (the “**Phase 2 Land**”), the resumption compensation of approximately RMB14,565,000 has already been paid to the farmers who have lost their farm land for the acquisition of part of the Phase 2 Land. Dakun Zhifang further plans to provide ancillary facilities for tourism in a piece of 172 mu of land situated at the south hillside of the Phase 1 Land (the “**Phase 3 Land**”); however, no resumption compensation has been made yet.

As Zhangjiakou Dongsheng is indirectly wholly-owned by Mr. Shi Baodong, the chairman, chief executive officer and an executive Director of the Company, Zhangjiakou Dongsheng is an associate of Mr. Shi Baodong and thus is a connected person of the Company under the Listing Rules. Accordingly, the acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the acquisition exceed 0.1% but are all less than 5%, the acquisition contemplated under the Agreement and the transactions contemplated thereunder are subject to reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from circular and independent Shareholders’ approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

USE OF NET PROCEEDS

(1) Issue of new ordinary shares under a specific mandate

The net proceeds (“**Net Proceeds**”) from the issue of new ordinary shares under a specific mandate in October 2015 amounted to approximately HK\$265.78 million (after deducting the related cost and expenses). As at 30 June 2018, the Group had utilised all the proceeds, details of which are set out as follows:

Net proceeds raised (approximately) HK\$’000	Intended use of the net proceeds	Actual use of the proceeds (Approximately) HK\$’000	
265,775	(i) general working capital; and	payment of operating expenses	16,342
	(ii) development of new business	(a) partial payment of consideration for the acquisition of 49% equity interest in China Comfort Tourism Group Company Limited (“ China Comfort ”); and	241,244
		(b) payment of acquisition cost of Hanli Investments Limited	8,189
			265,775

(2) Issue of 2016 March PCS

The Net Proceeds from the issue of perpetual convertible securities in March 2016 (“**2016 March PCS**”) amounted to approximately HK\$165.35 million (after deducting the related cost and expenses). As at 30 June 2018, the Company utilised all the net proceeds from 2016 March PCS, details of which are set out as follows:

Net proceeds raised (approximately) HK\$'000	Intended use of the net proceeds	Actual use of the proceeds (Approximately)	HK\$'000
165,352	(i) repayment of the related party loan which was used to settle part of the consideration for the acquisition of China Comfort; and	used as intended	123,783
	(ii) payment of the cost and fees in respect of such acquisition	(a) payment of legal costs for the acquisition of China Comfort; and	7,300
		(b) partial payment of a land cost in New Zealand	34,269
			165,352

(3) Issue of new ordinary shares under the Bonus Warrants

The Net Proceeds from the exercise of bonus warrants (the “**Bonus Warrants**”) amounted to HK\$288.14 million. As at 30 June 2018, the Group had utilized approximately HK\$245.41 million of the Net Proceeds, details of which are set out as below:

Net proceeds raised (approximately) <i>HK\$'000</i>		Intended use of the net proceeds		Actual use of the proceeds (Approximately) <i>HK\$'000</i>	
288,137	(i)	acquire potential assets;	(a)	partial payment of the consideration for the acquisition of 49% equity interest in China Comfort;	152,927
			(b)	partial payment of a land cost in New Zealand;	16,232
			(c)	construction cost of New Zealand's properties; and	2,330
			(d)	payment of acquisition costs	21,758
	(ii)	payment of professional fees; and		payment of professional fees;	17,690
	(iii)	general working capital	(a)	payment of operating expenses;	16,334
			(b)	3rd and 4th distribution to the holders of 2016 March PCS; and	10,200
			(c)	3rd distribution to the holder of 2016 October PCS	7,940
					245,411

(4) Issue of 2016 October PCS and Shares under the open offer

The Net Proceeds from the issue of offered shares with an alternative of unlisted perpetual convertible securities and under an open offer in October 2016 amounted to approximately HK\$291.62 million (after deducting the related cost and expenses). As at 30 June 2018, the Group has utilised approximately HK\$33.80 million of the Net Proceeds in accordance with the proposed applications as set out in the section headed “USE OF PROCEEDS” of the prospectus of the Company dated 29 September 2016, details of which are set out as follows:

Net proceeds raised (approximately) HK\$'000		Intended use of the net proceeds HK\$'000		Actual use of the proceeds (Approximately) HK\$'000	
291,623	(i)	make initial capital injection to a fund to be established by a joint venture company and subscription price of 40% equity interest;	207,800	pay the subscription price for 40% shares in a joint venture company;	7,800
	(ii)	general working capital;	31,623	the 1st and 2nd distributions to the holders of 2016 October PCS; and	15,880
	(iii)	setup a wholly-owned licensed corporation;	10,000	has not been used yet (<i>note</i>)	N/A
	(iv)	6% distribution reserve of 2016 March PCS; and	10,200	6% distribution reserve of 2016 March PCS	10,200
	(v)	if possible, Acquire assets with potential appreciation	32,000	has not been used yet	N/A
			<u>291,623</u>		<u>33,880</u>

Note: Having considered the unsatisfactory financial performance in the Group’s financial services segment, there is no specific schedule for the set-up of a wholly-owned licensed corporation. The Company will inform the Shareholders in a timely manner if it is anticipated by the Board that there will be a change of use of proceeds.

EVENTS AFTER THE REPORTING PERIOD

DISPOSAL OF KING LINK

Reference is made to the Company's announcement dated 23 July 2018, the Company entered into a sale and purchase agreement with South China Financial Holdings Limited (a listed company on the Stock Exchange with stock code of 619) ("**South China**") on 23 July 2018 (the "**SPA**"), pursuant to which the Company agreed to transfer 85% interest in King Link Investments Limited ("**King Link**") to South China at a total consideration of HK\$4.80 million (the "**Disposal**"). Upon completion of the Disposal, King Link will cease to be a subsidiary of the Company and will be held as to 85% by South China. The remaining 15% interest in King Link will continue to be held, indirectly, by Mr. Ng Hung Sang, a substantial shareholder, an executive director and the chairman of South China. The transaction is under processing and has not yet completed.

Although the Group has tried various ways to improve the performance of Nanjing South China Baoqing Jewellery Co., Ltd.* (南京南華寶慶珠寶首飾有限公司), a subsidiary of King Link, the subsidiary still suffered loss. As the jewellery business is not a core business and is not expected to be a meaningful driver of or contributor to the operating results of the Group, the Board is of the view that through the Disposal, the Company will be able to further optimise and adjust its asset structure to increase liquidity, and improve the efficiency of the use of the Company's assets and benefit therefrom. As such, the Board considers that the Disposal is in the interest of the Company and its Shareholders as a whole.

As one or more of the applicable percentage ratios of the Disposal exceed 5% but are less than 25%, the Disposal is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the conditions precedent under the SPA have not been fulfilled in full and completion of the Disposal will take place when all the conditions precedent have been fulfilled. The Company will publish further announcement(s) regarding the completion of the transaction. For details of the Disposal and the terms of the SPA, please refer to the announcement of the Company dated 23 July 2018.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2018, the total number of employees of the Group was 124 (31 December 2017: 130). Employment costs (including Directors' emoluments) amounted to approximately HK\$17.17 million for the Period (six months ended 30 June 2017: approximately HK\$16.48 million).

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 2017: 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:–

- (i) Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Shi Baodong, the Chairman of the Board, has assumed the role of the Chief Executive Officer of the Company since 11 May 2018. The Directors consider that vesting two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group's business strategies and is beneficial to the Group. The balance of power and authorities is ensured by the operation of the senior management and the Board, which comprises experienced and high caliber individuals. The board currently comprises 3 executive Directors, 1 non-executive Director and 3 independent non-executive Directors and therefore has a strong independence element in the composition.
- (ii) Code Provision A.4.1 stipulates that the non-executive directors should be appointed for a specific term, subject to re-election and Code Provision D.1.4 stipulates that formal letters of appointment for directors should be prepared setting out the key terms and conditions of their appointment. As the term mentioned in the service agreement or formal letter of appointment entered into between the Company and certain Directors (including non-executive Directors) has expired or no service agreement or formal letter of appointment has been entered into, certain Directors (including non-executive Directors) have not been appointed for a specific term. However, since all Directors are subject to retirement and re-election by Shareholders once every three years on a rotation basis, there are sufficient measures to ensure the corporate governance of the Company complies with the same level to that required under the CG Code. Besides, the Company is in the course of reviewing the duties and responsibilities of each Director and it will, in the event that there is no existing service agreement or formal letter of appointment, enter into service agreement or formal letter of appointment with the relevant Directors as soon as practicable on such terms and conditions as to be determined by the Board and recommended by the remuneration committee with reference to their experiences and responsibilities with the Company, the prevailing market conditions and the terms of the Company's remuneration policy.
- (iii) Code Provision A.5.1 stipulates that listed company should establish a nomination committee which is chaired by the chairman or the board or an independent non-executive director and comprises a majority of independent non-executive directors. However, during the Period, the nomination committee of the Board comprised two independent non-executive directors and two executive directors, which was not comprised by a majority of independent non-executive directors. Mr. Zhao Huining, an executive Director, has resigned from being a member of the nomination committee of the Board with effect from 24 August 2018 in order to comply with the Code Provision A.5.1.

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 2018 interim report of the Company will be despatched to the Shareholders in September 2018 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, 24 August 2018

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Shi Baodong, Mr. Zhao Huining and Mr. Mo Yueming, one non-executive Director, being Ms. Song Sining, and three independent non-executive Directors, being Mr. Dong Xiaojie, Mr. He Qi and Mr. Sui Feng-jih.

* For identification purpose only