ORIENTAL EXPLORER HOLDINGS LIMITED

(the "Company")

(Incorporated in Bermuda with limited liability)

(Stock Code: 430)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
REVENUE	3	**46,310**	52,092
Cost of sales		**(100)**	(614)
Gross profit		**46,210**	51,478
Other income and gains	3	**6,888**	1,893
Selling and distribution costs		**(17)**	(143)
Operating and administrative expenses		**(11,891)**	(8,192)
Finance costs	5	**(183)**	(200)
Share of profits and losses of associates		**14,543**	(10,485)
PROFIT BEFORE TAX	4	**55,550**	34,351
Income tax expense	6	**–**	–
PROFIT FOR THE YEAR		**55,550**	34,351
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available-for-sale investments		**1,345**	7,006
Share of other comprehensive income of associates		**5,189**	1,596
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**6,534**	8,602
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**62,084**	42,953
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**55,550**	34,351
Non-controlling interests		**–**	–
		55,550	34,351
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**62,084**	42,953
Non-controlling interests		**–**	–
		62,084	42,953
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	**3.09 cents**	1.91 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2010

	31 December 2010 **HK$'000**	31 December 2009 *HK$'000* (Restated)	1 January 2009 *HK$'000* (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	**1,518**	2,508	3,670
Prepaid land lease payments	**441**	450	459
Investment properties	**23,700**	8,200	7,000
Investments in associates	**85,282**	65,550	80,854
Available-for-sale investments	**39,630**	77,929	75,416
Loan to an investee company	**330**	330	330
Total non-current assets	**150,901**	154,967	167,729
CURRENT ASSETS			
Inventories	**–**	–	595
Trade receivables	**–**	–	459
Prepayments, deposits and other receivables	**12,454**	9,168	854
Available-for-sale investments	**61,751**	–	–
Equity investments at fair value through profit or loss	**186,599**	123,503	52,401
Pledged deposits	**70**	4,199	51,725
Cash and cash equivalents	**28,667**	66,125	95,982
Total current assets	**289,541**	202,995	202,016
TOTAL ASSETS	**440,442**	357,962	369,745
CURRENT LIABILITIES			
Trade payables	**–**	–	89
Other payables and accruals	**9,028**	9,145	9,304
Derivative financial instruments	**–**	351	21,222
Interest-bearing bank and other borrowings	**34,918**	8,611	31,569
Tax payable	**5,338**	5,338	5,338
Total current liabilities	**49,284**	23,445	67,522
NET CURRENT ASSETS	**240,257**	179,550	134,494
TOTAL ASSETS LESS CURRENT LIABILITIES	**391,158**	334,517	302,223
NON-CURRENT LIABILITIES			
Due to a director	**363**	5,806	16,465
Total non-current liabilities	**363**	5,806	16,465
Net assets	**390,795**	328,711	285,758
EQUITY			
Equity attributable to owners of the Company			
Issued capital	**18,000**	18,000	18,000
Reserves	**372,795**	310,711	267,758
Total equity	**390,795**	328,711	285,758

NOTES TO FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (HK$) and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Basis of consolidation

Basis of consolidation from 1 January 2010

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests (formerly known as minority interests), prior to 1 January 2010, were accounted for using parent entity extension method, whereby the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 January 2010 has not been restated.

1.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash–settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in Improvements to HKFRSs issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), amendments to HKAS 7 and HKAS 17 included in Improvements to HKFRSs 2009 and HK Interpretation 4 (Revised in December 2009) and HK Interpretation 5, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) Improvements to HKFRSs 2009 issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- HKAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term* in respect of Hong Kong Land Leases is revised as a consequence of the amendment to HKAS 17 *Leases* included in Improvements to HKFRSs 2009. Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this Interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

The Group has reassessed its leases in Hong Kong and Mainland China, previously classified as operating leases, upon the adoption of the amendments. The classification of leases in Mainland China remained as operating leases.

(c) **HK-Int 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause***

The Group applied HK-Int 5 and changed the classification of a term loan that contains a repayment on demand clause. Term loans are loans which are repayable on a specified date or in instalments over a period of time. In previous years, term loans were classified in the consolidated statement of financial position according to the scheduled repayment dates. The adoption of HK-Int 5 requires term loans which include an overriding repayment on demand clause in the loan agreement that give the lender an unconditional right to call the loan at any time to be classified as current liability. In addition, the contractual maturity analysis of these term loans is revised.

Summary of the effect of the adoption of HK-Int 5

The effect of the adoption of HK-Int 5 above on the consolidated statement of financial position of the Group at 1 January 2009 and 31 December 2009 is as follows:

	At 1 January 2009 (originally stated)	Effect of HK-Int 5	At 1 January 2009 (restated)	At 31 December 2009 (originally stated)	Effect of HK-Int 5	At 31 December 2009 (restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current liabilities						
Interest-bearing bank and other borrowings	27,879	3,690	31,569	5,272	3,339	8,611
Non–current liabilities						
Interest-bearing bank and other borrowings	3,690	(3,690)	–	3,339	(3,339)	–
Total effect on liabilities	31,569	–	31,569	8,611	–	8,611

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Financial Transfers of Financial Assets*[4]
HKFRS 9	*Financial Instruments*[5]
HKAS 12 (Amendments)	*Deferred Tax: Recovery of underlying assets*[6]
HKAS 24 (Revised)	*Related Party Disclosures*[3]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments*: *Presentation – Classification of Rights Issues*[1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[3]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[2]

Apart from the above, the HKICPA has issued Improvements to HKFRSs 2010 which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

1 Effective for annual periods beginning on or after 1 February 2010
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 July 2011
5 Effective for annual periods beginning on or after 1 January 2013
6 Effective for annual periods beginning on or after 1 January 2012

Further information about those changes that are unlikely to have a significant impact on the Group's results of operations and financial position is as follows:

HKAS 12 (Amendments), 'Deferred Tax: Recovery of underlying assets'. The amendment provides an exception to the principles in the existing standard for measuring deferred tax assets or liabilities when investment property is measured at fair value. The amendment is effective for annual periods on or after 1 January 2012. This amendment is not expected to have a material impact on the Group's financial statements. Management is in the process of making an assessment of their impact and is not yet in a position to state what impact, if any, they may have on the Group's consolidated financial statements.

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions"). The changes resulting from the Amendments only affect the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other requirements in HKAS 39 in respect of liabilities are carried forward into HKFRS 9. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of these additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting, derecognition and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2013.

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. The Group expects to adopt HKAS 24 (Revised) from 1 January 2011 and the comparative related party disclosures will be amended accordingly.

Improvements to HKFRSs 2010 issued in May 2010 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2011. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) HKFRS 3 *Business Combinations*: Clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

(b) HKAS 1 *Presentation of Financial Statements*: Clarifies that an analysis of other comprehensive income for each component of equity can be presented either in the statement of changes in equity or in the notes to the financial statements.

(c) HKAS 27 *Consolidated and Separate Financial Statements*: Clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four (2009: four) reportable operating segments as follows:

(a) the property investment segment mainly comprises rental income from investment properties;

(b) the trading and investment segment includes the trading of securities and investment income from securities investment and investment holding;

(c) the electronic products segment is a supplier of electronic components mainly for use in the manufacture of electronic products; and

(d) the corporate and others segment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax from operations except that interest income from loans and receivables, finance costs and other gains are excluded from such measurement.

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

There are no sales or other transactions between the operating segments during the year (2009: Nil).

Years ended 31 December 2010 and 2009

	Property investment		**Trading and investments**		**Electronic products**		**Corporate and others**		**Total**	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**569**	294	**45,741**	51,584	**–**	214	**–**	–	**46,310**	52,092
Segment results	**81**	(43)	**41,241**	43,060	**–**	(4,489)	**(7,020)**	4,615	**34,302**	43,143
Interest income from loans and receivables									**138**	201
Unallocated gains									**6,750**	1,692
Finance costs									**(183)**	(200)
Share of profits and losses of associates	**14,543**	(10,485)							**14,543**	(10,485)
Profit before tax									**55,550**	34,351

	Property investment		Trading and investments		Electronic products		Corporate and others		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**26,592**	14,507	**249,744**	219,585	**–**	476	**39,534**	18,554	**315,870**	253,122
Unallocated assets									**39,290**	39,290
Investments in associates	**85,282**	65,550	**–**	–	**–**	–	**–**	–	**85,282**	65,550
Total assets									**440,442**	357,962
Segment liabilities	**242**	263	**83**	433	**–**	3,179	**8,703**	5,621	**9,028**	9,496
Unallocated liabilities									**40,619**	19,755
Total liabilities									**49,647**	29,251
Other segment information:										
Depreciation	**–**	–	**–**	–	**–**	26	**992**	1,043	**992**	1,069
Change in fair value of investment properties	**6,750**	1,200	**–**	–	**–**	–	**–**	–	**6,750**	1,200
Capital expenditure*	**8,754**	–	**–**	–	**–**	–	**–**	–	**8,754**	–
Impairment loss recognised in the statement of comprehensive income	**–**	–	**7,800**	–	**–**	–	**–**	–	**7,800**	–

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

Geographical information

(a) Revenue from sales to external customers are all generated from Hong Kong. No customer accounted for 10% or more of the total revenue for the years ended 31 December 2010 and 2009.

(b)

	Hong Kong		Mainland China		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Non-current assets	**110,983**	115,003	**628**	674	**111,611**	115,677

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	2010 *HK$'000*	2009 *HK$'000*
Revenue		
Sale of goods	**–**	214
Rental income from property letting	**569**	294
Dividend income from listed investments	**4,648**	3,224
Dividend income from unlisted investments	**–**	3,000
Fair value gains, net:		
Equity investments at fair value through profit or loss	**36,999**	21,588
Derivative financial instruments	**351**	20,871
Interest income from available-for-sale investments	**3,743**	2,901
	46,310	52,092
Other income and gains		
Interest income from loans and receivables	**138**	201
Fair value gains on investment properties	**6,750**	1,200
Gain on disposal of items of property, plant and equipment	**–**	492
	6,888	1,893

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2010 *HK$'000*	2009 *HK$'000*
Cost of inventories sold	**–**	614
Depreciation	**992**	1,069
Minimum lease payments under operating leases for land and buildings	**7**	429
Auditors' remuneration	**200**	250
Loss on disposal of items of property, plant and equipment	**2**	–
Foreign exchange differences, net	**(389)**	9
Impairment of other receivables*	**30**	–
Impairment of available-for-sale investments*	**7,800**	–
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**192**	37
Employee benefits expense (including directors' remuneration):		
Salaries, wages and other benefits	**2,120**	3,884
Pension scheme contributions (defined contribution scheme) *(Note)*	**16**	46
	2,136	3,930

* *Included in "Operating and administrative expenses" on the face of the consolidated statement of comprehensive income.*

Note:

At 31 December 2010, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2009: Nil).

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**183**	200

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in Mainland China have been calculated at the rate of tax prevailing in Mainland China, based on existing legislation, interpretations and practices in respect thereof.

A reconciliation of the tax expense applicable to profit before tax at the applicable rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2010	2009
	HK$'000	*HK$'000*
Profit before tax	**55,550**	34,351
Tax at the applicable tax rate	**9,158**	36,172
Profits and losses attributable to associates	**(2,400)**	(28,968)
Income not subject to tax	**(8,146)**	(8,558)
Expenses not deductible for tax	**1,531**	1,287
Tax losses utilised from prior years	**(190)**	–
Tax losses not recognised	**47**	67
Tax charge at the Group's effective rate	**–**	–

The share of tax attributable to associates amounting to approximately HK$2,400,000 (2009: HK$28,968,000) is included in "Share of profits and losses of associates" on the face of the consolidated statement of comprehensive income.

The Group has tax losses arising in Hong Kong of approximately HK$70,566,000 (2009: HK$71,424,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

No deferred tax liabilities are recognised in the financial statements as the Group did not have material temporary difference arising between the tax bases of assets and liabilities and their carrying amounts at 31 December 2010 (2009: Nil).

7. DIVIDENDS

The Board does not recommend the declaration of a final dividend for the year ended 31 December 2010 (2009: Nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of approximately HK$55,550,000 (2009: HK$34,351,000), and the weighted average number of ordinary shares of 1,800,000,000 (2009: 1,800,000,000) in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2010 and 2009 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

9. COMPARATIVE AMOUNTS

As further explained in note 1.2 to the financial statements, due to the adoption of new and revised HKFRSs during the current year, the presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified and restated to conform with the current year's presentation.

REVIEW OF OPERATION

For the year ended 31 December 2010, the Group recorded a net profit attributable to equity holders of the Company of about HK$56 million (2009: HK$34 million).

PROPERTY INVESTMENT

During the year under review, the number of establishing new companies and initial public offerings and fund-raising activities was on the rise. This drives the demand for more office space. In view of these factors and in order to capture the potential of property appreciation and enhance a stable source of rental income on leasing out the properties in future, the Group had acquired a quality commercial premise at a consideration of HK$44 million. Indeed, the Group's investment properties were fully occupied and generated a rental of approximately HK$0.6 million (2009: HK$0.3 million) for the year ended 31 December 2010.

TRADING AND INVESTMENTS

The global financial market in 2010 was quite volatile. The first half of 2010 was uncertain as a result of the downgrading of European sovereign debts credit rating. With the continuing rescue measures from various governments to support the economy, the financial markets were rebound in the second half of the year and the Hang Seng Index closed at above 23,000, up by over 5% from the beginning of the year. As a result, the Group's investment segment recorded a net fair value gains of HK$37 million (2009: HK$42 million) when marking the investment portfolios to market valuation as at 31 December 2010.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow and banking facilities provided by principal bankers in Hong Kong. In order to preserve liquidity and enhance interest yields, liquid assets were maintained in the form of highly liquid equity investments and available-for-sale investments of HK$248 million (2009: HK$124 million) as at 31 December 2010. The Group's cash and cash equivalents as at 31 December 2010 amounted HK$29 million (2009: HK$66 million). As at 31 December 2010, the Group had outstanding interest-bearing bank and other borrowings of approximately HK$35 million (2009: HK$8.6 million) which were secured by certain cash and securities with investment bankers. Taking into account the total liquid assets of HK$290 million and total interest-bearing bank and other borrowings of approximately HK$35 million, the Group was debt-free as at 31 December 2010.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2010, the Group had approximately 2 employees in Hong Kong and China. Remuneration is reviewed annually. In addition to the basic salaries, the Group also provides staff benefits including discretionary bonus, provident fund and tuition/training subsidies in order to retain competent employees.

PROSPECT

Given the recent changes in government in Tunisia and the recent unrest in the Middle East and North Africa and the ensuing speculation over global oil prices, the Group's expects that global markets are likely to remain nervous and 2011 will be another challenging year for all business sectors.

According to the National Bureau of Statistics of China, the gross domestic product ("GDP") of 2010 was RMB39,783.3 billion, an increase of 10.3% over that of 2009. Indeed, China overtook Japan to become the second largest economy in the world. Yet, the Group expects a gradual contraction of policies which induced liquidity in short term in order to combat price pressure and assets bubbles. Nevertheless, the Group is of the view that the ultimate objective of all macro-control policies of the China is to reduce disparities in wealth distribution and regional growth. The Group believes that all control measures will ultimately lay down a strong foundation for future growth of China economy over the long term.

In Hong Kong, the real GDP was up at 6.8% in 2010. The economy of Hong Kong is expected to improve since Hong Kong has a sound business fundamentals and well-established supporting facilities. In addition, with the support from the mother country, Hong Kong has also become an offshore clearing centre for the RMB. Since the raising number of establishing new companies and initial public offerings and fund-raising activities drives the demand for more office space, the outlook for office sector is positive.

We strongly believe that we have the necessary skills and expertise to enable us to work towards the goal of maximising our shareholder's wealth through restructuring our business mix and strengthening the competitiveness of our business. We will pay more attention on expansion and opportunities which have a promising outlook.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors of the Company (the "Director(s)"), save as disclosed below, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2010.

Under code provisions of A.4.1 and A.4.2, (i) non-executive directors should be appointed for a specific term and subject to re-election; and (ii) all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Non-executive directors do not have a specific term of appointment and under the bye-laws of the Company, at each general meeting, one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation save any director holding office as chairman and managing director. The Company intends to propose any amendment of relevant bye-laws of the Company, if necessary, in order to ensure compliance with the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. Based on specific enquiry of all the Directors, the Directors have complied with the required standard as set out in the Model Code for the year ended 31 December 2010.

AUDIT COMMITTEE

The audit committee comprises four independent non-executive Directors, namely Lo Yick Wing, Wong Yim Sum, Lee Siu Man, Ervin and Tsui Ka Wah. The chairman of the audit committee, Wong Yim Sum, has extensive experience in the finance and auditing fields.

In the presence of the representatives of the Company's independent external auditors, the Group's draft audited consolidated financial statements for the year ended 31 December 2010 have been reviewed by the audit committee, and with recommendation to the Board for approval.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement of the Company is published on the websites of the Company (www.irasia.com/listco/hk/orientalexplorer/index.htm) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The annual report of the Company for 2010 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and made available on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the executive Directors are Mr. Lau Chi Yung and Mr. Lau Michael Kei Chi and the independent non-executive Directors are Mr. Lo Yick Wing, Mr. Wong Yim Sum, Mr. Lee Siu Man, Ervin and Mr. Tsui Ka Wah.

By Order of the Board
Lau Chi Yung
Chairman

Hong Kong, 18 March 2011