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ORIENTAL EXPLORER HOLDINGS LIMITED

(the "Company")

(Incorporated in Bermuda with limited liability)

(Stock Code: 430)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	Notes	**2012 HK$'000**	2011 HK$'000
REVENUE	3	**62,854**	(34,594)
Cost of sales		**(547)**	(494)
Gross profit/(loss)		**62,307**	(35,088)
Other income and gains	3	**629**	1,364
Fair value gains on investment properties		**39,050**	14,139
Selling and distribution costs		**(99)**	(3)
Operating and administrative expenses		**(4,677)**	(2,427)
Finance costs	5	**(2,185)**	(1,785)
Share of profits of an associate		**2,583**	5,499
PROFIT/(LOSS) BEFORE TAX	4	**97,608**	(18,301)
Income tax (expense)/credit	6	**(260)**	1,375
PROFIT/(LOSS) FOR THE YEAR		**97,348**	(16,926)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Available-for-sale investments:			
Changes in fair value		**28,155**	(21,270)
Reclassification adjustments for gains included in the consolidated statement of comprehensive income – gain on disposal		**(517)**	(991)
		27,638	(22,261)
Share of other comprehensive income of an associate		**3,102**	3,611
Exchange differences on translation of foreign operations		**2**	12
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**30,742**	(18,638)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**128,090**	(35,564)
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**97,348**	(16,926)
Non-controlling interests		**–**	–
		97,348	(16,926)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**128,090**	(35,564)
Non-controlling interests		**–**	–
		128,090	(35,564)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	**5.41 cents**	(0.94) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2012

	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**429**	913
Prepaid land lease payments	**425**	434
Investment properties	**142,200**	103,150
Investment in an associate	**98,575**	92,890
Club debenture	**670**	670
Available-for-sale investments	**42,749**	40,854
Loan to an investee company	**330**	330
Total non-current assets	**285,378**	239,241
CURRENT ASSETS		
Prepayments, deposits and other receivables	**1,133**	23,744
Available-for-sale investments	**142,562**	128,950
Equity investments at fair value through profit or loss	**187,680**	160,468
Pledged deposits	**20,664**	645
Cash and cash equivalents	**6,261**	33,765
Total current assets	**358,300**	347,572
TOTAL ASSETS	**643,678**	586,813
CURRENT LIABILITIES		
Other payables and accruals	**9,906**	9,275
Interest-bearing bank and other borrowings	**145,365**	215,608
Tax payable	**3,818**	3,818
Total current liabilities	**159,089**	228,701
NET CURRENT ASSETS	**199,211**	118,871
TOTAL ASSETS LESS CURRENT LIABILITIES	**484,589**	358,112
NON-CURRENT LIABILITIES		
Due to a director	**863**	2,736
Deferred tax liabilities	**405**	145
Total non-current liabilities	**1,268**	2,881
Net assets	**483,321**	355,231
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**18,000**	18,000
Reserves	**465,321**	337,231
Total equity	**483,321**	355,231

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 ("HKICPA"), 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

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 2012. 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.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a 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.

1.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

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 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[3]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[3]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The Group expects to adopt the amendments from 1 January 2013.

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") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to 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. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the 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 and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2015. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in HK(SIC)-Int 12. Based on the preliminary analyses performed, HKFRS 10 is not expected to have any impact on the currently held investments of the Group.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

In July 2012, the HKICPA issued amendments to HKFRS 10, HKFRS 11 and HKFRS 12 which clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied.

The amendments to HKFRS 10 issued in December 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (2011), HKAS 28 (2011), and the subsequent amendments to these standards issued in July and December 2012 from 1 January 2013.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1 January 2013.

The HKAS 1 Amendments change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance. The Group expects to adopt the amendments from 1 January 2013.

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt HKAS 19 (2011) from 1 January 2013.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to setoff" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

The *Annual Improvements to HKFRSs 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2013. 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) HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

(b) HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three (2011: three) reportable operating segments as follows:

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

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

(c) 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 from operations. 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, fair value gains on investment properties, share of profits of an associate, finance costs and other gains are excluded from such measurement.

Segment assets exclude pledged deposits and cash and cash equivalents as these assets are managed on a group basis.

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

There are no sales or other transactions between the operating segments during the year (2011: Nil).

Years ended 31 December 2012 and 2011

	Property investment		Trading and investments		Corporate and others		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:								
Sales to external customers	**1,984**	1,636	**60,870**	(49,530)	**–**	13,300	**62,854**	(34,594)
Segment results	**798**	563	**55,591**	(51,673)	**1,142**	13,592	**57,531**	(37,518)
Reconciliation:								
Interest income from loans and receivables							**112**	108
Other gains							**517**	1,256
Fair value gains on investment properties	**39,050**	14,139	**–**	–	**–**	–	**39,050**	14,139
Finance costs							**(2,185)**	(1,785)
Share of profits of an associate	**2,583**	5,499	**–**	–	**–**	–	**2,583**	5,499
Profit/(loss) before tax							**97,608**	(18,301)

	Property investment		Trading and investments		Corporate and others		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**142,283**	103,255	**332,337**	314,122	**43,558**	42,136	**518,178**	459,513
Reconciliation:								
Unallocated assets							**26,925**	34,410
Investment in an associate	**98,575**	92,890	**–**	–	**–**	–	**98,575**	92,890
Total assets							**643,678**	586,813
Segment liabilities	**1,059**	324	**85**	168	**8,762**	8,783	**9,906**	9,275
Reconciliation:								
Unallocated liabilities							**150,451**	222,307
Total liabilities							**160,357**	231,582
Other segment information:								
Depreciation and amortisation	**–**	–	**–**	–	**493**	962	**493**	962
Change in fair value of investment properties	**39,050**	14,139	**–**	–	**–**	–	**39,050**	14,139
Capital expenditure*	**–**	65,311	**–**	–	**–**	350	**–**	65,661

* *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 2012 and 2011.

(b)

	Hong Kong		Mainland China		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Non-current assets	**142,516**	103,913	**538**	584	**143,054**	104,497

The non-current asset information above is based on the location of assets and excludes financial instruments.

3. REVENUE, OTHER INCOME AND GAINS

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

	2012	2011
	HK$'000	HK$'000
Revenue		
Rental income from property letting	**1,984**	1,636
Dividend income from listed investments	**7,650**	6,199
Dividend income from unlisted investments	**–**	13,300
Fair value gains/(losses) on equity investments at fair value through profit or loss	**39,711**	(66,022)
Interest income from available-for-sale investments	**13,509**	10,293
	62,854	(34,594)
Other income and gains		
Interest income from loans and receivables	**112**	108
Fair value gains on available-for-sale investments (transfer from equity on disposal)	**517**	991
Others	**–**	265
	629	1,364

4. PROFIT/(LOSS) BEFORE TAX

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

	2012 HK$'000	2011 HK$'000
Cost of services provided	**547**	494
Depreciation	**484**	955
Amortisation of prepaid land lease payments	**9**	7
Auditors' remuneration	**200**	200
Foreign exchange differences, net	**(809)**	(4,247)
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**547**	548
Employee benefits expense (including directors' remuneration):		
Salaries, wages and other benefits	**3,806**	3,341
Pension scheme contributions (defined contribution scheme) *(Note)*	**59**	42
	3,865	3,383

Note:
At 31 December 2012, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2011: Nil).

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2012 HK$'000	2011 HK$'000
Interest on bank loans and other loans wholly repayable within five years	**2,185**	1,785

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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.

	2012	2011
	HK$'000	HK$'000
Current tax – Hong Kong		
Overprovision in prior years	**–**	(1,520)
Deferred tax	**260**	145
Total tax charge/(credit) for the year	**260**	(1,375)

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

	2012	2011
	HK$'000	HK$'000
Profit/(loss) before tax	**97,608**	(18,301)
Tax at the applicable tax rate	**16,803**	(749)
Adjustments in respect of current tax of prior years	**–**	(1,520)
Profits attributable to an associate	**(1,281)**	(3,180)
Income not subject to tax	**(16,729)**	(4,405)
Expenses not deductible for tax	**495**	217
Tax losses utilised from prior years	**(45)**	(75)
Tax losses not recognised	**1,044**	8,416
Others	**(27)**	(79)
Tax charge/(credit) at the Group's effective rate	**260**	(1,375)

The share of tax expense attributable to an associate amounting to approximately HK$1,281,000 (2011: HK$3,180,000) is included in "Share of profits of an associate" on the face of the consolidated statement of comprehensive income.

7. DIVIDENDS

The directors do not recommend the declaration of a final dividend for the year ended 31 December 2012 (2011: Nil).

8. **EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY**

The calculation of basic earnings/(loss) per share amounts is based on the earnings for the year attributable to ordinary equity holders of the Company of approximately HK$97,348,000 (2011: loss for the year of approximately: HK$16,926,000), and the weighted average number of ordinary shares of 1,800,000,000 (2011: 1,800,000,000) in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 December 2012 and 2011 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 28 May 2013 to 30 May 2013, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting and all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 27 May 2013.

REVIEW OF OPERATION

With signs of recovery for both global and local economy, year 2012 was on the whole a challenging and opportunistic year for the Group. During the year under review, the Group recorded a net gain attributable to equity holders of the Company of about HK$97 million (2011: net loss of HK$17 million).

PROPERTY INVESTMENT

Investment properties in Hong Kong mainly comprise of office, industrial and residential units. Signs of economic recovery drive a raising selling price and demand on office, industrial and residential units. Indeed, the Group's investment properties generated a stable rental of approximately HK$2.0 million (2010: HK$1.6 million) for the year ended 31 December 2012.

TRADING AND INVESTMENTS

Stock market and bond market both shows signs of recovery due to active Quantitative Easing in the US and other main industrial countries. As at 31 December 2012, the Group holds around HK$188 million of equity investment and around HK$143 million of available-for-sale investments. The Group's equity investments recorded a net fair value gain of approximately HK$40 million (2011: loss of HK$66 million) when marking the investment portfolios to market valuation as at 31 December 2012.

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 approximately HK$330 million (2011: HK$289 million) as at 31 December 2012. The Group's cash and cash equivalents as at 31 December 2012 amounted to approximately HK$6 million (2011: HK$34 million).

As at 31 December 2012, the Group had outstanding interest-bearing bank and other borrowings of approximately HK$145 million (2011: HK$216 million) which were secured by legal charges on certain investment properties in Hong Kong and certain equity investments and available-for-sale investments. Taking into account the total liquid assets of approximately HK$358 million and total interest-bearing bank and other borrowings of approximately HK$145 million, the Group was debt-free as at 31 December 2012.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2012, the Group had approximately 10 employees in Hong Kong. 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

The world financial market still consists many uncertain factors for the coming year. Although European sovereign debt crisis has mitigated, the short-term prospect of actual economic and employment prospect in Euro zone is not optimistic. Besides, the interest rate and current yield of US bonds are in well low level due to several Quantitative Easing. Lack of support of fundamental factors, it is uncertain how long the current asset price level can sustain.

To show the strike of real estates speculation, the HKSAR government strengthens the control on housing market for several times, leading to suppress on property trading market. The Group will strength the rental business in Hong Kong, and utilize its excess liquidity to further invest in equity investments and available-for-sale investments.

Under the uncertain and volatile worldwide financial environment, the Group will adhere to its prudent financial policy and maintain high liquidity and low gearing. We strongly believe that we have the necessary skills and expertise, and gradual enhance on investment diversification to enhance long-term and medium-term investment returns, so as to work towards the goal of maximizing our shareholders' wealth.

CORPORATE GOVERNANCE CODE

In the opinion of the directors of the Company (the "Director(s)"), the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (the "Code") (effective from 1 April 2012) 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 2012, save as disclosed below.

Under code provisions of A.4.1 and A.4.2, (i) non-executive directors should be appointed for a specific term, 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 appointment. 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.

Under code provision of A.5.1, issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.

At a meeting of the board of Directors (the "Board") on 28 August 2012 and upon identification of a suitable candidate, the Company resolved to appoint the chairman of the Board, Mr. Lau Chi Yung, as the chairman of the nomination committee with immediate effect for compliance with the Code.

One of the independent non-executive Directors, Mr. Lee Siu Man, Ervin, was unable to attend the annual general meeting of the Company held on 28 May 2012 as he was having another meeting on the same day.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with Rule 3.21 of the Listing Rules. The audit committee's terms of reference includes those specific duties as set out in the code provision C.3.3 of the Code.

The audit committee comprises four independent non-executive Directors, namely Mr. Lo Yick Wing, Mr. Wong Yim Sum, Mr. Lee Siu Man, Ervin and Mr. Tsui Ka Wah. The chairman of the audit committee, Mr. 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 2012 have been reviewed by the audit committee, and with recommendation to the Board for approval.

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 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Based on specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code for the year ended 31 December 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of listed securities of the Company 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 2012 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, 26 March 2013