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ORIENTAL EXPLORER HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 430)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2019

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
REVENUE	3	48,848	(79,150)
Cost of sales		<u>(1,149)</u>	<u>(1,057)</u>
Gross profit/(loss)		47,699	(80,207)
Other income and gains	3	270	307
Foreign exchange differences, net		(3)	(5)
Fair value gains on investment properties, net		15,470	–
Operating and administrative expenses		(7,949)	(8,160)
Finance costs	5	(3,016)	(3,293)
Share of losses of an associate		<u>(1)</u>	<u>(1)</u>
PROFIT/(LOSS) BEFORE TAX	4	52,470	(91,359)
Income tax expense	6	<u>(425)</u>	<u>(426)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>52,045</u>	<u>(91,785)</u>
PROFIT/(LOSS) FOR THE YEAR			
ATTRIBUTABLE TO:			
Owners of the Company		<u>52,045</u>	<u>(91,785)</u>
EARNINGS/(LOSS) PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY			
HOLDERS OF THE COMPANY			
Basic and diluted	8	<u>HK1.93 cents</u>	<u>HK(3.40) cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
PROFIT/(LOSS) FOR THE YEAR	<u>52,045</u>	<u>(91,785)</u>
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>–</u>	<u>(5)</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>–</u>	<u>(5)</u>
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Equity investments at fair value through other comprehensive income: Changes in fair value	<u>13,816</u>	<u>49,999</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>13,816</u>	<u>49,999</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR	<u>13,816</u>	<u>49,994</u>
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u><u>65,861</u></u>	<u><u>(41,791)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	33	42
Right-of-use assets	366	–
Prepaid land lease payments	–	375
Investment properties	282,780	267,310
Investment in an associate	2,066	2,067
Club debenture	670	670
Equity investments at fair value through other comprehensive income	<u>706,028</u>	<u>692,212</u>
Total non-current assets	<u>991,943</u>	<u>962,676</u>
CURRENT ASSETS		
Prepayments, deposits and other receivables	951	947
Equity investments at fair value through profit or loss	561,180	607,523
Cash and cash equivalents	<u>200,981</u>	<u>202,263</u>
Total current assets	<u>763,112</u>	<u>810,733</u>
TOTAL ASSETS	<u>1,755,055</u>	<u>1,773,409</u>
CURRENT LIABILITIES		
Other payables and accruals	6,679	6,737
Other borrowings	291,408	375,990
Tax payable	<u>3,818</u>	<u>3,818</u>
Total current liabilities	<u>301,905</u>	<u>386,545</u>
NET CURRENT ASSETS	<u>461,207</u>	<u>424,188</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,453,150</u>	<u>1,386,864</u>

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	<u>3,844</u>	<u>3,419</u>
Total non-current liabilities	<u>3,844</u>	<u>3,419</u>
Net assets	<u>1,449,306</u>	<u>1,383,445</u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	27,000	27,000
Reserves	<u>1,422,306</u>	<u>1,356,445</u>
Total equity	<u>1,449,306</u>	<u>1,383,445</u>

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 Oriental Explorer Holdings Limited (“the Company”) and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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 on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. 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 OCI is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements to HKFRSs 2015-2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review; and
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application.

	At 1 January 2019 HK\$'000
Operating lease commitments disclosed as at 31 December 2018	300
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	<u>(300)</u>
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	<u><u>–</u></u>
Lease liabilities as at 1 January 2019	<u><u>–</u></u>

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Right-of-use assets <i>HK\$'000</i>
Reclassified from prepaid land lease payments (Note)	<u>375</u>

Note:

Upfront payments for leasehold lands in the PRC for own used properties were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the prepaid lease payments amounting to approximately HK\$375,000 were reclassified to right-of-use assets, and are measured under HKFRS 16 at cost less any accumulated depreciation and any impairment losses.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.
- (b) Effective on 1 January 2019, the Group has applied HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15") to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 HK\$'000	Adjustment HK\$'000	Carrying amounts under HKFRS 16 1 January 2019 HK\$'000
Non-current assets			
Prepaid land lease payments	375	(375)	–
Right-of-use assets	–	375	375
	<u> </u>	<u> </u>	<u> </u>

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

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.

Amendments to HKFRS 3	<i>Definition of a Business</i> ³
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest rate Benchmark Reform</i> ¹
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
HKFRS 17	<i>Insurance Contracts</i> ²
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

⁴ No mandatory effective date yet determined but available for adoption

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into two (2018: two) reportable operating segments as follows:

- (a) the property investment segment mainly comprises rental income from investment properties; and
- (b) the trading and investments segment includes the trading of securities and investment income from securities investment and investment holding.

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 except that unallocated corporate expenses interest income on bank deposits, fair value gains/losses on investment properties, share of profits and losses of an associate, non-lease-related finance costs and other gains are excluded from such measurement.

Segment assets exclude cash and cash equivalents, investment in an associate and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other borrowings (other than lease liabilities), tax payable, deferred tax liabilities and unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

There are no sales or other transactions between the operating segments during the year (2018: Nil).

Years ended 31 December 2019 and 2018

	Property investment		Trading and investments		Total	
	2019	2018	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue (Note 3)						
Revenue from external customers	<u>5,116</u>	<u>4,797</u>	<u>43,732</u>	<u>(83,947)</u>	<u>48,848</u>	<u>(79,150)</u>
Segment results	<u>3,335</u>	<u>3,072</u>	<u>42,350</u>	<u>(85,291)</u>	<u>45,685</u>	<u>(82,219)</u>
<i>Reconciliation:</i>						
Unallocated corporate expenses					(5,938)	(6,153)
Interest income on bank deposits					245	243
Other gains					25	64
Fair value gains on investment properties, net	15,470	-	-	-	15,470	-
Finance costs (other than on lease liabilities)					(3,016)	(3,293)
Share of losses of an associate	(1)	(1)	-	-	(1)	(1)
Profit/(loss) before tax					<u>52,470</u>	<u>(91,359)</u>
Segment assets	282,901	267,432	1,268,348	1,300,843	1,551,249	1,568,275
<i>Reconciliation:</i>						
Unallocated assets					201,740	203,067
Investment in an associate					2,066	2,067
Total assets					<u>1,755,055</u>	<u>1,773,409</u>
Segment liabilities	1,316	1,248	69	163	1,385	1,411
<i>Reconciliation:</i>						
Unallocated liabilities					304,364	388,553
Total liabilities					<u>305,749</u>	<u>389,964</u>

	Property investment		Trading and investments		Unallocated		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information:								
Depreciation and amortisation	1	1	-	-	17	60	18	61
Fair value gains on investment properties, net	15,470	-	-	-	-	-	15,470	-
Fair value gains/(losses) on equity investments at fair value through profit or loss, net	<u>-</u>	<u>-</u>	<u>17,238</u>	<u>(110,964)</u>	<u>-</u>	<u>-</u>	<u>17,238</u>	<u>(110,964)</u>

Geographical information

(a) Revenue from external customers are all generated from Hong Kong. No single external customer accounted for 10% or more of the total revenue for the years ended 31 December 2019 and 2018.

	Hong Kong		Mainland China		Total	
	2019	2018	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	282,813	267,352	366	375	283,179	267,727

The non-current asset information above is based on the locations of assets and excludes financial instruments, investment in an associate and club debenture.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income from property letting under fixed lease payments	5,116	4,797
Fair value gains/(losses) on equity investments at fair value through profit or loss, net	17,238	(110,964)
Dividend income from listed investments	26,494	27,017
	48,848	(79,150)
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
<u>Other income and gains</u>		
Interest income on bank deposits	245	243
Others	25	64
	270	307

4. PROFIT/(LOSS) BEFORE TAX

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Depreciation of property, plant and equipment	9	53
Depreciation of right-of-use assets (2018: amortisation of prepaid land lease payments)	9	8
Operating lease rental on premises	–	600
Expense relating to short term leases not included in the measurement of lease liabilities	600	–
Auditors' remuneration – audit services	310	310
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	1,149	1,057
Foreign exchange differences, net	<u>3</u>	<u>5</u>
Employee benefit expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	5,369	5,478
Pension scheme contributions (defined contribution scheme) (<i>Note</i>)	<u>120</u>	<u>125</u>
Total staff costs	<u>5,489</u>	<u>5,603</u>

Note:

At 31 December 2019, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2018: Nil).

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest on other loans	<u>3,016</u>	<u>3,293</u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/19. The first HK\$2,000,000 (2018: Nil) of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable in Mainland China have been calculated at the rate of tax prevailing in Mainland China, in which the Group operates.

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deferred tax	<u>425</u>	<u>426</u>

No provision for Hong Kong profits tax and PRC corporate income tax have been made for both years as the Group did not generate any assessable profits arising in Hong Kong and Mainland China.

7. DIVIDENDS

The directors do not recommend the declaration of a final dividend for the year ended 31 December 2019 (2018: Nil).

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

The calculation of the basic earnings/(loss) per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of approximately HK\$52,045,000 (2018: loss for the year of approximately HK\$91,785,000), and the weighted average number of ordinary shares of 2,700,000,000 (2018: 2,700,000,000) in issue during the year.

The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as there is no potentially dilutive ordinary shares in issue during the years ended 31 December 2019 and 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 25 May 2020 to Thursday, 28 May 2020, 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, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 22 May 2020.

REVIEW OF OPERATION

During the year under review, the Group recorded a net profit of approximately HK\$52 million (2018: loss of HK\$92 million). This was mainly due to the profit brought by the fair value gain in equity investments (stocks) held by the Group for the year ended 31 December 2019.

The investments in equities held by the Group recorded a fair value gain of approximately HK\$17 million (2018: loss of HK\$111 million). Equity investments recorded dividend income of approximately HK\$26 million (2018: HK\$27 million).

The Group's rental income in Hong Kong recorded a slight increase of approximately 7% (2018: 2%).

Taking into account the Company's profitability, debt obligations and cash flows, capital required for future development, etc., the Board does not recommend the payment of final dividend for the current year.

PROPERTY INVESTMENT

Hong Kong

The Group's investment properties in Hong Kong mainly comprise of office, industrial and residential units. The Group's investment property portfolio contributed stable rental revenue of approximately HK\$5 million in 2019 (2018: HK\$5 million).

FINANCIAL INVESTMENTS

Worldwide economy and stocks market were volatile in 2019.

As of 31 December 2019, the Group held approximately HK\$561 million (2018: HK\$608 million) of highly liquid equity investments, which mainly consisted of blue chips stocks and Exchange Traded Funds listed in Hong Kong. The equity investments were held by the Group in long-term for investment purpose and to receive dividend income.

The Group's equity investments recorded a net fair value gain of approximately HK\$17 million (2018: loss of HK\$111 million) when marking the investment portfolios to market valuation as of 31 December 2019, and dividend income of approximately HK\$26 million (2018: HK\$27 million).

The equity investments held by the Group as at 31 December 2019 were as follows:

Stock Code	Company Name	Principal Business	Number of shares held as at 31 December 2019 '000	Percentage of shareholding as at 31 December 2019 %	Investment Cost HK\$'000	Realised Gain on change in fair value for the year ended 31 December 2019 HK\$'000	Unrealised Gain/(Loss) on change in fair value for the year ended 31 December 2019 HK\$'000	Dividend income for the year ended 31 December 2019 HK\$'000	Fair value/ carrying amount as at 31 December 2019 HK\$'000	Percentage to the company's total asset as at 31 December 2019 %
2800	Tracker Fund of Hong Kong	Collective investment fund, structured as a unit trust established under Hong Kong law, provide investment results that closely correspond to the performance of the Hang Seng Index.	5,850	0.19	146,367	4,357	14,040	7,552	166,433	9.48
5	HSBC Holdings plc	Banking and financial services, manages its products and services through four businesses: Retail Banking and Wealth Management (RBWM), Commercial Banking (CMB), Global Banking and Markets (GB&M), and Global Private Banking (GPB)	3,040	0.01	207,496	-	(12,009)	12,144	185,007	10.54
2828	Hang Seng China Enterprises Index ETF	Sub-fund of the Hang Seng Investment Index Funds Series, a unit trust established as an umbrella fund under the laws of Hong Kong, which aims to match, before expenses, as closely as practicable the performance of the Hang Seng China Enterprises Index.	1,332	0.50	168,677	-	14,652	3,863	151,049	8.60
3988	Bank of China Limited	Banking and financial services, a China-based company principally engage in the provision of banking and related financial services.	9,800	0.01	30,198	-	(490)	2,066	32,634	1.86
857	PetroChina Co. Ltd.	Petroleum and gases, a China-based company principally engage in the production and distribution of oil and gas.	2,378	0.01	24,819	-	(2,306)	448	9,297	0.53

Stock Code	Company Name	Principal Business	Number of shares held as at 31 December 2019 '000	Percentage of shareholding as at 31 December 2019 %	Investment Cost HK\$'000	Realised	Unrealised	Dividend income for the year ended 2019 HK\$'000	Fair value/ carrying amount as at 31 December 2019 HK\$'000	Percentage to the company's total asset as at 31 December 2019 %
						Gain on change in fair value for the year ended 2019 HK\$'000	Gain/(Loss) on change in fair value for the year ended 2019 HK\$'000			
941	China Mobile Ltd.	Telecommunication and Services, a China-based company principally engage in telecommunication and related businesses including mobile businesses, wireline Broadband businesses and Internet of Things (IoT) businesses.	100	0.00	9,654	-	(985)	292	6,550	0.37
2628	China Life Insurance Co. Ltd.	Life insurance, a China-based company principally engage provides a range of insurance products, including individual and group life insurance, health insurance and accident insurance products.	300	0.00	9,459	-	1,503	55	6,495	0.37
	Other listed securities [#]				28,828	90	(1,614)	74	3,715	0.22
						4,447	12,791	26,494	561,180	31.97

[#] Other listed securities mainly represented the Group's investment in 11 companies whose shares were mainly listed on the Main Board of The Stock Exchange of Hong Kong Limited. The carrying value of each of these investments represented less than 1% of the total assets of the Group as at 31 December 2019.

As at 31 December 2019, the equity investments mainly represented listed securities in Hong Kong. The Board acknowledges that the performance of the equity investments may be affected by worldwide economy, volatility in the Chinese and Hong Kong stock markets, and susceptible to other external factors that may affect their values. In order to mitigate possible financial risk related to the equity investments, the management will closely monitor the performance of respective equity investments and the changes in market condition. The Company will adjust the Company's portfolio of investments as the Board considers appropriate.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not make any material acquisition or disposal of subsidiaries and associated companies during the year ended 31 December 2019.

FOREIGN CURRENCY EXPOSURE

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollar and the United States dollar. The Group is exposed to foreign exchange risk with respect mainly to Renminbi which may affect the Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group and when appropriate hedge its currency risk.

As of 31 December 2019, the Group has not entered into any financial instrument for foreign currency hedging purpose.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flows 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 of approximately HK\$561 million (2018: HK\$608 million) as of 31 December 2019. The Group's cash and cash equivalents as of 31 December 2019 amounted to approximately HK\$201 million (2018: HK\$202 million).

As of 31 December 2019, the Group had total bank and other borrowings amounting to approximately HK\$291 million (2018: HK\$376 million), which were secured by legal charges on the Group's certain equity investments. The Group's bank borrowings were mainly arranged on a floating rate basis. The bank and other borrowings of the Group as at 31 December 2019 was repayable within 1 year or on demand.

Taking into account the total liquid assets of approximately HK\$763 million and total other borrowings of approximately HK\$291 million, the Group was debt-free as at 31 December 2019.

CONTINGENT LIABILITY

As of 31 December 2019, the Group had no material contingent liability.

EVENTS AFTER THE REPORTING PERIOD

Following the outbreak of the novel coronavirus (COVID-19) in early 2020, the global stock markets (including Hong Kong stock market) have fallen sharply due to the pessimistic sentiments of investors about the adverse impact brought by the pandemic on the global economy. The board of directors expects that the COVID-19 pandemic will inevitably bring negative effect on the Group's business. However, due to the dynamic nature of the COVID-19 pandemic, it is difficult for the board of directors to estimate the extent of its impact on the Group's business and financial position in 2020. The board of directors is closely monitoring the development of, and the disruptions to the global economy caused by, the COVID-19 pandemic and will timely assess and react actively to its impact on the operation and financial performance of the Group. The Group will issue announcements to make relevant disclosures as and when appropriate and necessary.

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2019, the Group had approximately 10 employees in Hong Kong. During the year, the staff costs (including directors' emoluments) amounted to approximately HK\$5 million (2018: HK\$6 million).

The objective of the Group's remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration paid to its employees (including directors and senior management), their performance, experience and the prevailing market condition are mainly considered. In addition to salaries, provident fund scheme, discretionary bonuses and tuition/training subsidies are available to employees. Level of remuneration is reviewed annually. During the review process, no individual director is involved in decisions relating to his own remuneration.

PROSPECT

The local social incidents since June 2019 have caused a decrease in market demand for local industrial and commercial properties and shops, resulting in an increase in vacancy rates and downward pressure on rent. Entering 2020, the novel coronavirus outbreak around the world has caused another shock to Hong Kong's externally oriented economy. In view of continuing deterioration in tenant affordability, the Group is not optimistic about the performance of its investment property portfolio and rental income for the first half of 2020.

The tension in Sino-U.S. trade relations has eased since the two countries signed the first-phase trade agreement in January this year. However, since a final trade agreement between China and the U.S. has not been reached, significant uncertainties still exist with regard to the subsequent trade negotiations between the two countries. Furthermore, investors become pessimistic about the global economic outlook because of the worldwide spread of the novel coronavirus, causing fluctuations in global financial markets. The Group's equity investment portfolio will inevitably be adversely affected by the above factors in the coming year.

The global economic environment has changed dramatically during the first three months of 2020 due to the novel coronavirus epidemic. Governments have been actively implementing measures to control the spread of the virus and to reduce the risk of economic recession. Accordingly, it is estimated that the economy of Hong Kong and the Mainland China may regain growth momentum and that market demand for local industrial and commercial properties and shops may begin to recover gradually once the epidemic is under control. On the other hand, the performance of the Group's residential property rental business had been stable in the past. The impact of the epidemic on revenue of this segment is relatively small up until this moment. However, as the situation around the outbreak of the virus is changing all the time, the epidemic could have a material impact on the Group's overall results for the year.

The Group will continue to operate its business prudently and to maintain a sound financial position. The Group will also cautiously explore opportunities and expand its investment portfolio with a view to increasing profitability and shareholder return.

CORPORATE GOVERNANCE CODE

In the opinion of the directors of the Company (the “Director(s)”), the Company has applied the principles and complied with code provisions of the Corporate Governance Code and Corporate Governance Report (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 2019, save as disclosed below.

Under code provisions 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.

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.

As of the date of this announcement, the audit committee comprises three independent non-executive Directors, namely, 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.

SCOPE OF WORK OF AUDITORS

The financial figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by the Group’s auditors, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

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 had complied with the required standard set out in the Model Code for the year ended 31 December 2019.

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 2019 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 of the date of this announcement, the executive Directors are Mr. Lau Chi Yung, Kenneth and Mr. Lau Michael Kei Chi and the independent non-executive Directors are Mr. Wong Yim Sum, Mr. Lee Siu Man, Ervin and Mr. Tsui Ka Wah.

By Order of the Board
Lau Chi Yung, Kenneth
Chairman

Hong Kong, 26 March, 2020