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## ORIENTAL EXPLORER HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 430)

### INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

#### INTERIM RESULTS

The Board of Directors (the “Board”) of Oriental Explorer Holdings Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2010 (the “Period”), together with the comparative figures as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	Notes	For the six months ended 30 June	
		2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
<b>REVENUE</b>	3	<b>(4,336)</b>	28,552
Cost of sales		<u>(47)</u>	<u>(294)</u>
Gross (loss)/profit		<b>(4,383)</b>	28,258
Other income and gains	3	<b>103</b>	117
Selling and distribution costs		–	(111)
Operating and administrative expenses		<b>(1,854)</b>	(4,732)
Finance costs	5	<b>(36)</b>	(134)
Share of profits and losses of associates		<u><b>1,492</b></u>	<u>1,644</u>
<b>(LOSS)/PROFIT BEFORE TAX</b>	4	<b>(4,678)</b>	25,042
Income tax expense	6	<u>–</u>	<u>–</u>

		<b>For the six months ended 30 June</b>	
	<i>Notes</i>	<b>2010</b>	2009
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<u>(4,678)</u>	<u>25,042</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Available-for-sale assets:			
Changes in fair value		(167)	3,684
Reclassification adjustments for impairment losses included in profit or loss		<u>—</u>	<u>613</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>(167)</u>	<u>4,297</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u><u>(4,845)</u></u>	<u><u>29,339</u></u>
<b>(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Owners of the Company		(4,678)	25,042
Non-controlling interests		<u>—</u>	<u>—</u>
		<u><u>(4,678)</u></u>	<u><u>25,042</u></u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Owners of the Company		(4,845)	29,339
Non-controlling interests		<u>—</u>	<u>—</u>
		<u><u>(4,845)</u></u>	<u><u>29,339</u></u>
<b>INTERIM DIVIDEND PER SHARE</b>	7	<u><u>NIL</u></u>	<u><u>NIL</u></u>
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted	8	<u><u>(0.26) cents</u></u>	<u><u>1.39 cents</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	<i>Notes</i>	As at 30 June 2010 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2009 <i>HK\$'000</i> <i>(Audited)</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		2,006	2,508
Prepaid land lease payments		446	450
Investment properties		16,881	8,200
Interests in associates		67,042	65,550
Available-for-sale investments		77,762	77,929
Loans to an investee company		330	330
Total non-current assets		<u>164,467</u>	<u>154,967</u>
<b>CURRENT ASSETS</b>			
Prepayments, deposits and other receivables		3,069	9,168
Equity investments at fair value through profit or loss		131,541	123,503
Pledged deposits		–	4,199
Cash and cash equivalents		47,369	66,125
Total current assets		<u>181,979</u>	<u>202,995</u>
<b>TOTAL ASSETS</b>		<u>346,446</u>	<u>357,962</u>
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		8,738	9,145
Derivative financial instruments		1,130	351
Interest-bearing bank and other borrowings		351	5,272
Tax payable		5,338	5,338
Total current liabilities		<u>15,557</u>	<u>20,106</u>
<b>NET CURRENT ASSETS</b>		<u>166,422</u>	<u>182,889</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>330,889</u>	<u>337,856</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		3,163	3,339
Due to a director		3,860	5,806
Total non-current liabilities		<u>7,023</u>	<u>9,145</u>
Net assets		<u>323,866</u>	<u>328,711</u>
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Issued capital		18,000	18,000
Reserves		305,866	310,711
Total equity		<u>323,866</u>	<u>328,711</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2009 except as noted below.

In the current period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2010.

HKFRS 1 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions</i>
HKFRS 3 (Revised)	<i>Business Combinations</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i>
HK (IFRIC)-Int 17	<i>Distributions of Non-cash Assets to Owners</i>
Amendments to HKFRS 5 included in <i>Improvements to HKFRSs</i> issued in October 2008	<i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary</i>
HK Interpretation 4 (Revised in December 2009)	<i>Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i>
HKFRSs (Amendments)	<i>Improvements to HKFRSs 2009</i>

The adoption of these new or revised standards, amendments and interpretations had no material effect on the results and financial position of the Group for the current and/or prior accounting periods. Accordingly, no prior period adjustment has been required.

## 2. OPERATING SEGMENT INFORMATION

	Property investment		Trading and investments		Electronic products		Corporate and others		Total	
	For the six months ended 30 June									
	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
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Segment revenue</b>										
Sales to external customers	<u>258</u>	<u>135</u>	<u>(4,594)</u>	<u>25,203</u>	<u>-</u>	<u>214</u>	<u>-</u>	<u>3,000</u>	<u>(4,336)</u>	<u>28,552</u>
<b>Segment results</b>										
	<u>192</u>	<u>132</u>	<u>(4,918)</u>	<u>24,203</u>	<u>-</u>	<u>(2,117)</u>	<u>(1,511)</u>	<u>1,197</u>	<u>(6,237)</u>	<u>23,415</u>
Other income and gains									103	117
Finance costs									(36)	(134)
Share of profits and losses of associates									<u>1,492</u>	<u>1,644</u>
(Loss)/profit before tax									(4,678)	25,042
Income tax expense									-	-
(Loss)/profit for the period									<u>(4,678)</u>	<u>25,042</u>

### Geographical information

	Hong Kong		Total	
	For the six months ended 30 June			
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Segment revenue</b>				
Sales to external customers	<u>(4,336)</u>	<u>28,552</u>	<u>(4,336)</u>	<u>28,552</u>

### 3. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
<b>Revenue</b>		
Rental income from property letting	258	135
Sales of goods	–	214
Dividend income from listed investments	1,955	1,454
Dividend income from unlisted investments	–	3,000
Gain on disposal of equity investments at fair value through profit or loss	(182)	2,540
Fair value gains/(losses), net		
Equity investments at fair value through profit or loss	(7,417)	3,535
Derivative financial instruments	(662)	16,238
Interest income from available-for-sale investments	1,712	1,436
	<u>(4,336)</u>	<u>28,552</u>
<b>Other income and gains</b>		
Interest income from loans and receivables	103	107
Others	–	10
	<u>103</u>	<u>117</u>

#### 4. (LOSS)/PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	–	294
Depreciation	502	562
Minimum lease payments under operating leases for land and buildings	4	4
Foreign exchange differences, net	(367)	7
	<u>          </u>	<u>          </u>
Employee benefits expense, including directors' remuneration:		
Salaries, wages and other benefits	868	2,263
Pension scheme contributions (defined contribution scheme)	8	21
	<u>          </u>	<u>          </u>
	<u>876</u>	<u>2,284</u>

#### 5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans, overdrafts and other loans wholly repayable within five years	23	115
Interest on bank loans not wholly repayable within five years	13	19
	<u>          </u>	<u>          </u>
	<u>36</u>	<u>134</u>

## **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 for the period. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China, based on existing legislation, interpretations and practices in respect thereof.

The share of tax attributable to associates is included in “Share of profits and losses of associates” on the face of the condensed consolidated statement of comprehensive income.

## **7. INTERIM DIVIDEND PER SHARE**

The Directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2010 (2009: Nil).

## **8. (LOSS)/EARNINGS PER SHARE**

The calculation of basic (loss)/earnings per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company of approximately HK\$4,678,000 (2009: Profit of HK\$25,042,000) and the weighted average number of ordinary shares of 1,800,000,000 (2009: 1,800,000,000) in issue during the period.

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the periods ended 30 June 2010 and 2009 in respect of a dilution as the Group had no dilutive potential ordinary shares in issue during those periods.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **REVIEW OF OPERATION**

For the six months ended 30 June 2010, the Group recorded a net loss attributable to equity holders of the company of about HK\$5 million (2009: net profit of about HK\$25 million). Such performance was principally attributable to the general downturn of the global stock markets in the second quarter of 2010 as a result of the sovereign debt crisis in the Euro zone.

### **PROPERTY INVESTMENT**

During the period under review, the Group had acquired properties in Hong Kong at around HK\$9 million in order to capture the potential of property appreciation and steady cash-inflow. Indeed, the investment properties contributed stable rental income of about HK\$0.26 million (2009: HK\$0.14 million) with an increase of 86% as compared with 2009.

### **TRADING AND INVESTMENTS**

The performance of trading and investment segment was adversely affected by the downturn of the global stock markets in the second quarter of 2010 as a result of the sovereign debt crisis in the Euro zone. In the first half of 2010, the Group's investment segment recorded the net fair value losses of HK\$8 million (2009: net fair value gains of HK\$20 million) when the investment portfolios were stated at fair value as at 30 June 2010.

### **ELECTRONICS**

In view of the prospect and accumulated losses of electronic division, the Group has intention to close down the division.

### **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. As at 30 June 2010, the Group had outstanding interest-bearing bank and other borrowings amounting to approximately HK\$4 million which were secured by legal charges on certain investment properties, cash deposits and securities investment. As at 30 June 2010, about HK\$0.4 million out of HK\$4 million is repayable within one year. The Group's cash and cash equivalents as at 30 June 2010 amounted to HK\$47 million. Based on the total interest-bearing bank and other borrowings of HK\$4 million and the aggregate of the shareholder funds, non-controlling interests and total bank and other borrowings of approximately HK\$327 million, the Group's gearing ratio as at 30 June 2010 was around 1%.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2010, the Group had approximately 10 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 outbreak of sovereign debt crisis in the Euro zone, the world economy for the first half of 2010 has become more complicated. The Group believed that a period of time is required for the global economy to make full recovery.

In Mainland China, the transaction volume and prices of residential properties have been adjusted downward since the central government has tightened credit to control the prices of residential properties and asset inflation. Yet, the Group believes that the Chinese economy continued to play a vital role in the world's economic recovery. Indeed, based on the National Bureau of Statistics, the annualized gross domestic product growth rates for the first two quarters were at 11.9% and 11.1% respectively.

Hong Kong is expected to continue to benefit from the economic development of Mainland China and the Group remains optimistic about the prospect for local property market in the medium and long term because of its strong fundamentals.

The Group will continue specializing in Hong Kong and PRC property business in anticipation of steady return. The Group will continue to monitor market conditions and look for attractive investment opportunities as appropriate in the long run. Yet, 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 to enable us to work towards the goal of maximizing our shareholder's wealth through restructuring our business mix and strengthening the competitiveness of our business.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2010.

## **REVIEW BY AUDIT COMMITTEE**

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the Group's unaudited interim results for the six months ended 30 June 2010.

## **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 six months ended 30 June 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.

## **UPDATE ON DIRECTORS’ INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES**

On 28 June 2010, Mr. Choy Tak Ho retired as an independent non-executive director, a member of audit committee and remuneration committee of the Company.

## **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 Directors, the Directors have complied with the required standard as set out in the Model Code for the six months ended 30 June 2010.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

The interim results announcement of the Company is published on the websites of the Company ([www.irasia.com/listco/hk/orientalexplorer/index.htm](http://www.irasia.com/listco/hk/orientalexplorer/index.htm)) and Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The interim 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 and Mr. Lee Siu Man, Ervin.

By Order of the Board

**Lau Chi Yung**

*Chairman*

Hong Kong, 18 August 2010