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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 2015

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 2015, together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		For the six months ended 30 June	
		2015	2014
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
REVENUE	3	68,169	17,240
Cost of sales		(364)	(336)
Gross profit		67,805	16,904
Other income and gains	3	2,847	2,404
Foreign exchange differences, net		(108)	(410)
Selling and distribution expenses		(7)	(6)
Operating and administrative expenses		(3,563)	(3,002)
Finance costs	5	(101)	(466)
Share of profits of an associate		1,030	1,160
PROFIT BEFORE TAX	4	67,903	16,584
Income tax expense	6	–	–
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		67,903	16,584

		For the six months ended 30 June	
		2015	2014
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE EXPENSE			
Other comprehensive expense to be reclassified to profit or loss in subsequent periods			
Available-for-sale investments:			
Changes in fair value		(759)	(70)
Reclassification adjustments for gains included in the consolidated statement of profit or loss – gain on disposal		(2,691)	(1,937)
		<u>(3,450)</u>	<u>(2,007)</u>
Net other comprehensive expense to be reclassified to profit or loss in subsequent periods		(3,450)	(2,007)
		<u>(3,450)</u>	<u>(2,007)</u>
OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD, NET OF TAX			
		<u>(3,450)</u>	<u>(2,007)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY			
		<u><u>64,453</u></u>	<u><u>14,577</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	<u><u>HK2.51 cents</u></u>	<u><u>HK0.61 cents</u></u>

Details of interim dividend are disclosed in note 7.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	As at 30 June 2015 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2014 <i>HK\$'000</i> <i>(Audited)</i>
NON-CURRENT ASSETS		
Property, plant and equipment	312	392
Prepaid land lease payments	404	408
Investment properties	172,640	172,640
Investment in an associate	110,763	109,733
Club debenture	670	670
Available-for-sale investments	38,960	38,960
	<hr/>	<hr/>
Total non-current assets	323,749	322,803
CURRENT ASSETS		
Prepayments, deposits and other receivables	253	658
Available-for-sale investments	62,640	95,145
Equity investments at fair value through profit or loss	376,070	274,415
Pledged deposits	10,393	18,275
Cash and cash equivalents	87,783	55,476
	<hr/>	<hr/>
Total current assets	537,139	443,969
	<hr/>	<hr/>
TOTAL ASSETS	860,888	766,772
CURRENT LIABILITIES		
Other payables and accruals	38,830	6,299
Interest-bearing bank and other borrowings	10,197	13,065
Tax payable	3,818	3,818
	<hr/>	<hr/>
Total current liabilities	52,845	23,182
	<hr/>	<hr/>
NET CURRENT ASSETS	484,294	420,787
	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	808,043	743,590
	<hr/>	<hr/>

	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
NON-CURRENT LIABILITIES		
Deferred tax liabilities	<u>1,090</u>	<u>1,090</u>
Total non-current liabilities	<u>1,090</u>	<u>1,090</u>
Net assets	<u>806,953</u>	<u>742,500</u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	27,000	27,000
Reserves	<u>779,953</u>	<u>715,500</u>
Total equity	<u>806,953</u>	<u>742,500</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been 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 (“Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“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 2014 except as noted below.

In the current period, the Group has applied, for the first time, the following amendments issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2015.

Amendments to HKAS 19

Annual Improvements

2010-2012 Cycle

Annual Improvements

2011-2013 Cycle

Defined Benefit Plans: Employee Contributions

Amendments to a number of HKFRSs

Amendments to a number of HKFRSs

The adoption of the new amendments 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.

The Group has not applied the following new or revised HKASs and HKFRSs, that have been issued but are not yet effective, in these interim financial statements:

HKFRS 9	<i>Financial Instruments</i> ³
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ¹
HKFRS 14	<i>Regulatory Deferral Accounts</i> ⁴
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ¹
<i>Annual Improvements 2012-2014 Cycle</i>	<i>Amendments to a number of HKFRS</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 January 2018

⁴ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

2. OPERATING SEGMENT INFORMATION

The analyses of the principal activities of the operations of the Group are as follows:

	Property investment		Trading and investments		Corporate and others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
For the six months ended 30 June								
Segment revenue:								
Sales to external customers	<u>2,024</u>	<u>1,972</u>	<u>66,145</u>	<u>15,268</u>	<u>-</u>	<u>-</u>	<u>68,169</u>	<u>17,240</u>
Segment results	<u>1,635</u>	<u>1,613</u>	<u>65,008</u>	<u>14,039</u>	<u>(2,516)</u>	<u>(2,166)</u>	<u>64,127</u>	<u>13,486</u>
<i>Reconciliation:</i>								
Interest income from loans and receivables							30	215
Other gains							2,817	2,189
Finance costs							(101)	(466)
Share of profits of an associate	1,030	1,160					1,030	1,160
Profit before tax							<u>67,903</u>	<u>16,584</u>

Geographical information

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 periods ended 30 June 2015 and 2014.

3. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2015 <i>HK\$'000</i> <i>(Unaudited)</i>	2014 <i>HK\$'000</i> <i>(Unaudited)</i>
Revenue		
Rental income from property letting	2,024	1,972
Fair value gains on equity investments at fair value through profit or loss	59,988	4,759
Dividend income from listed investments	2,638	5,145
Interest income from available-for-sale investments	3,519	5,364
	<u>68,169</u>	<u>17,240</u>
Other income and gains		
Interest income from loans and receivables	30	215
Fair value gains on available-for-sale investments (transfer from equity on disposal)	2,691	1,937
Others	126	252
	<u>2,847</u>	<u>2,404</u>

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation	80	71
Amortization of prepaid land lease payments	4	4
Foreign exchange differences, net	108	410
	<u>108</u>	<u>410</u>
Employee benefits expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	2,358	2,017
Pension scheme contributions (defined contribution scheme)	54	42
	<u>54</u>	<u>42</u>
	<u>2,412</u>	<u>2,059</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans, overdrafts and other loans wholly repayable within five years	101	466
	<u>101</u>	<u>466</u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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 expense attributable to an associate is included in “Share of profits of an associate” on the face of the condensed consolidated statement of profit or loss and other comprehensive income.

7. INTERIM DIVIDEND PER SHARE

The directors do not recommend the declaration of an interim dividend in respect of the six months ended 30 June 2015 (2014: Nil).

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

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company of approximately HK\$67,903,000 (2014: HK\$16,584,000), and the weighted average number of ordinary shares of 2,700,000,000 (2014: 2,700,000,000) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2015 and 2014 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during those periods.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

To conclude, the Group recorded a growth in operation performances for the first half-year of 2015 as compared to the corresponding period in 2014.

The Group's rental income in Hong Kong remain relatively stable, while the Group's investments in securities also provide profits to the Group. The Group's unaudited consolidated profit after tax for the six months ended 30 June 2015 is higher (approximately 342%) than that of the corresponding period in 2014.

During the period under reporting, the Group recorded a net profit of approximately HK\$64 million (2014: HK\$15 million).

PROPERTY INVESTMENT

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\$2 million for the six months ended 30 June 2015 (2014: HK\$2 million).

FINANCIAL INVESTMENTS

The stock market improved in the first half of 2015 due to improvements of the US economy and stimulative economic policies from the Chinese government also influence the Chinese and Hong Kong stocks market, particular in April 2015. These lead to equity investments (stocks) held by the Group to record fair value gains for the six months ended 30 June 2015.

As of 30 June 2015, the Group holds around HK\$376 million of equity investments and around HK\$63 million of available-for-sale investments. The Group's equity investments recorded a net fair value gain of approximately HK\$60 million when marking the investment portfolios to market valuation as of 30 June 2015, along with dividend income of approximately HK\$3 million. The available-for-sale listed debt investments recorded a net fair value loss of approximately HK\$3 million when marking to market valuation as of 30 June 2015, while contribute interest income of approximately HK\$4 million.

FOREIGN CURRENCY EXPOSURE

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollar and United States dollar. Since Hong Kong dollar is pegged to United States dollar and the exchange rate of Renminbi to Hong Kong dollar was relatively stable during the period, the Group's exposure to the potential foreign currency risk is relatively limited. However, any permanent or significant changes in Renminbi against Hong Kong dollar may have possible impact on the Group's results and financial positions.

As of 30 June 2015, the Group has not entered into any financial instrument for hedging purpose. The Group will continue to monitor foreign exchange exposure and will consider hedging such exposure to minimize exchange risk should the need arise.

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 and debt investments of approximately HK\$439 million (as of 31 December 2014: HK\$370 million) as of 30 June 2015. The Group's cash and cash equivalents as of 30 June 2015 amounted to approximately HK\$88 million (as of 31 December 2014: HK\$55 million).

As of 30 June 2015, the Group had total bank and other borrowings amounting to approximately HK\$10 million (as of 31 December 2014: HK\$13 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\$537 million and total interest-bearing bank and other borrowings of approximately HK\$10 million, the Group was debt-free as at 30 June 2015.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2015, the Group had approximately 10 employees in Hong Kong.

The remuneration packages of the Group's employees are mainly based on their performance, experience and market conditions. In addition to the basic salaries, the Group also provides staff benefits including discretionary bonus, provident fund and tuition/training subsidies.

PROSPECT

It is likely that the US Federal Reserve will start increasing the interest rate in year 2015. As Hong Kong dollar is pegged to the US dollar, the increase in interest rate may exert pressure on price on equity investments and available-for-sale investments held by the Group, particular in high-yield equity investments and long-term debt instruments. Besides, the potential fluctuations in Chinese economy may have a significant impact on Hong Kong's rental market.

Despite of Hong Kong government's strengthening of the control of properties market, property price records increases. On 27 February 2015, the Hong Kong Monetary Authority introduced new measures in relation to property mortgage loans for residential properties as a response to the renewed signs of overheating in the property market, particularly the small-sized residential units. It is likely that these control measures will not be withdrawn in the near term. Along with the conditions for potential interest rate increase in 2015, investment properties in Hong Kong held by the Group might not be able to record rapid increase in market value as compared to previous years.

The worldwide economy (especially Chinese and Hong Kong's economy) is performing more volatile, with regard to uncertainties brought by policy-driven markets. The Group will adopt its usual prudent capital and funding management to meet the challenges ahead, while strengthening the rental and property development business, and seizing further investment opportunities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2015.

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 2015.

CORPORATE GOVERNANCE CODE

In the opinion of the directors of the Company, 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 six months ended 30 June 2015, 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, subjected to re-election; and (ii) all directors appointed to fill a casual vacancy should be subjected to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subjected to retirement by rotation at least once every three years.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors’ securities transactions. Based on specific enquiry of all directors of the Company, all directors of the Company confirmed that they have complied with the required standard set out in the Model Code for the six months ended 30 June 2015.

BOARD OF DIRECTORS

As of the date of this announcement, the executive directors of the Company are Mr. Lau Chi Yung, Kenneth and Mr. Lau Michael Kei Chi and the independent non-executive directors of the Company 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, Kenneth
Chairman

Hong Kong, 25 August 2015