



ORIENTAL EXPLORER HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 430)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

Interim Results

The Board of Directors 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 2007 (the “period”), together with the unaudited comparative figures as follows:

Condensed Consolidated Income Statement

		For the six months ended 30 June	
		2007	2006
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	2	3,848	4,469
Cost of sales		<u>(2,067)</u>	<u>(3,012)</u>
Gross profit		1,781	1,457
Other income and gains	2	31,131	18,767
Selling and distribution costs		(99)	(128)
Operating and administrative expenses		(7,627)	(6,761)
Finance costs	4	(240)	(177)
Share of profits of an associate, net		<u>992</u>	<u>944</u>
PROFIT BEFORE TAX	5	25,938	14,102
Tax	6	<u>—</u>	<u>—</u>
PROFIT FOR THE PERIOD		<u>25,938</u>	<u>14,102</u>
ATTRIBUTABLE TO			
Equity holders of the Company		25,938	14,102
Minority interests		<u>—</u>	<u>—</u>
		<u>25,938</u>	<u>14,102</u>
INTERIM DIVIDEND PER SHARE	7	<u>Nil</u>	<u>Nil</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	8	<u>1.44 cents</u>	<u>0.78 cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

	As at 30 June 2007 <i>(Unaudited)</i> <i>HK\$'000</i>	As at 31 December 2006 <i>(Audited)</i> <i>HK\$'000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	5,045	1,399
Prepaid land lease payments	472	476
Interests in associates	91,605	90,614
Available-for-sale investments	48,226	48,230
Equity-linked notes	27,445	49,939
Loans to investee companies	<u>4,055</u>	<u>4,050</u>
 Total non-current assets	 <u>176,848</u>	 <u>194,708</u>
CURRENT ASSETS		
Inventories	888	1,325
Trade receivables	1,826	2,816
Prepayments, deposits and other receivables	1,332	16,153
Equity investments at fair value through profit or loss	125,334	93,291
Pledged deposits	52,284	55,821
Cash and cash equivalents	<u>73,119</u>	<u>38,545</u>
 Total current assets	 <u>254,783</u>	 <u>207,951</u>
TOTAL ASSETS	<u>431,631</u>	<u>402,659</u>
CURRENT LIABILITIES		
Trade payables	469	550
Other payables and accruals	15,255	10,820
Interest-bearing borrowings	42,883	44,203
Tax payable	<u>5,338</u>	<u>5,338</u>
 Total current liabilities	 <u>63,945</u>	 <u>60,911</u>
NET CURRENT ASSETS	<u>190,838</u>	<u>147,040</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>367,686</u>	<u>341,748</u>
CAPITAL AND RESERVES		
Equity attributable to equity holders		
of the Company		
Share capital	18,000	18,000
Reserves	<u>349,686</u>	<u>323,748</u>
 Total equity	 <u>367,686</u>	 <u>341,748</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. 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 2006.

In the current period, the Group has adopted, for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as the “new HKFRSs”) issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2007. The adoption of these new HKFRSs has had no material effect on how the results of operations and financial position of the Group are prepared and presented for the current and prior accounting periods.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ²
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions ²
HK(IFRIC)-Int 12	Service Concession Arrangements ³

¹ Effective for annual periods beginning on or after 1 January 2009.

² Effective for annual periods beginning on or after 1 March 2007.

³ Effective for annual periods beginning on or after 1 January 2008.

The interim results are unaudited, but have been reviewed by the Audit Committee which is of the opinion that such financial statements complied with the applicable accounting standards, and that adequate disclosures have been made.

2. REVENUE, OTHER INCOME AND GAINS

Revenue represents the invoiced value of goods sold, net of discounts and returns. An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2007	2006
	<i>(Unaudited)</i> HK\$'000	<i>(Unaudited)</i> HK\$'000
Revenue		
Manufacturing and trading of electronic products	<u>3,848</u>	<u>4,469</u>
Other income and gains:		
Interest income	4,527	5,068
Gain on disposal of equity investments at fair value through profit or loss	4,186	8,949
Dividend income from listed investments	1,858	2,230
Fair value gains, net		
Equity investments at fair value through profit or loss	20,560	1,108
Others	<u>—</u>	<u>1,412</u>
	<u>31,131</u>	<u>18,767</u>

3. SEGMENT INFORMATION

An analysis of the business segments and geographical segments of the operation of the Group during the period is as follows:

(a) Business segments

	Electronic products		Corporate and others		Consolidated	
	For the six months ended 30 June					
	2007	2006	2007	2006	2007	2006
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to external customers	<u>3,848</u>	4,469	<u>—</u>	<u>—</u>	<u>3,848</u>	<u>4,469</u>
Segment results	<u>(751)</u>	(1,103)	<u>(5,194)</u>	<u>(4,329)</u>	<u>(5,945)</u>	<u>(5,432)</u>
Other revenue and gains					31,131	18,767
Finance costs					(240)	(177)
Share of profits of an associate					<u>992</u>	<u>944</u>
Profit before income tax					25,938	14,102
Income tax					<u>—</u>	<u>—</u>
Profit for the period					<u>25,938</u>	<u>14,102</u>

(b) Geographical segments

	Hong Kong		Consolidated	
	For the six months ended 30 June			
	2007	2006	2007	2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:				
Sales to external customers	<u>3,848</u>	<u>4,469</u>	<u>3,848</u>	<u>4,469</u>
Segment results	<u>(5,945)</u>	<u>(5,432)</u>	<u>(5,945)</u>	<u>(5,432)</u>

4. FINANCE COSTS

	For the six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on interest-bearing borrowings	<u>240</u>	<u>177</u>
	<u>240</u>	<u>177</u>

5. PROFIT BEFORE TAX

Profit before tax was arrived at after charging the following:

	For the six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	2,067	3,012
Depreciation of owned assets	337	216
Amortisation of land lease payments	<u>4</u>	<u>4</u>

6. TAX

No provision for Hong Kong tax has been made as the Group had no assessable profit during the period (2006: Nil).

No provision for overseas tax has been made in respect of the subsidiaries in the PRC nor other overseas subsidiaries as these subsidiaries had no assessable profits.

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 2007 (2006: Nil).

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit for the period attributable to equity holders of the Company for the period of approximately HK\$25,938,000 (2006: HK\$14,102,000) and the weighted average number of 1,800,000,000 (2006: 1,800,000,000) ordinary shares in issue during the period.

Diluted earnings per share, reflecting the exercise of subscription rights under the share options granted pursuant to the Company's share option scheme, have not been presented because the share options had no dilutive effects for both the six months ended 30 June 2007 and 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

For the six months ended 30 June 2007, the Group recorded a net profit attributable to equity holders of the Company of approximately HK\$26 million.

STEEL TRADING

The Group did not engage in steel trading during the period under review since the management adopted a prudent approach to minimize risk exposure of steel prices which fluctuated significantly. Indeed, the PRC continued to implement macroeconomic control measures to rein in economic development with bank borrowing rates raised and reduced export tax rebate rates for steel products. The management forecasted that the second half of 2007 would still be a hard time for steel markets and accordingly, much more effort to be devoted to explore other business opportunities.

ELECTRONICS

The electronics division reported a net loss of approximately HK\$0.7 million based on a turnover of HK\$3.8 million during the period under review. In view of the continuing loss, the Group has intention to seek a potential buyer to dispose of the related business.

PORTFOLIO INVESTMENTS

The Group continued to undertake portfolio investments during the period under review since the Group believes that substantial cash balances can be generated from time to time and limited portfolio investment activities will improve the return on cash balances and enhance the Group's profitability. Despite the Hong Kong and other overseas stock markets were very volatile and vulnerable during the first half of 2007, the Group performed at a satisfactory level when marking the investment portfolios to the market valuation as at 30 June 2007.

LIQUIDITY AND FINANCIAL RESOURCES

The Group principally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers in Hong Kong. As at 30 June 2007, the Group had available aggregate banking facilities of approximately HK\$488 million. The Group had interest-bearing borrowings of HK\$43 million which was secured by certain cash and securities with investment bankers. The Group's cash and bank balances and short-term bank deposits amounted to approximately HK\$73 million.

Taking into account the available credit facilities, cash on hand and recurring cash flows from its core business, the Group has sufficient working capital for its present requirements.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 30 June 2007, the Group had approximately 100 employees in Hong Kong and China. Remuneration is reviewed annually and in addition to the basic salaries, the Group also provides staff benefits including discretionary bonus, contributory provident fund and professional tuition/training subsidies in order to retain competent employees.

PROSPECTS

The global economy is generally positive despite growing concerns about the impact of interest rates and oil prices. Hong Kong continued to benefit from the strong economic growth in the Mainland China. Therefore, the Group will continue to concentrate on organic growth while remaining attuned to market opportunities that can sustain growth and deliver a strong recurring income to the Group. 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.

We will pay more attention on expansion and opportunities which are profitable and have a promising outlook. Whether expansion will be organically driven or by way of acquisition, we can only say it will be a calculated and measured expansion, tempered by caution.

PURCHASE, SALES OR REDEMPTIONS OF THE COMPANY'S LISTED SECURITIES

During the period, there were no purchases, sales or redemptions of the Company's listed securities by the Company or by any of its subsidiaries.

REVIEW BY AUDIT COMMITTEE

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters including the review of the Group's unaudited interim results for the six months ended 30 June 2007.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, save as disclosed below, the Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2007.

- (a) Under the 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, if necessary, in order to ensure compliance with the Code on Corporate Governance Practices.

- (b) Under the code provision of A.2, the role of chairman and chief executive officer should be separated and should not be performed by the same individual.

The Company does not at present have any officer with the title of “chief executive officer”. Mr. Lau Yung, Kenneth is the chairman and managing director of the Company. The Board will meet regularly to consider major matters affecting the operations of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company and is conducive to strong and consistent leadership, enabling the Company to respond promptly and efficiently.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the Company’s code of conduct of dealings in securities of the Company by the directors. Based on specific enquiry of the Company’s directors, the directors have complied with the required standard set out in the Model Code throughout the accounting period covered by the interim report.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the website of the Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk under the section “Latest Listed Company Information” and on the website of the Company at <http://www.irasia.com/listco/hk/orientalexplorer/index.htm>. The 2007 Interim Report containing all the information required under paragraphs 46(1) to 46(6) of Appendix 16 of the Rules Governing the Listing of Securities on the Exchange will be published on the same websites in due course.

BOARD OF DIRECTORS

As at the date hereof, the Board of Directors of the Company comprises five Directors of whom two are Executive Directors, namely Mr. Lau Chi Yung, Kenneth and Mr. Lau Michael Kei Chi; and three Independent Non-executive Directors, namely Mr. Choy Tak Ho, Mr. Lo Yick Wing and Mr. Wong Yim Sum.

By Order of the Board
Lau Chi Yung, Kenneth
Chairman

Hong Kong, 19 September 2007