

# INTERIM REPORT 2011



**O**riental  
**E**xplorer

**Oriental Explorer Holdings Limited**

(Incorporated in Bermuda with limited liability)

(Stock Code: 0430)



## 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 2011 (the "Period"), together with the comparative figures as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Notes	For the six months ended 30 June	
		2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
<b>REVENUE</b>	3	(11,083)	(4,336)
Cost of sales		<u>(203)</u>	<u>(47)</u>
Gross loss		(11,286)	(4,383)
Other income and gains	3	101	103
Operating and administrative expenses		(1,537)	(1,854)
Finance costs	5	(626)	(36)
Share of profits and losses of associates		<u>823</u>	<u>1,492</u>
<b>LOSS BEFORE TAX</b>	4	(12,525)	(4,678)
Income tax expense	6	<u>—</u>	<u>—</u>
<b>LOSS FOR THE PERIOD</b>		<u>(12,525)</u>	<u>(4,678)</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in fair value of available-for-sale investments		<u>1,964</u>	<u>(167)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>1,964</u>	<u>(167)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>(10,561)</u>	<u>(4,845)</u>
<b>LOSS FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Owners of the Company		(12,525)	(4,678)
Non-controlling interests		<u>—</u>	<u>—</u>
		<u>(12,525)</u>	<u>(4,678)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Owners of the Company		(10,561)	(4,845)
Non-controlling interests		<u>—</u>	<u>—</u>
		<u>(10,561)</u>	<u>(4,845)</u>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted	8	<u>(0.70) cents</u>	<u>(0.26) cents</u>

Details of interim dividend are disclosed in note 7.



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	As at 30 June 2011 HK\$'000 (Unaudited)	As at 31 December 2010 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,048	1,518
Investment properties		89,011	23,700
Prepaid land lease payments		437	441
Investments in associates		86,105	85,282
Available-for-sale investments		39,630	39,630
Loans to an investee company		330	330
Total non-current assets		<u>216,561</u>	<u>150,901</u>
<b>CURRENT ASSETS</b>			
Prepayments, deposits and other receivables		3,365	12,454
Available-for-sale investments		150,248	61,751
Equity investments at fair value through profit or loss		168,957	186,599
Pledged deposits	9	8,268	70
Cash and cash equivalents	9	50,650	28,667
Total current assets		<u>381,488</u>	<u>289,541</u>
<b>TOTAL ASSETS</b>		<u>598,049</u>	<u>440,442</u>
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		9,077	9,028
Interest-bearing bank and other borrowings		202,660	34,918
Tax payable		5,338	5,338
Total current liabilities		<u>217,075</u>	<u>49,284</u>
<b>NET CURRENT ASSETS</b>		<u>164,413</u>	<u>240,257</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>380,974</u>	<u>391,158</u>
<b>NON-CURRENT LIABILITIES</b>			
Due to a director		740	363
Total non-current liabilities		<u>740</u>	<u>363</u>
Net assets		<u>380,234</u>	<u>390,795</u>
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Issued capital	10	18,000	18,000
Reserves		362,234	372,795
Total equity		<u>380,234</u>	<u>390,795</u>



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Attributable to owners of the Company						Total equity HK\$'000 (Unaudited)
	Issued capital HK\$'000 (Unaudited) (Note 10)	Share premium HK\$'000 (Unaudited)	Capital redemption reserve HK\$'000 (Unaudited)	Available-for-sale investment revaluation reserve HK\$'000 (Unaudited)	Exchange fluctuation reserve HK\$'000 (Unaudited)	Accumulated losses HK\$'000 (Unaudited)	
At 1 January 2010	18,000	418,511	546	1,335	22,894	(132,575)	328,711
Loss for the period	-	-	-	-	-	(4,678)	(4,678)
Other comprehensive income for the period	-	-	-	(167)	-	-	(167)
At 30 June 2010	<u>18,000</u>	<u>418,511</u>	<u>546</u>	<u>1,168</u>	<u>22,894</u>	<u>(137,253)</u>	<u>323,866</u>
At 1 January 2011	<b>18,000</b>	<b>418,511</b>	<b>546</b>	<b>2,680</b>	<b>28,083</b>	<b>(77,025)</b>	<b>390,795</b>
Loss for the period	-	-	-	-	-	(12,525)	(12,525)
Other comprehensive income for the period	-	-	-	1,964	-	-	1,964
At 30 June 2011	<u><b>18,000</b></u>	<u><b>418,511</b></u>	<u><b>546</b></u>	<u><b>4,644</b></u>	<u><b>28,083</b></u>	<u><b>(89,550)</b></u>	<u><b>380,234</b></u>



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	For the six months ended 30 June	
	2011	2010
Notes	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	14,426	(7,413)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(159,941)	(4,262)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	<u>167,498</u>	<u>(7,081)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	21,983	(18,756)
Cash and cash equivalents at beginning of the period	<u>28,667</u>	<u>66,125</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>50,650</u></u>	<u><u>47,369</u></u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	9 50,650	5,781
Non-pledged deposits with original maturity of less than three months when acquired	9 <u>—</u>	<u>41,588</u>
	<u><u>50,650</u></u>	<u><u>47,369</u></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 2010 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 2011.

HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HKAS 32 Amendment	<i>Amendment to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues</i>
HKFRS 1 Amendment	<i>Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i>
HK(IFRIC)-Int 14 Amendments	<i>Amendments to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement</i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</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.

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:

HKAS 1 (Revised)	<i>Presentation of Financial Statements<sup>3</sup></i>
HKAS 12 Amendments	<i>Amendments to HKAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets<sup>2</sup></i>
HKAS 19 (2011)	<i>Employee Benefits<sup>4</sup></i>
HKAS 27 (2011)	<i>Separate Financial Statements<sup>4</sup></i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures<sup>4</sup></i>
HKFRS 7 Amendments	<i>Amendments to HKFRS 7 Financial Instruments – Disclosures: Transfers of Financial Assets<sup>1</sup></i>
HKFRS 9	<i>Financial Instruments<sup>4</sup></i>
HKFRS 10	<i>Consolidated Financial Statements<sup>4</sup></i>
HKFRS 11	<i>Joint Arrangements<sup>4</sup></i>
HKFRS 12	<i>Disclosure of Interests in Other Entities<sup>4</sup></i>
HKFRS 13	<i>Fair Value Measurement<sup>4</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2011

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2012

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2012

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2013



## 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	
	For the six months ended 30 June							
	2011	2010	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Segment revenue:</b>								
Sales to external customers	<u>825</u>	<u>258</u>	<u>(14,408)</u>	<u>(4,594)</u>	<u>2,500</u>	<u>-</u>	<u>(11,083)</u>	<u>(4,336)</u>
<b>Segment results</b>	<u>585</u>	<u>192</u>	<u>(15,412)</u>	<u>(4,918)</u>	<u>2,004</u>	<u>(1,511)</u>	<u>(12,823)</u>	<u>(6,237)</u>
Other income and gains							101	103
Finance costs							(626)	(36)
Share of profits and losses of associates	823	1,492					<u>823</u>	<u>1,492</u>
Loss before tax							<u>(12,525)</u>	<u>(4,678)</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 2011 and 2010.

## 3. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Revenue</b>		
Rental income from property letting	825	258
Fair value losses, net:		
Equity investments at fair value through profit or loss	(20,959)	(7,599)
Derivative financial instruments	-	(662)
Dividend income from listed investments	3,270	1,955
Dividend income from unlisted investments	2,500	-
Interest income from available-for-sale investments	<u>3,281</u>	<u>1,712</u>
	<u>(11,083)</u>	<u>(4,336)</u>
<b>Other income and gains</b>		
Interest income from loans and receivables	<u>101</u>	<u>103</u>



#### 4. LOSS BEFORE TAX

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

	<b>For the six months ended 30 June</b>	
	<b>2011</b>	<b>2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Depreciation	470	502
Amortization of prepaid land lease payments	4	4
Foreign exchange gain, net	<u>(1,510)</u>	<u>(367)</u>
Employee benefits expense, including directors' remuneration:		
Salaries, wages and other benefits	1,345	868
Pension scheme contributions (defined contribution scheme)	<u>17</u>	<u>8</u>
	<u><u>1,362</u></u>	<u><u>876</u></u>

#### 5. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2011</b>	<b>2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interest on bank loans, overdrafts and other loans	<u>626</u>	<u>36</u>

#### 6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong for the period. Taxes on profits assessable in the Mainland China have been calculated at the rates of tax prevailing in the 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 Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2011 (2010: Nil).





## 8. LOSS PER SHARE

The calculation of basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company of approximately HK\$12,525,000 (2010: HK\$4,678,000) and the weighted average number of ordinary shares of 1,800,000,000 (2010: 1,800,000,000) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the periods ended 30 June 2011 and 2010 in respect of a dilution as the Group had no dilutive potential ordinary shares in issue during those periods.

## 9. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at <b>30 June</b> <b>2011</b> <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2010 <i>HK\$'000</i> <i>(Audited)</i>
Cash and bank balances	58,918	1,538
Time deposits	—	27,199
	<u>58,918</u>	<u>28,737</u>
Less: Pledged deposits	<u>(8,268)</u>	<u>(70)</u>
Cash and cash equivalents	<u><u>50,650</u></u>	<u><u>28,667</u></u>

The deposits of approximately HK\$8,268,000 (as at 31 December 2010: HK\$70,000) were pledged as security for banking facilities granted.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to approximately HK\$17,363,695 (as at 31 December 2010: HK\$27,201,000). The RMB is not freely convertible into other currencies, however, under the Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposits rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

## 10. SHARE CAPITAL

	As at <b>30 June</b> <b>2011</b> <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2010 <i>HK\$'000</i> <i>(Audited)</i>
Authorised:		
20,000,000,000 (2010: 20,000,000,000) ordinary shares of HK\$0.01 each	<u><u>200,000</u></u>	<u><u>200,000</u></u>
Issued and fully paid:		
1,800,000,000 (2010: 1,800,000,000) ordinary shares of HK\$0.01 each	<u><u>18,000</u></u>	<u><u>18,000</u></u>



## 11. SHARE OPTION SCHEME

### The 2003 Scheme

On 27 June 2003, a new share option scheme (the “2003 Scheme”), in compliance with the requirements of Chapter 17 of the Listing Rules, was adopted by the Company for a period of 10 years, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the 2003 Scheme include any employee (including any executive and non-executive director), adviser, consultant, agent, contractor, client or customer, or supplier of any member of the Group.

The maximum number of unexercised share options currently permitted to be granted under the 2003 Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the 2003 Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 5 days from the date of the offer upon payment of a nominal consideration by the grantee. The exercise period of the share options granted is determinable by the directors, commences after a certain vesting period and ends on a date which is not later than 10 years from the date of grant of the option.

The subscription price is determined by the directors, but in any event may not be less than the higher of (i) the closing price of the shares on the date of grant, which must be a trading date; (ii) the average closing price of the shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of share.

No share options were granted, exercised, lapsed or cancelled since the establishment of the 2003 Scheme.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

## 12. RELATED PARTY TRANSACTIONS

Other than those transactions and balances disclosed elsewhere in the financial statements, the Group does not enter into any other transactions with related parties.



### 13. OPERATING LEASE ARRANGEMENTS

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms of one to two years. The terms of these leases generally require the tenants to pay security deposits.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at 30 June 2011 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2010 <i>HK\$'000</i> <i>(Audited)</i>
Within one year	1,792	799
In the second to fifth years, inclusive	<u>81</u>	<u>445</u>
	<u><u>1,873</u></u>	<u><u>1,244</u></u>

### 14. COMMITMENTS

The Group had the following capital commitments in respect of acquisition of investment properties at the end of the reporting period:

	As at 30 June 2011 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2010 <i>HK\$'000</i> <i>(Audited)</i>
Contracted, but not provided for	<u>–</u>	<u>53,313</u>

### 15. CORPORATE GUARANTEES

As at 30 June 2011, the Company has given corporate guarantees in favour of banks for banking facilities granted to its subsidiaries and associates to the extent of approximately HK\$142,948,000 (as at 31 December 2010: HK\$112,218,000), of which approximately HK\$142,948,000 (as at 31 December 2010: HK\$111,339,000) was utilised. In the opinion of the directors, no material liabilities will arise from the above corporate guarantees which arose in the ordinary course of business of the Group and the fair values of the corporate guarantees granted by the Company are immaterial.

### 16. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 26 August 2011.



## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF OPERATION

For the six months ended 30 June 2011, the Group recorded a loss of approximately HK\$13 million (2010: HK\$5 million).

### PROPERTY INVESTMENT

During the period under review, the Group had acquired quality properties at considerations of around HK\$65 million in order to capture the potential of property appreciation and enhance a stable source of rental income on leasing out the properties in future. Indeed, the Group's investment properties generated a stable rental of approximately HK\$0.8 million (2010: HK\$0.3 million) for the period ended 30 June 2011.

### TRADING AND INVESTMENTS

The global financial market in the first half of 2011 was volatile as a result of the worsening debt problem of European countries and the recent downgrading of the US debt rating. In view of this, the Group took a more prudent approach to acquire available-for-sale investments of around HK\$80 million with an average coupon rate of around 10%. Nevertheless, the Group's investment segment recorded a net fair value losses of approximately HK\$21 million (2010: HK\$8 million) when marking the investment portfolios to market valuation as at 30 June 2011.

### LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow and banking facilities provided by principal bankers in Hong Kong. In order to preserve liquidity and enhance interest yields, liquid assets were maintained in the form of highly liquid equity investments and available-for-sale investments of approximately HK\$319 million (as at 31 December 2010: HK\$248 million) as at 30 June 2011. The Group's cash and cash equivalents as at 30 June 2011 amounted approximately HK\$51 million (as at 31 December 2010: HK\$29 million). As at 30 June 2011, the Group had outstanding interest-bearing bank and other borrowings of approximately HK\$203 million (as at 31 December 2010: HK\$35 million) which were secured by certain cash and securities with investment bankers. Taking into account the total liquid assets of approximately HK\$370 million and total interest-bearing bank and other borrowings of approximately HK\$203 million, the Group was debt-free as at 30 June 2011.

### EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2011, the Group had approximately 5 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 recent downgrading of the US debt rating and the worsening debt problem of European countries, the Group expects that global financial markets are likely to remain volatile in the second half of 2011. Worldwide economic recovery is expected to be weak and fragile.

According to the Chinese National Bureau of Statistics, the gross domestic product ("GDP") reached RMB20.4 trillion for the first half of 2011, representing an increase of 9.6% over that for the corresponding period in 2010. On the other hand, inflationary pressure was still notable since the consumer price index for June 2011 reached 6.4%. Thus, the Group believes that the central government will continue to impose strict monetary policies on keeping domestic inflation under control.

During the period under review, the economy of Hong Kong maintained its strong momentum. The influx of hot money drives the property market to a high level. This led to the introduction of stricter home mortgage regulations by the Hong Kong Monetary Authority to stop property speculation. Nevertheless, with the continuous support from its mother country, Hong Kong also will become an offshore clearing centre for the RMB. In addition, since the rising number of initial public offerings and fund-raising activities drives the demand for more office space, the outlook for office sector is still positive.

The Group strongly believes that the Board has the necessary skills and expertise to enable them to work towards the goal of maximizing shareholder's wealth. The Group continues to adhere to the principle of prudent financial management policy and will pay more attention to expansion and opportunities which have a promising outlook.



## DIRECTORS' INTERESTS IN SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 30 June 2011, the interests of the directors of the Company (the "Director(s)") in the shares and underlying shares of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

### Long position in ordinary shares of the Company

Name of Director	Capacity	Number of shares held	Approximate percentage of the total issued share capital of the Company %
Lau Chi Yung	Through a controlled corporation	1,101,826,999*	61.21

### Long position in ordinary shares of associated corporation – Multifield International Holdings Limited, an intermediate holding company of the Company

Name of Director	Capacity	Number of shares held	Approximate percentage of the total issued share capital of associated corporation %
Lau Chi Yung	Through a controlled corporation	2,797,055,712*	66.91

\* *The above shares are ultimately controlled by Power Resources Holdings Limited as the trustee of the Power Resources Discretionary Trust, a family discretionary trust, the discretionary objects of which include Mr. Lau Chi Yung and his family.*

The interests of the directors in the share option of the Company are separately disclosed in note 11 to the unaudited condensed consolidated financial statements.

Other than certain nominee shares in subsidiaries held by a director in trust for the companies in the Group, no director held an interest in the share capital of the subsidiaries of the Company during the six months ended 30 June 2011.

Save as disclosed above, as at 30 June 2011, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme disclosures in note 11 to the unaudited condensed consolidated financial statements, at no time during the six months ended 30 June 2011 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2011, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

### Long positions in ordinary shares of the Company

Name of Shareholders	Capacity	Number of shares held	Approximate percentage of the total issued share capital of the Company %
Limitless Investment Limited <sup>(Note)</sup>	Directly beneficially owned	1,101,826,999	61.21
Multifield International Holdings (B.V.I.) Limited <sup>(Note)</sup>	Through a controlled corporation	1,101,826,999	61.21
Multifield International Holdings Limited <sup>(Note)</sup>	Through a controlled corporation	1,101,826,999	61.21
Lucky Speculator Limited <sup>(Note)</sup>	Through a controlled corporation	1,101,826,999	61.21
Desert Prince Limited <sup>(Note)</sup>	Through a controlled corporation	1,101,826,999	61.21
Power Resources Holdings Limited <sup>(Note)</sup>	Through a controlled corporation	1,101,826,999	61.21

*(Note) Power Resources Holdings Limited was deemed to have a beneficial interest in 1,101,826,999 ordinary shares of the Company by virtue of its indirect interests through Lucky Speculator Limited, Desert Prince Limited, Multifield International Holdings Limited, Multifield International Holdings (B.V.I.) Limited and Limitless Investment Limited which held shares in the Company.*

Save as disclosed above, as at 30 June 2011, no person, other than the Directors, whose interests are set out in the section "Directors' interests in shares of the Company and its associated corporation" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## 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 six months ended 30 June 2011.



## 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 2011.

## CODE ON CORPORATE GOVERNANCE PRACTICES

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 provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Listing Rules.

On 24 September 2009, Mr. Lau Chi Yung, an executive Director, was prosecuted and fined at the Eastern Magistrates' Court under the Part XV of the SFO for late filing of disclosures of his interests to the Stock Exchange of certain shares transactions which took place on various occasions during the period from 11 December 2006 to 27 November 2008. He paid a fine of HK\$80,000 and the investigation costs of HK\$7,499 to the Securities and Futures Commission as the penalty for such conviction.

In the opinion of the Directors, save as disclosed above, the Company has complied with the code provisions of the Code throughout the six months ended 30 June 2011.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Based on specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code for the six months ended 30 June 2011.

## 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 2011 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 report, the executive Directors are Mr. Lau Chi Yung and Mr. Lau Michael Kei Chi and the independent non-executive Directors are Mr. Lo Yick Wing, Mr. Wong Yim Sum, Mr. Lee Siu Man, Ervin and Mr. Tsui Ka Wah.

By Order of the Board  
**Lau Chi Yung**  
*Chairman*

Hong Kong, 26 August 2011