

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ORIENTAL EXPLORER HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 430)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

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 2014, 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 2014

		For the six months ended 30 June	
	<i>Notes</i>	2014	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
REVENUE	3	17,240	(2,145)
Cost of sales		<u>(336)</u>	<u>(305)</u>
Gross profit/(loss)		16,904	(2,450)
Other income and gains	3	2,404	343
Foreign exchange differences, net		(410)	6,448
Selling and distribution expenses		(6)	–
Operating and administrative expenses		(3,002)	(2,844)
Finance costs	5	(466)	(880)
Share of profits of an associate		1,160	1,773
PROFIT BEFORE TAX	4	16,584	2,390
Income tax expense	6	–	–
PROFIT FOR THE PERIOD		16,584	2,390

		For the six months ended 30 June	
		2014	2013
<i>Notes</i>		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods			
Available-for-sale investments:			
	Changes in fair value	(70)	(1,466)
	Reclassification adjustments for gains included in the consolidated statement of profit or loss – gain on disposal	<u>(1,937)</u>	<u>(167)</u>
	Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	<u>(2,007)</u>	<u>(1,633)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		<u>(2,007)</u>	<u>(1,633)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u><u>14,577</u></u>	<u><u>757</u></u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
	Owners of the Company	16,584	2,390
	Non-controlling interests	<u>–</u>	<u>–</u>
		<u><u>16,584</u></u>	<u><u>2,390</u></u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
	Owners of the Company	14,577	757
	Non-controlling interests	<u>–</u>	<u>–</u>
		<u><u>14,577</u></u>	<u><u>757</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	<u><u>0.61 cents</u></u>	<u><u>0.13 cents</u></u>

Details of interim dividend are disclosed in note 7.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	As at 30 June 2014 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2013 <i>HK\$'000</i> <i>(Audited)</i>
NON-CURRENT ASSETS		
Property, plant and equipment	472	282
Prepaid land lease payments	412	416
Investment properties	158,800	158,800
Investment in an associate	109,083	107,923
Club debenture	670	670
Available-for-sale investments	42,749	42,749
	<hr/>	<hr/>
Total non-current assets	312,186	310,840
	<hr/>	<hr/>
CURRENT ASSETS		
Prepayments, deposits and other receivables	1,361	649
Available-for-sale investments	105,051	144,125
Equity investments at fair value through profit or loss	262,532	255,392
Pledged deposits	4,309	1,043
Cash and cash equivalents	103,833	42,349
	<hr/>	<hr/>
Total current assets	477,086	443,558
	<hr/>	<hr/>
TOTAL ASSETS	789,272	754,398
	<hr/>	<hr/>
CURRENT LIABILITIES		
Other payables and accruals	8,564	9,215
Interest-bearing bank and other borrowings	138,103	117,155
Tax payable	3,818	3,818
	<hr/>	<hr/>
Total current liabilities	150,485	130,188
	<hr/>	<hr/>
NET CURRENT ASSETS	326,601	313,370
	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	638,787	624,210
	<hr/>	<hr/>

	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
NON-CURRENT LIABILITIES		
Deferred tax liabilities	<u>666</u>	<u>666</u>
Total non-current liabilities	<u>666</u>	<u>666</u>
Net assets	<u>638,121</u>	<u>623,544</u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	27,000	27,000
Reserves	<u>611,121</u>	<u>596,544</u>
Total equity	<u>638,121</u>	<u>623,544</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 2013 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 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments HKAS 32 Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i> Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
HKAS 36 Amendments	Amendments to HKAS 36 <i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

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
HKFRS 14	<i>Regulatory Deferral Accounts</i> ²
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	<i>Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39</i> ³
HKAS 19 Amendments	<i>Amendments to HKAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions</i> ¹
<i>Annual Improvements 2010-2012 cycle</i>	<i>Amendments to a number of HKFRSs issued in January 2014</i> ¹
<i>Annual Improvements 2011-2013 cycle</i>	<i>Amendments to a number of HKFRSs issued in January 2014</i> ¹

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or after 1 January 2016

³ No mandatory effective date yet determined but is available for adoption

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	
	2014	2013	2014	2013	2014	2013	2014	2013
	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>1,972</u>	<u>1,957</u>	<u>15,268</u>	<u>(4,102)</u>	<u>-</u>	<u>-</u>	<u>17,240</u>	<u>(2,145)</u>
Segment results	<u>1,613</u>	<u>1,644</u>	<u>14,039</u>	<u>1,528</u>	<u>(2,166)</u>	<u>(2,018)</u>	<u>13,486</u>	<u>1,154</u>
<i>Reconciliation:</i>								
Interest income from								
loans and receivables							215	14
Other gains							2,189	329
Finance costs							(466)	(880)
Share of profits of an associate	1,160	1,773					1,160	1,773
Profit before tax							<u>16,584</u>	<u>2,390</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 2014 and 2013.

3. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Revenue		
Rental income from property letting	1,972	1,957
Dividend income from listed investments	5,145	3,777
Fair value gains/(losses) on equity investments at fair value through profit or loss	4,759	(13,587)
Interest income from available-for-sale investments	5,364	5,708
	<u>17,240</u>	<u>(2,145)</u>
Other income and gains		
Interest income from loans and receivables	215	14
Fair value gains on available-for-sale investments (transfer from equity on disposal)	1,937	133
Others	252	196
	<u>2,404</u>	<u>343</u>

4. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation	71	87
Amortization of prepaid land lease payments	4	4
Foreign exchange differences, net	410	(6,448)
	<u>410</u>	<u>(6,448)</u>
Employee benefits expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	2,017	1,828
Pension scheme contributions (defined contribution scheme)	42	33
	<u>42</u>	<u>33</u>
	<u>2,059</u>	<u>1,861</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans, overdrafts and other loans wholly repayable within five years	466	880
	<u>466</u>	<u>880</u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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 2014 (2013: 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\$16,584,000 (2013: HK\$2,390,000), and the weighted average number of ordinary shares of 2,700,000,000 (2013: 1,800,000,000) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2014 and 2013 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during those periods.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

Despite the fact that the US Federal Reserve had begun its tapering schedule, recovery of the US market proves better than expected. The Chinese market also recorded a stable GDP growth of 7.5% in 2014 Q2. Hong Kong properties price remains a high level since the introduction of the BSD and SSD by the Hong Kong government. These factors contributed to the Group's financial performance for the first half of 2014, in particular on equity investments (stocks) held by the Group.

During the period under review, the Group recorded a net gain attributable to equity holders of the Company of about HK\$17 million (2013: HK\$2 million).

PROPERTY INVESTMENT

Investment properties in Hong Kong mainly comprise of office, industrial and residential units. With growth of Hong Kong's economy on the first half of 2014, the investment property portfolio contributed stable rental revenue to the Group.

TRADING AND INVESTMENTS

Stock market and bond market both shows signs of recovery due to better than expected recovery in the US market. As of 30 June 2014, the Group holds around HK\$263 million of equity investment and around HK\$105 million of available-for-sale investments. The Group's equity investments recorded a net fair value gain of approximately HK\$5 million (2013: net loss of HK\$14 million) when marking the investment portfolios to market valuation as of 30 June 2014.

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\$368 million (as of 31 December 2013: HK\$400 million) as of 30 June 2014. The Group's cash and cash equivalents as of 30 June 2014 amounted to approximately HK\$104 million (as of 31 December 2013: HK\$42 million).

As of 30 June 2014, the Group had outstanding interest-bearing bank and other borrowings of approximately HK\$138 million (as of 31 December 2013: HK\$117 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\$477 million and total interest-bearing bank and other borrowings of approximately HK\$138 million, the Group was debt-free as of 30 June 2014.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2014, the Group had approximately 10 employees in Hong Kong. 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.

PROSPECT

Taping of easing measures of the US Federal Reserve has begun, however there is no exact schedule when the US Federal Reserve will increase the interest rate. Despite it is likely that the increase in interest rate will start in year 2015, the uncertainty of exact timing of potential increase in interest rate will exert pressure on price on equity investments and available-for-sale investments, particular in high-yield equity investments and long-term debt instruments. As Hong Kong Dollar is pegged to the US Dollars, the uncertainty of US's economy may affect Hong Kong's economy.

China's economic growth was stable with GDP growth of 7.5% in the 2014 Q2. It is expected that China's GDP growth rate in the second half 2014 will remain stable. Domestic consumptions and investments will be the major contributors to Chinese economic growth. Although the recent loosening of bank loans for properties purchases alleviate the pressure on property market, the ongoing business environment of property and rental market is still challenging. China remains as one of the world economies with fast growth, hence rise in labour costs and inflationary pressure on utilities remain a key challenge to the Group.

Hong Kong government has strengthened the control on property market since early 2013, leading to suppression on the property trading market throughout the year. Despite of the passing of The Stamp Duty (Amendment) Ordinance 2014 (BSD and SSD) policies on February 2014, property price remained high in mid-2014. It is likely that these control measures will not be withdrawn in the near term. Along with uncertainty on the potential interest rate increase, the property market may be under downward pressure in the future.

In response to more and more uncertainties in both domestic and overseas economic conditions along with fierce market competitions, the Group will adopt its usual prudent capital and funding management to meet the challenges ahead, while strengthening the rental 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 of listed securities of the Company during the six months ended 30 June 2014.

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 2014.

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 2014, 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 2014.

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, 28 August 2014