



Oriental Explorer Holdings Limited
東方興業控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 0430)

INTERIM
REPORT **2021**

CONTENTS

	<i>Pages</i>
CORPORATE INFORMATION	2
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	3
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	4
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	5
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	7
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	8
MANAGEMENT DISCUSSION AND ANALYSIS	22
OTHER INFORMATION	25

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lau Chi Yung, Kenneth (*Chairman*)
Mr. Lau Michael Kei Chi
(*Vice-Chairman and Managing Director*)

Independent Non-executive Directors

Mr. Tsui Ka Wah
Mr. Lo Mun Lam, Raymond (*appointed on 27 May 2021*)
Mr. Lo Kam Cheung, Patrick (*appointed on 27 May 2021*)
Mr. Wong Yim Sum (*retired on 27 May 2021*)
Mr. Lee Siu Man, Ervin (*retired on 27 May 2021*)

AUDIT COMMITTEE

Mr. Lo Kam Cheung, Patrick (*Chairman*)
(*appointed on 27 May 2021*)
Mr. Tsui Ka Wah
Mr. Lo Mun Lam, Raymond (*appointed on 27 May 2021*)
Mr. Wong Yim Sum (*retired on 27 May 2021*)
Mr. Lee Siu Man, Ervin (*retired on 27 May 2021*)

REMUNERATION COMMITTEE

Mr. Tsui Ka Wah (*Chairman*)
Mr. Lau Chi Yung, Kenneth
Mr. Lau Michael Kei Chi
Mr. Lo Mun Lam, Raymond (*appointed on 27 May 2021*)
Mr. Lo Kam Cheung, Patrick (*appointed on 27 May 2021*)
Mr. Wong Yim Sum (*retired on 27 May 2021*)
Mr. Lee Siu Man, Ervin (*retired on 27 May 2021*)

NOMINATION COMMITTEE

Mr. Lau Chi Yung, Kenneth (*Chairman*)
Mr. Lau Michael Kei Chi
Mr. Tsui Ka Wah
Mr. Lo Mun Lam, Raymond (*appointed on 27 May 2021*)
Mr. Lo Kam Cheung, Patrick (*appointed on 27 May 2021*)
Mr. Wong Yim Sum (*retired on 27 May 2021*)
Mr. Lee Siu Man, Ervin (*retired on 27 May 2021*)

COMPANY SECRETARY

Mr. Li Ying Leung

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications (Hong Kong) Limited
Bank J. Safra Sarasin Ltd, Hong Kong Branch
Bank of China
East West Bank, Hong Kong Branch

SOLICITORS

Ng and Fang Solicitors & Notaries
Wong & Tang Solicitors

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
and Registered Public Interest Entity Auditor
31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Units 22-28, 25/F
Tower A, Southmark
11 Yip Hing Street
Wong Chuk Hang
Hong Kong

PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

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 2021, together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)
CONTINUING OPERATIONS			
REVENUE	3	13,836	2,569
Cost of sales		<u>(2,531)</u>	<u>(536)</u>
Gross profit		11,305	2,033
Other income and gains	3	45	300
Operating and administrative expenses		<u>(3,137)</u>	<u>(4,016)</u>
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	4	8,213	(1,683)
Income tax expense	6	<u>–</u>	<u>–</u>
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		<u>8,213</u>	<u>(1,683)</u>
DISCONTINUED OPERATION			
Loss for the period from a discontinued operation		<u>–</u>	<u>(126,632)</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>8,213</u>	<u>(128,315)</u>
ATTRIBUTABLE TO:			
Owners of the Company		<u>8,213</u>	<u>(128,315)</u>
EARNINGS/(LOSS) PER SHARE			
Basic and diluted			
– For profit/(loss) for the period	8	HK2.12 cents	HK(47.52) cents
– For profit/(loss) from continuing operations	8	HK2.12 cents	HK(0.62) cents

Details of interim dividend are disclosed in note 7.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PROFIT/(LOSS) FOR THE PERIOD	8,213	(128,315)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	—	—
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	8,213	(128,315)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Notes</i>	As at 30 June 2021 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2020 <i>HK\$'000</i> <i>(Audited)</i>
NON-CURRENT ASSETS			
Property, plant and equipment		41	38
Right-of-use assets		353	357
Investment properties		1,691,820	1,691,820
Club debenture		330	330
Total non-current assets		1,692,544	1,692,545
CURRENT ASSETS			
Trade Receivables	9	613	600
Prepayments, deposits and other receivables		941	1,472
Equity investments at fair value through profit or loss		175	98
Cash and cash equivalents	10	251,100	161,116
Total current assets		252,829	163,286
TOTAL ASSETS		1,945,373	1,855,831
CURRENT LIABILITIES			
Other payables and accruals		14,493	15,919
Promissory Notes		148,639	148,639
Amount due to fellow subsidiaries	11	240,668	150,149
Tax payable		5,378	5,378
Total current liabilities		409,178	320,085
NET CURRENT LIABILITIES		(156,349)	(156,799)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,536,195	1,535,746
NON-CURRENT LIABILITIES			
Deferred tax liabilities		24,291	24,291
Total non-current liabilities		24,291	24,291
Net assets		1,511,904	1,511,455
EQUITY			
Equity attributable to owners of the Company			
Issued capital	12	38,818	38,818
Reserves		1,473,086	1,472,637
Total equity		1,511,904	1,511,455

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company						Total equity HK\$'000 (Unaudited)
	Issued capital HK\$'000 (Unaudited) (Note 12)	Share premium account HK\$'000 (Unaudited)	Capital redemption reserve HK\$'000 (Unaudited)	Fair value reserve HK\$'000 (Unaudited)	Exchange fluctuation reserve HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	
At 1 January 2020	27,000	498,761	546	537,315	(598)	386,282	1,449,306
Loss for the period	-	-	-	-	-	(128,315)	(128,315)
Other comprehensive income for the period	-	-	-	-	-	-	-
At 30 June 2020	<u>27,000</u>	<u>498,761</u>	<u>546</u>	<u>537,315</u>	<u>(598)</u>	<u>257,967</u>	<u>1,320,991</u>
At 1 January 2021	38,818	579,126	546	-	(249)	893,214	1,511,455
Profit for the period	-	-	-	-	-	8,213	8,213
Other comprehensive income for the period	-	-	-	-	-	-	-
Final 2020 dividend declared	-	-	-	-	-	(7,764)	(7,764)
At 30 June 2021	<u>38,818</u>	<u>579,126</u>	<u>546</u>	<u>-</u>	<u>(249)</u>	<u>893,663</u>	<u>1,511,904</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	For the six months ended 30 June	
<i>Notes</i>	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	97,370	(1,127)
NET CASH INFLOW FROM INVESTING ACTIVITIES	12	215
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(7,398)	(48,012)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	89,984	(48,924)
Cash and cash equivalents at beginning of the period	<u>161,116</u>	<u>200,981</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>251,100</u>	<u>152,057</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<i>10</i> 15,727	2,057
Non-pledged deposits with original maturity of less than six months when acquired	<i>10</i> <u>235,373</u>	<u>150,000</u>
	<u>251,100</u>	<u>152,057</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 2020 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 2021.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform - Phase 2</i>
Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions</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:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework¹</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
HKFRS 17	<i>Insurance Contracts²</i>
Amendments to HKFRS 17	<i>Insurance Contracts^{2, 5}</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current^{2, 4}</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use¹</i>
Amendments to HKAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract¹</i>
<i>Annual Improvements to HKFRSs 2018 – 2020</i>	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41¹</i>

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ No mandatory effective date yet determined but available for adoption

⁴ As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

⁵ As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one (six months ended 30 June 2020: two) reportable operating segment as follows:

Continuing operations:

- the property investment segment mainly comprises rental income from investment properties; and

Discontinued operation:

- the trading and investments segment includes the trading of securities and investment income from securities investment and investment holding (discontinued in 2020).

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that unallocated corporate expenses, interest income on bank deposits, other gains and non-lease-related finance costs are excluded from such measurement.

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

	Continuing operations		Discontinued operation		Total	
	Property investment					
	For the six months ended 30 June					
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
				(Restated)		(Restated)
Segment revenue (Note 3)						
Revenue from external customers	13,759	2,568	–	(126,182)	13,759	(123,614)
Segment results	10,552	1,787	–	(126,210)	10,552	(124,423)
<i>Reconciliation:</i>						
Unallocated revenue					77	1
Unallocated corporate expenses					(2,461)	(3,771)
Interest income on bank deposits					27	84
Other gains					18	219
Finance costs					–	(425)
Profit/(loss) before tax					8,213	(128,315)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

Revenue from external customers:

	Continuing operations		Discontinued operation		Total	
	For the six months ended 30 June				2021	2020
	2021	2020	2021	2020		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Restated)		(Restated)		(Restated)
Hong Kong	13,676	2,569	-	(126,182)	13,676	(123,613)
Mainland China	160	-	-	-	160	-
	<u>13,836</u>	<u>2,569</u>	<u>-</u>	<u>(126,182)</u>	<u>13,836</u>	<u>(123,613)</u>

The revenue information of operations above is based on the locations of the customers.

Information about major customers

Revenue from each of the two major customers of the Group represents approximately HK\$1,430,000 of the total revenue for the six months ended 30 June 2021. No single customer accounted for 10% or more of the total revenue for the six months ended 30 June 2020.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i> <i>(Restated)</i>
Continuing operations:		
Rental income from property letting under fixed lease payments	13,759	2,568
Fair value gains on equity investments at fair value through profit or loss, net	77	1
	13,836	2,569
Discontinued operation:		
Fair value losses on equity investments at fair value through profit or loss, net	–	(126,937)
Dividend income from listed investment	–	755
	–	(126,182)
Other income and gains		
Continuing operations:		
Interest income on bank deposits	27	84
Government grants (<i>Note</i>)	–	216
Others	18	–
	45	300
Discontinued operation:		
Others	–	3
	–	3

Note: For the period ended 30 June 2020, the Group recognised government grants of approximately HK\$216,000 in respect of Covid-19-related subsidies, of which all relates to Employment Support Scheme provided by the Hong Kong government.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	3	–
Depreciation of right-of-use assets	<u>4</u>	<u>4</u>
Employee benefits expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	1,453	2,504
Pension scheme contributions (defined contribution scheme)	<u>63</u>	<u>58</u>
Total staff costs	<u>1,516</u>	<u>2,562</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Discontinued operation:		
Interest on other loans	<u>–</u>	<u>425</u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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, in which the Group operates.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INTERIM DIVIDEND PER SHARE

(a) Dividends recognised as distribution during the period:

	For the six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Final dividend for 2020 paid – HK2 cents (2020: 2019 final dividend of HK\$Nil) per ordinary share	7,764	–

(b) Dividend declared after the end of the reporting period:

	For the six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interim dividend declared – HK1 cent (2020: Nil) per ordinary share	3,882	–

The Board declared an interim dividend of HK1 cent per share at the meeting held on 26 August 2021. Dividend warrants will be posted on or about 21 October 2021 to shareholders whose names appear on the register of members of the Company on 7 October 2021.

The above interim dividends were declared after the interim reporting dates and have not been recognised as liabilities at the end of the respective reporting periods.

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company of approximately HK\$8,213,000 (2020: loss for the period of approximately HK\$128,315,000), and the weighted average number of ordinary shares of 388,183,600 (2020: 270,000,000 shares as adjusted to reflect the effect of the share consolidation of the Company with effect from 31 May 2021) in issue during the period.

The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as there is no potential dilutive ordinary shares in issue during the periods ended 30 June 2021 and 2020.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(continued)*

The calculations of basic and diluted earnings/(loss) per share are based on:

	For the six months ended 30 June	
	2021 HK\$'000 <i>(Unaudited)</i>	2020 HK\$'000 <i>(Unaudited)</i> (Restated)
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings/(loss) per share calculation:		
From continuing operations	8,213	(1,683)
From discontinued operation	—	(126,632)
	<u>8,213</u>	<u>(128,315)</u>
Profit/(loss) attributable to ordinary equity holders of the Company	<u>8,213</u>	<u>(128,315)</u>
Attributable to:		
Continuing operations	8,213	(1,683)
Discontinued operation	—	(126,632)
	<u>8,213</u>	<u>(128,315)</u>
For the six months ended 30 June		
	2021 '000 <i>(Unaudited)</i>	2020 '000 <i>(Unaudited)</i> (Restated)
Number of shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	<u>388,184</u>	<u>270,000</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. TRADE RECEIVABLES

	As at 30 June 2021 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2020 <i>HK\$'000</i> <i>(Audited)</i>
Trade receivables	613	600
Less: Loss allowance	—	—
	613	600

Trade receivables mainly consist of receivables from rental receivables, the tenants are usually required to settle the rental payments on the first day of the rental period, and are required to pay rental deposits with amount ranging from two to three months' rentals in order to secure any default in their rental payments. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	As at 30 June 2021 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2020 <i>HK\$'000</i> <i>(Audited)</i>
Within 1 month	189	130
1 to 2 months	1	15
2 to 3 months	—	—
Over 3 months	423	455
	613	600

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. CASH AND CASH EQUIVALENTS

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Cash and bank balances	15,727	10,611
Time deposits with original maturity of less than six months	<u>235,373</u>	<u>150,505</u>
Cash and cash equivalents	<u><u>251,100</u></u>	<u><u>161,116</u></u>

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 six months depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates.

11. AMOUNT DUE TO FELLOW SUBSIDIARIES

The amount due to fellow subsidiaries is non-trade in nature, unsecured, non-interest bearing and has no fixed term of repayment.

12. SHARE CAPITAL

Shares

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Authorised: 2,000,000,000 ordinary shares of par value HK\$0.10 each (31 December 2020: 20,000,000,000 ordinary shares of par value HK\$0.01 each)	<u><u>200,000</u></u>	<u><u>200,000</u></u>
Issued and fully paid: 388,183,600 ordinary shares of par value HK\$0.10 each (31 December 2020: 3,881,836,004 ordinary shares of par value HK\$0.01 each)	<u><u>38,818</u></u>	<u><u>38,818</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. SHARE CAPITAL *(continued)*

A summary of movements in the Company's authorised and issued share capital is as follows:

	Number of shares '000	Share capital HK\$'000
Authorised:		
At 1 January 2020, 31 December 2020 and 1 January 2021 <i>(audited)</i>	20,000,000	200,000
Share consolidation <i>(Note(a))</i>	(18,000,000)	–
At 30 June 2021 <i>(unaudited)</i>	2,000,000	200,000
Issued and fully paid:		
At 1 January 2020 <i>(audited)</i>	2,700,000	27,000
Share issuance <i>(Note(b))</i>	1,181,836	11,818
At 31 December 2020 and 1 January 2021 <i>(audited)</i>	3,881,836	38,818
Share consolidation <i>(Note(a))</i>	(3,493,652)	–
At 30 June 2021 <i>(unaudited)</i>	388,184	38,818

Note(a): On 31 May 2021, every ten (10) issued and unissued ordinary shares of par value HK\$0.01 each in the share capital of the Company were consolidated into one (1) ordinary share of par value HK\$0.10 each pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 27 May 2021.

Note(b): On 31 July 2020, 1,181,836,004 shares were issued as a consideration of business combination.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 13 to the unaudited condensed consolidated financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. SHARE OPTION SCHEME

The Group's share option scheme (the "2013 Scheme") was adopted pursuant to a resolution passed on 30 May 2013 for the primary purpose of providing incentives to eligible participants.

The 2013 Scheme

The Company operates the 2013 Scheme for the purpose of, among others, is to recognise and motivate the contribution of eligible participants to the Group and to provide incentives and help the Company in retaining its existing employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Company. Eligible participants of the 2013 Scheme include any (full-time or part-time) employee, including, without limitation, any executive and non-executive director or proposed executive and non-executive director of the Group, and any adviser, consultant, agent, contractor, client, customer or supplier or any member of the Group. The 2013 Scheme, unless otherwise cancelled or amended, will remain in force for 10 years from 30 May 2013.

The total number of securities available for issue under the 2013 Scheme was 180,000,000, which was equivalent to 10% of the issued share capital of the Company at the date of adoption of the 2013 Scheme (as a result of the share consolidation of the Company with effect from 31 May 2021, the total number of ordinary shares of the Company available for issue under the 2013 Scheme has been adjusted to 18,000,000 shares). The maximum number of shares issuable under share options to each eligible participant in the 2013 Scheme within any 12-month period, is limited to 1% of the shares of the Company for the time being in issue. 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 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 business days from the date of the offer upon payment of a nominal consideration of HK\$1 by the grantee. The exercise period of the share options granted is determinable by the directors, which is not later than 10 years from the date of offer of the share options or the expiry date of the 2013 Scheme, if earlier.

The exercise price of the share options is determined by the Board, but may be not less than the higher of (i) the nominal value of the shares; (ii) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (iii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer.

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

No share options under the 2013 Scheme have been granted, exercised, lapsed or cancelled since the establishment of the 2013 Scheme.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. CORPORATE GUARANTEES

There was not any corporate guarantee given by the Group as at 30 June 2021 (31 December 2020: Nil).

15. LEASE

(a) The Group as a lessor

The Group leases its investment properties under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the period was HK\$13,759,000 (2020: HK\$2,568,000), details of which are included in note 3 to the unaudited condensed consolidated financial statements.

At 30 June 2021, the undiscounted lease payments receivable by the Group in the future periods under non-cancellable operating leases with its tenants are as follows:

	As at 30 June 2021 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2020 <i>HK\$'000</i> <i>(Audited)</i>
Within one year	17,240	18,719
In the second year	8,354	8,074
In the third year	311	1,268
	<u>25,905</u>	<u>28,061</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. LEASE (continued)

(b) The Group as a lessee

The amounts recognised in profit or loss in relation to leases are as follows:

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation charge of right-of-use assets	4	4
Expense relating to short-term leases	450	300
Total amount recognised in profit or loss	454	304

The Group regularly entered into short-term leases for office premises. The Group does not recognise right-of-use assets and lease liabilities in regard of these short-term leases. The Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease terms. There is no renewal options and variable lease payments included in the lease agreement.

For the period ended 30 June 2021, total cash outflow for leases amounts to approximately HK\$450,000 (2020: HK\$300,000).

16. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in this interim report, the Group had the following transactions with related parties during the period:

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Fellow subsidiary:		
Rental expenses (Note)	450	300

Note: Rental expenses charged by Chater Land Limited were based on office areas occupied by the Group at a rent agreed by both parties.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. RELATED PARTY TRANSACTIONS *(continued)*

(b) Other transactions with related parties

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Transactions between the Group and other related parties during the period are not significant to the Group.

No transactions have been entered with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being the key management personnel compensation).

Save as disclosed above and elsewhere in this interim report, the Group had no material transactions with related parties during the six months ended 30 June 2021.

(c) Outstanding balances with related parties

As at 30 June 2021, the Company has outstanding promissory notes to its intermediate holding company of approximately HK\$148,639,000 (as at 31 December 2020: HK\$148,639,000). This balance is unsecured, interest-free and repayable within one year.

As at 30 June 2021, the Group has outstanding balance due to its fellow subsidiaries of approximately HK\$240,668,000 (as at 31 December 2020: HK\$150,149,000). This balance is unsecured, interest-free and has no fixed terms of repayment.

Details of the outstanding balance between the Group and other related parties during the period are disclosed in note 11.

17. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements were approved and authorised for issue by the Board on 26 August 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

During the period under reporting, the Group recorded a profit of approximately HK\$8 million (2020: loss of HK\$128 million). The improvement in results was mainly due to the completion of the group reorganisation plan between the Company and Multifield International Holdings Limited in the second half of 2020, which resulted in the non-recurrence of substantial fair value loss on listed equity investments during the reporting period, and also the significant increase in rental income compared with the corresponding period in 2020.

Continuing operations

Property investment

The Group's investment properties mainly comprise office, industrial and residential units in Hong Kong and in the Mainland China. The Group's investment property portfolio contributed rental revenue of approximately HK\$14 million for the six months ended 30 June 2021 (2020: HK\$3 million).

The significant increase in rental revenue during the period under reporting was mainly attributable to the expansion of the Group's investment property portfolio, which was an intended result of the group reorganisation plan between the Company and Multifield International Holdings Limited in 2020.

Discontinued operation

Financial investment

The Group has ceased its securities trading business since the second half of 2020. As a result, the Group recorded no significant fair value gain or loss on listed equity investments during the period under reporting (2020: loss of HK\$127 million).

CAPITAL STRUCTURE

Details of changes in capital structure of the Company during the six months ended 30 June 2021 are as follows:

Share consolidation and change in board lot size

On 26 March 2021, the Board proposed to implement a share consolidation on the basis of every ten (10) ordinary shares of par value HK\$0.01 each in the capital of the Company be consolidated into one (1) ordinary share of par value HK\$0.10 each. By an ordinary resolution passed at the annual general meeting of the Company held on 27 May 2021, the aforesaid share consolidation took effect on 31 May 2021. Upon the share consolidation became effective, the board lot size for trading of the shares of the Company on the Stock Exchange has been changed from 2,000 pre-consolidated shares per board lot to 4,000 consolidated shares per board lot. Please refer to (i) the announcement of the Company dated 26 March 2021; (ii) the circular of the Company dated 22 April 2021; and (iii) the poll results announcement of the Company dated 27 May 2021 for details.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

The Group did not have any material acquisitions or disposals of subsidiaries, associated companies and joint ventures during the six months ended 30 June 2021.

FOREIGN CURRENCY EXPOSURE

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollar and the United States dollar. The Group is exposed to foreign exchange risk with respect mainly to Renminbi which may affect the Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group and when appropriate hedge its currency risk.

As of 30 June 2021, the Group has not entered into any financial instrument for foreign currency hedging purpose.

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. The Group's cash and cash equivalents as of 30 June 2021 amounted to approximately HK\$251 million (31 December 2020: HK\$161 million).

As of 30 June 2021, total borrowings of the Group amounted to approximately HK\$389 million (31 December 2020: HK\$299 million), comprised promissory notes issued by the Company of approximately HK\$149 million (31 December 2020: HK\$149 million) and amounts due to fellow subsidiaries of approximately HK\$241 million (31 December 2020: HK\$150 million) which were unsecured, interest free and had no fixed term of repayment.

As at 30 June 2021, the Group did not have any outstanding bank and other borrowings (31 December 2020: Nil), nor did the Group have any pledge on assets.

The Group's gearing ratio was approximately 25.75% (calculated based on total borrowings divided by total equity) as at 30 June 2021 (31 December 2020: 19.77%).

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITY

As of 30 June 2021, the Group had no material contingent liability.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events which may materially affect the Group's operations and financial performance subsequent to 30 June 2021 and up to the date of this report.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2021, the Group had approximately 10 employees in Hong Kong. During the period, the staff costs (including directors' emoluments) amounted to approximately HK\$1 million (2020: HK\$3 million).

The objective of the Group's remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration paid to its employees (including directors and senior management), their performance, experience and the prevailing market condition are mainly considered. In addition to salaries, provident fund scheme, discretionary bonuses and tuition/training subsidies are available to employees. Level of remuneration is reviewed annually. During the review process, no individual director is involved in decisions relating to his own remuneration.

PROSPECT

The global COVID-19 pandemic situation continued to fluctuate in the first half of 2021. The pace of global economic recovery is full of uncertainties amid the new wave of pandemic around the world brought about by coronavirus variant.

Although the Group's investment properties are situated in Hong Kong and the Mainland China where the pandemic has been quite well contained, the management is cautious about the Group's financial performance in the second half of 2021. As at the date of approving these condensed consolidated financial statements, many social distancing and travel restrictions implemented to contain the COVID-19 pandemic are still in force. As the operating environment of particular industries such as retail, catering, and tourism remains severe, it is expected that tenants' affordability in general may not significantly improve in the remaining of 2021, resulting in considerable pressure on both rental yield and occupancy rate of the Group's investment properties in the short- to medium- term.

The performance of the Group is inevitably under the influence of the COVID-19 pandemic situation's development, nevertheless the financial position of the Group remained sound and the debt level remained sustainable and stable amid the pandemic. Looking ahead, the Group will maintain its prudent financial strategy, and will also continue to explore and grasp suitable investment opportunities to create value for shareholders.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As of 30 June 2021, the interests and short positions of the directors and the chief executive of the Company and each of their respective associates, in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Long position in ordinary shares of the Company

Name of director	Capacity and nature of interest	Number of shares held	Approximate percentage of the total number of issued shares of the Company %
Mr. Lau Chi Yung, Kenneth	Interest of controlled corporation	291,137,700*	75

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

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

Name of Director	Capacity and nature of interest	Number of shares held	Approximate percentage of the total number of issued shares of associated corporation %
Mr. Lau Chi Yung, Kenneth	Interest of controlled corporation	559,411,142**	66.91

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

The interests of the directors in the share option scheme of the Company are disclosed in note 13 to the unaudited condensed consolidated financial statements.

OTHER INFORMATION

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 2021.

Save as disclosed above, as of 30 June 2021, none of the directors and chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) are required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' and chief executive's interests or short positions in the shares, underlying shares and debentures of the Company and associated corporations" above and in the share option scheme disclosures in note 13 to the unaudited condensed consolidated financial statements, at no time during the six months ended 30 June 2021 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 THE SHARES

So far as was known to the directors of the Company, as of 30 June 2021, the following interests of 5% or more in the issued shares 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 and nature of interest	Number of shares held	Approximate percentage of the total number of issued shares of the Company %
Limitless Investment Limited	Directly beneficially owned	291,137,700 [#]	75
Multifield International Holdings (B.V.I.) Limited	Interest of controlled corporation	291,137,700 [#]	75
Multifield International Holdings Limited	Interest of controlled corporation	291,137,700 [#]	75
Lucky Speculator Limited	Interest of controlled corporation	291,137,700 [#]	75
Desert Prince Limited	Interest of controlled corporation	291,137,700 [#]	75
Power Resources Holdings Limited	Interest of controlled corporation	291,137,700 [#]	75

[#] *Power Resources Holdings Limited was deemed to have a beneficial interest in 291,137,700 shares of the Company by virtue of its indirect interests in Lucky Speculator Limited, Desert Prince Limited, Multifield International Holdings Limited, Multifield International Holdings (B.V.I.) Limited and Limitless Investment Limited.*

OTHER INFORMATION

Save as disclosed above, as of 30 June 2021, so far as was known to the directors of the Company, no other person had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 5 October 2021 to Thursday, 7 October 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 4 October 2021. The interim dividend will be paid to shareholders whose names appear on the register of members on Thursday, 7 October 2021 and the payment date will be on or about Thursday, 21 October 2021.

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 2021.

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 2021.

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 2021, 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.

Certain 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.

OTHER INFORMATION

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 2021.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for 2021 containing all the information required by the Listing Rules has been published on the websites of the Company (www.irasia.com/listco/hk/orientalexplorer/index.htm) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

BOARD OF DIRECTORS

As of the date of this report, 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 Mun Lam, Raymond, Mr. Lo Kam Cheung, Patrick and Mr. Tsui Ka Wah.

By Order of the Board
Lau Chi Yung, Kenneth
Chairman

Hong Kong, 26 August 2021