



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
2022



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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 Kam Cheung, Patrick
Mr. Lo Mun Lam, Raymond

AUDIT COMMITTEE

Mr. Lo Kam Cheung, Patrick (*Chairman*)
Mr. Lo Mun Lam, Raymond
Mr. Tsui Ka Wah

REMUNERATION COMMITTEE

Mr. Tsui Ka Wah (*Chairman*)
Mr. Lau Chi Yung, Kenneth
Mr. Lau Michael Kei Chi
Mr. Lo Kam Cheung, Patrick
Mr. Lo Mun Lam, Raymond

NOMINATION COMMITTEE

Mr. Lau Chi Yung, Kenneth (*Chairman*)
Mr. Lau Michael Kei Chi
Mr. Tsui Ka Wah
Mr. Lo Kam Cheung, Patrick
Mr. Lo Mun Lam, Raymond

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

SOLICITORS

Ng and Fang Solicitors & Notaries
Wong & Tang Solicitors

AUDITORS

Elite Partners CPA Limited
Certified Public Accountants
and Registered Public Interest Entity Auditor
10/F, 8 Observatory Road
Tsim Sha Tsui
Kowloon
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
17/F, Far East Finance Centre
16 Harcourt Road
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 2022, together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
REVENUE	3	11,832	13,759
Cost of sales		<u>(2,156)</u>	<u>(2,531)</u>
Gross profit		9,676	11,228
Other income and gains	3	494	45
Fair value changes on equity investments at fair value through profit or loss, net		(15)	77
Foreign exchange differences, net		28	–
Operating and administrative expenses		(2,529)	(3,137)
Finance costs	5	<u>(929)</u>	<u>–</u>
PROFIT BEFORE TAX	4	6,725	8,213
Income tax expense	6	<u>(421)</u>	<u>–</u>
PROFIT FOR THE PERIOD		<u><u>6,304</u></u>	<u><u>8,213</u></u>
ATTRIBUTABLE TO:			
Owners of the Company		<u><u>6,304</u></u>	<u><u>8,213</u></u>
EARNINGS PER SHARE			
Basic and diluted			
– For profit for the period	8	<u><u>HK1.62 cents</u></u>	<u><u>HK2.12 cents</u></u>

Details of interim dividend are disclosed in note 7.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	6,304	8,213
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	—	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>6,304</u>	<u>8,213</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		42	44
Right-of-use assets		344	348
Investment properties		1,696,920	1,696,920
Club debenture		330	330
Total non-current assets		<u>1,697,636</u>	<u>1,697,642</u>
CURRENT ASSETS			
Trade receivables	9	1,012	602
Prepayments, deposits and other receivables		2,769	2,652
Equity investments at fair value through profit or loss		91	106
Cash and cash equivalents	10	174,216	171,077
Total current assets		<u>178,088</u>	<u>174,437</u>
CURRENT LIABILITIES			
Other payables and accruals		16,182	15,513
Interest-bearing bank borrowings	11	150,000	150,000
Amount due to a director	12	1,546	1,531
Amount due to fellow subsidiaries	12	159,938	155,938
Tax payable		5,495	5,074
Total current liabilities		<u>333,161</u>	<u>328,056</u>
NET CURRENT LIABILITIES		<u>(155,073)</u>	<u>(153,619)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,542,563</u>	<u>1,544,023</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		25,548	25,548
Total non-current liabilities		<u>25,548</u>	<u>25,548</u>
Net assets		<u>1,517,015</u>	<u>1,518,475</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	13	38,818	38,818
Reserves		1,478,197	1,479,657
Total equity		<u>1,517,015</u>	<u>1,518,475</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company						Total equity HK\$'000
	Issued capital HK\$'000 <i>(Unaudited)</i> <i>(Note 13)</i>	Share premium account HK\$'000 <i>(Unaudited)</i>	Capital redemption reserve HK\$'000 <i>(Unaudited)</i>	Fair value reserve HK\$'000 <i>(Unaudited)</i>	Exchange fluctuation reserve HK\$'000 <i>(Unaudited)</i>	Retained profits HK\$'000 <i>(Unaudited)</i>	
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>
At 1 January 2022	38,818	579,126	546	–	(390)	900,375	1,518,475
Profit for the period	–	–	–	–	–	6,304	6,304
Other comprehensive income for the period	–	–	–	–	–	–	–
Final 2021 dividend declared	–	–	–	–	–	(7,764)	(7,764)
At 30 June 2022	<u>38,818</u>	<u>579,126</u>	<u>546</u>	<u>–</u>	<u>(390)</u>	<u>898,915</u>	<u>1,517,015</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	<i>Notes</i>	For the six months ended 30 June 2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
NET CASH INFLOW FROM OPERATING ACTIVITIES		11,694	97,370
NET CASH INFLOW FROM INVESTING ACTIVITIES		123	12
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		<u>(8,678)</u>	<u>(7,398)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,139	89,984
Cash and cash equivalents at beginning of the period		<u>171,077</u>	<u>161,116</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		<u>174,216</u>	<u>251,100</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	<i>10</i>	12,176	15,727
Non-pledged deposits with original maturity of less than six months when acquired	<i>10</i>	<u>162,040</u>	<u>235,373</u>
		<u>174,216</u>	<u>251,100</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 2021 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 2022.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i>
Annual Improvements to HKFRSs	<i>Annual Improvements to HKFRS 2018-2020</i>

Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

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 2021: one) reportable operating segment as follows:

Property Investment:

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

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 gain/loss before tax except that fair value changes on equity investments at fair value through profit or loss, net, unallocated corporate expenses, interest income on bank deposits, other gains and finance costs are excluded from such measurement.

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

	Property investment	
	For the six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Segment revenue (<i>Note 3</i>)		
Revenue from external customers	11,832	13,759
Segment results	9,062	10,552
<i>Reconciliation:</i>		
Fair value changes on equity investments at fair value through profit or loss, net	(15)	77
Unallocated corporate expenses	(1,887)	(2,461)
Interest income on bank deposits	423	27
Other gains	71	18
Finance costs	(929)	–
Profit before tax	6,725	8,213

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

Revenue from external customers:

	Property investment	
	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	11,761	13,599
Mainland China	71	160
	<u>11,832</u>	<u>13,759</u>

The revenue information above is based on the locations of the customers. No single external customer accounted for 10% or more of the total revenue for the periods ended 30 June 2022. 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.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Rental income from property letting under fixed lease payments	<u>11,832</u>	<u>13,759</u>
Other income and gains		
Interest income on bank deposits	423	27
Government grants <i>(Note)</i>	64	–
Others	7	18
	<u>494</u>	<u>45</u>

Note: For the period ended 30 June 2022, the Group recognised government grants of approximately HK\$64,000 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 BEFORE TAX

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

	For the six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Depreciation of property, plant and equipment	2	3
Depreciation of right-of-use assets	4	4
	4	4
Employee benefits expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	1,130	1,453
Pension scheme contributions (defined contribution scheme)	50	63
	50	63
Total staff costs	1,180	1,516
	1,180	1,516

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interest on bank loan	929	–
	929	–

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. INCOME TAX

Hong Kong Profits Tax has been provided at the rate of 16.5% (2021: 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 rate of tax prevailing in Mainland China, in which the Group operates. Pursuant to the relevant PRC tax laws and regulations, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income if such non-resident enterprise does not have an establishment or place in the PRC. The Group's subsidiaries incorporated in Hong Kong and engaged in the property investment in the PRC does not have an establishment or place in the PRC. As a result, those subsidiaries is subject to a 10% enterprise income tax on PRC-sourced income.

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	421	–
Current – Mainland China		
Charge for the period	–	–
Total tax charges for the period	<u>421</u>	<u>–</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. DIVIDENDS

- (a) Dividends recognised as distribution during the period:

	For the six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Final dividend for 2021 paid – HK2 cents (2021: 2020 final dividend of HK2 cents) per ordinary share	7,764	7,764

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

	For the six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interim dividend declared – HK0.8 cent (2021: HK1 cent) per ordinary share	3,105	3,882

The Board declared an interim dividend of HK0.8 cent per share at the meeting held on 30 August 2022. Dividend warrants will be posted on or about 20 October 2022 to shareholders whose names appear on the register of members of the Company on 30 September 2022.

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 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\$6,304,000 (2021: profit for the period of approximately HK\$8,213,000), and the weighted average number of ordinary shares of 388,183,600 (2021: 388,183,600).

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2022 and 2021.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. TRADE RECEIVABLES

	As at 30 June 2022 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2021 <i>HK\$'000</i> <i>(Audited)</i>
Trade receivables	1,012	602
Less: Loss allowance	—	—
	<u>1,012</u>	<u>602</u>

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 2022 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2021 <i>HK\$'000</i> <i>(Audited)</i>
Within 1 month	319	66
1 to 2 months	37	64
2 to 3 months	36	—
Over 3 months	620	472
	<u>1,012</u>	<u>602</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. CASH AND CASH EQUIVALENTS

	As at 30 June 2022 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2021 <i>HK\$'000</i> <i>(Audited)</i>
Cash and bank balances	12,176	8,341
Time deposits with original maturity of less than six months	162,040	162,736
Cash and cash equivalents	174,216	171,077

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. INTEREST-BEARING BANK BORROWINGS

	As at 30 June 2022			As at 31 December 2021		
	Contractual interest rate (%)	Maturity	<i>HK\$'000</i>	Contractual interest rate (%)	Maturity	<i>HK\$'000</i>
Current liabilities						
Secured bank loans						
denominated in Hong Kong dollar	HIBOR plus 0.95	2026 or on demand	150,000	HIBOR plus 0.95	2026 or on demand	150,000

The scheduled principal repayment dates of the Group with reference to the loan agreements and ignore the effect of any repayment on-demand clause are as follows:

	As at 30 June 2022 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2021 <i>HK\$'000</i> <i>(Audited)</i>
Analysed into:		
Bank loans repayable:		
Within one year	3,000	3,000
In the second year	3,000	3,000
In the third to fifth years, inclusive	144,000	144,000
	150,000	150,000

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. INTEREST-BEARING BANK BORROWINGS *(continued)*

The Group's bank loans are secured by:

- (i) mortgages over the Group's certain investment properties situated in Hong Kong, which had an aggregate carrying value at the end of the reporting period of approximately HK\$649,000,000 (as at 31 December 2021: HK\$649,000,000); and
- (ii) the Company has guaranteed certain of the Group's bank loans up to HK\$280,000,000 (as at 31 December 2021: HK\$280,000,000) as at the end of the reporting period.

12. AMOUNT DUE TO A DIRECTOR/FELLOW SUBSIDIARIES

The amounts are unsecured, interest-free and repayable on demand.

13. SHARE CAPITAL

Shares

	As at 30 June 2022 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2021 <i>HK\$'000</i> <i>(Audited)</i>
Authorised:		
2,000,000,000 ordinary shares of par value HK\$0.10 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
388,183,600 ordinary shares of par value HK\$0.10 each	<u>38,818</u>	<u>38,818</u>

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 14 to the unaudited condensed consolidated financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. 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

15. CORPORATE GUARANTEES

At 30 June 2022, the Company has given a corporate guarantee in favour of a bank for banking facilities granted to its subsidiary to the extent of approximately HK\$280,000,000 (31 December 2021: HK\$280,000,000), of which approximately HK\$150,000,000 (31 December 2021: HK\$150,000,000) was utilised.

In the opinion of the directors, no material liabilities will arise from the above corporate guarantee which arose in the ordinary course of business of the Group and the fair value of the corporate guarantee granted by the Company is immaterial.

16. 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\$11,832,000 (2021: HK\$13,759,000), details of which are included in note 3 to the unaudited condensed consolidated financial statements.

At 30 June 2022 and 31 December 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 2022 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2021 <i>HK\$'000</i> <i>(Audited)</i>
Within one year	16,155	17,877
In the second year	4,966	6,464
In the third year	354	1,061
	<u>21,475</u>	<u>25,402</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. 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	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Depreciation charge of right-of-use assets	2	4
Expense relating to short-term leases	417	450
Total amount recognised in profit or loss	419	454

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 these 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 2022, total cash outflow for leases amounts to approximately HK\$417,000 (2021: HK\$450,000).

17. 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	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Fellow subsidiary:		
Rental expenses (<i>Note(a)</i>)	417	450
Rental incomes (<i>Note(b)</i>)	732	–
	732	–

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

Note(b): Rental incomes received from Multifield (Holdings) Limited were related to the properties leased to such company at a rent agreed by both parties.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. 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 2022.

(c) Outstanding balances with related parties

As at 30 June 2022, the Group has outstanding balance due to its fellow subsidiaries of approximately HK\$159,938,000 (31 December 2021: HK\$155,938,000). This balance is unsecured, interest-free and has no fixed terms of repayment.

The Group has an outstanding balance due to its director of approximately HK\$1,546,000 as at 30 June 2022 (31 December 2021: HK\$1,531,000). The 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 12.

18. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements were approved and authorised for issue by the Board on 30 August 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

Property investment

The Group's investment properties mainly comprise offices, industrial and residential units in Hong Kong. These investment properties contributed rental revenue of approximately HK\$11.8 million for the six months ended 30 June 2022 (2021: HK\$13.8 million). The decrease in rental revenue was mainly attributable to the weakened demand and affordability of tenants amid the fifth-wave COVID-19 outbreak in Hong Kong.

FINANCIAL REVIEW

During the six months ended 30 June 2022, the Group recorded a year-on-year decline in profit of approximately HK\$1.9 million or 23% to approximately HK\$6.3 million (2021: HK\$8.2 million). The decline in profit was mainly due to the decrease in rental revenue of approximately HK\$1.9 million or 14% to approximately HK\$11.8 million during the period under reporting (2021: HK\$13.8 million).

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 2022.

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 2022, the Group had no financial instrument for foreign currency hedging purpose.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2022 amounted to approximately HK\$174.2 million (31 December 2021: HK\$171.1 million).

As of 30 June 2022, total borrowings of the Group amounted to approximately HK\$311.4 million (31 December 2021: HK\$307.4 million), comprised amounts due to fellow subsidiaries of approximately HK\$159.9 million (31 December 2021: HK\$155.9 million), amount due to a director of approximately HK\$1.5 million (31 December 2021: HK\$1.5 million) which were unsecured, interest free and had no fixed term of repayment and interest-bearing bank borrowings of approximately HK\$150 million (31 December 2021: HK\$150 million) which were secured by legal charges on the Group's certain investment properties in Hong Kong. The Group's bank borrowings were mainly arranged on a floating rate basis.

The Group's gearing ratio was approximately 20.53% (calculated based on total borrowings divided by total equity) as at 30 June 2022 (31 December 2021: 20.25%).

CHARGES ON GROUP ASSETS

Details of the charges on the Group's assets are set out in note 11 to the unaudited condensed consolidated financial statements.

CONTINGENT LIABILITY

As of 30 June 2022, 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 2022 and up to the date of this report.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2022, the Group had 7 employees in Hong Kong. During the period, the staff costs (including directors' emoluments) amounted to approximately HK\$1.2 million (2021: HK\$1.5 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.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECT

Hong Kong reported year-on-year contraction in gross domestic product in both of the first two quarters of 2022. Adverse factors that hindered Hong Kong's as well as the global economic recovery in the first half of the year, such as the COVID-19 pandemic situation, geopolitical conflict, the sharp rise in inflation, and the interest rate hikes expectation, have shown no sign of abating.

The Group recorded a decline in rental income for the first half of 2022 compared with the corresponding period last year. Although the Hong Kong government has been proactively implementing economy-boosting measures, which include the launch of consumer voucher scheme and the relaxation of hotel quarantine requirements for inbound travellers, the local economy continues to be fragile. As tenants' demand and affordability are expected to remain weak in the coming months or even year, there is unlikely a substantial improvement in the Group's performance in the second half of the year.

The Group will pay close attention to changes in its operating environment, and will adjust its investment strategies and operations in a timely manner to cope with such changes. The Group is confident that its financial position will continue to be relatively stable amid the present uncertain economic outlook.

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 2022, 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 issued share capital of the Company %
Mr. Lau Chi Yung, Kenneth	Interest of controlled corporation	291,137,700*	75.00

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 issued share capital 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 14 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 Company's subsidiaries during the six months ended 30 June 2022.

Save as disclosed above, as of 30 June 2022, 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.

OTHER INFORMATION

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 14 to the unaudited condensed consolidated financial statements, at no time during the six months ended 30 June 2022 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 2022, 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 issued share capital of the Company %
Limitless Investment Limited	Directly beneficially owned	291,137,700 [#]	75.00
Multifield International Holdings (B.V.I.) Limited	Interest of controlled corporation	291,137,700 [#]	75.00
Multifield International Holdings Limited	Interest of controlled corporation	291,137,700 [#]	75.00
Lucky Speculator Limited	Interest of controlled corporation	291,137,700 [#]	75.00
Desert Prince Limited	Interest of controlled corporation	291,137,700 [#]	75.00
Power Resources Holdings Limited	Interest of controlled corporation	291,137,700 [#]	75.00

[#] *Power Resources Holdings Limited was deemed to have a beneficial interest in 291,137,700 ordinary 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.*

Save as disclosed above, as of 30 June 2022, so far as was known to the directors of the Company, no person, other than a director, whose interests are set out in the section “Directors’ and chief executive’s interests or short positions in the shares, underlying shares and debentures of the Company and associated corporations” 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 28 September 2022 to Friday, 30 September 2022, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 27 September 2022. The interim dividend will be paid to shareholders whose names appear on the register of members on Friday, 30 September 2022 and the payment date will be on or about Thursday, 20 October 2022.

OTHER INFORMATION

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 2022.

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 2022.

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 (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 2022, save as disclosed below.

Under code provision B.2.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Under the bye-laws of the Company, at each annual 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 2022.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for 2022 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, 30 August 2022