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ORIENTAL EXPLORER HOLDINGS LIMITED

(the "Company")

(Incorporated in Bermuda with limited liability)

(Stock Code: 430)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2013

	<i>Notes</i>	2013 HK\$'000	2012 HK\$'000
REVENUE	3	21,708	62,854
Cost of sales		<u>(634)</u>	<u>(547)</u>
Gross profit		21,074	62,307
Other income and gains	3	2,111	629
Foreign exchange differences, net		6,459	809
Fair value gains on investment properties		16,600	39,050
Selling and distribution expenses		–	(99)
Operating and administrative expenses		(5,872)	(5,486)
Finance costs	5	(1,613)	(2,185)
Share of profits of an associate		<u>4,270</u>	<u>2,583</u>
PROFIT BEFORE TAX	4	43,029	97,608
Income tax expense	6	<u>(261)</u>	<u>(260)</u>
PROFIT FOR THE YEAR		<u>42,768</u>	<u>97,348</u>

	<i>Notes</i>	2013 HK\$'000	2012 HK\$'000
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		3,256	28,155
Reclassification adjustments for gains included in the consolidated statement of profit or loss – gain on disposal		(133)	(517)
		3,123	27,638
Share of other comprehensive income of an associate		5,078	3,102
Exchange differences on translation of foreign operations		4	2
		8,205	30,742
		8,205	30,742
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX			
		8,205	30,742
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
		50,973	128,090
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		42,768	97,348
Non-controlling interests		–	–
		42,768	97,348
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		50,973	128,090
Non-controlling interests		–	–
		50,973	128,090
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	2.36 cents	5.41 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2013

	<i>Notes</i>	2013 HK\$'000	2012 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		282	429
Prepaid land lease payments		416	425
Investment properties		158,800	142,200
Investment in an associate		107,923	98,575
Club debenture		670	670
Available-for-sale investments		42,749	42,749
Loan to an investee company		–	330
Total non-current assets		<u>310,840</u>	<u>285,378</u>
CURRENT ASSETS			
Prepayments, deposits and other receivables		649	1,133
Available-for-sale investments		144,125	142,562
Equity investments at fair value through profit or loss		255,392	187,680
Pledged deposits		1,043	20,664
Cash and cash equivalents		42,349	6,261
Total current assets		<u>443,558</u>	<u>358,300</u>
TOTAL ASSETS		<u>754,398</u>	<u>643,678</u>
CURRENT LIABILITIES			
Other payables and accruals		9,215	9,906
Interest-bearing bank and other borrowings		117,155	145,365
Tax payable		3,818	3,818
Total current liabilities		<u>130,188</u>	<u>159,089</u>
NET CURRENT ASSETS		<u>313,370</u>	<u>199,211</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>624,210</u>	<u>484,589</u>
NON-CURRENT LIABILITIES			
Amount due to a director		–	863
Deferred tax liabilities		666	405
Total non-current liabilities		<u>666</u>	<u>1,268</u>
Net assets		<u>623,544</u>	<u>483,321</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	9	27,000	18,000
Reserves		596,544	465,321
Total equity		<u>623,544</u>	<u>483,321</u>

NOTES TO FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (HK\$) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – <i>Transition Guidance</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
HKAS 19 (2011)	<i>Employee Benefits</i>
HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HK(IFRIC)-Int 20 <i>Annual Improvements 2009-2011 Cycle</i>	<i>Stripping Costs in the Production Phase of a Surface Mine</i> Amendments to a number of HKFRSs issued in June 2012

The adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	<i>Financial Instruments</i> ⁴
HKFRS 14	<i>Regulatory Deferral accounts</i> ³
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	<i>Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39</i> ⁴
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i> ¹
HKAS 19 Amendments	Amendments to HKAS 19 <i>Employee Benefits – Defined Benefit Plans: Employee Contributions</i> ²
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> ¹
HKAS 36 Amendments	Amendments to HKAS 36 <i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets</i> ¹
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i> ¹

HK(IFRIC)-Int 21 <i>Annual Improvements 2010-2012 Cycle</i>	<i>Levies</i> ¹ Amendments to a number of HKFRSs issued in January 2014 ²
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs issued in January 2014 ²

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

² Effective for annual periods beginning on or after 1 July 2014

³ Effective for annual periods beginning on or after 1 January 2016

⁴ No mandatory effective date yet determined but is available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

The HKAS 32 Amendments clarify the meaning of “currently has a legally enforceable right to set off” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three (2012: three) reportable operating segments as follows:

- (a) the property investment segment mainly comprises rental income from investment properties;
- (b) the trading and investments segment includes the trading of securities and investment income from securities investment and investment holding; and
- (c) the corporate and others segment.

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 before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax from operations except that interest income from loans and receivables, fair value gains on investment properties and share of profits of an associate, finance costs and other gains are excluded from such measurement.

Segment assets exclude investment in an associate and pledged deposits and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, amount due to a director, tax payable, and deferred tax liabilities as these liabilities are managed on a group basis.

There are no sales or other transactions between the operating segments during the year (2012: Nil).

Years ended 31 December 2013 and 2012

	Property investment		Trading and investments		Corporate and others		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	<u>3,917</u>	<u>1,984</u>	<u>17,791</u>	<u>60,870</u>	<u>-</u>	<u>-</u>	<u>21,708</u>	<u>62,854</u>
Segment results	<u>2,181</u>	<u>798</u>	<u>20,076</u>	<u>55,591</u>	<u>(596)</u>	<u>1,142</u>	<u>21,661</u>	<u>57,531</u>
<i>Reconciliation:</i>								
Interest income from loans and receivables							16	112
Fair value gains on investment properties	16,600	39,050	-	-	-	-	16,600	39,050
Other gains							2,095	517
Finance costs							(1,613)	(2,185)
Share of profits of an associate	4,270	2,583	-	-	-	-	4,270	2,583
Profit before tax							<u>43,029</u>	<u>97,608</u>
Segment assets								
	158,885	142,283	400,630	332,337	43,568	43,558	603,083	518,178
<i>Reconciliation:</i>								
Unallocated assets							43,392	26,925
Investment in an associate	107,923	98,575	-	-	-	-	107,923	98,575
Total assets							<u>754,398</u>	<u>643,678</u>
Segment liabilities								
	1,063	1,059	334	85	7,818	8,762	9,215	9,906
<i>Reconciliation:</i>								
Unallocated liabilities							121,639	150,451
Total liabilities							<u>130,854</u>	<u>160,357</u>
Other segment information:								
Depreciation and amortisation	-	-	-	-	156	493	156	493
Change in fair value of investment properties	<u>16,600</u>	<u>39,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,600</u>	<u>39,050</u>

Geographical information

(a) 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 years ended 31 December 2013 and 2012.

	Hong Kong		Mainland China		Total	
	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets	<u>159,007</u>	<u>142,516</u>	<u>491</u>	<u>538</u>	<u>159,498</u>	<u>143,054</u>

The non-current asset information above is based on the location of assets and excludes financial instruments.

3. REVENUE, OTHER INCOME AND GAINS

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

	2013	2012
	HK\$'000	HK\$'000
Revenue		
Rental income from property letting	3,917	1,984
Fair value (losses)/gains on equity investments at fair value through profit or loss	(4,120)	39,711
Dividend income from listed investments	10,534	7,650
Interest income from available-for-sale investments	11,377	13,509
	<u>21,708</u>	<u>62,854</u>
Other income and gains		
Interest income from loans and receivables	16	112
Gain on disposal of items of property, plant and equipment	432	–
Fair value gains on available-for-sale investments (transfer from equity on disposal)	133	517
Waiver of other payables	1,106	–
Others	424	–
	<u>2,111</u>	<u>629</u>

4. PROFIT BEFORE TAX

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

	2013 HK\$'000	2012 HK\$'000
Cost of services provided	634	547
Depreciation	147	484
Amortisation of prepaid land lease payments	9	9
Auditors' remuneration	200	200
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	634	547
Foreign exchange differences, net	<u>(6,459)</u>	<u>(809)</u>
Employee benefits expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	4,017	3,806
Pension scheme contributions (defined contribution scheme) (<i>Note</i>)	<u>67</u>	<u>59</u>
	<u>4,084</u>	<u>3,865</u>

Note:

At 31 December 2013, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2012: Nil).

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2013 HK\$'000	2012 HK\$'000
Interest on bank loans and other loans wholly repayable within five years	<u>1,613</u>	<u>2,185</u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in Mainland China have been calculated at the rate of tax prevailing in Mainland China, in which the group operates.

	2013 HK\$'000	2012 HK\$'000
Deferred tax	<u>261</u>	<u>260</u>
Total tax charge for the year	<u><u>261</u></u>	<u><u>260</u></u>

7. DIVIDENDS

The directors do not recommend the declaration of a final dividend for the year ended 31 December 2013 (2012: 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 year attributable to ordinary equity holders of the Company of approximately HK\$42,768,000 (2012: HK\$97,348,000), and the weighted average number of ordinary shares of 1,809,863,014 (2012: 1,800,000,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2013 and 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

9. SHARE CAPITAL

Shares

	2013 HK\$'000	2012 HK\$'000
Authorised: 20,000,000,000 (2012: 20,000,000,000) ordinary shares of HK\$0.01 each	<u><u>200,000</u></u>	<u><u>200,000</u></u>
Issued and fully paid: 2,700,000,000 (2012: 1,800,000,000) ordinary shares of HK\$0.01 each	<u><u>27,000</u></u>	<u><u>18,000</u></u>

A summary of the transactions during the year with reference to the above movements in the Company's issued share capital is as follow:

	Number of shares in issue	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 January 2013	1,800,000,000	18,000	418,511	436,511
Issue of shares on open offer	900,000,000	9,000	81,000	90,000
Share issue expenses	<u>—</u>	<u>—</u>	<u>(750)</u>	<u>(750)</u>
At 31 December 2013	<u>2,700,000,000</u>	<u>27,000</u>	<u>498,761</u>	<u>525,761</u>

During the year, the movements in share capital were as follows:

On 27 December 2013, the Company issued 900,000,000 new ordinary shares as a result of the open offer at the price of HK\$0.1 per share on the basis of one offer share for every two existing share. The net proceeds of approximately HK\$89,250,000 arising from the open offer have been used as additional working capital to strengthen the Company's financial position.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 28 May 2014 to 30 May 2014, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting and 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 27 May 2014.

REVIEW OF OPERATION

Both global and local economy was full of uncertainties in year of 2013, in particular, influenced by the schedule of tapering by the US Federal Reserve. Additionally, Hong Kong government had strengthened the control on property market in early 2013, leading to suppression on the property trading market. During the year under review, the Group recorded a net gain attributable to equity holders of the Company of about HK\$43 million (2012: HK\$97 million).

PROPERTY INVESTMENT

Investment properties in Hong Kong mainly comprise of office, industrial and residential units. Favored by the government's BSD and SSD policies which increases the demand of rental units, the investment property portfolio contributed stable rental revenue.

TRADING AND INVESTMENTS

Stock market and bond market both shows signs of recovery due to active Quantitative Easing in the US and other main industrial countries. As of 31 December 2013, the Group holds around HK\$256 million of equity investment and around HK\$144 million of available-for-sale investments. The Group's equity investments recorded a net fair value loss of approximately HK\$4 million (2012: gain of HK\$40 million) when marking the investment portfolios to market valuation as of 31 December 2013.

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\$400 million (2012: HK\$330 million) as of 31 December 2013. The Group's cash and cash equivalents as of 31 December 2013 amounted to approximately HK\$42 million (2012: HK\$6 million).

As of 31 December 2013, the Group had outstanding interest-bearing bank and other borrowings of approximately HK\$117 million (2012: HK\$145 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\$444 million and total interest-bearing bank and other borrowings of approximately HK\$117 million, the Group was debt-free as at 31 December 2013.

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2013, 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, yet the exact schedule is still uncertain. This is a sign that the US economy is on the road to recovery, however, 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, these potential fluctuations in US economy may have a significant impact on the Hong Kong economy.

China's economic growth has slowed down in 2013 with GDP growth of 7.7% in 2013. It is expected that China's GDP growth rate in 2014 will further slow down, with the Chinese government targeting a 7.5% GDP growth rate for 2014. Domestic consumptions and investments will be the major contributors to Chinese economic growth. Despite the tightening of bank loans granted by Chinese banks and a slower economic growth, China remains as one of the world economies with fast growth, hence inflationary pressure on utilities and salaries expenses remain a key challenge to the Group.

Hong Kong government has strengthened the control on property market in early 2013, leading to suppression on the property trading market throughout the year. On February 2014, after the passing of the stamp duty bill (BSD and amended SSD) policies, property price and trading volume in Hong Kong decreased accordingly. It is likely that these control measures will not be withdrawn in the near term, meaning, the property market is likely to be under downward pressure as compared to 2013. 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.

CORPORATE GOVERNANCE CODE

In the opinion of the directors of the Company (the “Director(s)”), 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 year ended 31 December 2013, save as disclosed below.

Under code provisions of A.4.1 and A.4.2, (i) non-executive directors should be appointed for a specific term, subject to re-election; and (ii) all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Non-executive directors do not have a specific term of appointment and under the bye-laws of the Company, at each general meeting, one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation save any director holding office as chairman and managing director. The Company intends to propose any amendment of relevant bye-laws of the Company, if necessary, in order to ensure compliance with the Code.

Under code provision of E.1.2, the chairman of the board should attend the annual general meeting.

Mr. Lau Chi Yung, Kenneth, the chairman of the board of Directors (the “Board”), attended the annual general meeting of the Company by phone conference, which was held on 30 May 2013 (the “2013 AGM”) as he had a business engagement. Mr. Tsui Ka Wah, the chairman of the remuneration committee of the Company, was elected the chairman of the 2013 AGM to ensure effective communication with shareholders of the Company at the meeting. The chairman of the audit committee of the Company, Mr. Wong Yim Sum, had also attended the 2013 AGM.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with Rule 3.21 of the Listing Rules. The audit committee’s terms of reference includes those specific duties as set out in the code provision C.3.3 of the Code.

The audit committee comprises four independent non-executive Directors, namely Mr. Lo Yick Wing, Mr. Wong Yim Sum, Mr. Lee Siu Man, Ervin and Mr. Tsui Ka Wah. The chairman of the audit committee, Mr. Wong Yim Sum, has extensive experience in the finance and auditing fields.

In the presence of the representatives of the Company’s independent external auditors, the Group’s draft audited consolidated financial statements for the year ended 31 December 2013 have been reviewed by the audit committee, and with recommendation to the Board for approval.

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 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Based on specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code for the year ended 31 December 2013.

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 year.

NEW SHARES ISSUED

As at 31 December 2013, the total number of issued shares of the Company was 2,700,000,000. A total of 900,000,000 new shares were issued during the year.

On 27 December 2013, 900,000,000 new shares were issued at the price of HK\$0.10 per share pursuant to the open offer. Details of the open offer were set out in the announcements published by the Company on 13 November 2013 and 24 December 2013 and the circular to the shareholders of the Company dated 5 December 2013 respectively.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement of the Company is 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). The annual report of the Company for 2013 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and made available on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the executive Directors are Mr. Lau Chi Yung, Kenneth and Mr. Lau Michael Kei Chi and the independent non-executive Directors are Mr. Lo Yick Wing, Mr. Wong Yim Sum, Mr. Lee Siu Man, Ervin and Mr. Tsui Ka Wah.

By Order of the Board
Lau Chi Yung, Kenneth
Chairman

Hong Kong, 25 March 2014