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ORIENTAL EXPLORER HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 430)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

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 2012, together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

		For the six months ended 30 June	
	<i>Notes</i>	2012	2011
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
REVENUE	3	18,167	(11,083)
Cost of sales		<u>(278)</u>	<u>(203)</u>
Gross profit/(loss)		17,889	(11,286)
Other income and gains	3	27	101
Operating and administrative expenses		(2,092)	(1,537)
Finance costs	5	(1,039)	(626)
Share of profits of an associate		<u>1,664</u>	<u>823</u>
PROFIT/(LOSS) BEFORE TAX	4	16,449	(12,525)
Income tax expense	6	<u>–</u>	<u>–</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>16,449</u>	<u>(12,525)</u>

	For the six months ended 30 June	
	2012	2011
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
OTHER COMPREHENSIVE INCOME		
Changes in fair value of available-for-sale investments	<u>9,573</u>	<u>1,964</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	<u>9,573</u>	<u>1,964</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u><u>26,022</u></u>	<u><u>(10,561)</u></u>
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:		
Owners of the Company	16,449	(12,525)
Non-controlling interests	<u>—</u>	<u>—</u>
	<u><u>16,449</u></u>	<u><u>(12,525)</u></u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:		
Owners of the Company	26,022	(10,561)
Non-controlling interests	<u>—</u>	<u>—</u>
	<u><u>26,022</u></u>	<u><u>(10,561)</u></u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		
Basic and diluted	8 <u><u>0.91 cents</u></u>	<u><u>(0.70) cents</u></u>

Details of interim dividend are disclosed in note 7.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	As at 30 June 2012 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2011 <i>HK\$'000</i> <i>(Audited)</i>
NON-CURRENT ASSETS		
Property, plant and equipment	532	913
Investment properties	103,150	103,150
Prepaid land lease payments	429	434
Investment in an associate	94,554	92,890
Club debenture	670	670
Available-for-sale investments	42,749	40,854
Loan to an investee company	330	330
	<hr/>	<hr/>
Total non-current assets	242,414	239,241
CURRENT ASSETS		
Prepayments, deposits and other receivables	142	23,744
Available-for-sale investments	138,524	128,950
Equity investments at fair value through profit or loss	162,915	160,468
Pledged deposits	125	645
Cash and cash equivalents	41,501	33,765
	<hr/>	<hr/>
Total current assets	343,207	347,572
	<hr/>	<hr/>
TOTAL ASSETS	585,621	586,813
CURRENT LIABILITIES		
Other payables and accruals	10,050	9,275
Interest-bearing bank and other borrowings	187,863	215,608
Tax payable	3,818	3,818
	<hr/>	<hr/>
Total current liabilities	201,731	228,701
	<hr/>	<hr/>
NET CURRENT ASSETS	141,476	118,871
	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	383,890	358,112
NON-CURRENT LIABILITIES		
Due to a director	2,492	2,736
Deferred tax liabilities	145	145
	<hr/>	<hr/>
Total non-current liabilities	2,637	2,881
	<hr/>	<hr/>
Net assets	381,253	355,231
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	18,000	18,000
Reserves	363,253	337,231
	<hr/>	<hr/>
Total equity	381,253	355,231
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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“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 2011 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 2012.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i>
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</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:

HKFRSs Amendments	Annual Improvements 2009-2011 Cycle ²
HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i> ²
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i> ²
HKFRS 9 and HKFRS 7 Amendments	Amendments to HKFRS 9 <i>Financial Instruments</i> and HKFRS 7 <i>Mandatory Effective Date of HKFRS 9 and Transition Disclosures</i> ⁴
HKFRS 9	<i>Financial Instruments</i> ⁴
HKFRS 10	<i>Consolidated Financial Statements</i> ²
HKFRS 11	<i>Joint Arrangements</i> ²
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> ²
HKFRS 13	<i>Fair Value Measurement</i> ²
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i> ²
HKAS 1 Amendments	<i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i> ¹
HKAS 19 (2011)	<i>Employee Benefits</i> ²
HKAS 27 (2011)	<i>Separate Financial Statements</i> ²
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> ²
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> ³
HK(IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i> ²

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

2. OPERATING SEGMENT INFORMATION

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

	Property investment		Trading and investments		Corporate and others		Total	
	For the six months ended 30 June							
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Segment revenue:								
Sales to external customers	<u>469</u>	<u>825</u>	<u>17,698</u>	<u>(14,408)</u>	<u>-</u>	<u>2,500</u>	<u>18,167</u>	<u>(11,083)</u>
Segment results	<u>175</u>	<u>585</u>	<u>17,926</u>	<u>(15,412)</u>	<u>(2,304)</u>	<u>2,004</u>	15,797	(12,823)
<i>Reconciliation:</i>								
Interest income from loans and receivables							27	101
Finance costs							(1,039)	(626)
Share of profits of an associate	1,664	823					<u>1,664</u>	<u>823</u>
Profit/(loss) before tax							<u>16,449</u>	<u>(12,525)</u>

Geographical information

Revenue from sales to external customers are all generated from Hong Kong. No customer accounted for 10% or more of the total revenue for the periods ended 30 June 2012 and 2011.

3. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Revenue		
Rental income from property letting	469	825
Dividend income from listed investments	2,821	3,270
Dividend income from unlisted investments	-	2,500
Fair value gains/(losses), net:		
Equity investments at fair value through profit or loss	9,087	(20,959)
Interest income from available-for-sale investments	<u>5,790</u>	<u>3,281</u>
	<u>18,167</u>	<u>(11,083)</u>
Other income and gains		
Interest income from loans and receivables	<u>27</u>	<u>101</u>

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	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation	381	470
Amortization of prepaid land lease payments	5	4
Foreign exchange differences, net	<u>(435)</u>	<u>(1,510)</u>
Employee benefits expense (including directors' remuneration):		
Salaries, wages and other benefits	1,736	1,345
Pension scheme contributions (defined contribution scheme)	<u>27</u>	<u>17</u>
	<u>1,763</u>	<u>1,362</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans, overdrafts and other loans wholly repayable within five years	<u>1,039</u>	<u>626</u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong for the period. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China, based on existing legislation, interpretations and practices in respect thereof.

The share of tax expense attributable to an associate is included in "Share of profits of an associate" on the face of the condensed consolidated statement of comprehensive income.

7. INTERIM DIVIDEND PER SHARE

The directors do not recommend the declaration of an interim dividend in respect of the six months ended 30 June 2012 (2011: Nil).

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

The calculation of basic earnings/(loss) per share is based on the profit for the period attributable to ordinary equity holders of the Company of approximately HK\$16,449,000 (2011: loss for the period HK\$12,525,000), and the weighted average number of ordinary shares of 1,800,000,000 (2011: 1,800,000,000) in issue during the period.

No adjustment has been made to the basic earnings/(loss) per share presented for the periods ended 30 June 2012 and 2011 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during those periods.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

For the six months ended 30 June 2012, the Group recorded a profit of approximately HK\$16 million (2011: loss of HK\$13 million).

PROPERTY INVESTMENT

The rental income is expected to continue to increase in the second half of 2012 due to a strong rental reversion recorded for renewal of part of the rental portfolio. Indeed, the Group's investment properties generated a stable rental income of approximately HK\$0.5 million (2011: HK\$0.8 million) for the period ended 30 June 2012.

TRADING AND INVESTMENTS

During the period under review, the global financial market has remained volatile. In view of this, the Group has continued to take a prudent approach to invest in available-for-sale investments of around HK\$139 million. Nevertheless, even amidst a downward macroeconomic trend, the Group's investment segment recorded a net fair value gain of approximately HK\$9 million (2011: loss of HK\$21 million) when marking the investment portfolios to market valuation as at 30 June 2012.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow and banking facilities provided by principal bankers in Hong Kong. In order to preserve liquidity and enhance interest yields, liquid assets were maintained in the form of highly liquid equity investments and available-for-sale investments of approximately HK\$301 million (as at 31 December 2011: HK\$289 million) as at 30 June 2012. The Group's cash and cash equivalents as at 30 June 2012 amounted to approximately HK\$42 million (as at 31

December 2011: HK\$34 million). As at 30 June 2012, the Group had outstanding interest-bearing bank and other borrowings of approximately HK\$188 million (as at 31 December 2011: HK\$216 million) which were secured by certain equity investments, available-for-sale investments and deposits with investment bankers or by legal charges on certain investment properties in Hong Kong. Taking into account the total liquid assets of approximately HK\$343 million and total interest-bearing bank and other borrowings of approximately HK\$188 million, the Group was debt-free as at 30 June 2012.

EMPLOYEES AND REMUNERATION POLICY

Remuneration is reviewed annually. In addition to the basic salaries, the Group also provides staff benefits including discretionary bonus, provident fund and training subsidies in order to retain competent employees.

PROSPECT

Looking ahead, 2012 will be a challenging year with the uncertainty on the global macroeconomic front as the European sovereign debt crisis will remain the key overhang and the U.S. economy has not yet recovered. Despite joint efforts by the governments of U.S. and the European Union to rescue and stabilize ailing economies, it is generally anticipated that global financial woes will remain unresolved in the short term.

Apart from the volatility of the global financial markets, inflation has also become a worldwide phenomenon, including China. The rising operation costs are expected to whittle down profits which poses a great challenge to business operations in China.

The economic outlook of Hong Kong is anticipated to remain challenging with uncertainties of the global economic conditions for the second half of 2012. However, supported by the economic activities momentum of the PRC with policies favourable to Hong Kong, the economic activities in Hong Kong will continue to benefit. In addition, low level of mortgage interest rates and the recent housing policy which sets out the blueprint of the long-term housing framework for Hong Kong, are aimed at developing a more balanced policy to meet the needs of society. Property investment, as one of the pillar industries of Hong Kong, is expected to receive continued support from the new government. Thus, the Group believes that the outlook of Hong Kong property market is positive.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of listed securities of the Company during the six months ended 30 June 2012.

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 2012.

CORPORATE GOVERNANCE CODE

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 casual 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 provisions of the Corporate Governance Code (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

Under code provision of A.5.1, issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.

At a meeting of the board of directors of the Company (the "Director(s)") on 28 August 2012 and upon identification of a suitable candidate, the Company resolved to appoint the chairman of the Board, Mr. Lau Chi Yung, as the chairman of the nomination committee with immediate effect for compliance with the Code.

Under code provision of A.6.7, independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

One of the independent non-executive Directors, Mr. Lee Siu Man, Ervin, was unable to attend the annual general meeting of the Company held on 28 May 2012 as he was having another meeting on the same day.

In the opinion of the Directors, save as disclosed above, the Company has complied with the code provisions of the Code throughout the six months ended 30 June 2012.

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 six months ended 30 June 2012.

BOARD OF DIRECTORS

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

By Order of the Board

Lau Chi Yung

Chairman

Hong Kong, 28 August 2012