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ORIENTAL EXPLORER HOLDINGS LIMITED

東方興業控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 430)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

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 2024, together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

		For the six months ended 30 June	
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
REVENUE	3	12,458	11,287
Cost of sales		<u>(2,767)</u>	<u>(2,804)</u>
Gross profit		9,691	8,483
Other income and gains	3	297	822
Fair value changes on equity investments at fair value through profit or loss, net		(12)	(9)
Foreign exchange differences, net		(28)	–
Operating and administrative expenses		(2,989)	(2,700)
Finance costs	5	<u>(3,693)</u>	<u>(3,301)</u>
PROFIT BEFORE TAX	4	3,266	3,295
Income tax expense	6	<u>(486)</u>	<u>(1,018)</u>
PROFIT FOR THE PERIOD		<u>2,780</u>	<u>2,277</u>

		For the six months ended 30 June	
		2024	2023
	<i>Note</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		2,780	2,277
		<u><u>2,780</u></u>	<u><u>2,277</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	HK0.72 cents	HK0.59 cents
		<u><u>HK0.72 cents</u></u>	<u><u>HK0.59 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 2024

		For the six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD		2,780	2,277
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		<u>—</u>	<u>—</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u><u>2,780</u></u>	<u><u>2,277</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	As at 30 June 2024	As at 31 December 2023
<i>Note</i>	HK\$'000 <i>(Unaudited)</i>	HK\$'000 <i>(Audited)</i>
NON-CURRENT ASSETS		
Property, plant and equipment	48	51
Investment properties	1,653,820	1,653,820
Right-of-use assets	326	331
Club debenture	330	330
	<hr/>	<hr/>
Total non-current assets	1,654,524	1,654,532
	<hr/>	<hr/>
CURRENT ASSETS		
Trade receivables	9 182	224
Prepayments, deposits and other receivables	6,023	1,506
Equity investments at fair value through profit or loss	41	53
Cash and cash equivalents	7,995	158,992
	<hr/>	<hr/>
Total current assets	14,241	160,775
	<hr/>	<hr/>
CURRENT LIABILITIES		
Other payables and accruals	14,668	16,528
Interest-bearing bank borrowings	–	144,000
Amount due to fellow subsidiaries	5,217	150,701
Loan from a fellow subsidiary	146,643	–
Tax payable	5,711	5,488
	<hr/>	<hr/>
Total current liabilities	172,239	316,717
	<hr/>	<hr/>
NET CURRENT LIABILITIES	(157,998)	(155,942)
	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	1,496,526	1,498,590
	<hr/>	<hr/>

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
NON-CURRENT LIABILITIES		
Deferred tax liabilities	<u>26,879</u>	<u>26,879</u>
Total non-current liabilities	<u>26,879</u>	<u>26,879</u>
Net assets	<u>1,469,647</u>	<u>1,471,711</u>
EQUITY		
Equity attributable to owners of the Company		
Share capital	38,818	38,818
Reserves	<u>1,430,829</u>	<u>1,432,893</u>
Total equity	<u>1,469,647</u>	<u>1,471,711</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited interim condensed consolidated 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 2023 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 2024.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one (2023: one) reportable operating segment which is the property investment segment that mainly comprises rental income from investment properties and therefore no further discrete financial information nor analysis of this single segment is presented.

Geographical information

Revenue from external customers:

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	12,458	11,240
Mainland China	—	47
	<u>12,458</u>	<u>11,287</u>

The revenue information of operations above is based on the locations of the customers. No single external customer accounted for 10% or more of the total revenue for the six months ended 30 June 2024 and 2023.

3. REVENUE, OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<i>Revenue from other sources</i>		
Rental income from property letting under fixed lease payments	<u>12,458</u>	<u>11,287</u>
<i>Other income and gains</i>		
Interest income on bank deposits	98	720
Others	<u>199</u>	<u>102</u>
	<u>297</u>	<u>822</u>

4. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	3	2
Depreciation of right-of-use assets	4	4
	<u>7</u>	<u>6</u>
Employee benefits expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	1,034	1,081
Pension scheme contributions (defined contribution scheme)	40	46
	<u>1,074</u>	<u>1,127</u>
Total staff costs	<u>1,074</u>	<u>1,127</u>

5. FINANCE COSTS

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans	1,050	3,301
Interest on loan from a fellow subsidiary	2,643	–
	<u>3,693</u>	<u>3,301</u>

6. INCOME TAX

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of assessable profits of the qualifying group entity will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2023: 16.5%). Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

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 do not have an establishment or place in the PRC. As a result, those subsidiaries are subject to a 10% Enterprise Income Tax on PRC-sourced income.

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	515	520
Over-provision in prior years	(34)	–
	<u>481</u>	<u>520</u>
Current – Mainland China		
Charge for the period	5	498
	<u>486</u>	<u>1,018</u>

7. DIVIDENDS

(a) Dividends recognised as distribution during the period:

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend for 2023 paid – HK1.2 cents (2023: 2022 final dividend of HK1.2 cents) per ordinary share	<u>4,658</u>	<u>4,658</u>

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

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interim dividend declared – HK0.8 cent (2023: HK0.8 cent) per ordinary share	<u>3,105</u>	<u>3,105</u>

The Board declared an interim dividend of HK0.8 cent per share at the meeting held on 28 August 2024. Dividend warrants will be posted on or about 24 October 2024 to shareholders whose names appear on the register of members of the Company on 27 September 2024.

The above interim dividend was declared after the interim reporting dates and has 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\$2,780,000 (2023: HK\$2,277,000), and the weighted average number of ordinary shares of 388,183,600 (2023: 388,183,600 shares).

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2024 and 2023.

9. TRADE RECEIVABLES

	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Trade receivables	<u>182</u>	<u>224</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.

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

	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Within 1 month	160	202
1 to 2 months	17	18
2 to 3 months	4	–
3 to 12 months	–	3
Over 1 year	<u>1</u>	<u>1</u>
	<u>182</u>	<u>224</u>

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 25 September 2024 to Friday, 27 September 2024, 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, 24 September 2024. The interim dividend will be paid to shareholders whose names appear on the register of members on Friday, 27 September 2024 and the payment date will be on or about Thursday, 24 October 2024.

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\$12.5 million for the six months ended 30 June 2024 (2023: HK\$11.3 million). The increase in rental revenue was mainly attributable to the increase in overall portfolio occupancy rates.

FINANCIAL REVIEW

During the six months ended 30 June 2024, the Group recorded an increase in profit of approximately HK\$0.5 million or 22% to approximately HK\$2.8 million (2023: HK\$2.3 million). The rise in profit was mainly due to the increase in rental revenue of approximately HK\$1.2 million or 10% to HK\$12.5 million during the period under reporting (2023: HK\$11.3 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 2024.

FOREIGN CURRENCY EXPOSURE

The Group is currently not exposed to any material foreign exchange risks as most of the monetary assets and liabilities are denominated in Hong Kong dollars. The management will consider suitable hedging instruments against significant currency exposure should the need arises.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flows and loan from a fellow subsidiary. The Group's cash and cash equivalents as of 30 June 2024 amounted to approximately HK\$8.0 million (31 December 2023: HK\$159.0 million).

As of 30 June 2024, total borrowings of the Group amounted to approximately HK\$151.8 million (31 December 2023: HK\$294.7 million), comprised amounts due to fellow subsidiaries of approximately HK\$5.2 million (31 December 2023: HK\$150.7 million), and loan from a fellow subsidiary of approximately HK\$146.6 million (31 December 2023: Nil).

The Group's gearing ratio was approximately 10.33% (calculated based on total borrowings divided by total equity) as at 30 June 2024 (31 December 2023: 20.02%).

CONTINGENT LIABILITY

As of 30 June 2024, 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 2024 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2024, the Group had 8 employees in Hong Kong. During the period, the staff costs (including directors' emoluments) amounted to approximately HK\$1.1 million (2023: HK\$1.1 million).

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

PROSPECT

The global economy will continue to be challenging in the latter half of 2024 due to sustained economic slowdown, ongoing geo-political conflicts and high interest rate environment. These challenges bring low investment sentiment and uncertainty to global markets.

Demand for Hong Kong office leasing remains subdued due to weak business sentiment. However, the residential leasing market remains robust due to sustained demand from potential buyers switching to the leasing market.

In Malaysia, the relaxation of visa regime for Chinese travelers and wider favorable investment policies have attracted many international and Chinese manufacturing corporations to set up businesses in the country in recent years. Therefore, it is expected that tourism and business investment to Malaysia will lead to wider economic growth for the country and benefit the property sector. The Group is investing in Malaysia in a mission to further diversify the Group's property investment and development portfolio. The Group is actively seeking opportunities to acquire high quality properties and land banks to expand our business.

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 2024.

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 2024.

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 C1 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 2024, 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 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 Board considers that the exemption of both the chairman and the managing director of the Company from such retirement by rotation provisions would provide the Group with strong and consistent leadership, efficient use of resources, effective planning, formulation and implementation of long-term strategies and business plans. The Board believes that it would be in the best interest of the Company for such directors to continue to be exempted from retirement by rotation provisions. 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 C3 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 2024.

BOARD OF DIRECTORS

As of the date of this announcement, the executive directors of the Company are Mr. Lau Chi Yung, Kenneth and Mr. Lau Michael Kei Chi and the independent non-executive directors of the Company are Mr. Lo 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, 28 August 2024