

Interim Report 2010

Progressive and
Cautious Approach
聚焦目標 穩健進取



Oriental Explorer Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 0430)

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 2010 (the “Period”), together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	Notes	For the six months ended 30 June	
		2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
REVENUE	3	(4,336)	28,552
Cost of sales		(47)	(294)
Gross (loss)/profit		(4,383)	28,258
Other income and gains	3	103	117
Selling and distribution costs		–	(111)
Operating and administrative expenses		(1,854)	(4,732)
Finance costs	5	(36)	(134)
Share of profits and losses of associates		1,492	1,644
(LOSS)/PROFIT BEFORE TAX	4	(4,678)	25,042
Income tax expense	6	–	–
(LOSS)/PROFIT FOR THE PERIOD		(4,678)	25,042
OTHER COMPREHENSIVE INCOME			
Available-for-sale assets:			
Changes in fair value		(167)	3,684
Reclassification adjustments for impairment losses included in profit or loss		–	613
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		(167)	4,297
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(4,845)	29,339
(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		(4,678)	25,042
Non-controlling interests		–	–
		(4,678)	25,042
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		(4,845)	29,339
Non-controlling interests		–	–
		(4,845)	29,339
INTERIM DIVIDEND PER SHARE	7	NIL	NIL
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	(0.26) cents	1.39 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	<i>Notes</i>	As at 30 June 2010 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2009 <i>HK\$'000</i> <i>(Audited)</i>
NON-CURRENT ASSETS			
Property, plant and equipment		2,006	2,508
Prepaid land lease payments		446	450
Investment properties		16,881	8,200
Interests in associates		67,042	65,550
Available-for-sale investments		77,762	77,929
Loans to an investee company		330	330
		<u>164,467</u>	<u>154,967</u>
Total non-current assets			
CURRENT ASSETS			
Prepayments, deposits and other receivables		3,069	9,168
Equity investments at fair value through profit or loss		131,541	123,503
Pledged deposits	9	–	4,199
Cash and cash equivalents	9	47,369	66,125
		<u>181,979</u>	<u>202,995</u>
Total current assets			
TOTAL ASSETS		<u>346,446</u>	<u>357,962</u>
CURRENT LIABILITIES			
Other payables and accruals		8,738	9,145
Derivative financial instruments		1,130	351
Interest-bearing bank and other borrowings		351	5,272
Tax payable		5,338	5,338
		<u>15,557</u>	<u>20,106</u>
Total current liabilities			
NET CURRENT ASSETS		<u>166,422</u>	<u>182,889</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>330,889</u>	<u>337,856</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		3,163	3,339
Due to a director		3,860	5,806
		<u>7,023</u>	<u>9,145</u>
Total non-current liabilities			
Net assets		<u>323,866</u>	<u>328,711</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	10	18,000	18,000
Reserves		305,866	310,711
		<u>323,866</u>	<u>328,711</u>
Total equity		<u>323,866</u>	<u>328,711</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Attributable to owners of the Company						Total equity HK\$'000 (Unaudited)
	Issued capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Capital redemption reserve HK\$'000 (Unaudited)	Available-for-sale investment revaluation reserve HK\$'000 (Unaudited)	Exchange fluctuation reserve HK\$'000 (Unaudited)	Accumulated losses HK\$'000 (Unaudited)	
At 1 January 2009	18,000	418,511	546	(5,671)	21,298	(166,926)	285,758
Total comprehensive income for the period	—	—	—	4,297	—	25,042	29,339
At 30 June 2009	<u>18,000</u>	<u>418,511</u>	<u>546</u>	<u>(1,374)</u>	<u>21,298</u>	<u>(141,884)</u>	<u>315,097</u>
At 1 January 2010	18,000	418,511	546	1,335	22,894	(132,575)	328,711
Total comprehensive income for the period	—	—	—	(167)	—	(4,678)	(4,845)
At 30 June 2010	<u>18,000</u>	<u>418,511</u>	<u>546</u>	<u>1,168</u>	<u>22,894</u>	<u>(137,253)</u>	<u>323,866</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

	For the six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(7,413)	(49,666)
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES	(4,262)	58,041
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	<u>(7,081)</u>	<u>(25,408)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(18,756)	(17,033)
Cash and cash equivalents at beginning of period	<u>66,125</u>	<u>95,982</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>47,369</u></u>	<u><u>78,949</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u><u>47,369</u></u>	<u><u>78,949</u></u>

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 (the “Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “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 2009 except as noted below.

In the current period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2010.

HKFRS 1 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions</i>
HKFRS 3 (Revised)	<i>Business Combinations</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i>
HK (IFRIC)-Int 17	<i>Distributions of Non-cash Assets to Owners</i>
Amendments to HKFRS 5 included in <i>Improvements to HKFRSs</i> issued in October 2008	<i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary</i>
HK Interpretation 4 (Revised in December 2009)	<i>Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i>
HKFRSs (Amendments)	<i>Improvements to HKFRSs 2009</i>

The adoption of these new or revised standards, amendments and interpretations 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.

2. OPERATING SEGMENT INFORMATION

	Property investment		Trading and investments		Electronic products		Corporate and others		Total	
	For the six months ended 30 June									
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue										
Sales to external customers	<u>258</u>	<u>135</u>	<u>(4,594)</u>	<u>25,203</u>	<u>-</u>	<u>214</u>	<u>-</u>	<u>3,000</u>	<u>(4,336)</u>	<u>28,552</u>
Segment results	<u>192</u>	<u>132</u>	<u>(4,918)</u>	<u>24,203</u>	<u>-</u>	<u>(2,117)</u>	<u>(1,511)</u>	<u>1,197</u>	<u>(6,237)</u>	<u>23,415</u>
Other income and gains									103	117
Finance costs									(36)	(134)
Share of profits and losses of associates									<u>1,492</u>	<u>1,644</u>
(Loss)/profit before tax									(4,678)	25,042
Income tax expense									-	-
(Loss)/profit for the period									<u>(4,678)</u>	<u>25,042</u>

Geographical information

	Hong Kong		Total	
	For the six months ended 30 June			
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue				
Sales to external customers	<u>(4,336)</u>	<u>28,552</u>	<u>(4,336)</u>	<u>28,552</u>

3. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue		
Rental income from property letting	258	135
Sales of goods	–	214
Dividend income from listed investments	1,955	1,454
Dividend income from unlisted investments	–	3,000
Gain on disposal of equity investments at fair value through profit or loss	(182)	2,540
Fair value gains/(losses), net		
Equity investments at fair value through profit or loss	(7,417)	3,535
Derivative financial instruments	(662)	16,238
Interest income from available-for-sale investments	1,712	1,436
	<u> </u>	<u> </u>
	<u>(4,336)</u>	<u>28,552</u>
Other income and gains		
Interest income from loans and receivables	103	107
Others	–	10
	<u> </u>	<u> </u>
	<u>103</u>	<u>117</u>

4. (LOSS)/PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Cost of inventories sold	–	294
Depreciation	502	562
Minimum lease payments under operating leases for land and buildings	4	4
Foreign exchange differences, net	(367)	7
	<u> </u>	<u> </u>
Employee benefits expense, including directors' remuneration:		
Salaries, wages and other benefits	868	2,263
Pension scheme contributions (defined contribution scheme)	8	21
	<u> </u>	<u> </u>
	<u>876</u>	<u>2,284</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans, overdrafts and other loans wholly repayable within five years	23	115
Interest on bank loans not wholly repayable within five years	13	19
	<u>36</u>	<u>134</u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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 attributable to associates is included in "Share of profits and losses of associates" on the face of the condensed consolidated statement of comprehensive income.

7. INTERIM DIVIDEND PER SHARE

The Directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2010 (2009: Nil).

8. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company of approximately HK\$4,678,000 (2009: Profit of HK\$25,042,000) and the weighted average number of ordinary shares of 1,800,000,000 (2009: 1,800,000,000) in issue during the period.

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the periods ended 30 June 2010 and 2009 in respect of a dilution as the Group had no dilutive potential ordinary shares in issue during those periods.

9. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at	As at
	30 June	31 December
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Cash and bank balances	5,781	14,685
Time deposits	41,588	55,639
	<u>47,369</u>	<u>70,324</u>
Less: Pledged time deposits	<u>-</u>	<u>(4,199)</u>
Cash and cash equivalents	<u>47,369</u>	<u>66,125</u>

9. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS *(continued)*

The time deposits of nil (2009: approximately HK\$4,199,000) were pledged as security for banking facilities granted.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to approximately HK\$2,000 (2009: HK\$12,000). The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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 three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

10. SHARE CAPITAL

	As at 30 June 2010 HK\$’000 (Unaudited)	As at 31 December 2009 HK\$’000 (Audited)
Authorised:		
20,000,000,000 (2009: 20,000,000,000) ordinary shares of HK\$0.01 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
1,800,000,000 (2009: 1,800,000,000) ordinary shares of HK\$0.01 each	<u>18,000</u>	<u>18,000</u>

11. SHARE OPTION SCHEMES

The 2003 Scheme

On 27 June 2003, a new share option scheme (the “2003 Scheme”), in compliance with the requirements of Chapter 17 of the Listing Rules, was adopted by the Company for a period of 10 years, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the 2003 Scheme include any employee (including any executive and non-executive director), adviser, consultant, agent, contractor, client or customer, or supplier of any member of the Group.

The maximum number of unexercised share options currently permitted to be granted under the 2003 Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the 2003 Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. 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, chief executive 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 days from the date of the offer upon payment of a nominal consideration by the grantee. The exercise period of the share options granted is determinable by the directors, commences after a certain vesting period and ends on a date which is not later than 10 years from the date of grant of the option.

11. SHARE OPTION SCHEMES *(continued)*

The subscription price is determined by the directors, but in any event may not be less than the higher of (i) the closing price of the shares on the date of grant, which must be a trading date; (ii) the average closing price of the shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of share.

No share options were granted, exercised, cancelled or lapsed during the period under the 2003 Scheme.

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

12. OPERATING LEASE ARRANGEMENTS

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at 30 June 2010 HK\$'000 (Unaudited)	As at 31 December 2009 HK\$'000 (Audited)
Within one year	374	327
In the second to fifth years, inclusive	<u>95</u>	<u>–</u>
	<u>469</u>	<u>327</u>

13. RELATED PARTY TRANSACTIONS

During the period, a subsidiary sold finished goods of nil (2009: approximately HK\$197,000) to a related company of Alpha Japan Limited, the non-controlling interests of a subsidiary of the Group. These transactions were based on published prices and conditions normally offered by the Group to third party customers in the ordinary course of business of the Group.

14. CORPORATE GUARANTEES

As at 30 June 2010, the Company has given corporate guarantees in favour of banks for banking facilities granted to its subsidiaries and associates to the extent of approximately HK\$112,218,000 (2009: HK\$112,218,000), of which approximately HK\$111,514,000 (2009: HK\$111,690,000) was utilised. In the opinion of the directors, no material liabilities will arise from the above corporate guarantees which arose in the ordinary course of business of the Group and the fair values of the corporate guarantees granted by the Company are immaterial.

15. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 18 August 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

For the six months ended 30 June 2010, the Group recorded a net loss attributable to equity holders of the Company of about HK\$5 million (2009: net profit of about HK\$25 million). Such performance was principally attributable to the general downturn of the global stock markets in the second quarter of 2010 as a result of the sovereign debt crisis in the Euro zone.

PROPERTY INVESTMENT

During the period under review, the Group had acquired properties in Hong Kong at around HK\$9 million in order to capture the potential of property appreciation and steady cash-inflow. Indeed, the investment properties contributed stable rental income of about HK\$0.26 million (2009: HK\$0.14 million) with an increase of 86% as compared with 2009.

TRADING AND INVESTMENTS

The performance of trading and investment segment was adversely affected by the downturn of the global stock markets in the second quarter of 2010 as a result of the sovereign debt crisis in the Euro zone. In the first half of 2010, the Group's investment segment recorded the net fair value losses of HK\$8 million (2009: net fair value gains of HK\$20 million) when the investment portfolios were stated at fair value as at 30 June 2010.

ELECTRONICS

In view of the prospect and accumulated losses of electronic division, the Group has intention to close down the division.

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. As at 30 June 2010, the Group had outstanding interest-bearing bank and other borrowings amounting to approximately HK\$4 million which were secured by legal charges on certain investment properties, cash deposits and securities investment. As at 30 June 2010, about HK\$0.4 million out of HK\$4 million is repayable within one year. The Group's cash and cash equivalents as at 30 June 2010 amounted to HK\$47 million. Based on the total interest-bearing bank and other borrowings of HK\$4 million and the aggregate of the shareholder funds, non-controlling interests and total interest-bearing bank and other borrowings of approximately HK\$327 million, the Group's gearing ratio as at 30 June 2010 was around 1%.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2010, the Group had approximately 10 employees in Hong Kong and China. 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 in order to retain competent employees.

PROSPECT

Given the outbreak of sovereign debt crisis in the Euro zone, the world economy for the first half of 2010 has become more complicated. The Group believed that a period of time is required for the global economy to make full recovery.

In Mainland China, the transaction volume and prices of residential properties have been adjusted downward since the central government has tightened credit to control the prices of residential properties and asset inflation. Yet, the Group believes that the Chinese economy continued to play a vital role in the world's economic recovery. Indeed, based on the National Bureau of Statistics, the annualized gross domestic product growth rates for the first two quarters were at 11.9% and 11.1% respectively.

Hong Kong is expected to continue to benefit from the economic development of Mainland China and the Group remains optimistic about the prospect for local property market in the medium and long term because of its strong fundamentals.

The Group will continue to monitor market conditions and look for attractive investment opportunities as appropriate in the long run. Yet, the Group will adhere to its prudent financial policy and maintain high liquidity and low gearing. We strongly believe that we have the necessary skills and expertise to enable us to work towards the goal of maximizing our shareholder's wealth through restructuring our business mix and strengthening the competitiveness of our business.

DIRECTORS' INTERESTS IN SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 30 June 2010, the interests of the directors of the Company (the "Director(s)") in the share capital and underlying shares of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Rules Governing the Listing of Securities on the Stock Exchange (the "Model Code"), were as follows:

Long position in ordinary shares of the Company

Name of Director	Capacity and nature of interest	Number of shares held	Percentage of the Company's issued share capital
Lau Chi Yung	Through a controlled corporation	1,101,826,999 [#]	61.21

Long position in shares of associated corporation

Name of Director	Name of associated corporation	Relationship with the Company	Shares	Number of shares held	Capacity and nature of interest	Percentage of associated corporation's issued share capital
Lau Chi Yung	Multifield International Holdings Limited	Company's intermediate holding company	Ordinary shares	2,797,055,712 [#]	Through a controlled corporation	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 and his family.

The interests of the directors in the share options of the Company are separately disclosed in note 11 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 2010.

Save as disclosed above, as at 30 June 2010, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation that was required to be recorded pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option schemes disclosures in note 11 to the unaudited condensed consolidated financial statements, at no time during the six months ended 30 June 2010 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 body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2010, the following interests of 5% or more of the issued share capital 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

Name	Capacity and nature of interest	Number of shares held	Percentage of the Company's issued share capital
Limitless Investment Limited*	Directly beneficially owned	1,101,826,999	61.21
Multifield International Holdings (B.V.I.) Limited*	Through a controlled corporation	1,101,826,999	61.21
Multifield International Holdings Limited*	Through a controlled corporation	1,101,826,999	61.21
Lucky Speculator Limited*	Through a controlled corporation	1,101,826,999	61.21
Desert Prince Limited*	Through a controlled corporation	1,101,826,999	61.21
Power Resources Holdings Limited*	Through a controlled corporation	1,101,826,999	61.21

* Power Resources Holdings Limited was deemed to have a beneficial interest in 1,101,826,999 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 at 30 June 2010, no person, other than the Directors, whose interests are set out in the section "Directors' interests in shares of the Company and its associated corporation" 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2010.

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 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES

Under code provisions of A.4.1 and A.4.2, (i) non-executive directors should be appointed for a specific term and 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 their appointment, and 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.

In the opinion of the Directors, save as disclosed above, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (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 2010.

UPDATE ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

On 28 June 2010, Mr. Choy Tak Ho retired as an independent non-executive director, a member of audit committee and remuneration committee of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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, the Directors have complied with the required standard as set out in the Model Code for the six months ended 30 June 2010.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim 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 interim report of the Company for 2010 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 report, 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 and Mr. Lee Siu Man, Ervin.

By Order of the Board
Lau Chi Yung
Chairman

Hong Kong, 18 August 2010