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## ORIENTAL EXPLORER HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 430)

### ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>CONTINUING OPERATION</b>			
<b>REVENUE</b>	3	<b>26,532</b>	14,709
Cost of sales		<u>(5,022)</u>	<u>(2,482)</u>
Gross profit		<b>21,510</b>	12,227
Other income and gains	3	<b>1,151</b>	609
Fair value changes on equity investments at fair value through profit or loss, net		<b>8</b>	39
Foreign exchange differences, net		<b>3</b>	6
Fair value changes on investment properties, net		<b>5,100</b>	2,500
Operating and administrative expenses		<b>(6,111)</b>	(8,059)
Finance costs	5	<u>(439)</u>	<u>–</u>
<b>PROFIT BEFORE TAX FROM A CONTINUING OPERATION</b>	4	<b>21,222</b>	7,322
Income tax expense	6	<u>(2,415)</u>	<u>(2,211)</u>
<b>PROFIT FOR THE YEAR FROM A CONTINUING OPERATION</b>		<u><b>18,807</b></u>	<u>5,111</u>
<b>DISCONTINUED OPERATION</b>			
Loss for the year from a discontinued operation	7	<u>–</u>	<u>(120,515)</u>
<b>PROFIT/(LOSS) FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u><b>18,807</b></u>	<u>(115,404)</u>
<b>EARNINGS/(LOSS) PER SHARE</b>			
Basic and diluted			(Restated)
– For profit/(loss) for the year	9	<b>HK4.84 cents</b>	HK(36.13) cents
– For profit from a continuing operation	9	<u><b>HK4.84 cents</b></u>	<u>HK1.60 cents</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<u>18,807</u>	<u>(115,404)</u>
<b>OTHER COMPREHENSIVE (EXPENSE)/INCOME</b>		
<i>Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>(141)</u>	<u>(321)</u>
Net other comprehensive expense that may be reclassified to profit or loss in subsequent periods	<u>(141)</u>	<u>(321)</u>
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Equity investments at fair value through other comprehensive income:		
Changes in fair value	<u>–</u>	<u>85,691</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>–</u>	<u>85,691</u>
<b>OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR</b>	<u>(141)</u>	<u>85,370</u>
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<u><u>18,666</u></u>	<u><u>(30,034)</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

31 December 2021

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>44</b>	38
Right-of-use assets		<b>348</b>	357
Investment properties		<b>1,696,920</b>	1,691,820
Club debenture		<b>330</b>	330
		<hr/>	<hr/>
Total non-current assets		<b>1,697,642</b>	1,692,545
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Trade receivables	10	<b>602</b>	600
Prepayments, deposits and other receivables		<b>2,652</b>	1,472
Equity investments at fair value through profit or loss		<b>106</b>	98
Cash and cash equivalents		<b>171,077</b>	161,116
		<hr/>	<hr/>
Total current assets		<b>174,437</b>	163,286
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		<b>15,513</b>	15,919
Interest-bearing bank borrowings		<b>150,000</b>	–
Promissory notes	11	<b>–</b>	148,639
Amount due to a director		<b>1,531</b>	–
Amounts due to fellow subsidiaries		<b>155,938</b>	150,149
Tax payable		<b>5,074</b>	5,378
		<hr/>	<hr/>
Total current liabilities		<b>328,056</b>	320,085
		<hr/>	<hr/>
<b>NET CURRENT LIABILITIES</b>		<b>(153,619)</b>	(156,799)
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,544,023</b>	1,535,746
		<hr/>	<hr/>

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	<u>25,548</u>	<u>24,291</u>
Total non-current liabilities	<u>25,548</u>	<u>24,291</u>
<b>Net assets</b>	<u><u>1,518,475</u></u>	<u><u>1,511,455</u></u>
<b>EQUITY</b>		
Equity attributable to owners of the Company		
Issued capital	<b>38,818</b>	38,818
Reserves	<u>1,479,657</u>	<u>1,472,637</u>
<b>Total equity</b>	<u><u>1,518,475</u></u>	<u><u>1,511,455</u></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 Oriental Explorer Holdings Limited (the “Company”), and its subsidiaries (the “Group”) for the year ended 31 December 2021. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (“OCI”) 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.

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 OCI 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 amendments to HKFRSs for the first time for the current year's consolidated financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 4, HKFRS 7 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i>

The applications of the amendments to HKFRSs in the current year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### 1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i> <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
HKFRS 17	<i>Insurance contracts</i> <sup>3</sup>
Amendments to HKFRS 17	<i>Insurance contracts</i> <sup>3,6</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> <sup>3</sup>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> <sup>3</sup>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> <sup>3</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> <sup>3</sup>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> <sup>1</sup>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i> <sup>2</sup>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i> <sup>2</sup>
Annual Improvements to HKFRSs 2018-2020	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>4</sup> No mandatory effective date yet determined but available for adoption

<sup>5</sup> As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised in October 2020 to align the corresponding wording with no change in conclusion

<sup>6</sup> As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the consolidated financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

## 2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one (2020: one) reportable operating segment as follows:

Continuing operation:

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

Discontinued operation:

- the trading and investments segment includes the trading of securities and investment income from securities investment and investment holding.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's gain/loss before tax except that unallocated corporate expenses, interest income on bank deposits, fair value changes on investment properties, net, fair value changes on equity investments at fair value through profit or loss, net, other gains are excluded from such measurement.

During the year ended 31 December 2020, the Group has a reorganisation plan by transferring all its equity interest to other members of the Group. Further details on the disposal are included in Note 7. Subsequent to the reorganisation, the Group has decided to focus its resources on its property investments business. As the Group's trading and investment business after the disposal has decreased substantially, management no longer independently review this line of business. As such, result from trading and investment business is now included in "Unallocated" for current year's presentation.

Segment assets exclude other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other borrowings, promissory notes, amounts due to fellow subsidiaries, tax payable, deferred tax liabilities, amount due to a director and unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

There are no sales or other transactions between the operating segments during the year (2020: Nil).

## Years ended 31 December 2021 and 2020

	Continuing operation		Discontinued operation		Total	
	Property investment		Trading and investment			
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue</b> (Note 3)						
Revenue from external customers	<u>26,532</u>	<u>14,709</u>	<u>-</u>	<u>4,864</u>	<u>26,532</u>	<u>19,573</u>
<b>Segment results</b>	<u>19,842</u>	<u>13,459</u>	<u>-</u>	<u>(120,093)</u>	<u>19,842</u>	<u>(106,634)</u>
<i>Reconciliation:</i>						
Fair value changes on equity investments at fair value through profit or loss, net					8	39
Unallocated corporate expenses					(4,440)	(9,285)
Interest income on bank deposits					1,115	103
Other gains					36	509
Fair value changes on investment properties, net	5,100	2,500	-	-	5,100	2,500
Finance costs					(439)	(425)
Profit/(loss) before tax					<u>21,222</u>	<u>(113,193)</u>
<b>Segment assets</b>	<b>1,711,818</b>	1,701,268	-	-	<b>1,711,818</b>	1,701,268
<i>Reconciliation:</i>						
Unallocated assets					<u>160,261</u>	<u>154,563</u>
Total assets					<u>1,872,079</u>	<u>1,855,831</u>
<b>Segment liabilities</b>	<b>9,919</b>	10,392	-	-	<b>9,919</b>	10,392
<i>Reconciliation:</i>						
Unallocated liabilities					<u>343,685</u>	<u>333,984</u>
Total liabilities					<u>353,604</u>	<u>344,376</u>

	Continuing operation Property investment		Discontinued operation Trading and investment		Unallocated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other segment information:</b>								
Depreciation and amortisation	5	1	-	-	9	11	14	12
Fair value changes on equity investments at fair value through profit or loss, net	-	-	-	124,677	(8)	(39)	(8)	124,638

## Geographical information

### (a) Revenue from external customers

	Continuing operation		Discontinued operation		Total	
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	26,270	14,610	-	4,864	26,270	19,474
Mainland China	262	99	-	-	262	99
	<b>26,532</b>	<b>14,709</b>	<b>-</b>	<b>4,864</b>	<b>26,532</b>	<b>19,573</b>

The revenue information of operations above is based on the locations of the customers.

### (b)

	Hong Kong		Mainland China		Total	
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets	1,672,463	1,669,558	24,849	22,657	1,697,312	1,692,215

The non-current assets information above is based on the locations of assets and excludes club debenture.

## Information about a major customer

There is no single customer accounted for 10% or more of the total revenue for the year ended 31 December 2021 (2020: approximately HK\$3,432,000 was derived from lease rental by the property investment segment to a single customer, including lease to a group of entities which are known to be under common control with that customer).

### 3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operation		
<i>Revenue from other sources:</i>		
Rental income from property letting under fixed lease payments	<u>26,532</u>	<u>14,709</u>
Discontinued operation:		
Dividend income from listed investments	<u>-</u>	<u>4,864</u>
Other income and gains		
Continuing operation		
Interest income on bank deposits	1,115	103
Government grants ( <i>Note</i> )	-	452
Others	<u>36</u>	<u>54</u>
	<u>1,151</u>	<u>609</u>
Discontinued operation:		
Others	<u>-</u>	<u>3</u>
	<u>-</u>	<u>3</u>

*Note:* During the year ended 31 December 2020, the Group recognised government grants of approximately HK\$452,000 in respect of Covid-19-related subsidies, of which all relates to Employment Support Scheme provided by the Hong Kong government.

#### 4. PROFIT BEFORE TAX

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Depreciation of property, plant and equipment	5	3
Depreciation of right-of-use assets	9	9
Impairment of club debenture ( <i>Note (i)</i> )	–	340
Expense relating to short-term leases not included in the measurement of lease liabilities	–	725
Auditors' remuneration – audit services	380	450
Auditors' remuneration – non-audit services	–	150
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	4,926	2,415
Foreign exchange differences, net	(3)	(6)
	<u>          </u>	<u>          </u>
Employee benefit expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	3,043	4,115
Pension scheme contributions (defined contribution scheme) ( <i>Note (ii)</i> )	127	111
	<u>          </u>	<u>          </u>
Total staff costs	<u>3,170</u>	<u>4,226</u>

*Notes:*

- (i) During the year ended 31 December 2020, the directors of the Company consider HK\$340,000 impairment identified with reference to the second hand market price of the club debenture.
- (ii) At 31 December 2021, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2020: Nil).

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operation:		
Interest on bank loans	<b>439</b>	–

## 6. INCOME TAX

Hong Kong Profits Tax has been provided at the rate of 16.5% (2020: 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.

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	<b>1,299</b>	1,094
Deferred tax	<b>1,116</b>	1,117
Total tax charges for the year from a continuing operation	<b>2,415</b>	2,211

## 7. DISCONTINUED OPERATION

On 31 July 2020, the Company disposed a 100% interest in Linkful Strategic Investment Limited (the “Linkful Strategic”) to immediate holding of the Company. Linkful Strategic and its subsidiaries is engaged in investment holding. After disposal of Linkful Strategic, the Group has decided to cease its trading and investments business because it plans to focus its resources on its properties investments business.

The results of Linkful Strategic as below:

	2020 <i>HK\$'000</i>
Revenue	4,864
Cost of sales	—
Gross profit	4,864
Fair value changes on equity investments at fair value through profit or loss, net	(124,677)
Other income and gains	3
Operating and administrative expenses	(280)
Finance costs	(425)
Loss before tax from a discontinued operation	(120,515)
Income tax expense	—
Loss for the year from a discontinued operation	<u>(120,515)</u>

The net cash flows incurred by Linkful Strategic are as follows:

	2020 <i>HK\$'000</i>
Operating activities	293,667
Investing activities	—
Financing activities	(291,872)
Net cash inflow	<u>1,795</u>
	(Restated)
Loss per share: Basic and diluted, from the discontinued operation	<u>HK(37.73) cents</u>

The calculations of basic and diluted loss per share from the discontinued operation are based on:

	2020 HK\$'000
Loss attributable to Owners of the Company	(120,515)
	<b>Number of shares</b>
	2020 '000 (Restated)
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation ( <i>Note 9</i> )	319,405

## 8. DIVIDENDS

	2021 HK\$'000	2020 HK\$'000
Interim dividend – HK1 cent per ordinary share of par value HK\$0.1 each	3,882	–
Proposed final dividend – HK2 cents per ordinary share of par value HK\$0.1 each (2020: HK0.2 cents per ordinary share of par value HK\$0.01 each)	7,764	7,764
	<b>11,646</b>	<b>7,764</b>

Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on 26 May 2022, dividend warrants will be posted on or about 23 June 2022 to shareholders whose names appear on the register of members of the Company on 8 June 2022.

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

The calculation of the basic earnings/(loss) per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of approximately HK\$18,807,000 (2020: loss for the year of approximately HK\$115,404,000), and the weighted average number of ordinary shares of 388,183,600 (2020: 319,404,600 shares as adjusted to reflect the effect of the share consolidation of the Company with effect from 31 May 2021) in issue during the year.

The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as there is no potentially ordinary shares in issue during the years ended 31 December 2021 and 2020.

The calculations of basic and diluted earnings/(loss) per share are based on:

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation:		
From a continuing operation	<b>18,807</b>	5,111
From a discontinued operation	—	(120,515)
	<u>18,807</u>	<u>(115,404)</u>
Profit/(loss) attributable to ordinary equity holders of the Company	<u><b>18,807</b></u>	<u>(115,404)</u>
	<b>Number of shares</b>	
	<b>2021</b>	2020
	<b>'000</b>	<b>'000</b>
		(Restated)
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u><b>388,184</b></u>	<u>319,405</u>

The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 31 December 2020 has been adjusted for the consolidation of every ten ordinary shares of the Company of HK\$0.01 each into one consolidated share of HK\$0.10 each which become effective on 31 May 2021.

## 10. TRADE RECEIVABLES

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	<b>602</b>	600
Less: Loss allowance	—	—
	<u><b>602</b></u>	<u>600</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 other collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

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

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	<b>66</b>	130
1 to 2 months	<b>64</b>	15
2 to 3 months	–	–
Over 3 months	<b>472</b>	455
	<u><b>602</b></u>	<u>600</u>

## 11. PROMISSORY NOTE

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Promissory note	–	148,639
	<u>–</u>	<u>148,639</u>

On 31 July 2020 and 30 September 2020, the Company issued promissory note with a principal amount of approximately HK\$147,773,000 and HK\$866,000, respectively, as part of the consideration to acquire a 100% interest in Reach Profit Investments Limited.

The promissory note was unsecured and interest free. The promissory note was matured within one year from the date of issue, being 31 July 2021 and 30 September 2021.

## 12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed during the following periods:

- (i) from Monday, 23 May 2022 to Thursday, 26 May 2022, 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, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 20 May 2022.
- (ii) from Monday, 6 June 2022 to Wednesday, 8 June 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 2 June 2022.

## **REVIEW OF OPERATIONS**

### **Continuing operation**

#### *Property investment*

The Group's investment properties mainly comprise offices, industrial and residential units in Hong Kong. The Group's investment property portfolio contributed rental revenue of approximately HK\$27 million for the year ended 31 December 2021 (2020: HK\$15 million).

The significant increase in rental revenue during the year was mainly attributable to the expansion of leasable floor area in the first seven months of 2021 compared with the corresponding period in 2020, which was an intended result of the group reorganisation plan between the Company and Multifield International Holdings Limited completed in 2020.

### **Discontinued operation**

#### *Financial investment*

The Group has ceased its securities trading business since the second half of 2020. As a result, the Group recorded no significant fair value gain or loss on listed equity investments during the year (2020: loss of HK\$125 million).

## **FINANCIAL REVIEW**

During the year under review, the Group recorded a profit of approximately HK\$19 million (2020: loss of HK\$115 million). The improvement in results was mainly due to the completion of the group reorganisation plan between the Company and Multifield International Holdings Limited in the second half of 2020, which resulted in the non-recurrence of substantial fair value loss on listed equity investments and the significant increase in rental income for the whole year of 2021 compared with 2020.

### **Continuing operation**

#### *Property Investment*

The fair value of the Group's investment property portfolio was approximately HK\$1,697 million as at 31 December 2021 (31 December 2020: HK\$1,692 million). Rental revenue contributed by these investment properties increased by approximately HK\$12 million or 80% to approximately HK\$27 million in 2021 (2020: HK\$15 million).

### **Discontinued operation**

#### *Financial investment*

In 2021, the Group recorded net unrealised fair value gain of Nil (2020: loss of HK\$125 million) and dividend income of Nil (2020: HK\$5 million) on its listed equity investments.

## **CAPITAL STRUCTURE**

Details of changes in capital structure of the Company during the year ended 31 December 2021 are as follows:

### **Share consolidation**

On 26 March 2021, the board of directors of the Company proposed to implement a share consolidation on the basis of every ten ordinary shares of par value HK\$0.01 each in the capital of the Company be consolidated into one ordinary share of par value HK\$0.10 each. By an ordinary resolution passed at the annual general meeting of the Company held on 27 May 2021, the aforesaid share consolidation took effect on 31 May 2021.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Group did not have any material acquisitions or disposals of subsidiaries, associated companies and joint ventures during the year ended 31 December 2021.

## FOREIGN CURRENCY EXPOSURE

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollar and the United States dollar. The Group is exposed to foreign exchange risk with respect mainly to Renminbi which may affect the Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group and when appropriate hedge its currency risk.

As of 31 December 2021, the Group had no financial instrument for foreign currency hedging purpose.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flows and banking facilities provided by principal bankers in Hong Kong. The Group's cash and cash equivalents as of 31 December 2021 amounted to approximately HK\$171 million (31 December 2020: HK\$161 million).

As of 31 December 2021, total borrowings of the Group amounted to approximately HK\$308 million (31 December 2020: HK\$299 million), comprised (i) promissory notes issued by the Company of Nil (31 December 2020: HK\$149 million), (ii) amounts due to fellow subsidiaries of approximately HK\$156 million (31 December 2020: HK\$150 million), (iii) amount due to a director of approximately HK\$2 million (31 December 2020: Nil) which were all unsecured, interest free and without fixed term of repayment, and (iv) bank borrowings amounted to approximately HK\$150 million (31 December 2020: Nil) which were secured by legal charges on the Group's certain investment properties in Hong Kong. The Group's bank borrowings were mainly arranged on a floating rate basis.

The maturity of bank borrowings of the Group as at 31 December 2021 is as follows:

	<i>HK\$'000</i>
Within one year	3,000
In the second year	3,000
In the third to fifth years, inclusive	<u>144,000</u>
Total	<u><u>150,000</u></u>

As at 31 December 2021, the Group's gearing ratio, being total borrowings divided by total equity, was approximately 20.29% (31 December 2020: 19.77%).

## CONTINGENT LIABILITY

As of 31 December 2021, the Group had no material contingent liability (31 December 2020: Nil).

## **EVENTS AFTER THE REPORTING PERIOD**

As at the date of this announcement, the Group has no material events after reporting period which are required to be disclosed.

## **EMPLOYEES AND REMUNERATION POLICY**

As of 31 December 2021, the Group had approximately 9 employees in Hong Kong. During the year, the staff costs (including directors' emoluments) amounted to approximately HK\$3 million (2020: HK\$4 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 fifth wave of COVID-19 outbreak in Hong Kong, caused by the highly transmissible Omicron variant, has yet to show obvious signs of slowing down. The number of new local cases remains at a high level in recent days compared with the last four waves of outbreak.

Hong Kong's economy is being hit hard by various unfavourable internal and external factors such as repeated tightening of local pandemic prevention measures, long-standing restrictions on cross-border travel to and from Hong Kong, the escalating trade tensions between China and the United States, the military conflict between Russia and Ukraine, surging inflation, and interest rate hike expectations. The Group is not optimistic about the local economic outlook for 2022, in particular, retail, catering, and tourism-related industries are now under extremely difficult operating conditions, and a considerable number of small and medium enterprises are at risk of closing down. As the investment properties held by the Group are mainly local commercial and industrial properties, the related rental income will remain under severe pressure until the overall operations of tenants are improved.

Despite the uncertain outlook for the local economy, it is expected that the Group's financial position will not be significantly and adversely affected in the absence of unforeseeable circumstances. The Group will continue to adopt a prudent investment strategy with an aim to preserve financial resources for possible investment opportunities and thereby create value for shareholders.

## **CORPORATE GOVERNANCE CODE**

In the opinion of the directors of the Company (the “Director(s)”), the Company 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 2021, save as disclosed below.

Under code provisions 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.

Certain 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.

## **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.

As of the date of this announcement, the audit committee comprises three independent non-executive Directors, namely, Mr. Lo Kam Cheung, Patrick, Mr. Lo Mun Lam, Raymond and Mr. Tsui Ka Wah. The chairman of the audit committee, Mr. Lo Kam Cheung, Patrick, has extensive experience in the finance and auditing fields.

## **REVIEW OF ANNUAL RESULTS**

The annual results for the year ended 31 December 2021 contained in this announcement have been reviewed by the audit committee of the Company.

## **SCOPE OF WORK OF AUDITORS**

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's draft audited consolidated financial statements for the year. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Elite Partners CPA Limited on this announcement.

## **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 had complied with the required standard set out in the Model Code for the year ended 31 December 2021.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of listed securities of the Company during the year.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Company ([www.irasia.com/listco/hk/orientalexplorer/index.htm](http://www.irasia.com/listco/hk/orientalexplorer/index.htm)) and Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report of the Company for 2021 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 of 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 Kam Cheung, Patrick, Mr. Lo Mun Lam, Raymond and Mr. Tsui Ka Wah.

By Order of the Board  
**Lau Chi Yung, Kenneth**  
*Chairman*

Hong Kong, 31 March, 2022