



**Oriental Explorer Holdings Limited**  
**東方興業控股有限公司**

(Incorporated in Bermuda with limited liability)

(Stock Code: 0430)

Interim Report **2023**



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Lau Chi Yung, Kenneth (*Chairman*)  
Mr. Lau Michael Kei Chi  
(*Vice-Chairman and Managing Director*)

#### Independent Non-executive Directors

Mr. Tsui Ka Wah  
Mr. Lo Kam Cheung, Patrick  
Mr. Lo Mun Lam, Raymond

### AUDIT COMMITTEE

Mr. Lo Kam Cheung, Patrick (*Chairman*)  
Mr. Lo Mun Lam, Raymond  
Mr. Tsui Ka Wah

### REMUNERATION COMMITTEE

Mr. Tsui Ka Wah (*Chairman*)  
Mr. Lau Chi Yung, Kenneth  
Mr. Lau Michael Kei Chi  
Mr. Lo Kam Cheung, Patrick  
Mr. Lo Mun Lam, Raymond

### NOMINATION COMMITTEE

Mr. Lau Chi Yung, Kenneth (*Chairman*)  
Mr. Lau Michael Kei Chi  
Mr. Tsui Ka Wah  
Mr. Lo Kam Cheung, Patrick  
Mr. Lo Mun Lam, Raymond

### COMPANY SECRETARY

Mr. Li Ying Leung

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Bank of Communications (Hong Kong) Limited  
Bank J. Safra Sarasin Ltd, Hong Kong Branch  
Bank of China

### SOLICITORS

Ng and Fang Solicitors & Notaries  
Wong & Tang Solicitors

### AUDITORS

Elite Partners CPA Limited  
*Certified Public Accountants*  
*and Registered Public Interest Entity Auditor*  
10/F, 8 Observatory Road  
Tsim Sha Tsui  
Kowloon  
Hong Kong

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### PRINCIPAL PLACE OF BUSINESS

Units 22-28, 25/F  
Tower A, Southmark  
11 Yip Hing Street  
Wong Chuk Hang  
Hong Kong

### PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
4th Floor North  
Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

### HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

Tricor Tengis Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## 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 2023, together with the comparative figures as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>REVENUE</b>	3	<b>11,287</b>	11,832
Cost of sales		<u>(2,804)</u>	<u>(2,156)</u>
Gross profit		<b>8,483</b>	9,676
Other income and gains	3	<b>822</b>	494
Fair value changes on equity investments at fair value through profit or loss, net		<b>(9)</b>	(15)
Foreign exchange differences, net		<b>–</b>	28
Operating and administrative expenses		<b>(2,700)</b>	(2,529)
Finance costs	5	<u><b>(3,301)</b></u>	<u>(929)</u>
<b>PROFIT BEFORE TAX</b>	4	<b>3,295</b>	6,725
Income tax expense	6	<u><b>(1,018)</b></u>	<u>(421)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>2,277</b></u>	<u>6,304</u>
<b>ATTRIBUTABLE TO:</b>			
Owners of the Company		<u><b>2,277</b></u>	<u>6,304</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted	8	<u><b>HK0.59 cents</b></u>	<u>HK1.62 cents</u>

Details of interim dividend are disclosed in note 7.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>PROFIT FOR THE PERIOD</b>	<b>2,277</b>	<b>6,304</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>—</b>	<b>—</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b><u>2,277</u></b>	<b><u>6,304</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2023*

	<i>Notes</i>	As at 30 June 2023 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2022 <i>HK\$'000</i> <i>(Audited)</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		54	46
Right-of-use assets		335	339
Investment properties		1,698,420	1,698,420
Club debenture		330	330
<b>Total non-current assets</b>		<b>1,699,139</b>	<b>1,699,135</b>
<b>CURRENT ASSETS</b>			
Trade receivables	9	114	1,525
Prepayments, deposits and other receivables		1,058	1,335
Equity investments at fair value through profit or loss		63	72
Cash and cash equivalents	10	182,656	173,781
<b>Total current assets</b>		<b>183,891</b>	<b>176,713</b>
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		16,002	16,014
Interest-bearing bank borrowings	11	147,000	147,000
Amount due to a director	12	178	1,591
Amount due to fellow subsidiaries	12	169,772	159,269
Tax payable		5,986	5,501
<b>Total current liabilities</b>		<b>338,938</b>	<b>329,375</b>
<b>NET CURRENT LIABILITIES</b>		<b>(155,047)</b>	<b>(152,662)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,544,092</b>	<b>1,546,473</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		26,246	26,246
<b>Total non-current liabilities</b>		<b>26,246</b>	<b>26,246</b>
<b>Net assets</b>		<b>1,517,846</b>	<b>1,520,227</b>
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Share Capital	13	38,818	38,818
Reserves		1,479,028	1,481,409
<b>Total equity</b>		<b>1,517,846</b>	<b>1,520,227</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company					
	Share capital HK\$'000 (Unaudited) (Note 13)	Share premium account HK\$'000 (Unaudited)	Capital redemption reserve HK\$'000 (Unaudited)	Exchange fluctuation reserve HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	Total equity HK\$'000 (Unaudited)
At 1 January 2022	38,818	579,126	546	(390)	900,375	1,518,475
Profit for the period	–	–	–	–	6,304	6,304
Other comprehensive income for the period	–	–	–	–	–	–
Final 2021 dividend paid	–	–	–	–	(7,764)	(7,764)
At 30 June 2022	<u>38,818</u>	<u>579,126</u>	<u>546</u>	<u>(390)</u>	<u>898,915</u>	<u>1,517,015</u>
At 1 January 2023	<b>38,818</b>	<b>579,126</b>	<b>546</b>	<b>47</b>	<b>901,690</b>	<b>1,520,227</b>
Profit for the period	–	–	–	–	2,277	2,277
Other comprehensive income for the period	–	–	–	–	–	–
Final 2022 dividend paid	–	–	–	–	(4,658)	(4,658)
At 30 June 2023	<u><b>38,818</b></u>	<u><b>579,126</b></u>	<u><b>546</b></u>	<u><b>47</b></u>	<u><b>899,309</b></u>	<u><b>1,517,846</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 30 June 2023*

	<i>Notes</i>	<b>For the six months ended 30 June 2023</b>	<b>2022</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>17,521</b>	11,694
<b>NET CASH INFLOW FROM INVESTING ACTIVITIES</b>		<b>710</b>	123
<b>NET CASH OUTFLOW FROM FINANCING ACTIVITIES</b>		<u><b>(9,356)</b></u>	<u>(8,678)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>8,875</b>	3,139
Cash and cash equivalents at beginning of the period		<u><b>173,781</b></u>	<u>171,077</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		<u><b>182,656</b></u>	<u>174,216</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	<i>10</i>	<b>9,691</b>	12,176
Non-pledged deposits with original maturity of less than three months when acquired	<i>10</i>	<u><b>172,965</b></u>	<u>162,040</u>
		<u><b>182,656</b></u>	<u>174,216</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 2022 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 2023.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	<i>Insurance contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

Several amendments apply for the first time in 2023, 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 (six months ended 30 June 2022: 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	
	2023	2022
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Hong Kong	11,240	11,761
Mainland China	47	71
	<u>11,287</u>	<u>11,832</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 2023 and 2022.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Revenue from other sources</i>		
Rental income from property letting under fixed lease payments	11,287	11,832
<i>Other income and gains</i>		
Interest income on bank deposits	720	423
Government grants ( <i>Note</i> )	–	64
Others	102	7
	822	494

*Note:* For the period ended 30 June 2022, the Group recognised government grants of approximately HK\$64,000 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 is arrived at after charging:

	For the six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Depreciation of property, plant and equipment	2	2
Depreciation of right-of-use assets	4	4
Employee benefits expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	1,081	1,130
Pension scheme contributions (defined contribution scheme)	46	50
Total staff costs	1,127	1,180

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interest on bank loans	<u>3,301</u>	<u>929</u>

## 6. INCOME TAX

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and 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% (2022: 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.

Under the Law of the PRC on Corporate Income Tax and Implementation Regulation of the Corporate Income Tax Law, the tax rate of the PRC subsidiaries is 25% for both years.

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 does not have an establishment or place in the PRC. As a result, those subsidiaries is subject to a 10% enterprise income tax on PRC-sourced income.

	For the six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current – Hong Kong		
Charge for the period	520	421
Current – Mainland China		
Charge for the period	<u>498</u>	<u>–</u>
Total tax charges for the period	<u>1,018</u>	<u>421</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 7. DIVIDENDS

(a) Dividends recognised as distribution during the period:

	For the six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Final dividend for 2022 paid – HK1.2 cents (2022: 2021 final dividend of HK2 cents) per ordinary share	4,658	7,764

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

	For the six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interim dividend declared – HK0.8 cent (2022: HK0.8 cent) per ordinary share	3,105	3,105

The Board declared an interim dividend of HK0.8 cent per share at the meeting held on 28 August 2023. Dividend warrants will be posted on or about 19 October 2023 to shareholders whose names appear on the register of members of the Company on 27 September 2023.

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\$2,277,000 (2022: HK\$6,304,000), and the weighted average number of ordinary shares of 388,183,600 (2022: 388,183,600).

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2023 and 2022.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 9. TRADE RECEIVABLES

	As at 30 June 2023 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2022 <i>HK\$'000</i> <i>(Audited)</i>
Trade receivables	114	1,525
Less: Loss allowance	—	—
	<u>114</u>	<u>1,525</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. 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:

	As at 30 June 2023 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2022 <i>HK\$'000</i> <i>(Audited)</i>
Within 1 month	98	776
1 to 2 months	15	117
2 to 3 months	—	—
3 to 12 months	—	631
Over 1 year	1	1
	<u>114</u>	<u>1,525</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 10. CASH AND CASH EQUIVALENTS

	As at 30 June 2023 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2022 <i>HK\$'000</i> <i>(Audited)</i>
Cash and bank balances	9,691	9,792
Time deposits with original maturity of less than three months	172,965	163,989
Cash and cash equivalents	182,656	173,781

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.

## 11. INTEREST-BEARING BANK BORROWINGS

	As at 30 June 2023			As at 31 December 2022		
	Contractual interest rate (%)	Maturity	<i>HK\$'000</i> <i>(Unaudited)</i>	Contractual interest rate (%)	Maturity	<i>HK\$'000</i> <i>(Audited)</i>
<b>Current liabilities</b>						
Secured bank loans						
denominated in Hong Kong dollars	HIBOR +0.95	2026 or on demand	147,000	HIBOR +0.95	2026 or on demand	147,000

The scheduled principal repayment dates of the Group with reference to the loan agreements and ignore the effect of any repayment on-demand clause are as follows:

	As at 30 June 2023 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2022 <i>HK\$'000</i> <i>(Audited)</i>
Analysed into:		
Bank loans repayable:		
Within one year	3,000	3,000
In the second year	3,000	3,000
In the third to fifth years, inclusive	141,000	141,000
	147,000	147,000

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 11. INTEREST-BEARING BANK BORROWINGS *(continued)*

The Group's bank loans are secured by:

- (i) mortgages over the Group's certain investment properties situated in Hong Kong, which had an aggregate carrying value at the end of the reporting period of approximately HK\$649,000,000 (as at 31 December 2022: HK\$649,000,000); and
- (ii) the Company has guaranteed certain of the Group's bank loans up to HK\$280,000,000 (as at 31 December 2022: HK\$280,000,000) as at the end of the reporting period.

## 12. AMOUNT DUE TO A DIRECTOR/FELLOW SUBSIDIARIES

The amounts are unsecured, interest-free and repayable on demand.

## 13. SHARE CAPITAL

Shares

	As at 30 June 2023 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2022 <i>HK\$'000</i> <i>(Audited)</i>
Authorised:		
2,000,000,000 ordinary shares of par value HK\$0.1 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
388,183,600 ordinary shares of par value HK\$0.1 each	<u>38,818</u>	<u>38,818</u>

### Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 14 to the unaudited condensed consolidated financial statements.

## 14. SHARE OPTION SCHEME

The share option scheme adopted by the shareholders of the Company at the annual general meeting held on 30 May 2013 (the "2013 Scheme") was expired on 29 May 2023. The Company has not granted any share option under the 2013 Scheme.

At the annual general meeting of the Company held on 25 May 2023, the shareholders of the Company adopted a share option scheme (the "2023 Scheme"), the purpose of which is to enable the Board to grant share options to eligible participants as incentives or rewards for their contribution or potential contribution to the Group, and to attract, retain and motivate high-calibre eligible participants in line with the performance goals of the Group and the related entities of the Company. Unless otherwise cancelled or amended, the 2023 Scheme is valid and effective for a period of 10 years commencing on 25 May 2023 and shall accordingly expire on 24 May 2033.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 14. SHARE OPTION SCHEME *(continued)*

Eligible participants of the 2023 Scheme include (1) any director and employee of the Company or the Group; (2) any director and employee of the Company's related entities; and (3) any person who provides services to the Group on a continuing and recurring basis in the Group's ordinary and usual course of business, the grant of share options to whom is in the interests of the long-term growth of the Group.

The total number of shares available for issue under the 2023 Scheme is 38,818,360, representing 10% of the issued shares of the Company as at the date of this report.

There was not any share option and award granted under any share scheme of the Company during the reporting period. The respective number of share options available for grant under the scheme mandate and service provider sublimit of the 2023 Scheme as at 30 June 2023 was 38,818,360 and 3,881,836 (1 January 2023: 18,000,000 and nil, respectively, under the 2013 Scheme).

Where any grant of share options to a participant would result in the shares issued and to be issued in respect of all options and awards granted to such person in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the shares of the Company in issue, such grant must be separately approved by shareholders of the Company in general meeting. Any grant of options to a director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive directors of the Company. In addition, where any grant of options to an independent non-executive director or a substantial shareholder of the Company, or any of their respective associates, would result in the shares issued and to be issued in respect of all options and awards granted to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue, such further grant of options or awards must be approved by shareholders of the Company in general meeting.

The exercise period of any share option granted under the 2023 Scheme must not be more than 10 years commencing on the date of grant. Share options granted under the 2023 Scheme shall be subject to a minimum vesting period of 12 months. Any shorter vesting period in respect of share options granted to employee participants must be approved by the Board and/or the remuneration committee of the Company. No option price is payable upon acceptance of the options granted under the 2023 Scheme.

The exercise price of the share options shall be determined by the Board, but may not be less than the higher of (i) the closing price of the shares of the Company as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant of the relevant share option; (ii) the average closing price of the shares of the Company as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares of the Company on the date of grant of the relevant share option.

No share options under the 2023 Scheme have been granted, exercised, lapsed or cancelled since the establishment of the 2023 Scheme.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 15. CORPORATE GUARANTEES

At 30 June 2023, the Company has given a corporate guarantee in favour of a bank for banking facilities granted to its subsidiary to the extent of approximately HK\$280,000,000 (31 December 2022: HK\$280,000,000), of which approximately HK\$147,000,000 (31 December 2022: HK\$147,000,000) was utilised.

In the opinion of the directors, no material liabilities will arise from the above corporate guarantee which arose in the ordinary course of business of the Group and the fair value of the corporate guarantee granted by the Company is immaterial.

## 16. LEASE

### (a) The Group as a lessor

The Group leases its investment properties under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the period was HK\$11,287,000 (2022: HK\$11,832,000), details of which are included in note 3 to the unaudited condensed consolidated financial statements.

At 30 June 2023 and 31 December 2022, the undiscounted lease payments receivable by the Group in the future periods under non-cancellable operating leases with its tenants are as follows:

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
Within one year	20,703	9,427
In the second year	11,946	2,508
In the third year	4,396	–
	<u>37,045</u>	<u>11,935</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 16. LEASE (continued)

#### (b) The Group as a lessee

The amounts recognised in profit or loss in relation to leases are as follows:

	For the six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Depreciation charge of right-of-use assets	4	4
Expense relating to short-term leases	450	417
Total amount recognised in profit or loss	454	421

The Group regularly entered into short-term leases for office premises. The Group does not recognise right-of-use assets and lease liabilities in regard of these short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease terms. There is no renewal options and variable lease payments included in the lease agreement.

For the period ended 30 June 2023, total cash outflow for leases amounts to approximately HK\$450,000 (2022: HK\$417,000).

### 17. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in this interim report, the Group had the following transactions with related parties during the period:

	For the six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Fellow subsidiary:		
Rental expenses ( <i>Note(a)</i> )	450	417
Rental income ( <i>Note(b)</i> )	–	732
	–	732

*Note(a):* Rental expenses charged by Chater Land Limited were based on office areas occupied by the Group at a rent agreed by both parties.

*Note(b):* Rental income received from Multifield (Holdings) Limited were related to the properties leased to such company at a rent agreed by both parties.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 17. RELATED PARTY TRANSACTIONS *(continued)*

### (b) Other transactions with related parties

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Transactions between the Group and other related parties during the period are not significant to the Group.

No transactions have been entered with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being the key management personnel compensation).

Save as disclosed above and elsewhere in this interim report, the Group had no material transactions with related parties during the six months ended 30 June 2023.

### (c) Outstanding balances with related parties

As at 30 June 2023, the Group has outstanding balance due to its fellow subsidiaries of approximately HK\$169,772,000 (31 December 2022: HK\$159,269,000). This balance is unsecured, interest-free and has no fixed terms of repayment.

The Group has an outstanding balance due to its director of approximately HK\$178,000 as at 30 June 2023 (31 December 2022: HK\$1,591,000). The balance is unsecured, interest-free and has no fixed terms of repayment.

Details of the outstanding balance between the Group and other related parties during the period are disclosed in note 12.

## 18. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements were approved and authorised for issue by the Board on 28 August 2023.

# 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\$11.3 million for the six months ended 30 June 2023 (2022: HK\$11.8 million). The decrease in rental revenue was mainly attributable to the weakened demand and affordability of tenants amid the fifth-wave COVID-19 outbreak in Hong Kong.

## FINANCIAL REVIEW

During the six months ended 30 June 2023, the Group recorded a year-on-year decline in profit of approximately HK\$4.0 million or 64% to approximately HK\$2.3 million (2022: HK\$6.3 million). The decline in profit was mainly due to (i) the decrease in rental revenue of approximately HK\$0.5 million or 4% to HK\$11.3 million during the period under reporting (2022: HK\$11.8 million); and the rise in finance costs of over 2 times to approximately HK\$3.3 million (2022: HK\$0.9 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 2023.

## 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 30 June 2023, the Group had no financial instrument for foreign currency hedging purpose.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 30 June 2023 amounted to approximately HK\$182.7 million (31 December 2022: HK\$173.8 million).

As of 30 June 2023, total borrowings of the Group amounted to approximately HK\$317 million (31 December 2022: HK\$307.9 million), comprised amounts due to fellow subsidiaries of approximately HK\$169.8 million (31 December 2022: HK\$159.3 million), amount due to a director of approximately HK\$0.2 million (31 December 2022: HK\$1.6 million) which were unsecured, interest free and had no fixed term of repayment and interest-bearing bank borrowings of approximately HK\$147 million (31 December 2022: HK\$147 million) 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 30 June 2023 is as follows:

	<i>HK\$'000</i> <i>(Unaudited)</i>
Within one year	3,000
In the second year	3,000
In the third to fifth years, inclusive	<u>141,000</u>
Total	<u><u>147,000</u></u>

The Group's gearing ratio was approximately 20.88% (calculated based on total borrowings divided by total equity) as at 30 June 2023 (31 December 2022: 20.25%).

## CHARGES ON GROUP ASSETS

Details of the charges on the Group's assets are set out in note 11 to the unaudited condensed consolidated financial statements.

## CONTINGENT LIABILITY

As of 30 June 2023, 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 2023 and up to the date of this report.

# MANAGEMENT DISCUSSION AND ANALYSIS

## EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2023, the Group had 6 employees in Hong Kong. During the period, the staff costs (including directors' emoluments) amounted to approximately HK\$1.1 million (2022: HK\$1.2 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

In the first half of 2023, the global economy continued to be impacted by ongoing geopolitical instabilities, rising inflation and interest rate hikes. Although economic activities in Hong Kong and the Mainland China have gradually recovered following the almost complete lifting of cross-border travel restrictions, the slower than expected recovery means one should not be overly optimistic to the short- to medium-term economic prospects of Hong Kong and the Mainland China.

Office leasing market of the Group will continue to be challenging. In particular, Hong Kong is facing the highest office vacancies in decades, with many international corporations still freezing or cutting back operations in the city. In addition, there are still substantial new supply coming up in the pipeline. Until Chinese corporates return to expansion mode, the office leasing market in Hong Kong will continue to face an uphill battle.

The Group will keep pace with the times to ensure the sustainability and competitiveness of its core business, and will grasp investment opportunities to create value for its shareholders.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As of 30 June 2023, the interests and short positions of the directors and the chief executive of the Company and each of their respective associates, in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

#### Long position in ordinary shares of the Company

Name of director	Capacity and nature of interest	Number of shares held	Approximate percentage of the total issued share capital of the Company %
Mr. Lau Chi Yung, Kenneth	Interest of controlled corporation	291,137,700*	75.00

#### Long position in ordinary shares of associated corporation – Multifield International Holdings Limited, an intermediate holding company of the Company

Name of director	Capacity and nature of interest	Number of shares held	Approximate percentage of the total issued share capital of associated corporation %
Mr. Lau Chi Yung, Kenneth	Interest of controlled corporation	559,411,142*	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, Kenneth and his family.*

The interests of the directors in the share option scheme of the Company are disclosed in note 14 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 2023.

Save as disclosed above, as of 30 June 2023, none of the directors and chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) are required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

## OTHER INFORMATION

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading “Directors’ and chief executive’s interests or short positions in the shares, underlying shares and debentures of the Company and associated corporations” above and in the share option scheme disclosures in note 14 to the unaudited condensed consolidated financial statements, at no time during the six months ended 30 June 2023 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 other body corporate.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES

So far as was known to the directors of the Company, as of 30 June 2023, the following interests of 5% or more in the issued shares 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 in ordinary shares of the Company

Name of shareholders	Capacity and nature of interest	Number of shares held	Approximate percentage of the total issued share capital of the Company %
Limitless Investment Limited	Directly beneficially owned	291,137,700 <sup>#</sup>	75.00
Multifield International Holdings (B.V.I.) Limited	Interest of controlled corporation	291,137,700 <sup>#</sup>	75.00
Multifield International Holdings Limited	Interest of controlled corporation	291,137,700 <sup>#</sup>	75.00
Lucky Speculator Limited	Interest of controlled corporation	291,137,700 <sup>#</sup>	75.00
Desert Prince Limited	Interest of controlled corporation	291,137,700 <sup>#</sup>	75.00
Power Resources Holdings Limited	Interest of controlled corporation	291,137,700 <sup>#</sup>	75.00

<sup>#</sup> *Power Resources Holdings Limited was deemed to have a beneficial interest in 291,137,700 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 of 30 June 2023, so far as was known to the directors of the Company, no person, other than a director, whose interests are set out in the section “Directors’ and chief executive’s interests or short positions in the shares, underlying shares and debentures of the Company and associated corporations” 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.

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 25 September 2023 to Wednesday, 27 September 2023, 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 Friday, 22 September 2023. The interim dividend will be paid to shareholders whose names appear on the register of members on Wednesday, 27 September 2023 and the payment date will be on or about Thursday, 19 October 2023.

## OTHER INFORMATION

### **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 2023.

### **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 2023.

### **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 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 2023, 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 annual 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.

### **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 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 2023.

### **PUBLICATION OF INTERIM REPORT**

The interim report of the Company for 2023 containing all the information required by the Listing Rules has been 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)).

### **BOARD OF DIRECTORS**

As of the date of this report, 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 2023