

*Multifield*

**Multifield International Holdings Limited**

(Incorporated in Bermuda with limited liability)

(Stock Code: 0898)

**2007**  
Interim Report

## INTERIM RESULTS

The Board of Directors of Multifield International Holdings Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2007 (the “period”), together with the unaudited comparative figures as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

|  |              | <b>For the six months ended 30 June</b> |                   |
|--|--------------|---|-------------------|
|  |              | <b>2007</b>                             | 2006              |
|  | <i>Notes</i> | <i>(Unaudited)</i>                      | (Unaudited)       |
|  |              | <b>HK\$ '000</b>                        | HK\$ '000         |
| <b>REVENUE</b>   | 2            | <b>83,100</b>                           | 87,228            |
| Cost of sales  |              | <u>(12,573)</u>                         | <u>(11,790)</u>   |
| Gross profit   |              | <b>70,527</b>                           | 75,438            |
| Other income and gains   | 2            | <b>38,825</b>                           | 27,807            |
| Operating and administrative expenses  |              | <u>(25,349)</u>                         | <u>(18,258)</u>   |
| Finance costs  | 4            | <u>(15,312)</u>                         | <u>(17,399)</u>   |
| <b>PROFIT BEFORE TAX</b>   | 5            | <b>68,691</b>                           | 67,588            |
| Tax  | 6            | <u>(5,849)</u>                          | <u>(9,965)</u>    |
| <b>PROFIT FOR THE PERIOD</b>   |              | <u><b>62,842</b></u>                    | <u>57,623</u>     |
| <b>ATTRIBUTABLE TO:</b>  |              |   |                   |
| Equity holders of the Company  |              | <b>41,203</b>                           | 40,789            |
| Minority interests   |              | <u>21,639</u>                           | <u>16,834</u>     |
|  |              | <u><b>62,842</b></u>                    | <u>57,623</u>     |
| <b>INTERIM DIVIDEND PER SHARE</b>  | 7            | <u><b>0.3 cents</b></u>                 | <u>Nil</u>        |
| <b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b> |              |   |                   |
| Basic  | 8            | <u><b>0.99 cents</b></u>                | <u>0.98 cents</u> |

**CONDENSED CONSOLIDATED BALANCE SHEET**

As at 30 June 2007

|   | <i>Notes</i> | <b>As at<br/>30 June<br/>2007<br/>(Unaudited)<br/>HK\$'000</b> | As at<br>31 December<br>2006<br>(Audited)<br>HK\$'000 |
|---|--------------|--|---|
| <b>NON-CURRENT ASSETS</b>                               |              |  |   |
| Property, plant and equipment                           |              | <b>226,250</b>   | 212,177   |
| Investment properties                                   |              | <b>2,470,430</b>   | 2,498,930   |
| Prepaid land lease payments                             |              | <b>472</b>   | 476   |
| Available-for-sale investments                          |              | <b>9,270</b>   | 9,270   |
| Equity-linked notes                                     |              | <b>33,963</b>  | 74,236  |
|   |              | <hr/>  | <hr/>   |
| Total non-current assets                                |              | <b>2,740,385</b>   | 2,795,089   |
| <b>CURRENT ASSETS</b>                                   |              |  |   |
| Inventories   |              | <b>888</b>   | 1,325   |
| Properties held for sale                                |              | <b>281,851</b>   | 281,851   |
| Trade receivables                                       | 9            | <b>11,227</b>  | 9,968   |
| Prepayments, deposits and other receivables             |              | <b>62,261</b>  | 40,270  |
| Equity investments at fair value through profit or loss |              | <b>153,430</b>   | 130,407   |
| Pledged deposits  | 10           | <b>185,198</b>   | 167,354   |
| Cash and cash equivalents                               | 10           | <b>263,419</b>   | 276,212   |
|   |              | <hr/>  | <hr/>   |
| Total current assets                                    |              | <b>958,274</b>   | 907,387   |
|   |              | <hr/>  | <hr/>   |
| <b>TOTAL ASSETS</b>                                     |              | <b>3,698,659</b>   | 3,702,476   |
| <b>CURRENT LIABILITIES</b>                              |              |  |   |
| Trade payables  | 11           | <b>1,257</b>   | 1,726   |
| Accrued expenses and other payables                     |              | <b>119,356</b>   | 110,454   |
| Deposits received                                       |              | <b>44,719</b>  | 43,816  |
| Interest-bearing borrowing                              |              | <b>165,072</b>   | 203,125   |
| Tax payable   |              | <b>109,157</b>   | 113,053   |
| Dividend payable  |              | <b>16,721</b>  | —   |
|   |              | <hr/>  | <hr/>   |
| Total current liabilities                               |              | <b>456,282</b>   | 472,174   |
|   |              | <hr/>  | <hr/>   |
| <b>NET CURRENT ASSETS</b>                               |              | <b>501,992</b>   | 435,213   |

**CONDENSED CONSOLIDATED BALANCE SHEET** (continued)

As at 30 June 2007

|  |    | As at<br>30 June<br>2007<br><i>(Unaudited)</i><br>HK\$'000 | As at<br>31 December<br>2006<br>(Audited)<br>HK\$'000 |
|--|----|--|---|
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>         |    | <b>3,242,377</b>   | <b>3,230,302</b>                                      |
| <b>NON-CURRENT LIABILITIES</b>                       |    |  |   |
| Interest-bearing borrowings                          |    | 628,110  | 655,698   |
| Due to a director                                    |    | —  | 1,058   |
| Deferred tax liabilities                             |    | 439,192  | 439,192   |
| Total non-current liabilities                        |    | <b>1,067,302</b>   | <b>1,095,948</b>                                      |
| Net assets   |    | <b>2,175,075</b>   | <b>2,134,354</b>                                      |
| <b>CAPITAL AND RESERVES</b>                          |    |  |   |
| Equity attributable to equity holders of the Company |    |  |   |
| Share capital  | 12 | 41,804   | 41,804  |
| Reserves   |    | 1,409,774  | 1,381,112   |
| Proposed dividend                                    |    | 12,541   | 16,721  |
| Minority interests                                   |    | 1,464,119  | 1,439,637   |
|  |    | 710,956  | 694,717   |
| Total equity   |    | <b>2,175,075</b>   | <b>2,134,354</b>                                      |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

|  | For the six months ended 30 June |                                 |
|--|----------------------------------|---------------------------------|
|  | 2007<br>(Unaudited)<br>HK\$'000  | 2006<br>(Unaudited)<br>HK\$'000 |
| Total equity at 1 January                  | <u>2,134,354</u>                 | <u>1,931,832</u>                |
| <b>Changes in equity during the period</b> |                                  |                                 |
| Profit for the period                      | 62,842                           | 57,623                          |
| 2006 Final Dividend                        | (16,721)                         | —                               |
| Exchange difference                        | (5,400)                          | (1,577)                         |
|  | <u>40,721</u>                    | <u>56,046</u>                   |
| Total equity at 30 June                    | <u><u>2,175,075</u></u>          | <u><u>1,987,878</u></u>         |

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

For the six months ended 30 June 2007

|   | <b>For the six months ended 30 June</b> |                       |
|---|---|-----------------------|
|   | <b>2007</b>                             | <b>2006</b>           |
|   | <i>(Unaudited)</i>                      | <i>(Unaudited)</i>    |
|   | <b>HK\$'000</b>                         | <b>HK\$'000</b>       |
| NET CASH INFLOW FROM OPERATING ACTIVITIES           | <b>41,154</b>                           | 43,406                |
| NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES | <b>50,185</b>                           | (94,585)              |
| NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES | <b>(104,132)</b>                        | 22,533                |
| NET DECREASE IN CASH AND CASH EQUIVALENTS           | <b>(12,793)</b>                         | (28,646)              |
| Cash and cash equivalents at beginning of period    | <b>276,212</b>                          | 192,776               |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD          | <b><u>263,419</u></b>                   | <b><u>164,130</u></b> |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:  |   |                       |
| Cash and bank balances                              | <b><u>263,419</u></b>                   | <b><u>164,130</u></b> |

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. 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 2006.

In the current period, the Group has adopted, for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as the “new HKFRSs”) issued by the HKICPA, which are effective for accounting periods beginning on or after 31 December 2005 or 1 January 2006. The adoption of these new HKFRSs has had no material effect on how the results of operations and financial position of the Group are prepared and presented for the current and prior accounting periods.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

|                   |   |
|-------------------|---|
| HKAS 23 (Revised) | Borrowing Costs <sup>1</sup>                                |
| HKFRS 8           | Operating Segments <sup>1</sup>                             |
| HK(IFRIC)-Int 11  | HKFRS 2: Group and Treasury Share Transactions <sup>2</sup> |
| HK(IFRIC)-Int 12  | Service Concession Arrangements <sup>3</sup>                |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009.

<sup>2</sup> Effective for annual periods beginning on or after 1 March 2007.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2008.

The interim results are unaudited, but have been reviewed by the Audit Committee which is of the opinion that such financial statements complied with the applicable accounting standards, and that adequate disclosures have been made.

## 2. REVENUE, OTHER INCOME AND GAINS

Revenue represents the aggregate of the invoiced value of goods sold, after allowance for returns and trade discounts, and the total amounts received and receivable from the provision of serviced apartment and property management services and rental income, net of PRC business taxes, from property letting, after elimination of all significant intra-group transactions.

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

|   | <b>For the six months ended 30 June</b> |               |
|---|---|---------------|
|   | <b>2007</b>                             | 2006          |
|   | <b>(Unaudited)</b>                      | (Unaudited)   |
|   | <b>HK\$'000</b>                         | HK\$'000      |
| <b>Revenue</b>  |   |               |
| Rental income from property letting   | <b>69,414</b>                           | 74,806        |
| Serviced apartment and property management                                  | <b>9,838</b>                            | 7,953         |
| Manufacturing and trading of electronic products                            | <b>3,848</b>                            | 4,469         |
|   | <u><b>83,100</b></u>                    | <u>87,228</u> |
| <b>Other income and gains</b>   |   |               |
| Interest income   | <b>12,132</b>                           | 8,043         |
| Gain on disposal of equity investments at fair value through profit or loss | <b>2,163</b>                            | 9,380         |
| Dividend income from listed investments                                     | <b>1,971</b>                            | 2,292         |
| Fair value gains, net   |   |               |
| Equity investments at fair value through profit or loss                     | <b>19,884</b>                           | 1,102         |
| Others  | <b>2,675</b>                            | 6,990         |
|   | <u><b>38,825</b></u>                    | <u>27,807</u> |

### 3. SEGMENT INFORMATION

The analysis of the geographical segments and business segments of the operation of the Group during the period is as follows:

#### (a) Geographical segments

|                             | Hong Kong                        |                                 | Elsewhere in the PRC            |                                 | Consolidated                    |                                 |
|-----------------------------|----------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|                             | For the six months ended 30 June |                                 |                                 |                                 | 2007<br>(Unaudited)<br>HK\$'000 | 2006<br>(Unaudited)<br>HK\$'000 |
|                             | 2007<br>(Unaudited)<br>HK\$'000  | 2006<br>(Unaudited)<br>HK\$'000 | 2007<br>(Unaudited)<br>HK\$'000 | 2006<br>(Unaudited)<br>HK\$'000 |                                 |                                 |
| Segment revenue:            |                                  |                                 |                                 |                                 |                                 |                                 |
| Sales to external customers | <u>14,827</u>                    | <u>21,052</u>                   | <u>68,273</u>                   | <u>66,176</u>                   | <u>83,100</u>                   | <u>87,228</u>                   |
| Segment results             | <u>4,666</u>                     | <u>5,992</u>                    | <u>40,512</u>                   | <u>58,227</u>                   | <u>45,178</u>                   | <u>64,219</u>                   |
| Other income and gains      |                                  |                                 |                                 |                                 | <u>38,825</u>                   | 27,807                          |
| Unallocated expenses        |                                  |                                 |                                 |                                 | —                               | (7,039)                         |
| Finance costs               |                                  |                                 |                                 |                                 | <u>(15,312)</u>                 | <u>(17,399)</u>                 |
| Profit before tax           |                                  |                                 |                                 |                                 | <u>68,691</u>                   | 67,588                          |
| Tax                         |                                  |                                 |                                 |                                 | <u>(5,849)</u>                  | <u>(9,965)</u>                  |
| Profit for the period       |                                  |                                 |                                 |                                 | <u><u>62,842</u></u>            | <u><u>57,623</u></u>            |

#### (b) Business segments

|                             | Property Investment              |                                 | Provision of serviced apartment and property management services |                                 | Electronic products             |                                 | Corporate and others            |                                 | Consolidated                    |                                 |
|-----------------------------|----------------------------------|---------------------------------|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|                             | For the six months ended 30 June |                                 |  |                                 |                                 |                                 |                                 |                                 |                                 |                                 |
|                             | 2007<br>(Unaudited)<br>HK\$'000  | 2006<br>(Unaudited)<br>HK\$'000 | 2007<br>(Unaudited)<br>HK\$'000                                  | 2006<br>(Unaudited)<br>HK\$'000 | 2007<br>(Unaudited)<br>HK\$'000 | 2006<br>(Unaudited)<br>HK\$'000 | 2007<br>(Unaudited)<br>HK\$'000 | 2006<br>(Unaudited)<br>HK\$'000 | 2007<br>(Unaudited)<br>HK\$'000 | 2006<br>(Unaudited)<br>HK\$'000 |
| Segment revenue:            |                                  |                                 |  |                                 |                                 |                                 |                                 |                                 |                                 |                                 |
| Sales to external customers | <u>69,414</u>                    | <u>74,806</u>                   | <u>9,838</u>   | <u>7,953</u>                    | <u>3,848</u>                    | <u>4,469</u>                    | —                               | —                               | <u>83,100</u>                   | <u>87,228</u>                   |
| Segment result              | <u>25,252</u>                    | <u>67,607</u>                   | <u>801</u>   | <u>1,776</u>                    | <u>(751)</u>                    | <u>(1,103)</u>                  | <u>19,876</u>                   | <u>(1,141)</u>                  | <u>45,178</u>                   | <u>67,139</u>                   |

### 4. FINANCE COSTS

|  | For the six months ended 30 June |                                 |
|--|----------------------------------|---------------------------------|
|  | 2007<br>(Unaudited)<br>HK\$'000  | 2006<br>(Unaudited)<br>HK\$'000 |
|  | Interest on secured bank loans   | <u><u>15,312</u></u>            |

## 5. PROFIT BEFORE TAX

Profit before tax was arrived at after charging the following:

|  | For the six months ended 30 June      |                                       |
|--|---------------------------------------|---------------------------------------|
|  | 2007                                  | 2006                                  |
|  | <i>(Unaudited)</i><br><i>HK\$'000</i> | <i>(Unaudited)</i><br><i>HK\$'000</i> |
| Cost of inventories sold                                       | 2,067                                 | 3,012                                 |
| Depreciation of owned assets                                   | 775                                   | 639                                   |
| Amortisation of land lease payments                            | 4                                     | 4                                     |
| Employee benefit expenses (including directors' remuneration): |                                       |                                       |
| Wages and salaries   | 7,772                                 | 6,079                                 |
|  | <u>7,772</u>                          | <u>6,079</u>                          |

## 6. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong for the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations, and practices in respect thereof.

|                                 | For the six months ended 30 June      |                                       |
|---------------------------------|---------------------------------------|---------------------------------------|
|                                 | 2007                                  | 2006                                  |
|                                 | <i>(Unaudited)</i><br><i>HK\$'000</i> | <i>(Unaudited)</i><br><i>HK\$'000</i> |
| Current tax                     |                                       |                                       |
| Charge for the period           | 5,849                                 | 9,965                                 |
| Overprovision in prior years    | —                                     | —                                     |
|                                 | <u>5,849</u>                          | <u>9,965</u>                          |
| Total tax charge for the period | <u>5,849</u>                          | <u>9,965</u>                          |

## 7. INTERIM DIVIDEND PER SHARE

The Board of Directors has resolved to distribute an interim dividend of 0.3 HK cents (2006: Nil) per ordinary share to shareholders whose names appear on the Register of Members of the Company on 18 October 2007. The interim dividend will be distributed to the shareholders on 25 October 2007.

## 8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit for the period attributable to equity holders of the Company for the period of approximately HK\$41,203,000 (2006: HK\$40,789,000) and the weighted average number of 4,180,371,092 (2006: 4,180,371,092) shares in issue during the period under review.

Diluted earnings per share for the six months ended 30 June 2007 and 2006 have not been disclosed as no diluting events existed during both periods.

9. TRADE RECEIVABLES

|                         | As at<br>30 June<br>2007<br><i>(Unaudited)</i><br>HK\$'000 | As at<br>31 December<br>2006<br><i>(Audited)</i><br>HK\$'000 |
|-------------------------|--|--|
| Trade receivables       | 11,227   | 9,968  |
| Provision for bad debts | —  | —  |
|                         | <u>11,227</u>  | <u>9,968</u>   |

An aged analysis of trade receivables is as follows:

|               | As at<br>30 June<br>2007<br><i>(Unaudited)</i><br>HK\$'000 | As at<br>31 December<br>2006<br><i>(Audited)</i><br>HK\$'000 |
|---------------|--|--|
| Aged:         |  |  |
| 1 - 3 months  | 9,283  | 6,653  |
| 4 - 6 months  | 739  | 628  |
| Over 6 months | 1,205  | 2,687  |
|               | <u>11,227</u>  | <u>9,968</u>   |

For the Group's property rental business, 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 amounts ranging from two to three months' rental in order to secure any default in their rental payments.

The Group's trading terms with steel customers are mainly on credit. Invoices are normally payable within two months of issuance, except for certain well established customers, where the terms are extended to three to six months in some cases, subject to the approval of senior management. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

10. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

|                        | As at<br>30 June<br>2007<br><i>(Unaudited)</i><br><i>HK\$'000</i> | As at<br>31 December<br>2006<br><i>(Audited)</i><br><i>HK\$'000</i> |
|------------------------|---|---|
| Cash and bank balances | 215,373   | 128,032   |
| Time deposits          | 233,244   | 315,534   |
|                        | <u>448,617</u>  | <u>443,566</u>  |
| Pledged deposits       | <u>(185,198)</u>  | <u>(167,354)</u>  |
|                        | <u><u>263,419</u></u>   | <u><u>276,212</u></u>   |

11. TRADE PAYABLES

An aged analysis of accounts payables at the balance sheet date is as follows:

|               | As at<br>30 June<br>2007<br><i>(Unaudited)</i><br><i>HK\$'000</i> | As at<br>31 December<br>2006<br><i>(Audited)</i><br><i>HK\$'000</i> |
|---------------|---|---|
| 1 - 3 months  | 998   | 1,360   |
| 4 - 6 months  | 152   | 79  |
| Over 6 months | 107   | 287   |
|               | <u>1,257</u>  | <u>1,726</u>  |

**12. SHARE CAPITAL**

|  | <b>As at<br/>30 June<br/>2007<br/>(Unaudited)<br/>HK\$'000</b> | As at<br>31 December<br>2006<br>(Audited)<br>HK\$'000 |
|--|--|---|
| Authorised:  |  |   |
| 50,000,000,000 (2006: 50,000,000,000) shares of HK\$0.01 | <b>500,000</b>   | 500,000   |
| Issued and fully paid:                                   |  |   |
| 4,180,371,092 (2006: 4,180,371,092) shares of HK\$0.01   | <b>41,804</b>  | 41,804  |

**13. SHARE OPTION SCHEME**

The Company operates a share option scheme (the "Scheme") 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 Scheme include the Company's directors, other employees, adviser, consultant, agent, contractor, client or customer, or supplier of any member of the Group. The Scheme became effective on 27 June 2003 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The total number of securities available for issue under the Scheme is 400,052,632, which is equivalent to 10% of the issued share capital of the Company as at the date of approval of the Scheme. The maximum number of shares issuable under share options to each eligible participant in the 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 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 share 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 of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, which is not later than 10 years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the board of directors, but may not be less than the higher of (i) the nominal value of the shares; (ii) the Stock Exchange closing price of the Company's shares on the date at offer of the share options and (iii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer.

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

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

### 13. SHARE OPTION SCHEME (continued)

The following share options of Oriental Explorer Holdings Limited, a subsidiary of the Company, were outstanding during the period:

| Name<br>Category of<br>participant | Date of grant<br>of share options | Exercise price<br>of share<br>options<br>HK\$ | Number of share options |                                 |                                |                                   | At 30<br>June<br>2005 | Exercise period of share options   |
|------------------------------------|-----------------------------------|---|-------------------------|---------------------------------|--------------------------------|-----------------------------------|-----------------------|------------------------------------|
|                                    |                                   |   | At 1<br>January<br>2005 | Granted<br>during<br>the period | Lapsed<br>during<br>the period | Exercised<br>during<br>the period |                       |                                    |
| <b>Directors</b>                   |                                   |   |                         |                                 |                                |                                   |                       |                                    |
| Lau Chi Yung, Kenneth              | 7 February 1998                   | 0.112   | 19,500,000              | —                               | —                              | —                                 | 19,500,000            | 7 February 1998 to 6 February 2008 |
| <b>Others</b>                      |                                   |   |                         |                                 |                                |                                   |                       |                                    |
| Tsang Pak Chung, Eddy              | 7 February 1998                   | 0.112   | 19,500,000              | —                               | —                              | —                                 | 19,500,000            | 7 February 1998 to 6 February 2008 |
| Leung Wei San, Saskia              | 7 February 1998                   | 0.112   | 19,500,000              | —                               | —                              | —                                 | 19,500,000            | 7 February 1998 to 6 February 2008 |
|                                    |                                   |   | <u>58,500,000</u>       | <u>—</u>                        | <u>—</u>                       | <u>—</u>                          | <u>58,500,000</u>     |                                    |

No share options of Oriental Explorer Holdings Limited were granted, exercised, cancelled or lapsed during the year.

### 14. CAPITAL COMMITMENTS

As at balance sheet date, the Group had capital commitments in respect of the following:

|                                  | <b>As at<br/>30 June<br/>2007<br/>(Unaudited)<br/>HK\$'000</b> | As at<br>31 December<br>2006<br>(Audited)<br>HK\$'000 |
|----------------------------------|--|---|
| Contracted but not provided for: |  |   |
| Interest in a subsidiary         | <u>Nil</u>   | <u>109,000</u>  |

### 15. RELATED PARTY TRANSACTIONS

During the period, a subsidiary sold finished goods of HK\$2,017,332 (2006: HK\$2,286,000) to and purchased raw materials and parts of HK\$456,261 (2006: HK\$675,000) from a related company of Alpha Japan Limited, the minority shareholder 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 (in respect of the sales), and offered by a related company of Alpha Japan Limited to its third party customers (in respect of the purchases).

### 16. CONTINGENT LIABILITIES

The Company had guarantees amounting to HK\$793,182,000 (2006: HK\$836,000,000) given to banks for the banking facilities which had been fully utilised at the balance sheet date, granted by the banks to certain subsidiaries.

### 17. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements were approved and authorised for issue by the Board of Directors on 19 September 2007.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16 October 2007 to 18 October 2007, both days inclusive, during which period, no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Registrars in Hong Kong, Tengis Limited, 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 15 October 2007.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group continued to focus principally on its core business of property investments. During the first half of 2007, the Group maintained a steady growth and recorded a net profit of approximately HK\$62.8 million (2006: HK\$57.6 million), an increase of 9% as compared with the corresponding period of 2006.

### PROPERTY INVESTMENT

#### Hong Kong

During the first half of 2007, the global economy remained positive and Hong Kong continued to benefit from the strong economic growth in the PRC.

The investment properties in Hong Kong continued to maintain an average occupancy rate of 70% and generated a rental revenue of approximately HK\$11 million for the period under review (2006: HK\$16 million), with a decrease of 31.25% as compared with 2006 as a result of disposal of Multifield Building in 2006.

#### Shanghai, PRC

The macro-economic situation in the PRC was strong during the period under review despite the PRC government adopted a number of new austerity measures on the property market and the financial market.

The Group's Shanghai serviced villas/apartments chain, operating under the name "Windsor Renaissance", has already built up a market niche in Shanghai and has continued to generate a strong rental revenue of approximately HK\$62 million during the period under review with an average occupancy rate of over 90%. The expatriate community in Shanghai has regarded "Windsor Renaissance" a symbol of high quality serviced villas/apartments and our tenants base covers hundreds of corporations from all over the world. At present, a portfolio of around 400 serviced villas and apartments are under our management.

#### Zhuhai, PRC

The land of area of approximately 36,808 square metres in Zhuhai acquired by the Group in June 2006 is still in the process of demolition and removal of existing constructions thereon. The demolition and removal work is expected to be completed before end of 2007.

The Management believes that the acquisition will present a good opportunity for the Group to strengthen its business in the field of property investment in the PRC, and has confidence that the development of the land into a fully integrated shopping mall will bring a remarkable return of investment to the Group.

### PORTFOLIO INVESTMENTS

The Group continued to undertake portfolio investments during the period under review since the Group believes that substantial cash balances can be generated from time to time and limited portfolio investment activities will improve the return on cash balances and enhance the Group's profitability. Despite the Hong Kong and other overseas stock markets were very volatile and vulnerable during the first half of 2007, the Group performed at a satisfactory level when marking the investment portfolios to the market valuation as at 30 June 2007.

## STEEL TRADING

The Group did not engage in steel trading during the period under review since the management adopted a prudent approach to minimize risk exposure of steel prices which fluctuated significantly. Indeed, the PRC continued to implement macroeconomic control measures to rein in economic development with bank borrowing rates raised and reduced export tax rebate rates for steel products. The management forecasted that the second half of 2007 would still be a hard time for steel markets and accordingly, much more effort has to be devoted to explore other business opportunities.

## 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 and Shanghai. As at 30 June 2007, the Group had outstanding bank loans amounting to approximately HK\$793 million, which were secured by legal charges on certain investment properties and properties held for sale in Hong Kong and Shanghai. As at 30 June 2007, among the total outstanding bank borrowings, HK\$165 million are repayable within one year. The Group's cash and bank balances and short term bank deposits as at 30 June 2007 amounted to approximately HK\$449 million. The Group's gearing ratio as at 30 June 2007 was approximately 26.7% based on the total bank borrowings of approximately HK\$793 million and the aggregate of the shareholder funds, minority interests and total bank borrowings of approximately HK\$2,968 million.

## PERSONNEL

As at 30 June 2007, the Group had a total of 410 employees, of whom 380 were based in the PRC and 30 in Hong Kong. The remuneration packages of the Group's employees are mainly based on their performance and experience, taking into account current industry practices.

In addition to the provision of provident fund scheme, medical allowance, in-house and external training programs, discretionary bonus and share option scheme are also available to employees based on their performance. The remuneration policy and packages of the Group's employees are reviewed regularly.

## PROSPECTS

During the period under review, Hong Kong's Gross Domestic Product ("GDP") achieved growth of 5.6% as compared to the same period of last year, whilst the unemployment rate fell to a nine-year low of 4.2% in the second quarter of 2007. In addition, the opening of the Hong Kong-Shenzhen Western Corridor in July 2007 is expected to enhance accessibility and facilitate the expansion of trade across the border. Under these favorable conditions, the property market in Hong Kong should be sustainable and the Group will continue to seek for appropriate good investment opportunities.

According to the information from National Bureau of Statistics, the PRC's GDP in the first half of 2007 amounted to RMB10,676.8 billion, representing a year-on-year growth of 11.5%. The investment of property development in the PRC increased 28.5% to reach RMB988.7 billion, 4.3% higher than that of the same period in the previous year. In view of the rapid growth of macro-economy in the PRC and the accelerated consolidation of the property market, the Group is of the view that the property industry will continue to grow steadily after necessary adjustments. Indeed, we feel very optimistic about our existing serviced villas/apartments chain operation in Shanghai and the future land development in Zhuhai.

In the second half of 2007, the Group will under the principle of prudence carefully while actively identify development projects that have good potential for development, and put much effort on identifying new development projects opportunities and high quality land banks for future growth in the PRC with focus in Zhuhai.

**DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS**

At 30 June 2007, the interests and short positions of the directors in the share capital and underlying shares of the Company or its associated corporations (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 the Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code"), were as follows:

**Long position in the Company's ordinary shares:**

| Name of director         | Capacity and nature of interest | Number of shares     | Percentage of the Company's issued share capital |
|--------------------------|---------------------------------|----------------------|--|
| Mr Lau Chi Yung, Kenneth | Corporate                       | <u>2,785,515,712</u> | <u>66.63</u>                                     |

The above shares are ultimately controlled by Power Resources Holdings Limited as the trustee of the Power Resources Discretionary Trust, a family discretionary trust, the discretionary objects of which include Mr Lau Chi Yung, Kenneth and his family.

**Long position in shares and underlying shares of the associated corporations:**

| Name of director         | Name of associated corporation     | Relationship with the Company | Number of shares/ Shares/ Equity derivatives | Equity derivatives held | Capacity and nature of interest | Percentage of associated corporation's issued share capital |
|--------------------------|------------------------------------|-------------------------------|--|-------------------------|---------------------------------|---|
| Mr Lau Chi Yung, Kenneth | Oriental Explorer Holdings Limited | Company's subsidiary          | Ordinary shares                              | 1,020,268,999           | Corporate                       | 56.68   |
|                          |                                    |                               | Share options                                | 19,500,000              | Directly beneficially owned     | N/A   |

The interest of Mr Lau Chi Yung, Kenneth in the shares of Oriental Explorer Holdings Limited are ultimately controlled by Power Resources Holdings Limited as the trustee of the Power Resources Discretionary Trust, a family discretionary trust, the discretionary objects of which include Mr Lau Chi Yung, Kenneth and his family.

In addition to the above, a director has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, none of the directors and chief executives had registered an interest in the shares, underlying shares or debentures of the Company or any of its associated corporations 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 under the heading "Directors' interests and short positions in shares and underlying shares of the Company and its associated corporations" above, at no time during the period 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 subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

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

At the balance sheet date, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interest required to be kept by the Company pursuant to section 336 of the SFO:-

|                                  | <b>Notes</b> | <b>Capacity and nature of interest</b> | <b>Number of shares held</b> | <b>Percentage of the Company's issued share capital</b> |
|----------------------------------|--------------|--|------------------------------|---|
| Power Resources Holdings Limited | (a)          | Through a controlled corporation       | 2,785,515,712                | 66.63   |
| Lucky Speculator Limited         | (a)          | Directly beneficially owned            | 2,195,424,000                | 52.52   |
| Desert Prince Limited            | (a)          | Directly beneficially owned            | 590,091,712                  | 14.11   |

*Notes:*

- (a) Power Resources Holdings Limited was deemed to have a beneficial interest in 2,685,575,712 ordinary shares of the Company by virtue of its indirect interests through Lucky Speculator Limited and Desert Prince Limited, the wholly-owned subsidiaries, which held shares in the Company.

Save as disclosed above, no person, other than the directors and chief executives of the Company, whose interest are set out in the section "Directors' and chief executives' interests and short positions in shares and underlying shares of the Company and its 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.

**PURCHASES, SALES OR REDEMPTIONS OF THE COMPANY'S LISTED SECURITIES**

During the period, there were no purchases, sales or redemptions of the Company's listed securities by the Company or by any of its subsidiaries.

**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 2007.

## CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2007, save as disclosed below:

- (a) Under the 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, if necessary, in order to ensure compliance with the Code on Corporate Governance Practices.

- (b) Under the code provision of A.2, the role of chairman and chief executive officer should be separated and should not be performed by the same individual.

The Company does not at present have any officer with the title of “chief executive officer”. Mr Lau Chi Yung, Kenneth is the chairman and managing director of the Company. The Board will meet regularly to consider major matters affecting the operations of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company and is conducive to strong and consistent leadership, enabling the Company to respond promptly and efficiently.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the Company’s code of conduct of dealings in securities of the Company by the directors. Based on specific enquiry of the Company’s directors, the directors have complied with the required standard set out in the Model Code throughout the accounting period covered by the interim report.

## PUBLICATION OF INTERIM REPORT

This interim report is published on the website of the Hong Kong Exchanges and Clearing Limited at [www.hkex.com.hk](http://www.hkex.com.hk) and on the website of the Company at <http://www.irasia.com/listco/hk/multifield/index.htm>.

## BOARD OF DIRECTORS

As at the date hereof, the Board of Directors of the Company comprises five Directors of whom two are Executive Directors, namely Mr. Lau Chi Yung, Kenneth and Mr. Lau Michael Kei Chi; and three Independent Non-executive Directors, namely Mr. Choy Tak Ho, Mr. Lee Siu Man, Ervin and Mr. Wong Yim Sum.

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

Hong Kong, 19 September 2007