

*Multifield*

**Multifield International Holdings Limited**

(Incorporated in Bermuda with limited liability)

(Stock Code: 0898)

2008  
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 2008 (the “period”), together with the unaudited comparative figures as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT**

For the six months ended 30 June 2008

		<b>For the six months ended 30 June</b>	
		<b>2008</b>	2007
	<i>Notes</i>	<i>(Unaudited)</i>	(Unaudited)
		<b>HK\$ '000</b>	HK\$ '000
<b>REVENUE</b>	2	<b>86,026</b>	83,100
Cost of sales		<u>(10,608)</u>	<u>(12,573)</u>
Gross profit		<b>75,418</b>	70,527
Other income and gains	2	<b>19,322</b>	38,825
Operating and administrative expenses		<u>(58,007)</u>	<u>(25,349)</u>
Finance costs	4	<u>(10,354)</u>	<u>(15,312)</u>
<b>PROFIT BEFORE TAX</b>	5	<b>26,379</b>	68,691
Tax	6	<u>(5,935)</u>	<u>(5,849)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>20,444</b></u>	<u>62,842</u>
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the Company		<b>15,054</b>	41,203
Minority interests		<u>5,390</u>	<u>21,639</u>
		<u><b>20,444</b></u>	<u>62,842</u>
<b>INTERIM DIVIDEND PER SHARE</b>	7	<u><b>0.3cents</b></u>	<u>0.3cents</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic	8	<u><b>0.49cents</b></u>	<u>0.99cents</u>

**CONDENSED CONSOLIDATED BALANCE SHEET**

As at 30 June 2008

	<i>Notes</i>	<b>As at 30 June 2008 (Unaudited) HK\$'000</b>	As at 31 December 2007 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		333,199	324,395
Investment properties		2,802,469	2,781,460
Prepaid land lease payments		463	468
Available-for-sale investments		74,813	9,460
		<hr/>	<hr/>
Total non-current assets		3,210,944	3,115,783
<b>CURRENT ASSETS</b>			
Inventories		773	819
Properties held for sale		281,851	281,851
Trade receivables	9	10,216	8,677
Prepayments, deposits and other receivables		68,059	61,762
Equity investments at fair value through profit or loss		125,012	94,283
Equity-linked notes		54,416	22,724
Pledged deposits	10	131,892	210,785
Cash and cash equivalents	10	186,606	299,411
		<hr/>	<hr/>
Total current assets		858,825	980,312
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>4,069,769</b>	<b>4,096,095</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	11	886	1,383
Accrued expenses and other payables		285,521	227,811
Deposits received		46,714	46,941
Interest-bearing bank and other borrowings		178,579	253,283
Tax payable		15,513	14,164
Dividend payable		18,821	—
		<hr/>	<hr/>
Total current liabilities		546,034	543,582
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>312,791</b>	<b>436,730</b>
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,523,735</b>	<b>3,552,513</b>
		<hr/>	<hr/>

**CONDENSED CONSOLIDATED BALANCE SHEET** (continued)

As at 30 June 2008

	<i>Notes</i>	As at <b>30 June 2008</b> <i>(Unaudited)</i> <b>HK\$'000</b>	As at 31 December 2007 (Audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		593,519	585,022
Due to a director		5,764	38,778
Deferred tax liabilities		438,855	438,855
		<u>1,038,138</u>	<u>1,062,655</u>
Total non-current liabilities			
		<u>1,038,138</u>	<u>1,062,655</u>
Net assets		<u>2,485,597</u>	<u>2,489,858</u>
<b>CAPITAL AND RESERVES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Issued capital	12	41,804	41,804
Reserves		1,705,449	1,702,936
Proposed dividend		12,541	18,812
		<u>1,759,794</u>	<u>1,763,552</u>
Minority interests		725,803	726,306
		<u>725,803</u>	<u>726,306</u>
Total equity		<u>2,485,597</u>	<u>2,489,858</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

	For the six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Total equity at 1 January	<u>2,489,858</u>	<u>2,134,354</u>
<b>Changes in equity during the period</b>		
Profit for the period	20,444	62,842
Final Dividend	(18,812)	(16,721)
Exchange difference	(5,893)	(5,400)
	<u>(4,261)</u>	<u>40,721</u>
Total equity at 30 June	<u><u>2,485,597</u></u>	<u><u>2,175,075</u></u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

For the six months ended 30 June 2008

	<b>For the six months ended 30 June</b>	
	<b>2008</b>	<b>2007</b>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CASH INFLOW FROM OPERATING ACTIVITIES	57,667	41,154
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(86,356)	50,185
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES	<u>(84,116)</u>	<u>(104,132)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(112,805)	(12,793)
Cash and cash equivalents at beginning of period	<u>299,411</u>	<u>276,212</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>186,606</u></u>	<u><u>263,419</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:		
Cash and bank balances	<u><u>186,606</u></u>	<u><u>263,419</u></u>

## 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 2007.

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 the Group's financial year beginning on 1 January 2008. 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 1 (Revised)	Presentation of Financial Statement <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>2</sup>
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>1</sup>
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>2</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC) - INT 13	Customer Loyalty Programmes <sup>3</sup>
HK(IFRIC) - INT 15	Agreements for the Construction of Real Estate <sup>1</sup>
HK(IFRIC) - INT 16	Hedges of a Net Investment in a Foreign Operation <sup>4</sup>

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

<sup>2</sup> Effective for accounting periods beginning on or after 1 July 2009.

<sup>3</sup> Effective for accounting periods beginning on or after 1 July 2008.

<sup>4</sup> Effective for accounting periods beginning on or after 1 October 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>2008</b> <i>(Unaudited)</i> <b>HK\$'000</b>	<b>2007</b> <i>(Unaudited)</i> <b>HK\$'000</b>
<b>Revenue</b>		
Rental income from property letting	71,726	69,414
Serviced apartment and property management	10,834	9,838
Manufacturing and trading of electronic products	3,466	3,848
	<u>86,026</u>	<u>83,100</u>
<b>Other income and gains</b>		
Interest income	10,065	12,132
Gain on disposal of equity investments at fair value through profit or loss	100	2,163
Dividend income from listed investments	2,645	1,971
Fair value gains, net		
Equity investments at fair value through profit or loss	—	19,884
Others	6,512	2,675
	<u>19,322</u>	<u>38,825</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					
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Segment revenue						
Sales to external customers	<u>12,351</u>	<u>14,827</u>	<u>73,675</u>	<u>68,273</u>	<u>86,026</u>	<u>83,100</u>
Segment results	<u>(22,943)</u>	<u>4,666</u>	<u>40,354</u>	<u>40,512</u>	<u>17,411</u>	<u>45,178</u>
Other income and gains					<u>19,322</u>	<u>38,825</u>
Finance costs					<u>(10,354)</u>	<u>(15,312)</u>
Profit before tax					<u>26,379</u>	<u>68,691</u>
Tax					<u>(5,935)</u>	<u>(5,849)</u>
Profit for the period					<u><u>20,444</u></u>	<u><u>62,842</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									
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Segment revenue										
Sales to external customers	<u>71,726</u>	<u>69,414</u>	<u>10,834</u>	<u>9,838</u>	<u>3,466</u>	<u>3,848</u>	<u>—</u>	<u>—</u>	<u>86,026</u>	<u>83,100</u>
Segment result	<u>50,323</u>	<u>25,252</u>	<u>855</u>	<u>801</u>	<u>(467)</u>	<u>(751)</u>	<u>(33,300)</u>	<u>19,876</u>	<u>17,411</u>	<u>45,178</u>

**4. FINANCE COSTS**

	For the six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
	Interest on secured bank loans	<u><u>10,354</u></u>

## 5. PROFIT BEFORE TAX

Profit before tax was arrived at after charging the following:

	<b>For the six months ended 30 June</b>	
	<b>2008</b>	2007
	<i>(Unaudited)</i> <b>HK\$'000</b>	<i>(Unaudited)</i> <b>HK\$'000</b>
Cost of inventories sold	1,340	2,067
Depreciation of owned assets	1,273	775
Amortisation of land lease payments	4	4
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	7,320	7,772
Fair value losses, net		
– Equity-linked notes	5,196	—
– Equity investments at fair value through profit or loss	33,337	—
	<u>33,337</u>	<u>—</u>

## 6. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 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.

	<b>For the six months ended 30 June</b>	
	<b>2008</b>	2007
	<i>(Unaudited)</i> <b>HK\$'000</b>	<i>(Unaudited)</i> <b>HK\$'000</b>
Current tax		
Charge for the period	5,935	5,849
Overprovision in prior years	—	—
	<u>5,935</u>	<u>5,849</u>
Total tax charge for the period	<u>5,935</u>	<u>5,849</u>

## 7. INTERIM DIVIDEND PER SHARE

The Board of Directors has resolved to distribute an interim dividend of 0.3 HK cents (2007: 0.3 HK cents) per ordinary share to shareholders whose names appear on the Register of Members of the Company on 9 October 2008. The interim dividend will be distributed to the shareholders on 16 October 2008.

## 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\$20,444,000 (2007: HK\$41,203,000) and the weighted average number of 4,180,371,092 (2007: 4,180,371,092) shares in issue during the period under review.

Diluted earnings per share for the six months ended 30 June 2008 and 2007 have not been disclosed as no diluting events existed during both periods.

9. TRADE RECEIVABLES

	As at 30 June 2008 <i>(Unaudited)</i> <i>HK\$'000</i>	As at 31 December 2007 <i>(Audited)</i> <i>HK\$'000</i>
Trade receivables	15,456	13,917
Impairment	(5,240)	(5,240)
	<u>10,216</u>	<u>8,677</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 its customers its 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. Trade receivables are non-interest bearing.

An aged analysis of trade receivables as at the balance sheet date based on invoice date and net of provisions, is as follows:

	As at 30 June 2008 <i>(Unaudited)</i> <i>HK\$'000</i>	As at 31 December 2007 <i>(Audited)</i> <i>HK\$'000</i>
Aged:		
1 - 3 months	8,862	4,301
Over 3 months	1,354	4,376
	<u>10,216</u>	<u>8,677</u>

**10. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS**

	<b>As at 30 June 2008 (Unaudited) HK\$'000</b>	As at 31 December 2007 (Audited) HK\$'000
Cash and bank balances	47,453	99,890
Time deposits	<u>271,045</u>	<u>410,306</u>
	<b>318,498</b>	510,196
Less: Pledged deposits	<u>(131,892)</u>	<u>(210,785)</u>
Cash and Cash equivalents	<u><b>186,606</b></u>	<u>299,411</u>

Cash at banks earns interest at floating rates based on daily bank deposits rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

**11. TRADE PAYABLES**

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

	<b>As at 30 June 2008 (Unaudited) HK\$'000</b>	As at 31 December 2007 (Audited) HK\$'000
1 - 3 months	886	1,291
Over 3 months	<u>—</u>	<u>92</u>
	<u><b>886</b></u>	<u>1,383</u>

**12. SHARE CAPITAL**

	<b>As at 30 June 2008 (Unaudited) HK\$'000</b>	As at 31 December 2007 (Audited) HK\$'000
Authorised:		
50,000,000,000 (2007: 50,000,000,000) shares of HK\$0.01	<b>500,000</b>	500,000
Issued and fully paid:		
4,180,371,092 (2007: 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)

During the period, the following 58,500,000 share options were lapsed on 7 February 2008 and no share options remained outstanding as at 30 June 2008.

Name Category of participant	Date of grant of share options	Exercise price of share options HK\$	Number of share options				At 30 June 2008	Exercise period of share options
			At 1 January 2008	Granted during the period	Lapsed during the period	Exercised during 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>(58,500,000)</u>	<u>—</u>	<u>—</u>	

### 14. CAPITAL COMMITMENTS

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

	<b>As at 30 June 2008 (Unaudited) HK\$'000</b>	As at 31 December 2007 (Audited) HK\$'000
Contracted but not provided	<u>6,001</u>	<u>6,001</u>

### 15. RELATED PARTY TRANSACTIONS

During the period, a subsidiary sold finished goods of HK\$2,064,000 (2007: HK\$2,017,332) to and purchased raw materials and parts of HK\$52,000 (2007: HK\$456,261) 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\$778,582,000 (2007: HK\$793,182,000) 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 22 September 2008.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 8 October 2008 to 9 October 2008, 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, Tricor Investor Services Limited, 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 6 October 2008.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group continued to focus principally on its core business of property investments. During the first half of 2008, the Group recorded a net profit of approximately HK\$20.4 million (2007: HK\$62.8 million), a decrease of 67.5% as compared with the corresponding period of 2007. The decrease was due to the impact of diminution in fair value on marking the investment portfolios to the market valuation as at 30 June 2008.

### PROPERTY INVESTMENT

#### Hong Kong

During the first half of 2008, Hong Kong continued to benefit from the economic growth in the PRC. The investment properties in Hong Kong maintained an occupancy rate of approximately 70% and contributed stable rental revenue of approximately HK\$12 million for the six months ended 30 June 2008 (2007: HK\$11 million), with an increase of 9% as compared with 2007.

Further, the Group acquired numerous units of total area of approximately 90,800 sq ft with car parks in a factory building in Hong Kong in June 2008 for a consideration of approximately HK\$70 million for long term letting purpose. The Group believes that the acquisition will bring a satisfactory return on investment.

#### Shanghai, PRC

The tightened monetary policy adopted in the PRC continued to affect the property market in the PRC. However, our service apartment chain in Shanghai, operating under the name of "Windsor Renaissance", maintained a steady rental revenue in the first half of 2008 with an occupancy rate of approximately 70%. Our trademark, "Windsor Renaissance" is a symbol of high quality service apartments and villas in Shanghai and has been very well accepted by the expatriate community in Shanghai. At present, we are operating over 400 service apartments and villas, and our tenant base covers hundreds of multinational corporations from all over the world.

#### Zhuhai, PRC

The land of area of approximately 36,808 square metres in Zhuhai, PRC, acquired by the Group in June 2006, which is planned to be developed into a fully integrated shopping mall, is still in the process of demolition and removal of existing constructions. Another land of area of approximately 94,111 square metres in DouMen of Zhuhai, PRC, acquired in September 2007 on an auction sale by listing by Zhuhai State Land Resources Bureau, PRC, is at planning stage. The land is planned to be developed into hotels, exhibition and shopping centres for letting purposes.

The Group believes that the above acquisition of land in Zhuhai will further strengthen the business of property investment in the PRC and will bring remarkable return to the Group on completion of development.

### 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. Since the global economy was adversely affected by the credit crisis in the US, and the Hong Kong and other overseas stock markets were very volatile and vulnerable during the first half of 2008, the Group performed at a loss of approximately HK\$38 million when marking the investment portfolios to the market valuation as at 30 June 2008.

## 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 2008 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 2008, the Group had outstanding bank loans amounting to approximately HK\$772 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 2008, among the total outstanding bank borrowings, HK\$179 million are repayable within one year. The Group's cash and bank balances and short term bank deposits as at 30 June 2008 amounted to approximately HK\$319 million. The Group's gearing ratio as at 30 June 2008 was approximately 23.7% based on the total bank borrowings of approximately HK\$772 million and the aggregate of the shareholder funds, minority interests and total bank borrowings of approximately HK\$3,257 million.

## PERSONNEL

As at 30 June 2008, the Group had a total of 382 employees, of whom 360 were based in the PRC and 22 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

Hong Kong economy is expected to slow down in the second half of 2008 as a result of the adverse impact of the credit crisis in the US economy. However, the Group believes that Hong Kong will continue to benefit from the economic growth in the PRC and will further consolidate and enhance its investment portfolio through its progressive yet prudent strategy, with focus on seeking for good investment opportunities.

Despite the tightened monetary policy adopted in the PRC, the Group continued to be positive about the long term prospects for the PRC property market. The Group believes that the sustainable PRC economic growth, on-going urbanization and increasing demand for improvement of living standard will continuously support the long-term development of the property market in the PRC. The current adjustments are periodic and will not affect the long term growth trend. Further, we are very optimistic about our serviced-apartments and villas chain operation in Shanghai as we have already established a firm footing and a strategic presence in Shanghai to deliver solid performance in this sector of business.

In August, 2008, the government of Hong Kong, Guangdong Province and Macau further confirmed the financing scheme in respect of the construction of the Hong Kong, Zhuhai and Macau Bridge. The Group believes that the Bridge will speed up the economic growth in Zhuhai and therefore our land banks upon completion of development will bring a significant return to the Group. Further, we are confident that the Group has laid a solid foundation for transforming itself into an integrated real estate operator that develops and leases offices, residential, hotels and shopping malls.



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

At 30 June 2008, 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>2,791,353,712</u>	<u>66.77</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	1,079,946,999	Corporate	60

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:-

	Notes	Capacity and nature of interest	Number of shares held	Percentage of the Company's issued share capital
Power Resources Holdings Limited	(a)	Through a controlled corporation	2,791,353,712	66.77
Lucky Speculator Limited	(a)	Directly beneficially owned	2,195,424,000	52.52
Desert Prince Limited	(a)	Directly beneficially owned	595,929,712	14.25

### Notes:

- (a) Power Resources Holdings Limited was deemed to have a beneficial interest in 2,791,353,712 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 2008.

## 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 2008, 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 RESULTS AND INTERIM REPORT

This interim results announcement is published on the website of the Hong Kong Exchanges and Clearing Limited at [www.hkex.com.hk](http://www.hkex.com.hk) under the section "Latest Listed Company Information" and on the website of the Company at <http://www.irasia.com/listco/hk/multifield/index.htm>. The 2008 Interim Report containing all the information required under paragraphs 46(1) to 46(6) of Appendix 16 of the Rules Governing the Listing of Securities on the Exchange will be published on the same websites in due course.

#### 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, 22 September 2008