



*Multifield*

**Multifield International Holdings Limited**

(Incorporated in Bermuda with limited liability)

(Stock Code: 0898)

**2015**

**INTERIM REPORT**

## INTERIM RESULTS

The board of directors (the “Board”) 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 2015, together with the comparative figures as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		For the six months ended 30 June	
	Notes	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>REVENUE</b>			
	3	<b>227,640</b>	129,957
Cost of sales		<b>(21,294)</b>	(20,882)
Gross profit		<b>206,346</b>	109,075
Other income and gains	3	<b>15,011</b>	31,850
Foreign exchange differences, net		<b>(566)</b>	(318)
Operating and administrative expenses		<b>(24,171)</b>	(28,366)
Finance costs	5	<b>(12,858)</b>	(10,433)
<b>PROFIT BEFORE TAX</b>	4	<b>183,762</b>	101,808
Income tax expense	6	<b>(6,766)</b>	(7,243)
<b>PROFIT FOR THE PERIOD</b>		<b>176,996</b>	94,565
<b>OTHER COMPREHENSIVE EXPENSE</b>			
Other comprehensive expense to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Change in fair value		<b>(1,183)</b>	(283)
Reclassification adjustments for gains included in the consolidated statement of profit or loss – gain on disposal		<b>(4,836)</b>	(3,453)
Net other comprehensive expense to be reclassified to profit or loss in subsequent periods		<b>(6,019)</b>	(3,736)
<b>OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD, NET OF TAX</b>		<b>(6,019)</b>	(3,736)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>170,977</b>	90,829
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>119,120</b>	65,582
Non-controlling interests		<b>57,876</b>	28,983
		<b>176,996</b>	94,565
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>115,303</b>	62,689
Non-controlling interests		<b>55,674</b>	28,140
		<b>170,977</b>	90,829
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted	8	<b>HK2.85 cents</b>	HK1.57 cents

Details of interim dividend are disclosed in note 7.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		352,321	354,918
Investment properties		6,592,406	6,580,700
Prepaid land lease payments		404	408
Club debenture		670	670
Total non-current assets		<u>6,945,801</u>	<u>6,936,696</u>
<b>CURRENT ASSETS</b>			
Properties held for sale		281,851	281,851
Trade receivables	9	8,880	8,374
Prepayments, deposits and other receivables		7,851	8,181
Available-for-sale investments		223,979	288,108
Equity investments at fair value through profit or loss		901,927	693,130
Pledged deposits	10	14,278	46,136
Cash and cash equivalents	10	277,740	320,814
Total current assets		<u>1,716,506</u>	<u>1,646,594</u>
<b>TOTAL ASSETS</b>		<u>8,662,307</u>	<u>8,583,290</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	11	1,206	1,503
Other payables and accruals		388,518	335,887
Deposits received		58,937	56,317
Interest-bearing bank and other borrowings		1,228,574	1,340,416
Tax payable		39,232	39,152
Total current liabilities		<u>1,716,467</u>	<u>1,773,275</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>39</u>	<u>(126,681)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,945,840</u>	<u>6,810,015</u>
<b>NON-CURRENT LIABILITIES</b>			
Amount due to a director		173	6,063
Deferred tax liabilities		702,546	702,545
Total non-current liabilities		<u>702,719</u>	<u>708,608</u>
Net assets		<u>6,243,121</u>	<u>6,101,407</u>
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Issued capital	12	41,804	41,804
Reserves		4,858,179	4,742,876
Proposed final dividend	7	–	29,263
Non-controlling interests		<u>4,899,983</u>	<u>4,813,943</u>
		<u>1,343,138</u>	<u>1,287,464</u>
Total equity		<u>6,243,121</u>	<u>6,101,407</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the Company								
	Issued capital <i>HK\$'000</i> <i>(Unaudited)</i> <i>(Note 12)</i>	Share premium account <i>HK\$'000</i> <i>(Unaudited)</i>	Contributed surplus <i>HK\$'000</i> <i>(Unaudited)</i>	Available-for-sale investment revaluation reserve <i>HK\$'000</i> <i>(Unaudited)</i>	Exchange fluctuation reserve <i>HK\$'000</i> <i>(Unaudited)</i>	Retained profits <i>HK\$'000</i> <i>(Unaudited)</i>	Proposed final dividend <i>HK\$'000</i> <i>(Unaudited)</i>	Non-controlling interests <i>HK\$'000</i> <i>(Unaudited)</i>	Total equity <i>HK\$'000</i> <i>(Unaudited)</i>
At 1 January 2014	41,804	39,116	293,372	21,077	664,512	3,356,770	29,263	1,276,604	5,722,518
Profit for the period	-	-	-	-	-	65,582	-	28,983	94,565
Other comprehensive expense for the period	-	-	-	(2,893)	-	-	-	(843)	(3,736)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-
Final 2013 dividend declared	-	-	-	-	-	-	(29,263)	-	(29,263)
At 30 June 2014	<u>41,804</u>	<u>39,116</u>	<u>293,372</u>	<u>18,184</u>	<u>664,512</u>	<u>3,422,352</u>	<u>-</u>	<u>1,304,744</u>	<u>5,784,084</u>
At 1 January 2015	41,804	39,116	293,372	13,021	612,764	3,784,603	29,263	1,287,464	6,101,407
Profit for the period	-	-	-	-	-	119,120	-	57,876	176,996
Other comprehensive expense for the period	-	-	-	(3,817)	-	-	-	(2,202)	(6,019)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-
Final 2014 dividend declared	-	-	-	-	-	-	(29,263)	-	(29,263)
At 30 June 2015	<u>41,804</u>	<u>39,116</u>	<u>293,372</u>	<u>9,204</u>	<u>612,764</u>	<u>3,903,723</u>	<u>-</u>	<u>1,343,138</u>	<u>6,243,121</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>266,229</b>	24,814
<b>NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES</b>		<b>(149,329)</b>	69,973
<b>NET CASH OUTFLOW FROM FINANCING ACTIVITIES</b>		<b>(159,974)</b>	(95,245)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(43,074)</b>	(458)
Cash and cash equivalents at beginning of the period		<u>320,814</u>	<u>181,624</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		<b><u>277,740</u></b>	<b><u>181,166</u></b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	10	<b>277,740</b>	67,181
Non-pledged deposits with original maturity of less than three months when acquired	10	<u>–</u>	<u>113,985</u>
		<b><u>277,740</u></b>	<b><u>181,166</u></b>



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim 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 2014 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 2015.

Amendments to HKAS 19 <i>Annual Improvements</i> <i>2010-2012 Cycle</i>	<i>Defined Benefit Plans: Employee Contributions</i> <i>Amendments to a number of HKFRSs</i>
<i>Annual Improvements</i> <i>2011-2013 Cycle</i>	<i>Amendments to a number of HKFRSs</i>

The adoption of the new amendments had no material effect on the results and financial position of the Group for the current and/or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not applied the following new or revised HKASs and HKFRSs, that have been issued but are not yet effective, in these interim financial statements:

HKFRS 9	<i>Financial Instruments</i> <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>1</sup>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> <sup>1</sup>
HKFRS 14	<i>Regulatory Deferral Accounts</i> <sup>4</sup>
HKFRS 15	<i>Revenue from Contracts with Customers</i> <sup>2</sup>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>1</sup>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> <sup>1</sup>
Amendments to HKAS 27 (2011) <i>Annual Improvements</i> <i>2012-2014 Cycle</i>	<i>Equity Method in Separate Financial Statements</i> <sup>1</sup> <i>Amendments to a number of HKFRS</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>4</sup> Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

## 2. OPERATING SEGMENT INFORMATION

The analyses of the principal activities of the operations of the Group are as follows:

	Property investment		Provision of serviced apartment and property management services		Trading and investments		Corporate and others		Total	
	For the six months ended 30 June									
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Segment revenue:</b>										
Sales to external customers	<u>97,049</u>	<u>98,837</u>	<u>12,119</u>	<u>10,043</u>	<u>118,472</u>	<u>21,077</u>	<u>-</u>	<u>-</u>	<u>227,640</u>	<u>129,957</u>
Segment results	<u>67,935</u>	<u>75,455</u>	<u>(8,535)</u>	<u>(5,137)</u>	<u>121,364</u>	<u>20,242</u>	<u>845</u>	<u>(10,169)</u>	<u>181,609</u>	<u>80,391</u>
<b>Reconciliation:</b>										
Interest income from loans and receivables									1,508	2,008
Other gains									13,503	29,842
Finance costs									(12,858)	(10,433)
Profit before tax									<u>183,762</u>	<u>101,808</u>

### Geographical information

	Hong Kong		Mainland China		Total	
	For the six months ended 30 June					
	2015	2014	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue from sales to external customers	<u>151,296</u>	<u>51,721</u>	<u>76,344</u>	<u>78,236</u>	<u>227,640</u>	<u>129,957</u>

### 3. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Revenue</b>		
Rental income from property letting	97,049	98,837
Serviced apartment and property management	12,119	10,043
Fair value gains on equity investments at fair value through profit or loss	108,570	3,629
Dividend income from listed investments	3,852	7,380
Interest income from available-for-sale investments	6,050	10,068
	<u>227,640</u>	<u>129,957</u>
<b>Other income and gains</b>		
Interest income from loans and receivables	1,508	2,008
Fair value gains on available-for-sale investments (transfer from equity on disposal)	4,836	3,453
Others	8,667	26,389
	<u>15,011</u>	<u>31,850</u>

### 4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation	3,066	2,509
Amortisation of prepaid land lease payments	4	4
Foreign exchange differences, net	566	318
	<u>3,636</u>	<u>2,831</u>
Employee benefits expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	6,211	5,396
Pension scheme contributions (defined contribution scheme)	143	114
	<u>6,354</u>	<u>5,510</u>



## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans, overdrafts and other loans wholly repayable within five years	<u>12,858</u>	<u>10,433</u>

## 6 INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong for the period. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China, based on existing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax Charge for the period	<u>6,766</u>	<u>7,243</u>
Total tax charge for the period	<u>6,766</u>	<u>7,243</u>

## 7. DIVIDENDS

(a) Dividends recognised as distribution during the period:

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend paid – HK0.70 cents (2013: HK0.70 cents) per ordinary share	<u>29,263</u>	<u>29,263</u>

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

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interim dividend declared – HK0.60 cents (2014: HK0.55 cents) per ordinary share	<u>25,082</u>	<u>22,992</u>

The above interim dividends were declared after the interim reporting dates and have 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 is based on the profit for the period attributable to ordinary equity holders of the Company of approximately HK\$119,120,000 (2014: HK\$65,582,000) and the weighted average number of ordinary shares of 4,180,371,092 (2014: 4,180,371,092) in issue during the period.

No adjustment has been made to the basic earnings per share presented for the periods ended 30 June 2015 and 2014 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during those periods.

## 9. TRADE RECEIVABLES

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 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 receivable balances.

An aged analysis of trade receivables at the end of the reporting period, based on invoice dates and net of provisions, is as follows:

	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
Within 1 month	1,411	1,653
1 to 2 months	912	648
2 to 3 months	21	79
Over 3 months	6,536	5,994
	<u>8,880</u>	<u>8,374</u>

## 10. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
Cash and bank balances	292,018	306,974
Time deposits	–	59,976
	<u>292,018</u>	<u>366,950</u>
Less: Pledged deposits	(14,278)	(46,136)
Cash and cash equivalents	<u>277,740</u>	<u>320,814</u>

## 10. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (continued)

The deposits of approximately HK\$14,278,000 (as at 31 December 2014: HK\$46,136,000) were pledged as security for banking facilities granted.

At the end of the reporting period, the cash and bank balances and pledged deposits of the Group denominated in Renminbi (“RMB”) amounted to approximately HK\$145,869,000 (as at 31 December 2014: HK\$155,510,000). The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

## 11. TRADE PAYABLES

An aged analysis of trade payables at the end of the reporting period, based on invoice dates, is as follows:

	As at 30 June 2015 HK\$’000 (Unaudited)	As at 31 December 2014 HK\$’000 (Audited)
Within 1 month	1,164	819
1 to 2 months	–	68
2 to 3 months	–	–
Over 3 months	42	616
	<u>1,206</u>	<u>1,503</u>

Trade payables are non-interest-bearing and are normally settled on 60-day terms.

## 12. SHARE CAPITAL

Shares	Number of shares		Value	
	As at 30 June 2015	As at 31 December 2014	As at 30 June 2015 HK\$’000 (Unaudited)	As at 31 December 2014 HK\$’000 (Audited)
Authorised:				
Ordinary shares of HK\$0.01 each	<u>50,000,000,000</u>	<u>50,000,000,000</u>	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.01 each	<u>4,180,371,092</u>	<u>4,180,371,092</u>	<u>41,804</u>	<u>41,804</u>

### **13. SHARE OPTION SCHEME**

At the annual general meeting of the Company held on 30 May 2013, its shareholders approved the termination of the share option scheme commenced on 27 June 2003 (the “2003 Scheme”) and the adoption of a new share option scheme (the “Scheme”). The purpose of the Scheme, among others, is to recognize and motivate the contribution of eligible participants to the Group and to provide incentives and help the Company in retaining its existing employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Company. Eligible participants of the Scheme include any (full-time or part-time) employee, including, without limitation, any executive and non-executive director or proposed executive and non-executive director of the Group, and any adviser, consultant, agent, contractor, client, customer or supplier of any member of the Group. The Scheme, unless otherwise cancelled or amended, will remain in force for 10 years from 30 May 2013.

The total number of securities available for issue under the Scheme is 418,037,109 which is equivalent to 10% of the issued share capital of the Company at the date of adoption 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, where all connected persons of the Company must abstain from voting in favour at such general meeting.

The offer of a grant of share options may be accepted within 5 business 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 of 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. No share options have been granted since the establishment of the 2003 Scheme.

### **14. CORPORATE GUARANTEES**

At 30 June 2015, the Company has given corporate guarantees in favour of banks for banking facilities granted to its subsidiaries to the extent of approximately HK\$960,777,000 (as at 31 December 2014: HK\$960,777,000), of which approximately HK\$870,911,000 (as at 31 December 2014: HK\$899,104,000) was utilised. In the opinion of the directors, no material liabilities will arise from the above corporate guarantees which arose in the ordinary course of business of the Group and the fair values of the corporate guarantees granted by the Company are immaterial.

## 15. OPERATING LEASE ARRANGEMENTS

### (a) As lessor

The Group leases its investment properties and properties held for sale under operating lease arrangements, with leases negotiated for terms ranging from one to three years. The terms of these leases generally require the tenants to pay security deposits.

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

	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
Within one year	146,670	125,884
In the second to fifth years, inclusive	83,611	53,925
	<u>230,281</u>	<u>179,809</u>

### (b) As lessee

The Group leases its office premise under operating lease arrangements. Lease for such property is negotiated for term of three years.

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

	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
Within one year	89	196
In the second to fifth years, inclusive	—	—
	<u>89</u>	<u>196</u>

## 16. RELATED PARTY TRANSACTIONS

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).

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

The unaudited condensed consolidated financial statements were approved and authorised for issue by the board of directors on 25 August 2015.



# CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

To conclude, the Group recorded a growth in operation performances for the first half-year of 2015 as compared to the corresponding period in 2014.

The Group's hotel-serviced villas and apartments' income in Shanghai and rental income in Hong Kong remain relatively stable, while the Group's investments in securities also provide profits to the Group. The Group's unaudited consolidated profit after tax for the six months ended 30 June 2015 is higher (approximately 88%) than that of the corresponding period in 2014.

During the period under reporting, the Group recorded a net profit of approximately HK\$171 million (2014: HK\$91 million).

## PROPERTY INVESTMENT

### Hong Kong

The Group's investment properties in Hong Kong mainly comprise of office buildings, industrial buildings, retail shops and car parks. The Group's investment property portfolio contributed stable rental revenue of approximately HK\$32 million for the six months ended 30 June 2015 (2014: HK\$29 million).

The Group's construction site at 54 Wong Chuk Hang Road, Hong Kong has completed its foundation work. The Group will start the construction of a new building on the existing site, expected to be completed in year 2017/2018. The Group expects that the new building will provide a new and stable source of income to the Group.

### Shanghai, PRC

The Group's properties portfolio in Shanghai, PRC is divided into three residential complexes, comprising of around 182 blocks of hotel-serviced villas and 132 hotel-serviced apartments respectively. The properties in Shanghai are operated under the name of "Windsor Renaissance" which is regarded as a symbol of high quality villas and hotel-serviced apartments in Shanghai, and are well received by consulates and foreign business entities, with an average occupancy rate of above 90%. The properties generate a stable rental and management fee revenue of approximately HK\$76 million for the six months ended 30 June 2015 to the Group (2014: HK\$78 million).

### Zhuhai, PRC

The Group holds two land banks in Zhuhai, PRC.

36,808 square meters of commercial use land in Qianshan is designated for building of shopping mall and retail stores. The local government is now active driving the relocation work.

Regarding the 94,111 square meters of hotel and commercial use land located in Doumen, the Group had recently met with the Doumen local government in mid-2015 and were formally informed that due to a change in town planning, the government is unable to approve the Group to build a hotel and shopping mall on the land, and wish to repurchase the land from the Group by cash, while at the same time provided some proposals to exchange another piece of land with the Group. The Group had already appointed local lawyers to investigate the related matters. The management will try their best to conserve the Group's rights and interests.

## **FINANCIAL INVESTMENTS**

The stock market improved in the first half of 2015 due to improvements of the US economy, and stimulative economic policies from the Chinese government also influence the Chinese and Hong Kong stocks market, particular in April 2015. These lead to equity investments (stocks) held by the Group to record fair value gains for the six months ended 30 June 2015.

As of 30 June 2015, the Group holds around HK\$902 million of equity investments and around HK\$224 million of available-for-sale investments. The Group's equity investments recorded a net fair value gain of approximately HK\$109 million when marking the investment portfolios to market valuation as of 30 June 2015, along with dividend income of approximately HK\$4 million. The available-for-sale listed debt investments recorded a net fair value loss of approximately HK\$6 million when marking to market valuation as of 30 June 2015, while contribute interest income of approximately HK\$6 million.

## **FOREIGN CURRENCY EXPOSURE**

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollar and United States dollar. Since Hong Kong dollar is pegged to United States dollar and the exchange rate of Renminbi to Hong Kong dollar was relatively stable during the period, the Group's exposure to the potential foreign currency risk is relatively limited. However, any permanent or significant changes in Renminbi against Hong Kong dollar may have possible impact on the Group's results and financial positions.

As of 30 June 2015, the Group has not entered into any financial instrument for hedging purpose. The Group will continue to monitor foreign exchange exposure and will consider hedging such exposure to minimize exchange risk should the need arise.

## **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. In order to preserve liquidity and enhance interest yields, liquid assets were maintained in the form of highly liquid equity investments and debt investments of approximately HK\$1,126 million (as of 31 December 2014: HK\$981 million) as of 30 June 2015. The Group's cash and cash equivalents as of 30 June 2015 amounted to approximately HK\$278 million (as of 31 December 2014: HK\$321 million).

As of 30 June 2015, the Group had total bank and other borrowings amounting to approximately HK\$1,229 million (as of 31 December 2014: HK\$1,340 million) which were secured by legal charges on certain investment properties in Hong Kong and Shanghai, and certain equity investments and available-for-sale investments. With the total bank and other borrowings of HK\$1,229 million (as of 31 December 2014: HK\$1,340 million) and the aggregate of the shareholder funds, non-controlling interests and total bank borrowings of approximately HK\$7,472 million (as of 31 December 2014: HK\$7,442 million), the Group's gearing ratio as of 30 June 2015 was around 16% (as of 31 December 2014: 18%).

## **COMMITMENTS**

As of 30 June 2015, the Group had committed payment for the construction and land development expenditure amounting to approximately HK\$19 million (as of 31 December 2014: HK\$27 million).

## **EMPLOYEES AND REMUNERATION POLICY**

As of 30 June 2015, the Group had approximately 230 employees in Shanghai, Zhuhai and Hong Kong.

The remuneration packages of the Group's employees are mainly based on their performance, experience and market conditions. In addition to the basic salaries, the Group also provides staff benefits including discretionary bonus, provident fund and tuition/training subsidies.

## **PROSPECT**

It is likely that the US Federal Reserve will start increasing the interest rate in year 2015. As Hong Kong dollar is pegged to the US dollar, the increase in interest rate may exert pressure on price on equity investments and available-for-sale investments held by the Group, particular in high-yield equity investments and long-term debt instruments. Besides, the potential fluctuations in Chinese economy may have a significant impact on Hong Kong's rental market.

Despite of Hong Kong government's strengthening of the control of properties market, property price records increases. On 27 February 2015, the Hong Kong Monetary Authority introduced new measures in relation to property mortgage loans for residential properties as a response to the renewed signs of overheating in the property market, particularly the small-sized residential units. It is likely that these control measures will not be withdrawn in the near term. Along with the conditions for potential interest rate increase in 2015, investment properties in Hong Kong held by the Group might not be able to record rapid increase in market value as compared to previous years.

China's economic growth has slowed down, with the Chinese government targeting an around 7% GDP growth rate for 2015. In addition to the potential depreciation of Renminbi, retreat of foreign investments from China and intensive competition in rental business in Shanghai, these may exert pressure on the revenue from provision of hotel-serviced villas, apartments and property management services in Shanghai. Despite of China's possible slower than expected economic growth, inflationary pressure on salaries, utilities expenses, properties renovation and quality enhancement expenses remains a key challenge to the Group.

The worldwide economy (especially Chinese and Hong Kong's economy) is performing more volatile, with regard to uncertainties brought by policy-driven markets. The Group will adopt its usual prudent capital and funding management to meet the challenges ahead, while strengthening the rental and property development business, and seizing further investment opportunities.

## 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 2015, 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	2,797,055,712*	66.91

**Long position in ordinary shares of associated corporation – Oriental Explorer Holdings Limited, a subsidiary 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	1,729,540,999*	64.06

\* *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 13 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 subsidiaries of the Company during the six months ended 30 June 2015.

Save as disclosed above, as of 30 June 2015, 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.



## 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 13 to the unaudited condensed consolidated financial statements, at no time during the six months ended 30 June 2015 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 or 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 2015, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

### Long positions 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 %
Power Resources Holdings Limited	Interest of controlled corporation	2,797,055,712 <sup>#</sup>	66.91
Lucky Speculator Limited	Directly beneficially owned	2,195,424,000 <sup>#</sup>	52.52
Desert Prince Limited	Directly beneficially owned	601,631,712 <sup>#</sup>	14.39

<sup>#</sup> *Power Resources Holdings Limited was deemed to have a beneficial interest in 2,797,055,712 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, as of 30 June 2015, so far as was known to the directors of the Company, no person, other than the directors of the Company, whose interests are set out in the sections "Directors' and chief executive's interests or short positions in the shares, underlying shares and debentures of the Company and associated corporations" and "Directors' rights to acquire shares or debentures" 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 12 October 2015 to 14 October 2015, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 9 October 2015. The interim dividend will be paid to shareholders whose names appear on the register of members on 14 October 2015 and the payment date will be on or about 28 October 2015.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of listed securities of the Company during the six months ended 30 June 2015.

## **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 2015.

## **COMPLIANCE WITH THE 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 and Corporate Governance Report (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2015, save as disclosed below.

Under code provisions A.4.1 and A.4.2, (i) non-executive directors should be appointed for a specific term, subjected to re-election; and (ii) all directors appointed to fill a casual vacancy should be subjected to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subjected to retirement by rotation at least once every three years.

Non-executive directors do not have a specific term of appointment and under the bye-laws of the Company, at each general meeting, one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation save any director holding office as chairman and managing director. The Company intends to propose any amendment of relevant bye-laws of the Company, if necessary, in order to ensure compliance with the Code.

## **BOARD DIVERSITY POLICY**

The Board has adopted a Board Diversity Policy in December 2013 which sets out the approach to achieve diversity on the Board.

The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, include and make good use of differences in the talents, skills, regional and industry experience, background, gender and other qualities of the members of the Board. All appointments of the members of the Board are made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective.

The Nomination Committee has set measurable objectives based on talents, skills, regional and industry experience, background, gender and other qualities to implement the Board Diversity Policy. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

## **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 2015.

## **PUBLICATION OF INTERIM REPORT**

The interim report of the Company for 2015 containing all the information required by the Listing Rules has been published on the websites of the Company ([www.irasia.com/listco/hk/multifield/index.htm](http://www.irasia.com/listco/hk/multifield/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. Lee Siu Man, Ervin, Mr. Wong Yim Sum, Mr. Lo Yick Wing and Mr. Tsui Ka Wah.

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

Hong Kong, 25 August 2015