



Multifield

Multifield International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 0898)

Interim Report

2018

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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 2018, 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 2018

	Notes	For the six months ended 30 June	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
REVENUE	3	59,483	300,142
Cost of sales		<u>(22,316)</u>	<u>(21,284)</u>
Gross profit		37,167	278,858
Other income and gains	3	1,306	1,937
Foreign exchange differences, net		409	(352)
Operating and administrative expenses		(20,905)	(28,149)
Finance costs	5	<u>(18,403)</u>	<u>(16,514)</u>
(LOSS)/ PROFIT BEFORE TAX	4	(426)	235,780
Income tax expense	6	<u>(5,902)</u>	<u>(6,049)</u>
(LOSS)/ PROFIT FOR THE PERIOD		<u>(6,328)</u>	<u>229,731</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		<u>–</u>	<u>–</u>
TOTAL COMPREHENSIVE (EXPENSE)/ INCOME FOR THE PERIOD		<u>(6,328)</u>	<u>229,731</u>
(LOSS)/ PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		2,354	147,351
Non-controlling interests		<u>(8,682)</u>	<u>82,380</u>
		<u>(6,328)</u>	<u>229,731</u>
TOTAL COMPREHENSIVE (EXPENSE)/ INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		2,354	147,351
Non-controlling interests		<u>(8,682)</u>	<u>82,380</u>
		<u>(6,328)</u>	<u>229,731</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	<u>HK0.06 cents</u>	<u>HK3.52 cents</u>

Details of interim dividend are disclosed in note 7.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

		As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		221,608	224,960
Investment properties		9,032,900	9,005,730
Prepaid land lease payments		379	383
Club debenture		670	670
Available-for-sale investments	9	–	–
Financial assets measured at fair value through other comprehensive income	10	–	–
Total non-current assets		9,255,557	9,231,743
CURRENT ASSETS			
Properties held for sale		281,851	281,851
Trade receivables	11	10,373	9,957
Prepayments, deposits and other receivables		246,165	249,060
Equity investments at fair value through profit or loss		1,396,380	1,481,034
Pledged deposits	13	173	570
Cash and cash equivalents	13	270,764	384,312
Total current assets		2,205,706	2,406,784
TOTAL ASSETS		11,461,263	11,638,527
CURRENT LIABILITIES			
Trade payables	12	126	1,245
Other payables and accruals		152,973	161,790
Deposits received		65,345	62,529
Interest-bearing bank and other borrowings		1,886,416	2,032,117
Tax payable		50,606	50,227
Total current liabilities		2,155,466	2,307,908
NET CURRENT ASSETS		50,240	98,876
TOTAL ASSETS LESS CURRENT LIABILITIES		9,305,797	9,330,619

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	<i>Notes</i>	As at 30 June 2018 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2017 <i>HK\$'000</i> <i>(Audited)</i>
NON-CURRENT LIABILITIES			
Amount due to a director		28,275	15,416
Deferred tax liabilities		<u>1,226,717</u>	<u>1,226,717</u>
Total non-current liabilities		<u>1,254,992</u>	<u>1,242,133</u>
Net assets		<u>8,050,805</u>	<u>8,088,486</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	14	41,804	41,804
Reserves		<u>6,408,326</u>	<u>6,437,325</u>
		6,450,130	6,479,129
Non-controlling interests		<u>1,600,675</u>	<u>1,609,357</u>
Total equity		<u>8,050,805</u>	<u>8,088,486</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the Company							
	Issued capital <i>HK\$'000</i> <i>(Unaudited)</i> <i>(Note 14)</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>	Non- controlling interests <i>HK\$'000</i> <i>(Unaudited)</i>	Total equity <i>HK\$'000</i> <i>(Unaudited)</i>
At 1 January 2017	41,804	39,116	293,372	7,448	337,691	4,953,764	1,348,538	7,021,733
Profit for the period	-	-	-	-	-	147,351	82,380	229,731
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-
Final 2016 dividend declared	-	-	-	-	-	(31,353)	-	(31,353)
At 30 June 2017	<u>41,804</u>	<u>39,116</u>	<u>293,372</u>	<u>7,448</u>	<u>337,691</u>	<u>5,069,762</u>	<u>1,430,918</u>	<u>7,220,111</u>
At 1 January 2018	41,804	39,116	293,372	7,448	548,566	5,548,823	1,609,357	8,088,486
(Loss)/Profit for the period	-	-	-	-	-	2,354	(8,682)	(6,328)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-
Final 2017 dividend declared	-	-	-	-	-	(31,353)	-	(31,353)
At 30 June 2018	<u>41,804</u>	<u>39,116</u>	<u>293,372</u>	<u>7,448</u>	<u>548,566</u>	<u>5,519,824</u>	<u>1,600,675</u>	<u>8,050,805</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Notes	For the six months ended 30 June	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
NET CASH INFLOW FROM OPERATING ACTIVITIES		96,142	97,870
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(27,092)	(75,785)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(182,598)	(187,067)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(113,548)	(164,982)
Cash and cash equivalents at beginning of the period		<u>384,312</u>	<u>437,286</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		<u>270,764</u>	<u>272,304</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	13	57,124	72,304
Non-pledged deposits with original maturity of less than three months when acquired	13	213,640	200,000
		<u>270,764</u>	<u>272,304</u>

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 2017 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 2018.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i>
HKFRS 9	<i>Financial Instruments</i>
HKFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i>
Amendments to HKAS 40	<i>Transfers of Investment Property</i>
HK (IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>
<i>Annual Improvements to HKFRSs 2014-2016 Cycle</i>	<i>Amendments to HKFRS 1 and HKAS 28</i>

Except as described below, 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:

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i> ¹
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
HKFRS 16	<i>Leases</i> ¹
HKFRS 17	<i>Insurance contracts</i> ²
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i> ¹
HK (IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i> ¹
<i>Annual Improvements to HKFRSs 2015-2017 Cycle</i>	<i>Amendments to a number of HKFRSs</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after 1 January 2021

³ No mandatory effective date yet determined but available for adoption

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(continued)

For effects of the initial application of HKFRS 9, as at 1 January 2018, the management of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

	Available- for-sale investments <i>HK\$'000</i> <i>(Unaudited)</i>	Financial assets measured at fair value through other comprehensive income <i>HK\$'000</i> <i>(Unaudited)</i>	Available- for-sale investment revaluation reserve <i>HK\$'000</i> <i>(Unaudited)</i>
Closing balance at 31 December 2017			
– HKAS 39	–	–	7,448
Effect arising from initial application of HKFRS 9:			
Reclassification			
From available-for-sale investments	–	–	–
Remeasurement			
From cost less impairment to fair value	–	–	–
	–	–	–
Opening balance at 1 January 2018	–	–	7,448

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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		Total	
	For the six months ended 30 June							
	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:								
Revenue from external customers	96,537	87,591	18,157	15,699	(55,211)	196,852	59,483	300,142
Segment results	84,854	77,040	(7,102)	(10,485)	(54,896)	189,542	22,856	256,097
<i>Reconciliation:</i>								
Unallocated corporate expenses							(6,185)	(5,740)
Interest income from loans and receivables							700	156
Other gains							606	1,781
Finance costs							(18,403)	(16,514)
(Loss)/profit before tax							(426)	235,780

Geographical information

	Hong Kong		Mainland China		Total	
	For the six months ended 30 June					
	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from external customers	(20,464)	229,494	79,947	70,648	59,483	300,142

The revenue information above is based on the locations of the customers. No single external customer accounted for 10% or more of the total revenue for the periods ended 30 June 2018 and 2017.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue		
Rental income from property letting	96,537	87,591
Serviced apartment and property management	18,157	15,699
Fair value (losses)/gains on equity investments at fair value through profit or loss, net	(67,934)	193,717
Dividend income from listed investments	12,723	3,135
	<u>59,483</u>	<u>300,142</u>
Other income and gains		
Interest income from loans and receivables	700	156
(Loss)/gain on disposal of items of property, plant and equipment	(1,089)	525
Others	1,695	1,256
	<u>1,306</u>	<u>1,937</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/ profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Depreciation	3,024	3,276
Amortisation of prepaid land lease payments	4	4
Foreign exchange differences, net	(409)	352
	3,619	3,632
Employee benefits expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	6,481	6,402
Pension scheme contributions (defined contribution scheme)	158	159
	6,639	6,561
Total staff costs	6,639	6,561

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interest on bank loans, overdrafts and other loans	18,403	16,514
	18,403	16,514

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 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, in which the Group operates.

	For the six months ended 30 June	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<hr/>		
Current – Hong Kong		
Charge for the period	–	–
Over provision in prior years	–	–
Current – Mainland China		
Charge for the period	<u>5,902</u>	<u>6,049</u>
Total tax charge for the period	<u><u>5,902</u></u>	<u><u>6,049</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. DIVIDENDS

(a) Dividends recognised as distribution during the period:

	For the six months ended 30 June	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Final dividend paid – HK0.75 cents (2016: HK0.75 cents) per ordinary share	31,353	31,353

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

	For the six months ended 30 June	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interim dividend declared – HK0.60 cents (2017: HK0.60 cents) per ordinary share	25,082	25,082

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 amounts is based on the profit for the period attributable to ordinary equity holders of the Company of approximately HK\$2,354,000 (2017: HK\$147,351,000) and the weighted average number of ordinary shares of 4,180,371,092 (2017: 4,180,371,092) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2018 and 2017.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30 June 2018 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2017 <i>HK\$'000</i> <i>(Audited)</i>
Non-current assets		
Unlisted fund investments, at cost	–	11,589
Impairment	–	(11,589)
	<u>–</u>	<u>–</u>

10. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2018 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2017 <i>HK\$'000</i> <i>(Audited)</i>
Non-current assets		
Unlisted fund investment, at fair value	<u>–</u>	<u>–</u>

The management of the Company consider the fair value of the unlisted fund investments as at 30 June 2018 and 31 December 2017 are approximated to zero with reference to the undetermined fair value report by an independent external valuer.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE RECEIVABLES

Trade receivables mainly consist of receivables from 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. Trade receivables are non-interest-bearing.

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

	As at 30 June 2018 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2017 <i>HK\$'000</i> <i>(Audited)</i>
Within 1 month	1,503	1,776
1 to 2 months	767	505
2 to 3 months	704	220
Over 3 months	7,399	7,456
	10,373	9,957

12. 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 2018 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2017 <i>HK\$'000</i> <i>(Audited)</i>
Within 1 month	84	1,133
1 to 2 months	–	25
2 to 3 months	–	–
Over 3 months	42	87
	126	1,245

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
Cash and bank balances	57,297	89,982
Time deposits with original of maturity less than three months	<u>213,640</u>	<u>294,900</u>
	270,937	384,882
Less: Pledged deposits	<u>(173)</u>	<u>(570)</u>
Cash and cash equivalents	<u>270,764</u>	<u>384,312</u>

The deposits of approximately HK\$173,000 (as at 31 December 2017: HK\$570,000) 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\$41,158,000 (as at 31 December 2017: HK\$63,572,000).

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.

14. SHARE CAPITAL

Shares	Number of shares		Value	
	As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)	As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 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>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. SHARE OPTION SCHEME

The Group's share option scheme (the "2013 Scheme") was adopted pursuant to a resolution passed on 30 May 2013 for the primary purpose of providing incentives to eligible participants. As the previous share option scheme adopted on 27 June 2003 (the "2003 Scheme") would expire on 27 June 2013, during the year ended 31 December 2013. The 2003 Scheme was terminated and the 2013 Scheme was adopted by the Company on 30 May 2013. Similar to the 2003 Scheme, the primary purpose of the 2013 Scheme is to provide incentives to eligible participants.

The 2013 Scheme

The Company operates the 2013 Scheme for the purpose of, among others, is to recognise 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 2013 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 or any member of the Group. The 2013 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 2013 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 2013 Scheme. The maximum number of shares issuable under share options to each eligible participant in the 2013 Scheme with in any 12-month period, is limited to 1% of the shares of the Company for the time being in issue. 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 shares 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 business days from the date of the offer upon payment of a nominal consideration of HK\$1 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 2013 Scheme, if earlier.

The exercise price of the share options is determined by the board of directors, but may not be less than the higher of (i) the nominal of the shares; (ii) the Hong Kong Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (iii) the average Hong Kong 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 in shareholders' meetings.

No share options under the 2013 Scheme have been granted, exercised, lapsed or cancelled since the establishment of the 2013 scheme.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. CORPORATE GUARANTEES

At 30 June 2018, the Company has given corporate guarantees in favour of banks for banking facilities granted to its subsidiaries to the extent of approximately HK\$1,238,850,000 (as at 31 December 2017: HK\$1,238,850,000), of which approximately HK\$999,156,000 (as at 31 December 2017: HK\$1,154,076,000) 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.

17. 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 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
Within one year	147,415	125,917
In the second to fifth years, inclusive	<u>65,222</u>	<u>48,575</u>
	<u><u>212,637</u></u>	<u><u>174,492</u></u>

(b) **As lessee**

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

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 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
Within one year	<u>64</u>	<u>161</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. 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).

19. EVENTS AFTER THE REPORTING PERIOD

On 31 July 2018, a wholly-owned subsidiary of the Company entered into the agreement for sale and purchase with an independent third party to sell the Property at a cash consideration of HK\$48,300,000 which is situated at Flat B, on the 9th Floor of Tower 5 and Private Car Park No. 53 on Car Park Level 3 of Residence Bel-Air of Island South.

20. 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 28 August 2018.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the board of directors (the "Board") of Multifield International Holdings Limited (the "Company"), I am pleased to present the interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2018.

REVIEW OF OPERATION

During the period under reporting, the Group recorded a loss of approximately HK\$6 million (2017: profit of HK\$230 million). This is mainly due to the loss brought by the fair value losses in equity investments (stocks) held by the Group.

The Group's rental income in Hong Kong recorded an increase of approximately 6%.

The Group's rental and management fee income from hotel-serviced apartments and villas in Shanghai recorded an increase of approximately 13%.

The Group's equity investments recorded a fair value loss of approximately HK\$68 million (2017: gain of HK\$194 million). Equities investments recorded dividend income of approximately HK\$13 million (2017: HK\$3 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 properties portfolio contributed stable rental revenue of approximately HK\$34 million for the six months ended 30 June 2018 (2017: HK\$32 million).

The Group's construction work of the new building at 54 Wong Chuk Hang Road, Hong Kong has completed and the occupation permit has been issued by Buildings Department on 6 July 2018. It is expected that the new building will provide a new and stable source of income to the Group.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

Shanghai, China

The Group's properties portfolio in Shanghai, China 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 recognised by consulates and foreign business entities. The Shanghai properties has an average occupancy rate of approximately 90%, and generates rental and management fee revenue of approximately HK\$80 million for the six months ended 30 June 2018 to the Group (2017: HK\$71 million).

Zhuhai, China

36,808 square meters of commercial use land in Qianshan is now under relocation progress. In July 2015, a new relocation policy has changed the responsibility of relocation from the land department to the local district government. The Group supports the local district government on the relocation work. The Group had submitted a proposal to the local government for the relocation, and had various meetings with the local relocation authorities to follow up the relocation work. The local town planning department had recently supported in principle to allow the land's residential construction area to be increased based on the original size and design planning permit of the land (can only be used for the relocation of original residential constructions on the land), and be submitted by the land reserve center for local district government's approval.

The Group held a parcel of hotel and commercial use land located in Doumen district, Zhuhai, the PRC ("Doumen Land"). The local government had proposed to buy back the Doumen Land from the Group due to a change in town planning and had offered a compensation to the Group. However, the land certificate of the Doumen Land was rescinded by the local government prior to reaching a consensus on compensation.

The management of the Group questions the legality of the local government's actions regarding the change in town planning of the Doumen Land, the local authority's unfair process of rescinding the land certificate and the unreasonable compensation valuation method used by the local government. Hence, the Group is engaged in ongoing legal proceedings against the local government up to the date of approval of these consolidated financial statements.

Although the outcome of the litigation is uncertain and the amount of the compensation has yet to be concluded, it is not expected to cause a material negative impact on the daily operations or trading position of the Group. The Group will do everything for the benefit of our shareholders and the Company.

FINANCIAL INVESTMENTS

Worldwide economy and stock market were extremely volatile in the first half of 2018, in particular due to uncertainties such as US-China trade war and other political conflicts. These factors leading to equity investments (stocks) held by the Group to record fair value losses.

As of 30 June 2018, the Group held approximately HK\$1,396 million (as of 31 December 2017: HK\$1,481 million) of highly liquid equity investments, which mainly consisted of blue chips stocks and Exchange Traded Funds listed in Hong Kong. The equity and bonds investments were held by the Group in long-term for investment purpose and receiving dividend income.

The Group's equity investments recorded a net fair value loss of approximately HK\$68 million (2017: gain of HK\$194 million) when marking the investment portfolios to market valuation as of 30 June 2018, along with dividend income of approximately HK\$13 million (2017: HK\$3 million).

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

The equity investments held by the Group as at 30 June 2018 were as follows:

Stock Code	Company Name	Number of	Percentage of	Fair value	Dividends	Fair value/
		shares held	shareholding	(loss)/gain	income	carrying
		as at	as at	for the six	for the six	amount
		30 June	30 June	months ended	months ended	as at
		2018	2018	30 June	30 June	30 June
		'000	%	2018	2018	2018
				HKS'000	HKS'000	HKS'000
				(Unaudited)	(Unaudited)	(Unaudited)
2800	Tracker Fund of Hong Kong	16,250	0.52	(9,750)	2,600	478,563
5	HSBC Holdings plc	5,743	0.03	(36,466)	9,460	422,660
2828	Hang Seng China Enterprises Index ETF	2,664	0.81	(17,050)	-	297,835
3988	Bank of China Limited	29,300	0.04	1,465	-	113,977
941	China Mobile Limited	340	0.00	(3,247)	538	23,698
2628	China Life Insurance Company Limited	1,000	0.01	(4,300)	-	20,250
857	PetroChina Co. Ltd.	2,378	0.01	1,236	-	14,195
	Other listed securities [#]			178	125	25,202
				<u>178</u>	<u>125</u>	<u>25,202</u>
				<u>(67,934)</u>	<u>12,723</u>	<u>1,396,380</u>

[#] Other listed securities mainly represented the Group's investment in 14 companies whose shares are mainly listed on the Main Board of The Stock Exchange of Hong Kong Limited. The carrying value of each of these investments represented less than 1% of the total assets of the Group as at 30 June 2018.

As at 30 June 2018, the equity investments mainly represented listed securities in Hong Kong. The Board acknowledges that the performance of the equity investments may mainly be affected by worldwide economy and the degree of volatility in the Chinese and Hong Kong stock markets, and susceptible to other external factors that may affect their values. In order to mitigate possible financial risk related to the equity investments, the management will closely monitor the performance of respective equity investments and the changes of market condition. The Company will adjust the Company's portfolio of investments as the Board considers appropriate.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save as disclosed elsewhere under the section headed "Chairman's Statement and Management Discussion and Analysis", the Group had no other material acquisition and disposal of subsidiaries and associated companies during the period.

FOREIGN CURRENCY EXPOSURE

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

As of 30 June 2018, the Group has not entered into any financial instrument for foreign currency hedging purpose.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flows and banking facilities provided by principal bankers in Hong Kong. In order to preserve liquidity and enhance interest yields, liquid assets were maintained in the form of highly liquid equity investments and/or debt investments of approximately HK\$1,396 million (as of 31 December 2017: HK\$1,481 million) as of 30 June 2018. The Group's cash and cash equivalents as of 30 June 2018 amounted to approximately HK\$271 million (as of 31 December 2017: HK\$384 million).

As of 30 June 2018, the Group had total bank and other borrowings amounting to approximately HK\$1,886 million (as of 31 December 2017: HK\$2,032 million), which were secured by legal charges on the Group's certain investment properties in Hong Kong and Shanghai, and certain equity investments. The Group's bank borrowings were mainly arranged on a floating rate basis. The maturity of bank and other borrowings of the Group as at 30 June 2018 was as follows:

	<i>HK\$'000</i> <i>(Unaudited)</i>
Within one year	1,568,721
In the second year	124,073
In the third to fifth years, inclusive	193,622
Total	1,886,416

With the total bank and other borrowings of approximately HK\$1,886 million (as of 31 December 2017: HK\$2,032 million) and the aggregate of the shareholder funds, non-controlling interests and total bank borrowings of approximately HK\$9,937 million (as of 31 December 2017: HK\$10,121 million), the Group's gearing ratio as at 30 June 2018 was around 19% (as of 31 December 2017: 20%).

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITY

As of 30 June 2018, the Group had no material contingent liability.

COMMITMENTS

As of 30 June 2018, the Group had committed payment for the construction and land development expenditure amounting to approximately HK\$71 million (as of 31 December 2017: HK\$104 million).

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2018, the Group had approximately 220 employees in Shanghai, Zhuhai and Hong Kong. During the period, the staff costs (including directors' emoluments) amounted to approximately HK\$7 million (2017: HK\$7 million).

The objective of the Group's remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration paid to its employees (including directors and senior management), their performance, experience and the prevailing market condition are mainly considered. In addition to salaries, provident fund scheme, discretionary bonuses and tuition/training subsidies are available to employees. Level of remuneration is reviewed annually. During the review process, no individual director is involved in decisions relating to his own remuneration.

PROSPECT

The US Federal Reserve had increased the interest rate again in December 2017, March 2018 and June 2018. As Hong Kong dollar is pegged to the US dollar, Hong Kong may follow to increase its interest rate in the future. These may exert pressure on price on equity investments held by the Group, particular in high-yield equity investments. Besides, the slowdown in growth of Chinese economy may have a significant impact on Hong Kong's rental market.

The investment properties (particularly the small-sized residential units) in Hong Kong had recorded increase in market value in the first half year of 2018. However, officials from Hong Kong government stated that control measures on properties markets would not be withdrawn in the near term. Facing the new government policy proposals including a plan to make government-subsidised housing cheaper and impose vacancy tax on newly built but unsold homes and with the conditions for potential interest rate increase, investment properties in Hong Kong held by the Group might record decrease in market value as compared to the increase in previous years.

Under the uncertainties associated with the US-China trade war, and the devaluation of Renminbi, retreat of foreign investments from China and intensive competition in rental business in China, these may exert pressure on the revenue from provision of hotel-serviced villas, apartments and property management services in China. 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.

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 2018, 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 number of issued shares of the Company %
Mr. Lau Chi Yung, Kenneth	Interest of controlled corporation	2,797,055,712*	66.91

OTHER INFORMATION

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 number of issued shares 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 15 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 2018.

Save as disclosed above, as of 30 June 2018, none of the directors and chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) are required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

OTHER INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading “Directors’ and chief executive’s interests or short positions in the shares, underlying shares and debentures of the Company and associated corporations” above and in the share option scheme disclosures in note 15 to the unaudited condensed consolidated financial statements, at no time during the six months ended 30 June 2018 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 2018, the following interests of 5% or more of the total number of issued shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in ordinary shares of the Company

Name of Shareholders	Capacity and nature of interest	Number of shares held	Approximate percentage of the total number of issued shares of the Company %
Power Resources Holdings Limited	Interest of controlled corporation	2,797,055,712 [#]	66.91
Lucky Speculator Limited	Directly beneficially owned	2,195,424,000 [#]	52.52
Desert Prince Limited	Directly beneficially owned	601,631,712 [#]	14.39

[#] *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 2018, 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.

OTHER INFORMATION

EVENTS AFTER THE REPORTING PERIOD

Details of significant events subsequent to the balance sheet date are set out in Note 19.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 9 October 2018 to Thursday, 11 October 2018, 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 Monday, 8 October 2018. The interim dividend will be paid to shareholders whose names appear on the register of members on Thursday, 11 October 2018 and the payment date will be on or about Friday, 26 October 2018.

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 2018.

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 2018.

OTHER INFORMATION

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 2018, 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.

Under code provision of E.1.2, the chairman of the board should attend the annual general meeting.

Mr. Lau Chi Yung, Kenneth, the chairman of the Board, attended the annual general meeting of the Company by phone conference, which was held on 25 May 2018 (the “2018 AGM”) as he had a business engagement. Mr. Tsui Ka Wah, the chairman of the remuneration committee of the Company, was elected the chairman of the 2018 AGM to ensure effective communication with shareholders of the Company at the meeting. The chairman of the audit committee of the Company, Mr. Wong Yim Sum, had also attended the 2018 AGM.

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.

OTHER INFORMATION

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 2018.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for 2018 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) and Hong Kong Exchanges and Clearing Limited (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 and Mr. Tsui Ka Wah.

By Order of the Board
Lau Chi Yung, Kenneth
Chairman

Hong Kong, 28 August 2018