

*Multifield*

## Multifield International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 0898)

INTERIM REPORT 2011



## 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 2011 (the “Period”), together with the comparative figures as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

		For the six months ended 30 June	
	Notes	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
<b>REVENUE</b>	3	<b>86,200</b>	69,852
Cost of sales		<u>(17,649)</u>	<u>(11,687)</u>
Gross profit		<b>68,551</b>	58,165
Other income and gains	3	<b>4,186</b>	23,573
Operating and administrative expenses		<u>(17,423)</u>	<u>(13,938)</u>
Finance costs	5	<u>(4,058)</u>	<u>(2,295)</u>
<b>PROFIT BEFORE TAX</b>	4	<b>51,256</b>	65,505
Income tax expense	6	<u>(6,881)</u>	<u>(5,824)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>44,375</b></u>	<u>59,681</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in fair value of available-for-sale investments		<b>3,910</b>	(1,066)
Exchange differences on translation of foreign operations		<u><b>1,645</b></u>	<u>–</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u><b>5,555</b></u>	<u>(1,066)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u><u><b>49,930</b></u></u>	<u><u>58,615</u></u>
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>50,684</b>	40,962
Non-controlling interests		<u><b>(6,309)</b></u>	<u>18,719</u>
		<u><u><b>44,375</b></u></u>	<u><u>59,681</u></u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>55,477</b>	39,961
Non-controlling interests		<u><b>(5,547)</b></u>	<u>18,654</u>
		<u><u><b>49,930</b></u></u>	<u><u>58,615</u></u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted	8	<u><u><b>1.21 cents</b></u></u>	<u><u>0.98 cents</u></u>

Details of interim dividend are disclosed in note 7.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	As at 30 June 2011 HK\$'000 (Unaudited)	As at 31 December 2010 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		257,119	353,855
Investment properties		4,407,941	4,125,200
Prepaid land lease payments		437	441
Available-for-sale investments		670	670
Total non-current assets		<u>4,666,167</u>	<u>4,480,166</u>
<b>CURRENT ASSETS</b>			
Properties held for sale		281,851	281,851
Trade receivables	9	8,339	6,870
Prepayments, deposits and other receivables		262,148	80,827
Available-for-sale investments		260,518	92,208
Equity investments at fair value through profit or loss		211,891	236,845
Pledged deposits	10	80,854	80,854
Cash and cash equivalents	10	187,829	221,040
Total current assets		<u>1,293,430</u>	<u>1,000,495</u>
<b>TOTAL ASSETS</b>		<u>5,959,597</u>	<u>5,480,661</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	11	561	1,580
Other payables and accruals		366,260	234,398
Deposits received		50,271	48,254
Derivative financial instruments		2,222	2,222
Interest-bearing bank and other borrowings		1,066,942	711,905
Tax payable		26,820	25,704
Dividend payable		20	–
Total current liabilities		<u>1,513,096</u>	<u>1,024,063</u>
<b>NET CURRENT LIABILITIES</b>		<u>(219,666)</u>	<u>(23,568)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,446,501</u>	<u>4,456,598</u>
<b>NON-CURRENT LIABILITIES</b>			
Due to a director		2,521	14,821
Deferred tax liabilities		583,088	583,142
Total non-current liabilities		<u>585,609</u>	<u>597,963</u>
Net assets		<u>3,860,892</u>	<u>3,858,635</u>
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Issued capital	12	41,804	41,804
Reserves		2,883,993	2,828,516
Proposed final dividends		–	27,172
Non-controlling interests		<u>2,925,797</u>	<u>2,897,492</u>
Total equity		<u>935,095</u>	<u>961,143</u>
		<u>3,860,892</u>	<u>3,858,635</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Attributable to owners of the Company								
	Issued capital <i>HK\$'000</i> <i>(Unaudited)</i> <i>(Note 12)</i>	Share premium <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 2010	41,804	39,116	293,372	9,156	356,370	1,539,030	20,902	761,930	3,061,680
Profit for the period	-	-	-	-	-	40,962	-	18,719	59,681
Other comprehensive income for the period	-	-	-	(1,001)	-	-	-	(65)	(1,066)
Final 2009 dividend declared	-	-	-	-	-	-	(20,902)	-	(20,902)
At 30 June 2010	<u>41,804</u>	<u>39,116</u>	<u>293,372</u>	<u>8,155</u>	<u>356,370</u>	<u>1,579,992</u>	<u>-</u>	<u>780,584</u>	<u>3,099,393</u>
At 1 January 2011	<b>41,804</b>	<b>39,116</b>	<b>293,372</b>	<b>10,480</b>	<b>476,117</b>	<b>2,009,431</b>	<b>27,172</b>	<b>961,143</b>	<b>3,858,635</b>
Profit for the period	-	-	-	-	-	50,684	-	(6,309)	44,375
Other comprehensive income for the period	-	-	-	3,148	1,645	-	-	762	5,555
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(20,501)	(20,501)
Final 2010 dividend declared	-	-	-	-	-	-	(27,172)	-	(27,172)
At 30 June 2011	<u>41,804</u>	<u>39,116</u>	<u>293,372</u>	<u>13,628</u>	<u>477,762</u>	<u>2,060,115</u>	<u>-</u>	<u>935,095</u>	<u>3,860,892</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 30 June 2011

	<i>Notes</i>	<b>For the six months ended 30 June</b>	
		<b>2011</b>	<b>2010</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>		<b>(189,943)</b>	41,217
<b>NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES</b>		<b>(186,005)</b>	15,656
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>		<u><b>342,737</b></u>	<u>22,343</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(33,211)</b>	79,216
Cash and cash equivalents at beginning of the period		<u><b>221,040</b></u>	<u>241,905</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		<u><u><b>187,829</b></u></u>	<u><u>321,121</u></u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	10	<b>178,405</b>	111,845
Non-pledged deposits with original maturity of less than three months when acquired	10	<u><b>9,424</b></u>	<u>209,276</u>
		<u><u><b>187,829</b></u></u>	<u><u>321,121</u></u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The unaudited condensed consolidated interim financial statements are prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2010 except as noted below.

In the current period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2011.

HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HKAS 32 Amendment	<i>Amendment to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues</i>
HKFRS 1 Amendment	<i>Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i>
HK(IFRIC)-Int 14 Amendments	<i>Amendments to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement</i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>

The adoption of these new or revised standards, amendments and interpretations 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:

HKAS 1 (Revised)	<i>Presentation of Financial Statements</i> <sup>3</sup>
HKAS 12 Amendments	<i>Amendments to HKAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets</i> <sup>2</sup>
HKAS 19 (2011)	<i>Employee Benefits</i> <sup>4</sup>
HKAS 27 (2011)	<i>Separate Financial Statements</i> <sup>4</sup>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> <sup>4</sup>
HKFRS 7 Amendments	<i>Amendments to HKFRS 7 Financial Instruments – Disclosures: Transfers of Financial Assets</i> <sup>1</sup>
HKFRS 9	<i>Financial Instruments</i> <sup>4</sup>
HKFRS 10	<i>Consolidated Financial Statements</i> <sup>4</sup>
HKFRS 11	<i>Joint Arrangements</i> <sup>4</sup>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> <sup>4</sup>
HKFRS 13	<i>Fair Value Measurement</i> <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2011

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2012

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2012

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2013

## 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 service		Trading and investments		Corporate and others		Total	
	For the six months ended 30 June									
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Segment revenue:</b>										
Sales to external customers	<u>82,893</u>	<u>69,856</u>	<u>10,552</u>	<u>8,974</u>	<u>(7,245)</u>	<u>(8,978)</u>	-	-	<u>86,200</u>	<u>69,852</u>
<b>Segment results</b>	<u>188,385</u>	<u>58,173</u>	<u>(7,132)</u>	<u>(4,859)</u>	<u>(10,764)</u>	<u>(7,644)</u>	<u>(119,361)</u>	<u>(1,443)</u>	<u>51,128</u>	<u>44,227</u>
Other income and gains									4,186	23,573
Finance costs									<u>(4,058)</u>	<u>(2,295)</u>
Profit before tax									<u>51,256</u>	<u>65,505</u>

### Geographical information

	Hong Kong		Mainland China		Total	
	For the six months ended 30 June					
	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from sales to external customers	<u>6,925</u>	<u>5,508</u>	<u>79,275</u>	<u>64,344</u>	<u>86,200</u>	<u>69,852</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	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Revenue</b>		
Rental income from property letting	82,893	69,857
Serviced apartment and property management	10,552	8,974
Fair value losses, net:		
Equity investments at fair value through profit or loss	(17,273)	(12,590)
Derivative financial instruments	-	(472)
Dividend income from listed investments	4,683	2,014
Interest income from available-for-sale investments	5,345	2,069
	<u>86,200</u>	<u>69,852</u>
<b>Other income and gains</b>		
Interest income from loans and receivables	1,210	486
Gain on disposal of items of property, plant and equipment	-	16,636
Others	2,976	6,451
	<u>4,186</u>	<u>23,573</u>

#### 4. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Depreciation	1,896	1,199
Amortisation of prepaid land lease payments	4	4
Foreign exchange gain, net	(697)	(2,283)
Employee benefits expense, including directors' remuneration:		
Salaries, wages and other benefits	7,755	5,920
Pension scheme contributions (defined contribution scheme)	100	92
	<u>7,855</u>	<u>6,012</u>

#### 5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Interest on bank loans, overdrafts and other loans	<u>4,058</u>	<u>2,295</u>

#### 6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong for the period. Taxes on profits assessable in the Mainland China have been calculated at the rates of tax prevailing in the Mainland China, based on existing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Current tax		
Charge for the period	6,881	5,824
Underprovision/(overprovision) in prior years	—	—
Total tax charge for the period	<u>6,881</u>	<u>5,824</u>

7. DIVIDENDS

- (a) Dividends recognised as distribution during the period:

	<b>For the six months ended 30 June</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Final dividend paid – HK0.65 cents (2009: HK0.5 cents) per ordinary share	<u>27,172</u>	<u>20,902</u>

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

	<b>For the six months ended 30 June</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interim dividend declared – HK0.45 cents (2010: HK0.35 cents) per ordinary share	<u>18,812</u>	<u>14,631</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

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\$50,684,000 (2010: HK\$40,962,000) and the weighted average number of ordinary shares of 4,180,371,092 (2010: 4,180,371,092) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2011 and 2010 in respect of a dilution as the Group had no dilutive potential 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.

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

	<b>As at 30 June 2011 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2010 HK\$'000 (Audited)</b>
Within 1 month	3,406	1,013
1 to 2 months	166	340
2 to 3 months	–	237
Over 3 months	<u>4,767</u>	<u>5,280</u>
	<u>8,339</u>	<u>6,870</u>

## 10. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2011 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2010 <i>HK\$'000</i> <i>(Audited)</i>
Cash and bank balances	178,405	105,678
Time deposits	<u>90,278</u>	<u>196,216</u>
	<b>268,683</b>	301,894
Less: Pledged deposits	<u>(80,854)</u>	<u>(80,854)</u>
Cash and cash equivalents	<u><b>187,829</b></u>	<u>221,040</u>

The deposits of approximately HK\$80,854,000 (as at 31 December 2010: HK\$80,854,000) were pledged as security for banking facilities granted.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK\$47,703,000 (as at 31 December 2010: HK\$216,537,000). The RMB is not freely convertible into other currencies, however, under the 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 date, is as follows:

	As at 30 June 2011 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2010 <i>HK\$'000</i> <i>(Audited)</i>
Within 1 month	519	1,281
1 to 2 months	-	2
2 to 3 months	-	-
Over 3 months	<u>42</u>	<u>297</u>
	<u><b>561</b></u>	<u>1,580</u>

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

## 12. SHARE CAPITAL

	Number of shares		Value	
	As at 30 June 2011	As at 31 December 2010	As at 30 June 2011 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2010 <i>HK\$'000</i> <i>(Audited)</i>
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

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

The total number of securities available for issue under the Scheme is 400,052,632, which is equivalent to 10% of the issued share capital of the Company 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.

The offer of a grant of share options may be accepted within 5 days from the date of the offer upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, which is not later than 10 years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the Board of Directors, but may not be less than the higher of (i) the nominal value of the shares; (ii) the Stock Exchange closing price of the Company's shares on the date 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.

#### 14. RELATED PARTY TRANSACTIONS

Other than those transactions and balances disclosed elsewhere in the financial statements, the Group does not enter into any other transactions with related parties.

#### 15. OPERATING LEASE ARRANGEMENTS

The Group leases its investment properties and properties held for sale under operating lease arrangements, with leases negotiated for terms of 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:

	<b>As at 30 June 2011 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2010 HK\$'000 (Audited)</b>
Within one year	140,985	140,006
In the second to fifth years, inclusive	<u>82,598</u>	<u>59,460</u>
	<u><b>223,583</b></u>	<u><b>199,466</b></u>

#### 16. COMMITMENTS

The Group had the following capital commitments in respect of acquisition of investment properties at the end of the reporting period:

	<b>As at 30 June 2011 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2010 HK\$'000 (Audited)</b>
Contracted, but not provided for	<u>–</u>	<u>218,569</u>

#### 17. CORPORATE GUARANTEES

At 30 June 2011, the Company has given corporate guarantees in favour of banks for banking facilities granted to its subsidiaries to the extent of approximately HK\$635,315,000 (as at 31 December 2010: HK\$452,749,000), of which approximately HK\$635,315,000 (as at 31 December 2010: 426,326,000) 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.

#### 18. 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 26 August 2011.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 9 September 2011 to 12 September 2011, both days inclusive, during which period no transfer of shares will be registered. The ex-dividend date will be 7 September 2011. 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 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 8 September 2011. The interim dividend will be paid to shareholders whose names appear on the register of members on 12 September 2011 and the payment date will be on or about 20 September 2011.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **REVIEW OF OPERATION**

During the period under review, the Group recorded a profit of about HK\$44 million (2010: HK\$60 million).

### **PROPERTY INVESTMENT**

#### **Hong Kong**

Most of the investment properties in Hong Kong comprise industrial and office units with some shops on the ground floor. During the period under review, the Group acquired a quality commercial premise at a consideration of approximately HK\$44 million and 225 lorry car parking spaces at a consideration of approximately HK\$112.5 million respectively in order to capture the potential of property appreciation and enhance a stable source of rental income on leasing out the property in future. Indeed the investment properties consistently contributed stable rental revenue of approximately HK\$14 million (2010: HK\$13 million), with an increase of 8% as compared with the corresponding period.

#### **Shanghai, PRC**

The Group's properties in Shanghai, PRC comprise around 182 blocks of detached garden houses and 126 hotel-serviced apartment units respectively, which were operated under the name of "Windsor Renaissance". These properties consistently generated stable rental revenue with an average occupancy rate of around 90%. Our properties are well accepted by the expatriate community in Shanghai and thus our trademark, "Windsor Renaissance", is a symbol of high quality villas and hotel-serviced apartments in Shanghai.

#### **Zhuhai, PRC**

The Group holds two land banks in Zhuhai, PRC. The first land of about 36,808 square metres is located at Qianshan commercial business district and for commercial and shopping usages. It is still in the process of demolition and removal of existing constructions. Another land of about 94,111 square metres in DouMen commercial business district is at planning and design stage. This land is for hotel and shopping usages. The Group believes that these acquisitions of land will further strengthen the business of property investment in the PRC and will bring remarkable return to the Group upon completion of development.

### **TRADING AND INVESTMENTS**

The global financial market in the first half of 2011 was volatile as a result of the worsening debt problem of European countries and the recent downgrading of the US debt rating. In view of this, the Group took a more prudent approach to acquire available-for-sale investments of around HK\$169 million with an average coupon rate of around 10%. Nevertheless, the Group's investment segment recorded a net fair value losses of approximately HK\$17 million (2010: HK\$13 million) when marking the investment portfolios to market valuation as at 30 June 2011.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow and banking facilities provided by principal bankers in Hong Kong. In order to preserve liquidity and enhance interest yields, liquid assets were maintained in the form of highly liquid equity investments and available-for-sale investments of approximately HK\$472 million (as at 31 December 2010: HK\$329 million) as at 30 June 2011. The Group's cash and cash equivalents as at 30 June 2011 amounted approximately HK\$188 million (as at 31 December 2010: HK\$221 million). As at 30 June 2011, the Group had total bank and other borrowings amounting to approximately HK\$1,067 million (as at 31 December 2010: HK\$712 million) which were secured by legal charges on certain investment properties in Hong Kong and Shanghai, and certain cash deposits and securities investment. Based on the total bank and other borrowings of approximately HK\$1,067 million (as at 31 December 2010: HK\$712 million) and the aggregate of the shareholder funds, non-controlling interest and total bank borrowings of approximately HK\$4,928 million (as at 31 December 2010: HK\$4,571 million), the Group's gearing ratio as at 30 June 2011 was around 22% (as at 31 December 2010: 16%).

## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2011, the Group had approximately 285 employees, of whom 230 were based in the PRC and 55 in Hong Kong. The remuneration packages of the Group's employees are mainly based on their performance and experience and the prevailing market condition. In addition to the basic salaries, the Group also provides staff benefits including discretionary bonus, provident fund and tuition/training subsidies in order to retain competent employees.

## PROSPECT

Given the recent downgrading of the US debt rating and the worsening debt problem of European countries, the Group expects that global financial markets are likely to remain volatile in the second half of 2011. Worldwide economic recovery is expected to be weak and fragile.

According to the Chinese National Bureau of Statistics, the gross domestic product ("GDP") reached RMB20.4 trillion for the first half of 2011, representing an increase of 9.6% over that for the corresponding period in 2010. On the other hand, inflationary pressure was still notable since the consumer price index for June 2011 reached 6.4%. Thus, the Group believes that the central government will continue to impose strict monetary policies on keeping domestic inflation under control.

During the period under review, the economy of Hong Kong maintained its strong momentum. The influx of hot money drives the property market to a high level. This led to the introduction of stricter home mortgage regulations by the Hong Kong Monetary Authority to stop property speculation. Nevertheless, with the continuous support from its mother country, Hong Kong also will become an offshore clearing centre for the RMB. In addition, since the rising number of initial public offerings and fund-raising activities drives the demand for more office space, the outlook for office sector is still positive.

The Group strongly believes that the Board has the necessary skills and expertise to enable them to work towards the goal of maximizing shareholder's wealth. The Group continues to adhere to the principle of prudent financial management policy and will pay more attention to expansion and opportunities which have a promising outlook.

## DIRECTORS' INTERESTS IN SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 30 June 2011, the interests of the directors of the Company (the "Director(s)") in the shares and underlying shares of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

### Long position in ordinary shares of the Company

Name of Director	Nature of interest	Number of shares held	Approximate percentage of the total issued share capital of the Company %
Lau Chi Yung	Corporate	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	Nature of interest	Number of shares held	Approximate percentage of the total issued share capital of associated corporation %
Lau Chi Yung	Corporate	1,101,826,999*	61.21

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

The interests of the directors in the share options of the Company are disclosed in note 13 to the unaudited condensed consolidated financial statements.

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

Save as disclosed above, as at 30 June 2011, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' interests in shares of the Company and its associated corporation" above, at no time during the six months ended 30 June 2011 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 SHARES

As at 30 June 2011, 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	Number of shares held	Approximate percentage of the total issued share capital of the Company %
Power Resources Holdings Limited <sup>(Note)</sup>	Through a controlled corporation	2,797,055,712	66.91
Lucky Speculator Limited <sup>(Note)</sup>	Directly beneficially owned	2,195,424,000	52.52
Desert Prince Limited <sup>(Note)</sup>	Directly beneficially owned	601,631,712	14.39

*(Note) 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 at 30 June 2011, no person, other than the Directors, whose interests are set out in the section "Directors' interests in shares of the Company and its associated corporation" 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.

## 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 2011.

## 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 2011.

## CODE ON CORPORATE GOVERNANCE PRACTICES

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

Non-executive directors do not have a specific term of appointment and under the bye-laws of the Company, at each general meeting, one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation save any director holding office as chairman and managing director. The Company intends to propose any amendment of relevant bye-laws of the Company, if necessary, in order to ensure compliance with the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Listing Rules.

On 24 September 2009, Mr. Lau Chi Yung, an executive Director, was prosecuted and fined at the Eastern Magistrates' Court under the Part XV of the SFO for late filing of disclosures of his interests to the Stock Exchange of certain shares transactions which took place on various occasions during the period from 11 December 2006 to 27 November 2008. He paid a fine of HK\$80,000 and the investigation costs of HK\$7,499 to the Securities and Futures Commission as the penalty for such conviction.

In the opinion of the Directors, save as disclosed above, the Company has complied with the code provisions of the Code throughout the six months ended 30 June 2011.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Based on specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code for the six months ended 30 June 2011.

## **PUBLICATION OF INTERIM REPORT**

The interim report of the Company for 2011 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 at the date of this report, the executive Directors are Mr. Lau Chi Yung and Mr. Lau Michael Kei Chi and the independent non-executive Directors 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**  
*Chairman*

Hong Kong, 26 August 2011