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# Multifield

## MULTIFIELD INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 898)

### INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

#### 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 2013, together with the comparative figures as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		For the six months ended 30 June	
	Notes	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
<b>REVENUE</b>	3	<b>53,141</b>	121,270
Cost of sales		<u>(17,393)</u>	<u>(18,986)</u>
Gross profit		<b>35,748</b>	102,284
Other income and gains	3	<b>11,814</b>	10,981
Gain on disposal of investment properties		<b>2,307</b>	–
Operating and administrative expenses		<b>(1,316)</b>	(14,155)
Finance costs	5	<u><b>(11,310)</b></u>	<u>(5,507)</u>
<b>PROFIT BEFORE TAX</b>	4	<b>37,243</b>	93,603
Income tax expense	6	<u><b>(8,763)</b></u>	<u>(7,225)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>28,480</b></u>	<u>86,378</u>

		<b>For the six months ended 30 June</b>	
		<b>2013</b>	<b>2012</b>
<i>Notes</i>		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>			
Available-for-sale investments:			
	Change in fair value	(2,934)	17,885
	Reclassification adjustments for gains included in the consolidated statement of comprehensive income – gain on disposal	(763)	–
		<u>(3,697)</u>	<u>17,885</u>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>			
		<u>(3,697)</u>	<u>17,885</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>			
		<u><u>24,783</u></u>	<u><u>104,263</u></u>
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO:</b>			
	Owners of the Company	28,034	61,989
	Non-controlling interests	446	24,389
		<u>28,480</u>	<u>86,378</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>			
	Owners of the Company	25,436	73,604
	Non-controlling interests	(653)	30,659
		<u>24,783</u>	<u>104,263</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
	Basic and diluted	8	
		<u><u>0.67 cents</u></u>	<u><u>1.48 cents</u></u>

Details of interim dividend are disclosed in note 7.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	<i>Notes</i>	As at <b>30 June 2013</b> <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2012 <i>HK\$'000</i> <i>(Audited)</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		297,104	297,496
Investment properties		5,328,373	5,249,190
Prepaid land lease payments		421	425
Club debenture		670	670
Available-for-sale investments		3,789	3,789
		<u>5,630,357</u>	<u>5,551,570</u>
<b>CURRENT ASSETS</b>			
Properties held for sale		281,851	281,851
Trade receivables	9	8,529	7,144
Prepayments, deposits and other receivables		1,048	984
Available-for-sale investments		256,294	266,263
Equity investments at fair value through profit or loss		600,510	211,120
Pledged deposits		5,203	77,536
Cash and cash equivalents		195,278	206,874
		<u>1,348,713</u>	<u>1,051,772</u>
<b>TOTAL ASSETS</b>		<u><b>6,979,070</b></u>	<u><b>6,603,342</b></u>
<b>CURRENT LIABILITIES</b>			
Trade payables	10	626	605
Other payables and accruals		271,267	271,289
Deposits received		55,451	55,605
Interest-bearing bank and other borrowings		1,300,538	922,023
Tax payable		28,759	26,340
		<u>1,656,641</u>	<u>1,275,862</u>
<b>NET CURRENT LIABILITIES</b>		<u><b>(307,928)</b></u>	<u><b>(224,090)</b></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>5,322,429</b></u>	<u><b>5,327,480</b></u>

	<i>Notes</i>	As at 30 June 2013 <b>HK\$'000</b> <i>(Unaudited)</i>	As at 31 December 2012 <i>HK\$'000</i> <i>(Audited)</i>
<b>NON-CURRENT LIABILITIES</b>			
Due to a director		2,792	2,454
Deferred tax liabilities		<u>607,008</u>	<u>607,008</u>
Total non-current liabilities		<u>609,800</u>	<u>609,462</u>
Net assets		<u><u>4,712,629</u></u>	<u><u>4,718,018</u></u>
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Issued capital		41,804	41,804
Reserves		3,594,521	3,569,085
Proposed final dividend	7	<u>–</u>	<u>27,172</u>
Non-controlling interests		<u>3,636,325</u>	<u>3,638,061</u>
		<u>1,076,304</u>	<u>1,079,957</u>
Total equity		<u><u>4,712,629</u></u>	<u><u>4,718,018</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 (“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 2012 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 2013.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities Consolidated Financial Statements</i>
HKFRS 10	<i>Joint Arrangements</i>
HKFRS 11	<i>Disclosure of Interests in Other Entities</i>
HKFRS 12	<i>Fair Value Measurement</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – <i>Transition Guidance</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
HKAS 19 (2011)	<i>Employee Benefits</i>
HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HK(IFRIC)-Int 20 <i>Annual Improvements 2009-2011 Cycle</i>	<i>Stripping Costs in the Production Phase of a Surface Mine</i> Amendments to a number of HKFRSs issued in June 2012

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 7 and HKFRS 9 Amendments	Amendments to HKFRS 7 and HKFRS 9 – <i>Mandatory Effective Date of HKFRS 9 and Transition Disclosures</i> <sup>2</sup>
HKFRS 9	<i>Financial Instruments</i> <sup>2</sup>
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i> <sup>1</sup>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> <sup>1</sup>
HKAS 36 Amendments	Amendments to HKAS 36 <i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets</i> <sup>1</sup>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i> <sup>1</sup>
HK(IFRIC)-Int 21	<i>Levies</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2015

## 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	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	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>94,966</u>	<u>91,302</u>	<u>12,242</u>	<u>10,657</u>	<u>(54,067)</u>	<u>19,311</u>	<u>-</u>	<u>-</u>	<u>53,141</u>	<u>121,270</u>
<b>Segment results</b>	<u>85,696</u>	<u>79,938</u>	<u>(3,804)</u>	<u>(9,414)</u>	<u>(43,963)</u>	<u>20,278</u>	<u>(1,190)</u>	<u>(2,673)</u>	<u>36,739</u>	<u>88,129</u>
<i>Reconciliation:</i>										
Interest income from loans and receivables									<u>1,504</u>	<u>1,129</u>
Other gains									<u>10,310</u>	<u>9,852</u>
Finance costs									<u>(11,310)</u>	<u>(5,507)</u>
Profit before tax									<u>37,243</u>	<u>93,603</u>

## Geographical information

	Hong Kong		Mainland China		Total	
	For the six months ended 30 June				2013	2012
	2013	2012	2013	2012	2013	2012
	<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>(24,737)</u>	<u>42,402</u>	<u>77,878</u>	<u>78,868</u>	<u>53,141</u>	<u>121,270</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	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Revenue</b>		
Rental income from property letting	94,966	91,302
Serviced apartment and property management	12,242	10,657
Fair value (losses)/gains, net:		
Equity investments at fair value through profit or loss	(70,863)	5,552
Dividend income from listed investments	6,633	2,939
Interest income from available-for-sale investments	10,163	10,820
	<u>53,141</u>	<u>121,270</u>
<b>Other income and gains</b>		
Interest income from loans and receivables	1,504	1,129
Gain on disposal of items of property, plant and equipment	–	762
Others	10,310	9,090
	<u>11,814</u>	<u>10,981</u>

#### 4. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Depreciation	982	1,561
Amortisation of prepaid land lease payments	4	5
Foreign exchange differences, net	<u>(11,655)</u>	<u>(1,288)</u>
Employee benefits expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	5,146	5,388
Pension scheme contributions (defined contribution scheme)	<u>103</u>	<u>100</u>
	<u>5,249</u>	<u>5,488</u>

#### 5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interest on bank loans, overdrafts and other loans wholly repayable within five years	<u>11,310</u>	<u>5,507</u>

## 6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Current tax		
Charge for the period	8,763	7,225
Underprovision/(overprovision) in prior years	—	—
Total tax charge for the period	<u>8,763</u>	<u>7,225</u>

## 7. DIVIDENDS

(a) Dividends recognised as distribution during the period:

	For the six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Final dividend paid – HK0.65 cents (2011: HK0.50 cents) per ordinary share	<u>27,172</u>	<u>20,902</u>

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

	For the six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Interim dividend declared – HK0.50 cents (2012: HK0.40 cents) per ordinary share	<u>20,902</u>	<u>16,721</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\$28,034,000 (2012: HK\$61,989,000) and the weighted average number of ordinary shares of 4,180,371,092 (2012: 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 2013 and 2012 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:

	<b>As at 30 June 2013 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2012 HK\$'000 (Audited)</b>
Within 1 month	2,545	1,445
1 to 2 months	400	252
2 to 3 months	65	333
Over 3 months	<u>5,519</u>	<u>5,114</u>
	<u><b>8,529</b></u>	<u><b>7,144</b></u>

## 10. TRADE PAYABLES

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

	<b>As at 30 June 2013 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2012 HK\$'000 (Audited)</b>
Within 1 month	584	227
1 to 2 months	–	56
2 to 3 months	–	40
Over 3 months	42	282
	<hr/> <b>626</b> <hr/>	<hr/> <b>605</b> <hr/>

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

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 9 October 2013 to 11 October 2013, 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 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 8 October 2013. The interim dividend will be paid to shareholders whose names appear on the register of members on 11 October 2013 and the payment date will be on or about 31 October 2013.

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF OPERATION

As uncertainty remains in both global and local economy, the first half of 2013 was on the whole a challenging year for the Group. During the period under review, the Group recorded a net profit of about HK\$28 million (2012: HK\$86 million).

### PROPERTY INVESTMENT

#### Hong Kong

Investment properties in Hong Kong mainly comprise of office buildings, industrial buildings, shopping centres with some retail shops. Favored from the government's recent BSD and SSD policies which increases the demand of rental units, the investment property portfolio contributed stable rental revenue of approximately HK\$29 million.

## **Shanghai, PRC**

The Group's properties portfolio in Shanghai, PRC is divided in three residential complexes and comprises of around 182 blocks of garden and pool houses and 132 hotel-serviced apartment units respectively. Our properties are operated under the name of "Windsor Renaissance" which is regarded as a symbol of high quality villas and hotel-serviced apartments in Shanghai. They are well accepted by consulates and foreign business entities and their average occupancy rate generally stands above 90%.

## **Zhuhai, PRC**

The Group holds two land banks in Zhuhai, PRC.

The land of about 36,808 square meters is located at Qianshan commercial business district and is for shopping mall and retail stores usage. Due to difficulties in demolish and relocation work in the Mainland, there are existing around 12 households under demolish and relocation. The local government had agreed the Group to speed up the demolishing and relocation work, meanwhile the Group is actively cooperating and assisting the government's demolishing and relocation work.

For the land of about 94,111 square meters in Doumen commercial business district, the Group had submitted to local planning department the application on year 2011, however until now no approval was granted from local government as they requested the Group to revise design plan for several times to suit the local environmental plan and future traffic plan. Until now, planning permit was still not yet granted to the Group.

After several meetings between the Group and the local government in 2013, the local government verbally replied that the delay in approval of the planning permit was due to changes in town plan, future transportation and for public interest. They also verbally confirmed that a written reply will be provided to the Group before end of July 2013, however such written reply was not yet provided to the Group as at the 2013 interim results announcement date.

## **TRADING AND INVESTMENTS**

Due to fluctuations in capital and bond markets, equity investments held by the Group has recorded fair value losses of approximately HK\$71 million (2012: gain of HK\$6 million) when they are marked to market valuation as at 30 June 2013, while available-for-sale investments held by the Group has recorded fair value losses of approximately HK\$4 million (2012: gain of HK\$18 million) when they are marked to market valuation as at 30 June 2013. As at 30 June 2013, the Group held around HK\$601 million of equity investment and around HK\$256 million of available-for-sale investments.

## **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\$857 million (as at 31 December 2012: HK\$477 million) as at 30 June 2013. The Group's cash and cash equivalents as at 30 June 2013 amounted to approximately HK\$195 million (as at 31 December 2012: HK\$207 million).

As at 30 June 2012, the Group had total bank and other borrowings amounting to approximately HK\$1,301 million (as at 31 December 2012: HK\$922 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\$1,301 million (as at 31 December 2012: HK\$922 million) and the aggregate of the shareholder funds, non-controlling interest and total bank borrowings of approximately HK\$6,013 million (as at 31 December 2012: HK\$5,640 million), the Group's gearing ratio as at 30 June 2013 was around 22% (as at 31 December 2012: 16%).

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2012, the Group had approximately 255 employees, of whom 200 were based in the Mainland and 55 in Hong Kong. The remuneration packages of the Group's employees are mainly based on their performance, 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**

Although there are market consensus that rollback of quantitative easing measures of the US Federal Reserve is expected to launch in 2013, the exact timing is still uncertain. This may show a sign that the worldwide economy is on the road of recovery, however, potential increase in interest rate will exert pressure on price of equity investments and available for sale investments.

China's economic growth has slowed down in 2013, with GDP growth by 7.6% in 1st half of 2013, down from 7.8% in 2012. Domestic consumptions and investments will be the major contributors to Chinese economic growth, with the Chinese government targeted a full-year GDP growth rate of 7.5% in 2013. Despite of slower economic growth than before, China remains as one of the world economies with fast growth, hence inflationary pressure on utilities and salaries expenses remain a key challenge to the Group.

Hong Kong government has strengthen the control on property market at early of 2013, leading to suppress on property trading market. Property price and trading volume in Hong Kong decreases as compared to 2012. It is likely that these control measures will not be withdrawn in the near term. The Group will adopt its usual prudent capital and funding management to meet the challenges ahead, while strengthen the rental business and seize further investment opportunities.

## **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 2013.

## **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 2013.

## **CORPORATE GOVERNANCE CODE**

Under code provisions of A.4.1 and A.4.2, (i) non-executive directors should be appointed for a specific term, subject to re-election; and (ii) all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. 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 code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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 30 May 2013 (the "2013 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 2013 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 2013 AGM.

In the opinion of the directors of the Company, save as disclosed above, the Company has applied the principles and complied with code provisions of the CG Code throughout the six months ended 30 June 2013.

## **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”) as 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 of the Company, all directors of the Company confirmed that they have complied with the required standard as set out in the Model Code for the six months ended 30 June 2013.

## **BOARD OF DIRECTORS**

As at the date of this announcement, 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, 28 August 2013