

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 2014, 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 2014

	Notes	For the six months ended 30 June	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
REVENUE			
Cost of sales	3	129,957 (20,882)	53,141 (17,393)
Gross profit		109,075	35,748
Other income and gains	3	31,850	11,814
Foreign exchange differences, net		(318)	11,655
Gain on disposal of investment properties		–	2,307
Operating and administrative expenses		(28,366)	(12,971)
Finance costs	5	(10,433)	(11,310)
PROFIT BEFORE TAX	4	101,808	37,243
Income tax expense	6	(7,243)	(8,763)
PROFIT FOR THE PERIOD		94,565	28,480
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Change in fair value		(283)	(2,934)
Reclassification adjustments for gains included in the consolidated statement of profit or loss – gain on disposal		(3,453)	(763)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		(3,736)	(3,697)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		(3,736)	(3,697)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		90,829	24,783
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		65,582	28,034
Non-controlling interests		28,983	446
		94,565	28,480
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		62,689	25,436
Non-controlling interests		28,140	(653)
		90,829	24,783
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	1.57 cents	0.67 cents

Details of interim dividend are disclosed in note 7.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		359,892	358,154
Investment properties		6,272,939	6,272,065
Prepaid land lease payments		411	416
Club debenture		670	670
Available-for-sale investments		3,789	3,789
Total non-current assets		<u>6,637,701</u>	<u>6,635,094</u>
CURRENT ASSETS			
Properties held for sale		281,851	281,851
Trade receivables	9	8,071	8,207
Prepayments, deposits and other receivables		44,680	49,164
Available-for-sale investments		190,722	264,521
Equity investments at fair value through profit or loss		631,073	623,993
Pledged deposits	10	4,414	10,888
Cash and cash equivalents	10	181,166	181,624
Total current assets		<u>1,341,977</u>	<u>1,420,248</u>
TOTAL ASSETS		<u>7,979,678</u>	<u>8,055,342</u>
CURRENT LIABILITIES			
Trade payables	11	1,227	2,656
Other payables and accruals		215,139	296,427
Deposits received		58,536	57,752
Interest-bearing bank and other borrowings		1,198,924	1,254,209
Tax payable		29,295	29,144
Total current liabilities		<u>1,503,121</u>	<u>1,640,188</u>
NET CURRENT LIABILITIES		<u>(161,144)</u>	<u>(219,940)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,476,557</u>	<u>6,415,154</u>
NON-CURRENT LIABILITIES			
Amount due to a director		1,335	1,498
Deferred tax liabilities		691,138	691,138
Total non-current liabilities		<u>692,473</u>	<u>692,636</u>
Net assets		<u>5,784,084</u>	<u>5,722,518</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	12	41,804	41,804
Reserves		4,437,536	4,374,847
Proposed final dividend	7	–	29,263
Non-controlling interests		<u>4,479,340</u>	<u>4,445,914</u>
Total equity		<u>1,304,744</u>	<u>1,276,604</u>
		<u>5,784,084</u>	<u>5,722,518</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Attributable to owners of the Company								
	Issued capital	Share premium account	Contributed surplus	Available-for-sale investment revaluation reserve	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Non-controlling interests	Total equity
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>(Note 12)</i>								
At 1 January 2013	41,804	39,116	293,372	18,453	584,331	2,633,813	27,172	1,079,957	4,718,018
Profit for the period	-	-	-	-	-	28,034	-	446	28,480
Other comprehensive loss for the period	-	-	-	(2,598)	-	-	-	(1,099)	(3,697)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(3,000)	(3,000)
Final 2012 dividend declared	-	-	-	-	-	-	(27,172)	-	(27,172)
At 30 June 2013	<u>41,804</u>	<u>39,116</u>	<u>293,372</u>	<u>15,855</u>	<u>584,331</u>	<u>2,661,847</u>	<u>-</u>	<u>1,076,304</u>	<u>4,712,629</u>
At 1 January 2014	41,804	39,116	293,372	21,077	664,512	3,356,770	29,263	1,276,604	5,722,518
Profit for the period	-	-	-	-	-	65,582	-	28,983	94,565
Other comprehensive loss for the period	-	-	-	(2,893)	-	-	-	(843)	(3,736)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-
Final 2013 dividend declared	-	-	-	-	-	-	(29,263)	-	(29,263)
At 30 June 2014	<u>41,804</u>	<u>39,116</u>	<u>293,372</u>	<u>18,184</u>	<u>664,512</u>	<u>3,422,352</u>	<u>-</u>	<u>1,304,744</u>	<u>5,784,084</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Notes	For the six months ended 30 June	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
NET CASH INFLOW FROM OPERATING ACTIVITIES		24,814	113,349
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		69,973	(461,953)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES		(95,245)	337,008
NET DECREASE IN CASH AND CASH EQUIVALENTS		(458)	(11,596)
Cash and cash equivalents at beginning of the period		181,624	206,874
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		181,166	195,278
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	10	67,181	195,278
Non-pledged deposits with original maturity of less than three months when acquired	10	113,985	–
		181,166	195,278

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 2013 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 2014.

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

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

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

HKFRS 9	<i>Financial Instruments</i> ³
HKFRS 14	<i>Regulatory Deferral Accounts</i> ²
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	<i>Hedge Accounting and amendments to HKFRS 9,</i> <i>HKFRS 7 and HKAS 39</i> ³
HKAS 19 Amendments	Amendments to HKAS 19 <i>Employee Benefits –</i> <i>Defined Benefit Plans: Employee Contributions</i> ¹
<i>Annual Improvements</i> <i>2010-2012 cycle</i>	Amendments to a number of HKFRSs issued in January 2014 ¹
<i>Annual Improvements</i> <i>2011-2013 cycle</i>	Amendments to a number of HKFRSs issued in January 2014 ¹

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or after 1 January 2016

³ No mandatory effective date yet determined but is available for adoption

2. OPERATING SEGMENT INFORMATION

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

	Property investment		Provision of serviced apartment and property management services		Trading and investments		Corporate and others		Total	
	For the six months ended 30 June									
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Segment revenue:										
Sales to external customers	<u>98,837</u>	<u>94,966</u>	<u>10,043</u>	<u>12,242</u>	<u>21,077</u>	<u>(54,067)</u>	<u>-</u>	<u>-</u>	<u>129,957</u>	<u>53,141</u>
Segment results	<u>75,455</u>	<u>85,696</u>	<u>(5,137)</u>	<u>(3,804)</u>	<u>20,242</u>	<u>(43,963)</u>	<u>(10,169)</u>	<u>(1,190)</u>	<u>80,391</u>	<u>36,739</u>
Reconciliation:										
Interest income from loans and receivables									2,008	1,504
Other gains									29,842	10,310
Finance costs									(10,433)	(11,310)
Profit before tax									<u>101,808</u>	<u>37,243</u>

Geographical information

	Hong Kong		Mainland China		Total	
	For the six months ended 30 June					
	2014	2013	2014	2013	2014	2013
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'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>51,721</u>	<u>(24,737)</u>	<u>78,236</u>	<u>77,878</u>	<u>129,957</u>	<u>53,141</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	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Rental income from property letting	98,837	94,966
Serviced apartment and property management	10,043	12,242
Fair value gains/(losses) on equity investments at fair value through profit or loss	3,629	(70,863)
Dividend income from listed investments	7,380	6,633
Interest income from available-for-sale investments	10,068	10,163
	<u>129,957</u>	<u>53,141</u>
Other income and gains		
Interest income from loans and receivables	2,008	1,504
Fair value gains on available-for-sale investments (transfer from equity on disposal)	3,453	737
Others	26,389	9,573
	<u>31,850</u>	<u>11,814</u>

4. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation	2,509	982
Amortisation of prepaid land lease payments	4	4
Foreign exchange differences, net	318	(11,655)
Employee benefits expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	5,396	5,146
Pension scheme contributions (defined contribution scheme)	114	103
	<u>5,510</u>	<u>5,249</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans, overdrafts and other loans wholly repayable within five years	<u>10,433</u>	<u>11,310</u>

6 INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
Charge for the period	7,243	8,763
Underprovision/(overprovision) in prior years	—	—
Total tax charge for the period	<u>7,243</u>	<u>8,763</u>

7. DIVIDENDS

(a) Dividends recognised as distribution during the period:

	For the six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend paid – HK0.70 cents (2012: HK0.65 cents) per ordinary share	<u>29,263</u>	<u>27,172</u>

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

	For the six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interim dividend declared – HK0.55 cents (2013: HK0.50 cents) per ordinary share	<u>22,992</u>	<u>20,902</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\$65,582,000 (2013: HK\$28,034,000) and the weighted average number of ordinary shares of 4,180,371,092 (2013: 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 2014 and 2013 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during those periods.

9. TRADE RECEIVABLES

For the Group's property rental business, the tenants are usually required to settle the rental payments on the first day of the rental period, and are required to pay rental deposits with amount ranging from two to three months' rentals in order to secure any default in their rental payments. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

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

	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
Within 1 month	1,816	2,248
1 to 2 months	603	780
2 to 3 months	227	40
Over 3 months	5,425	5,139
	<u>8,071</u>	<u>8,207</u>

10. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
Cash and bank balances	71,595	160,234
Time deposits	113,985	32,278
	<u>185,580</u>	<u>192,512</u>
Less: Pledged deposits	<u>(4,414)</u>	<u>(10,888)</u>
Cash and cash equivalents	<u>181,166</u>	<u>181,624</u>

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

The deposits of approximately HK\$4,414,000 (as at 31 December 2013: HK\$10,888,000) 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\$43,968,000 (as at 31 December 2013: HK\$71,762,000). The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

11. TRADE PAYABLES

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

	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
Within 1 month	1,185	1,865
1 to 2 months	–	496
2 to 3 months	–	28
Over 3 months	42	267
	<u>1,227</u>	<u>2,656</u>

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

12. SHARE CAPITAL

Shares	Number of shares		Value	
	As at 30 June 2014	As at 31 December 2013	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
Authorised:				
Ordinary shares of HK\$0.01 each	<u>50,000,000,000</u>	<u>50,000,000,000</u>	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.01 each	<u>4,180,371,092</u>	<u>4,180,371,092</u>	<u>41,804</u>	<u>41,804</u>

13. SHARE OPTION SCHEME

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

The total number of securities available for issue under the Scheme is 418,037,109 which is equivalent to 10% of the issued share capital of the Company at the date of adoption of the Scheme. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s share at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting, where all connected persons of the Company must abstain from voting in favour at such general meeting.

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

The exercise price of the share options is determinable by the board of directors, but may not be less than the higher of (i) the nominal value of the shares; (ii) the Stock Exchange closing price of the Company’s shares on the date of offer of the share options; and (iii) the average Stock Exchange closing price of the Company’s shares for the five trading days immediately preceding the date of the offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

No share options have been granted, exercised, lapsed or cancelled since the establishment of the Scheme. No share options have been granted since the establishment of the 2003 Scheme.

14. CORPORATE GUARANTEES

At 30 June 2014, the Company has given corporate guarantees in favour of banks for banking facilities granted to its subsidiaries to the extent of approximately HK\$738,677,000 (as at 31 December 2013: HK\$738,677,000), of which approximately HK\$590,712,000 (as at 31 December 2013: 614,855,000) was utilised. In the opinion of the directors, no material liabilities will arise from the above corporate guarantees which arose in the ordinary course of business of the Group and the fair values of the corporate guarantees granted by the Company are immaterial.

15. OPERATING LEASE ARRANGEMENTS

(a) As lessor

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

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

	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
Within one year	117,090	122,101
In the second to fifth years, inclusive	55,428	52,148
	<u>172,518</u>	<u>174,249</u>

(b) As lessee

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

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

	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
Within one year	273	273
In the second to fifth years, inclusive	114	250
	<u>387</u>	<u>523</u>

16. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Transactions between the Group and other related parties during the period are not significant to the Group.

No transactions have been entered with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being the key management personnel compensation).

17. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements were approved and authorised for issue by the board of directors on 28 August 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

Despite the fact that the US Federal Reserve had begun its tapering schedule, recovery of the US market proves better than expected. The Chinese market also recorded a stable GDP growth of 7.5% in 2014 Q2. Hong Kong properties price remains a high level since the introduction of the BSD and SSD by the Hong Kong government. These factors contributed to the Group's financial performance for the first half of 2014, in particular on equity investments (stocks) held by the Group.

During the period under review, the Group recorded a net profit of about HK\$95 million (2013: HK\$28 million).

PROPERTY INVESTMENT

Hong Kong

Investment properties in Hong Kong mainly comprise of office buildings, industrial buildings, shopping centres, and retail shops. With growth of Hong Kong's economy on the first half of 2014, the investment property portfolio contributed stable rental revenue to the Group.

The Group's old Hong Kong headquarter building (54 Wong Chuk Hang Road, Hong Kong) has completed demolition work and has now begun foundation work. The Group will start the construction of a new 30+ floor building on the existing site, expected to be completed in year 2017/2018. The new building will provide a new and reliable source of income to the Group.

Shanghai, PRC

The Group's properties portfolio in Shanghai, PRC is divided into three residential complexes, comprising of around 182 blocks of hotel-serviced houses and 132 hotel-serviced apartment units respectively. Our properties in Shanghai are operated under the name of "Windsor Renaissance" which is regarded as a symbol of high quality villas and hotel-serviced apartments in Shanghai, and are well received by consulates and foreign business entities, with an average occupancy rate of approximately 90%. The properties generates a stable rental and management fee revenue to the Group.

Zhuhai, PRC

The Group holds two land banks in Zhuhai, PRC.

36,808 square meters land in Qianshan CBD is designated for shopping mall and retail stores purposes. Due to difficulties arising from demolition and relocation work in Mainland China, the Group had proposed to the local government our willingness to further inject advances to the project in hope of assisting the government with speeding up relocation work.

The Group had already submitted the construction design plan to the local government unit on 2011 regarding the 94,111 square meters land located in Doumen, however until now approval was not yet received from the local government unit. The Group had recently met with Doumen local government and we were formally informed that the government wish to repurchase the land from us at market assessment price due to a change in town planning. The Group intend to further discuss with the local government the feasibility in the exchanging of land. However, nothing can be concluded as of the date of this report.

TRADING AND INVESTMENTS

Stock market and bond market both shows signs of recovery due to better than expected recovery in the US market. As of 30 June 2014, the Group holds around HK\$631 million of equity investment and around HK\$191 million of available-for-sale investments. The Group's equity investments recorded a net fair value gain of approximately HK\$4 million (2013: net loss of HK\$71 million) when marking the investment portfolios to market valuation as of 30 June 2014.

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\$822 million (as of 31 December 2013: HK\$889 million) as of 30 June 2014. The Group's cash and cash equivalents as of 30 June 2014 amounted to approximately HK\$181 million (as of 31 December 2013: HK\$182 million).

As of 30 June 2014, the Group had total bank and other borrowings amounting to approximately HK\$1,199 million (as of 31 December 2013: HK\$1,254 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\$1,199 million (as of 31 December 2013: HK\$1,254 million) and the aggregate of the shareholder funds, non-controlling interest and total bank borrowings of approximately HK\$6,983 million (as of 31 December 2013: HK\$6,977 million), the Group's gearing ratio as of 30 June 2014 was around 17% (as of 31 December 2013: 18%).

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2014, the Group had approximately 235 employees in Shanghai, Zhuhai and Hong Kong. The remuneration packages of the Group's employees are mainly based on their performance, experience and market conditions. In addition to the basic salaries, the Group also provides staff benefits including discretionary bonus, provident fund and tuition/training subsidies.

PROSPECT

Taping of easing measures of the US Federal Reserve has begun, however there is no exact schedule when the US Federal Reserve will increase the interest rate. Despite it is likely that the increase in interest rate will start in year 2015, the uncertainty of exact timing of potential increase in interest rate will exert pressure on price on equity investments and available-for-sale investments, particular in high-yield equity investments and long-term debt instruments. As Hong Kong Dollar is pegged to the US Dollars, the uncertainty of US's economy may affect Hong Kong's economy.

China's economic growth was stable with GDP growth of 7.5% in the 2014 Q2. It is expected that China's GDP growth rate in the second half 2014 will remain stable. Domestic consumptions and investments will be the major contributors to Chinese economic growth. Although the recent loosening of bank loans for properties purchases alleviate the pressure on property market, the ongoing business environment of property and rental market is still challenging. China remains as one of the world economies with fast growth, hence rise in labour costs and inflationary pressure on utilities remain a key challenge to the Group.

Hong Kong government has strengthened the control on property market since early 2013, leading to suppression on the property trading market throughout the year. Despite of the passing of The Stamp Duty (Amendment) Ordinance 2014 (BSD and SSD) policies on February 2014, property price remained high in mid-2014. It is likely that these control measures will not be withdrawn in the near term. Along with uncertainty on the potential interest rate increase, the property market may be under downward pressure in the future.

In response to more and more uncertainties in both domestic and overseas economic conditions along with fierce market competitions, the Group will adopt its usual prudent capital and funding management to meet the challenges ahead, while strengthening the rental business and seizing further investment opportunities.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As of 30 June 2014, the interests and short positions of the directors and the chief executive of the Company and each of their respective associates, in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Long position in ordinary shares of the Company

Name of Director	Capacity and nature of interest	Number of shares held	Approximate percentage of the total issued share capital of the Company %
Mr. Lau Chi Yung, Kenneth	Interest of controlled corporation	2,797,055,712*	66.91

Long position in ordinary shares of associated corporation – Oriental Explorer Holdings Limited, a subsidiary of the Company

Name of Director	Capacity and nature of interest	Number of shares held	Approximate percentage of the total issued share capital of associated corporation %
Mr. Lau Chi Yung, Kenneth	Interest of controlled corporation	1,729,540,999*	64.06

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

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

Other than certain nominee shares in subsidiaries held by a director in trust for the companies in the Group, no director held an interest in the share capital of the subsidiaries of the Company during the six months ended 30 June 2014.

Save as disclosed above, as of 30 June 2014, none of the directors and chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) are required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' and chief executive's interests or short positions in the shares, underlying shares and debentures of the Company and associated corporations" above and in the share option scheme disclosures in note 13 to the unaudited condensed consolidated financial statements, at no time during the six months ended 30 June 2014 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 2014, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in ordinary shares of the Company

Name of Shareholders	Capacity and nature of interest	Number of shares held	Approximate percentage of the total issued share capital of the Company %
Power Resources Holdings Limited	Interest of controlled corporation	2,797,055,712 [#]	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 2014, so far as was known to the directors of the Company, no person, other than the directors of the Company, whose interests are set out in the sections "Directors' and chief executive's interests or short positions in the shares, underlying shares and debentures of the Company and associated corporations" and "Directors' rights to acquire shares or debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 8 October 2014 to 10 October 2014, 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 7 October 2014. The interim dividend will be paid to shareholders whose names appear on the register of members on 10 October 2014 and the payment date will be on or about 28 October 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2014.

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 2014.

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 Listing Rules throughout the six months ended 30 June 2014, save as disclosed below.

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

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

BOARD DIVERSITY POLICY

The 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.

Members' Diversity

Number of directors	Designation	Age	Terms
1	Executive Director	51-60	11-20
2	Executive Director	51-60	11-20
3	Independent Non-Executive Director	≤50	≤5
4	Independent Non-Executive Director	51-60	≤5
5	Independent Non-Executive Director	≥61	6-10
6	Independent Non-Executive Director	≥61	11-20

Directors	Expertise / Experience	Property Experience	Financial Services / Investment	Professional
Mr. Lau Chi Yung, Kenneth		✓	✓	
Mr. Lau Michael Kei Chi		✓	✓	
Mr. Lo Yick Wing		✓		✓
Mr. Wong Yim Sum			✓	✓
Mr. Lee Siu Man, Ervin		✓		✓
Mr. Tsui Ka Wah			✓	

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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 2014. The interests held by individual directors of the Company in the Company's securities as of 30 June 2014 are set out on pages 15 to 16.

CHANGES IN THE INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to rule 13.51B(1) of the Listing Rules, changes in the information of directors of the Company (the "Director(s)") since the date of the annual report 2013 of the Company required to be disclosed in this report is as follow:

- The Director's fees of Mr. Lo Yick Wing, Mr. Wong Yim Sum, Mr. Lee Siu Man, Ervin and Mr. Tsui Ka Wah have been revised to HKD6,500 per month, with effective from 1 April 2014.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for 2014 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, executive Directors are Mr. Lau Chi Yung, Kenneth and Mr. Lau Michael Kei Chi and 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, Kenneth
Chairman

Hong Kong, 28 August 2014