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MULTIFIELD INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 898)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

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 2016, 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 2016

		For the six months ended 30 June	
	<i>Notes</i>	2016	2015
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
REVENUE	3	(26,024)	227,640
Cost of sales		(18,996)	(21,294)
Gross (loss)/profit		(45,020)	206,346
Other income and gains	3	5,192	15,011
Foreign exchange differences, net		3,202	(566)
Operating and administrative expenses		(21,336)	(24,171)
Finance costs	5	(15,287)	(12,858)
(LOSS)/PROFIT BEFORE TAX	4	(73,249)	183,762
Tax credit/(income tax expense)	6	247,590	(6,766)
PROFIT FOR THE PERIOD		174,341	176,996

		For the six months ended 30 June	
		2016	2015
<i>Notes</i>		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
	Change in fair value	–	(1,183)
	Reclassification adjustments for gains included in the consolidated statement of profit or loss – gain on disposal	–	(4,836)
		<hr/>	<hr/>
NET OTHER COMPREHENSIVE EXPENSE TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS AND OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD, NET OF TAX			
		–	(6,019)
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			
		174,341	170,977
		<hr/> <hr/>	<hr/> <hr/>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
	Owners of the Company	150,191	119,120
	Non-controlling interests	24,150	57,876
		<hr/>	<hr/>
		174,341	176,996
		<hr/> <hr/>	<hr/> <hr/>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
	Owners of the Company	150,191	115,303
	Non-controlling interests	24,150	55,674
		<hr/>	<hr/>
		174,341	170,977
		<hr/> <hr/>	<hr/> <hr/>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
	Basic and diluted	8 HK3.59 cents	HK2.85 cents
		<hr/> <hr/>	<hr/> <hr/>

Details of interim dividend are disclosed in note 7.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

		As at 30 June 2016 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2015 <i>HK\$'000</i> <i>(Audited)</i>
NON-CURRENT ASSETS			
Property, plant and equipment		337,614	337,779
Investment properties		7,710,870	7,688,550
Prepaid land lease payments		395	400
Club debenture		670	670
Available-for-sale investments	9	–	–
		<hr/>	<hr/>
Total non-current assets		8,049,549	8,027,399
CURRENT ASSETS			
Properties held for sale		281,851	281,851
Trade receivables	10	10,769	9,440
Prepayments, deposits and other receivables		10,456	10,400
Equity investments at fair value through profit or loss		1,130,785	1,129,176
Pledged deposits		154	564
Cash and cash equivalents		151,336	542,144
		<hr/>	<hr/>
Total current assets		1,585,351	1,973,575
TOTAL ASSETS		9,634,900	10,000,974
CURRENT LIABILITIES			
Trade payables	11	189	906
Other payables and accruals		185,488	215,337
Deposits received		60,036	60,057
Derivative financial instruments		–	52,691
Interest-bearing bank and other borrowings		1,830,474	1,854,332
Tax payable		43,268	43,203
		<hr/>	<hr/>
Total current liabilities		2,119,455	2,226,526
NET CURRENT LIABILITIES		(534,104)	(252,951)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,515,445	7,774,448
		<hr/>	<hr/>

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
NON-CURRENT LIABILITIES		
Amount due to a director	3,333	2,124
Deferred tax liabilities	770,200	1,023,490
	<hr/>	<hr/>
Total non-current liabilities	773,533	1,025,614
	<hr/>	<hr/>
Net assets	6,741,912	6,748,834
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	41,804	41,804
Reserves	5,437,570	5,244,087
	<hr/>	<hr/>
	5,479,374	5,285,891
Non-controlling interests	1,262,538	1,462,943
	<hr/>	<hr/>
Total equity	6,741,912	6,748,834
	<hr/> <hr/>	<hr/> <hr/>

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 2015 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 2016.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
HKFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements to HKFRSs 2012 – 2014 Cycle</i>	Amendments to a number of HKFRSs

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 Instruments²</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
HKFRS 15	<i>Revenue from Contracts with Customers²</i>
Amendments to HKAS 7	<i>Statement of Cash Flow¹</i>
Amendments to HKAS 12	<i>Income Taxes¹</i>
HKFRS 16	<i>Leases³</i>

- ¹ Effective for annual periods beginning on or after 1 January 2017
- ² Effective for annual periods beginning on or after 1 January 2018
- ³ Effective for annual periods beginning on or after 1 January 2019
- ⁴ Effective for annual periods beginning on or after a date to be determined

Going concern

The Group had net current liabilities of approximately HK\$534,104,000 as at 30 June 2016. Notwithstanding the above, the directors of the Company have prepared the financial statements on the going concern basis on the assumption that the Group will continue to operate as a going concern for the foreseeable future as the ultimate holding company of the Company, Power Resources Holdings Limited has confirmed to provide necessary funds to the Group so as to enable the Group to discharge its obligations as and when they fall due.

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									
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	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)
Segment revenue:										
Sales to external customers	<u>90,643</u>	<u>97,049</u>	<u>11,149</u>	<u>12,119</u>	<u>(127,816)</u>	<u>118,472</u>	<u>-</u>	<u>-</u>	<u>(26,024)</u>	<u>227,640</u>
Segment results	<u>(326,943)</u>	<u>67,935</u>	<u>(9,771)</u>	<u>(8,535)</u>	<u>(185,068)</u>	<u>121,364</u>	<u>458,628</u>	<u>845</u>	<u>(63,154)</u>	<u>181,609</u>
<i>Reconciliation:</i>										
Interest income from loans and receivables									724	1,508
Other gains									4,468	13,503
Finance costs									(15,287)	(12,858)
(Loss)/profit before tax									<u>(73,249)</u>	<u>183,762</u>

Geographical information

	Hong Kong		Mainland China		Total	
	For the six months ended 30 June					
	2016	2015	2016	2015	2016	2015
	<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>(92,612)</u>	<u>151,296</u>	<u>66,588</u>	<u>76,344</u>	<u>(26,024)</u>	<u>227,640</u>

The revenue information above is based on the locations of the customers. No single external customer accounted for 10% or more of the total revenue for the periods ended 30 June 2016 and 2015.

3. REVENUE , OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue		
Rental income from property letting	90,643	97,049
Serviced apartment and property management	11,149	12,119
Fair value (losses)/gains on equity investments at fair value through profit or loss, net	(194,835)	108,570
Fair value gains on derivative financial instruments, net	52,691	-
Dividend income from listed investments	14,328	3,852
Interest income from available-for-sale investments	-	6,050
	<u>(26,024)</u>	<u>227,640</u>
Other income and gains		
Interest income from loans and receivables	724	1,508
Fair value gains on available-for-sale investments (transfer from equity on disposal)	-	4,836
Others	4,468	8,667
	<u>5,192</u>	<u>15,011</u>

4. (LOSS)/PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Depreciation	2,772	3,066
Amortisation of prepaid land lease payments	5	4
Foreign exchange differences, net	<u>(3,202)</u>	<u>566</u>
Employee benefits expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	7,633	6,211
Pension scheme contributions (defined contribution scheme)	<u>162</u>	<u>143</u>
Total staff costs	<u>7,795</u>	<u>6,354</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Interest on bank loans, overdrafts and other loans	<u>15,287</u>	<u>12,858</u>

6 INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong for the period. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China, in which the Group operates.

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	–	–
(Underprovision)/overprovision in prior years	–	–
Current – Mainland China		
Charge for the period	(5,700)	(6,766)
Deferred (<i>Note 12</i>)	253,290	–
Total tax credit/(charge) for the period	<u>247,590</u>	<u>(6,766)</u>

7. DIVIDENDS

(a) Dividends recognised as distribution during the period:

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend paid – HK0.70 cents (2014: HK0.70 cents) per ordinary share	<u>29,263</u>	<u>29,263</u>

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

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interim dividend declared – HK0.60 cents (2015: HK0.60 cents) per ordinary share	25,082	25,082
	<u><u>25,082</u></u>	<u><u>25,082</u></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 amounts is based on the profit for the period attributable to ordinary equity holders of the Company of approximately HK\$150,191,000 (2015: HK\$119,120,000) and the weighted average number of ordinary shares of 4,180,371,092 (2015: 4,180,371,092) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2016 and 2015.

9. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Non-current assets		
Unlisted equity investments, at cost	11,589	11,589
Impairment	(11,589)	(11,589)
	<u><u>–</u></u>	<u><u>–</u></u>

The unlisted investments were stated at cost less impairment because the ranges of reasonable fair value estimates are so significant that the directors are of opinions that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

10. 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 as at the end of the reporting period, based on invoice dates and net of provisions, is as follows:

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Within 1 month	2,245	1,814
1 to 2 months	1,329	741
2 to 3 months	1,050	611
Over 3 months	6,145	6,274
	<u>10,769</u>	<u>9,440</u>

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 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Within 1 month	147	519
1 to 2 months	–	75
2 to 3 months	–	21
Over 3 months	42	291
	<u>189</u>	<u>906</u>

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

12. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the period are as follows:

	Total HK\$'000 (Unaudited)
At 1 January 2016	1,023,490
Deferred tax credit to the statement of profit or loss and other comprehensive income during the period (<i>Note 6</i>)	<u>(253,290)</u>
At 30 June 2016	<u>770,200</u>
At 1 January 2015	702,545
Deferred tax charged to the statement of profit or loss and other comprehensive income during the period (<i>Note 6</i>)	<u>–</u>
At 30 June 2015	<u>702,545</u>

A deferred tax credit of approximately HK\$253,290,000 was credited to the profit or loss account for the six months ended 30 June 2016 for an investment property in China, due to change of intention and business model whose objective are for long-term investments and rental purposes rather than through sale.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 12 October 2016 to 14 October 2016, 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 11 October 2016. The interim dividend will be paid to shareholders whose names appear on the register of members on 14 October 2016 and the payment date will be on or about 28 October 2016.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the board of directors (the "Board") of Multifield International Holdings Limited (the "Company"), I am pleased to present the interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016.

REVIEW OF OPERATION

During the period under reporting, the Group recorded a profit of approximately HK\$174 million (2015: HK\$177 million).

The Group's rental income in Hong Kong recorded an increase of approximately 7%.

The Group's rental income from hotel-serviced apartments and villas in Shanghai recorded a decrease of approximately 12%, due to earlier rental accounting cutoff date to align with China's newly adopted Value Added Tax policies that was effective on 1 May 2016.

As the worldwide economy was extremely turbulent, and the Chinese and Hong Kong stock markets were extremely volatile in the first half of 2016, the investments in equities held by the Group recorded a fair value loss of approximately HK\$195 million (2015: gain of HK\$109 million). Equities investments recorded dividend income of approximately HK\$14 million (2015: HK\$4 million).

As disclosed in the Company's announcement dated 24 June 2016, a deferred tax credit of approximately HK\$253 million was credited to the profit or loss account for the six months ended 30 June 2016 for an investment property in China, due to the change of business intention and business model aiming for long-term investments and rental purposes rather than through sale.

PROPERTY INVESTMENT

Hong Kong

The Group's investment properties in Hong Kong mainly comprise of office buildings, industrial buildings, retail shops and car parks. Despite of cooling down of Hong Kong properties market in early 2016, the Group's investment properties portfolio contributed stable rental revenue of approximately HK\$35 million for the six months ended 30 June 2016 (2015: HK\$32 million).

The Group's construction site at 54 Wong Chuk Hang Road, Hong Kong is now under the main building construction work and has completed up to 15th floor. The construction of the new building is expected to be completed in year 2017/2018. The Group expects that the new building will provide a new and stable source of income to the Group.

Shanghai, PRC

The Group's properties portfolio in Shanghai, PRC is divided into three residential complexes, comprising of around 182 blocks of hotel-serviced villas and 132 hotel-serviced apartments respectively. The properties in Shanghai are operated under the name of "Windsor Renaissance", which is regarded as a symbol of high quality villas and hotel-serviced apartments in Shanghai, and are well recognised by consulates and foreign business entities. The Shanghai properties had an average occupancy rate of above 90%, and generated rental and management fee revenue of approximately HK\$67 million for the six months ended 30 June 2016 to the Group (2015: HK\$76 million).

Zhuhai, PRC

There are two land banks in Zhuhai, PRC.

36,808 square meters of commercial use land in Qianshan is now under relocation progress. In July 2015, there was a new relocation policy, and the responsibility of relocation was changed from the land department to the local district government. The Group will support the local district government on the relocation work.

Regarding the 94,111 square meters of hotel and commercial use land located in Doumen district, the Group had received a letter from the Zhuhai land department in July 2016 which mentioned that there was change in town planning on the land, and we were no longer allowed to build hotels and shopping mall on the land. According to the law, the Doumen local government had the right to buy back the land from the Group. The Group had already appointed Chinese lawyers to investigate and deal with the related matters.

FINANCIAL INVESTMENTS

Worldwide economy and stock market were extremely volatile in the first half of 2016, in particular due to uncertainties such as Brexit and other political conflicts. These factors leading to equity investments (stocks) held by the Group to record fair value losses.

As of 30 June 2016, the Group held approximately HK\$1,131 million (as of 31 December 2015: HK\$1,129 million) of highly liquid equity investments, which mainly consisted of blue chips stocks and Exchange Traded Funds listed in Hong Kong. The Group had engaged in equity and bonds investments since 2006. The equity investments were mainly held by the Group for investment purpose and receiving dividend income. The Group's equity investments recorded a net fair value loss of approximately HK\$195 million (2015: gain of HK\$109 million) when marking the investment portfolios to market valuation as of 30 June 2016, along with dividend income of approximately HK\$14 million (2015: HK\$4 million).

The equity investments held by the Group as at 30 June 2016 were as follows:

Stock Code	Company Name	Number of shares held as at 30 June 2016 '000	Percentage of shareholding as at 30 June 2016 %	Fair value gain/(loss) for the six months ended 30 June 2016 HK\$'000 (Unaudited)	Dividends income for the six months ended 30 June 2016 HK\$'000 (Unaudited)	Fair value/ carrying amount as at 30 June 2016 HK\$'000 (Unaudited)
2800	Tracker Fund of Hong Kong	16,250	0.46	(30,868)	2,333	346,938
5	HSBC Holdings plc	5,331	0.03	(86,766)	7,367	252,426
2828	Hang Seng H-Share Index ETF	2,664	0.49	(46,552)	2,205	235,897
3988	Bank of China Limited	29,300	0.04	(10,841)	-	90,537
2388	BOC Hong Kong (Holdings) Limited	2,500	0.02	(1,250)	1,698	58,000
3188	ChinaAMC CSI 300 Index ETF	900	0.28	(6,570)	-	33,795
941	China Mobile Limited	340	0.00	391	407	30,141
2628	China Life Insurance Company Limited	1,000	0.01	(8,430)	-	16,620
	Other listed securities#			(3,949)	318	66,431
				<u>(194,835)</u>	<u>14,328</u>	<u>1,130,785</u>

Other listed securities mainly represented the Group's investment in 21 companies whose shares are mainly listed on the Main Board of The Stock Exchange of Hong Kong Limited. The carrying value of each of these investments represented less than 1% of the total assets of the Group as at 30 June 2016.

As at 30 June 2016, the equity investments mainly represented listed securities in Hong Kong. The Board acknowledges that the performance of the equity investments may mainly be affected by worldwide economy and the degree of volatility in the Chinese and Hong Kong stock markets, and susceptible to other external factors that may affect their values. In order to mitigate possible financial risk related to the equity investments, the management will closely monitor the performance of respective equity investments and the changes of market condition. The Company will adjust the Company's portfolio of investments as the Board considers appropriate.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 16 February 2016, an indirect wholly-owned subsidiary of the Group entered into an agreement with Unipower Limited, Peaceton Development Limited, Honorway Nominees Limited and Mr. Liang Chong Wai to acquire additional 30% of the entire issued share capital of Kiuson Development Limited at a consideration of HK\$152,000,000 and was funded by internal resources. The equity interest in Kiuson Development Limited held by the Group was increased from 46.62% to 76.62% with effect from and upon the completion of acquisition on 16 February 2016. Details of the transaction were disclosed in the Company's announcement dated 16 February 2016.

On 22 April 2016, an indirect wholly-owned subsidiary of the Company and a connected person at the subsidiary level exempt under the insignificant subsidiary exemption entered into a share transfer agreement, pursuant to which the Group had agreed to purchase and the seller had agreed to sell the 33.3% issued share capital of Sino Yield Investments Limited, which held 100% interest in Win Channel Enterprises Limited ("Sino Yield subsidiary group"), for a consideration of HK\$8. Upon completion of the acquisition on 22 April 2016, the financial information of Sino Yield subsidiary group continued to be consolidated into the accounts of the Company and this acquisition did not constitute a notifiable transaction and were fully exempt under the de minimis exemption under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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

FOREIGN CURRENCY EXPOSURE

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

As of 30 June 2016, the Group had not entered into any financial instrument for foreign currency hedging purpose.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flows and banking facilities provided by principal bankers in Hong Kong. In order to preserve liquidity and enhance interest yields, liquid assets were maintained in the form of highly liquid equity investments of approximately HK\$1,131 million (as of 31 December 2015: HK\$1,129 million) as of 30 June 2016. The Group's cash and cash equivalents as of 30 June 2016 amounted to approximately HK\$151 million (as of 31 December 2015: HK\$542 million).

As of 30 June 2016, the Group had total bank and other borrowings amounting to approximately HK\$1,830 million (as of 31 December 2015: HK\$1,854 million), which were secured by legal charges on the Group's certain investment properties in Hong Kong and Shanghai, and certain equity investments. The Group's bank borrowings were mainly arranged on a floating rate basis. The maturity of bank and other borrowings of the Group as at 30 June 2016 was as follows:

	<i>HK\$'000</i> <i>(Unaudited)</i>
Within one year	1,049,161
In the second year	256,805
In the third to fifth years, inclusive	524,508
	<hr/>
Total	<u>1,830,474</u>

With the total bank and other borrowings of approximately HK\$1,830 million (as of 31 December 2015: HK\$1,854 million) and the aggregate of the shareholder funds, non-controlling interests and total bank borrowings of approximately HK\$8,572 million (as of 31 December 2015: HK\$8,603 million), the Group's gearing ratio as at 30 June 2016 was around 21% (as of 31 December 2015: 22%).

CONTINGENT LIABILITY

As of 30 June 2016, the Group had no material contingent liability.

COMMITMENTS

As of 30 June 2016, the Group had committed payment for the construction and land development expenditure amounting to approximately HK\$254 million (as of 31 December 2015: HK\$280 million).

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2016, the Group had approximately 220 employees in Shanghai, Zhuhai and Hong Kong. During the period, the staff costs (including Directors' emoluments) amounted to approximately HK\$8 million (2015: HK\$6 million).

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

PROSPECT

The US Federal Reserve has started increasing the interest rate in December 2015. As Hong Kong dollar is pegged to the US dollar, Hong Kong may follow to increase its interest rate in the future. These may exert pressure on price on equity investments held by the Group, particular in high-yield equity investments. Besides, the slowdown in growth of Chinese economy may have a significant impact on Hong Kong's rental market.

The investment properties (particularly the small-sized residential units) in Hong Kong had recorded decline in market value in late 2015 and early 2016. However, officials from Hong Kong government stated that control measures on properties markets would not be withdrawn in the near term. Along with the conditions for potential interest rate increase, investment properties in Hong Kong held by the Group might record decrease in market value as compared to the increase in previous years.

China's economic growth has slowed down, with the GDP growth rate kept on 6.7% in the first half of 2016. In addition to the potential depreciation of Renminbi, retreat of foreign investments from China and intensive competition in rental business in Shanghai, these may exert pressure on the revenue from provision of hotel-serviced apartments, villas and property management services in Shanghai. Despite China's possible slower than expected economic growth, inflationary pressure on salaries, utilities expenses, properties renovation and quality enhancement expenses remains a key challenge to the Group.

On 1 May 2016, the final phase of the transition from the Business Tax to Value Added Tax regime took effect and became applicable to the real estate sector, among other industries. The Group has taken appropriate measures to ensure a smooth transition to the new tax regime.

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

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 2016.

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 2016.

CORPORATE GOVERNANCE CODE

In the opinion of the directors of the Company, the Company has applied the principles and complied with code provisions of the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2016, 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.

The code provision A.6.7 of the Code requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the view of shareholders. Mr. Lee Siu Man, Ervin the independent non-executive director was unable to attend the annual general meeting of the Company held on 26 May 2016 due to his other business commitments.

REVISION OF THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The terms of references of audit committee were revised on 22 August 2016 to reflect the additional responsibilities of the audit committee arising from the Stock Exchange's amendments to risk management and internal control under the Code applicable to listed companies with an accounting period beginning on or after 1 January 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. Based on specific enquiry of all directors of the Company, all directors of the Company confirmed that they have complied with the required standard set out in the Model Code for the six months ended 30 June 2016.

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 2015 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 HK\$7,000 per month, with effective from 1 April 2016.

CHANGE OF DIRECTORS

Due to his other business commitments, Mr. Lo Yick Wing tendered his retirement as an independent non-executive director of the Company at the conclusion of the 2016 annual general meeting held on 26 May 2016 and, ipso facto, resigned as a member of audit committee, a member of nomination committee and a member of remuneration committee of the Company on and with effect from 26 May 2016.

BOARD OF DIRECTORS

As of 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 and Mr. Tsui Ka Wah.

By Order of the Board
Lau Chi Yung, Kenneth
Chairman

Hong Kong, 22 August 2016