



MULTIFIELD INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 898)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

INTERIM RESULTS

The Board of Directors 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 2006 (the “period”), together with the unaudited comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended	
		30 June	
		2006	2005
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
TURNOVER	2	87,228	1,230,673
Cost of sales		<u>(11,790)</u>	<u>(1,128,681)</u>
Gross profit		75,438	101,992
Other revenue and gains	2	27,807	7,424
Administrative expenses		(18,258)	(42,620)
Other operating expenses, net		—	(8,344)
Finance costs	4	<u>(17,399)</u>	<u>(8,485)</u>
PROFIT BEFORE INCOME TAX	5	67,588	49,967
Income tax	6	<u>(9,965)</u>	<u>(7,525)</u>
PROFIT FOR THE PERIOD		<u>57,623</u>	<u>42,442</u>
ATTRIBUTABLE TO			
Equity holders of the Company		40,789	31,008
Minority interests		<u>16,834</u>	<u>11,434</u>
		<u>57,623</u>	<u>42,442</u>
BASIC EARNINGS PER SHARE	7	<u>0.98 cents</u>	<u>0.74 cents</u>
INTERIM DIVIDEND PER SHARE	8	<u>Nil</u>	<u>Nil</u>

CONDENSED CONSOLIDATED BALANCE SHEET

	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	15,754	16,072
Prepaid land lease payments	480	484
Investment properties	2,659,640	2,672,840
Available-for-sale financial assets	<u>143,355</u>	<u>11,023</u>
Total non-current assets	<u>2,819,229</u>	<u>2,700,419</u>
CURRENT ASSETS		
Properties held for sale	281,851	281,851
Prepayments, deposits and other receivables	36,721	17,357
Financial assets at fair value through profit or loss	166,191	102,058
Income tax recoverable	1,164	1,164
Trade receivables	9,324	9,233
Inventories	2,141	2,341
Pledged deposits	8,148	25,463
Cash and cash equivalents	<u>164,130</u>	<u>192,776</u>
Total current assets	<u>669,670</u>	<u>632,243</u>
TOTAL ASSETS	<u>3,488,899</u>	<u>3,332,662</u>
LESS: CURRENT LIABILITIES		
Deposits received	50,033	45,878
Interest-bearing borrowings	148,096	66,314
Trade payables	1,349	1,908
Accrued expenses and other payables	109,025	44,604
Income tax payable	<u>109,704</u>	<u>101,640</u>
	<u>418,207</u>	<u>260,344</u>
NET CURRENT ASSETS	<u>251,463</u>	<u>371,899</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>3,070,692</u>	<u>3,072,318</u>

	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
LESS: NON-CURRENT LIABILITIES		
Interest-bearing borrowings	687,698	727,736
Due to a director	—	17,634
Deferred income tax liabilities	<u>395,116</u>	<u>395,116</u>
Total non-current liabilities	<u>1,082,814</u>	<u>1,140,486</u>
Net assets	<u>1,987,878</u>	<u>1,931,832</u>
CAPITAL AND RESERVES		
Equity attributable to equity holders of the Company		
Share capital	41,804	41,804
Reserves	<u>1,233,294</u>	<u>1,192,505</u>
	1,275,098	1,234,309
Minority interests	<u>712,780</u>	<u>697,523</u>
Total equity	<u>1,987,878</u>	<u>1,931,832</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2005.

In the current period, the Group has adopted, for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as the “new HKFRSs”) issued by the HKICPA, which are effective for accounting periods beginning on or after 31 December 2005 or 1 January 2006. The adoption of these new HKFRSs has had no material effect on how the results of operations and financial position of the Group are prepared and presented.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

HKAS 1 (Amendment)	Capital disclosures ¹
HKFRS 7	Financial instruments: Disclosures ²
HK(IFRIC)-INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK(IFRIC)-INT 8	Scope of HKFRS ³
HK(IFRIC)-INT 9	Reassessment of embedded derivatives ⁴

¹ Effective for annual periods beginning on or after 1 January 2007.

² Effective for annual periods beginning on or after 1 March 2006.

³ Effective for annual periods beginning on or after 1 May 2006.

⁴ Effective for annual periods beginning on or after 1 June 2006.

The interim results are unaudited, but have been reviewed by the Audit Committee which is of the opinion that such financial statements complied with the applicable accounting standards, and that adequate disclosures have been made.

2. TURNOVER, OTHER REVENUE AND GAINS

Turnover represents the aggregate of the invoiced value of goods sold, after allowance for returns and trade discounts, and the total amounts received and receivable from the provision of serviced apartment and property management services and rental income, net of PRC business taxes, from property letting, after elimination of all significant intra-group transactions.

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

	For the six months ended 30 June	
	2006	2005
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	HK\$'000	HK\$'000
Turnover		
Rental income from property letting	74,806	77,222
Serviced apartment and property management	7,953	5,705
Trading of steel	—	1,143,393
Manufacturing and trading of electronic products	<u>4,469</u>	<u>4,353</u>
	<u>87,228</u>	<u>1,230,673</u>
Other revenue and gains		
Interest income	8,043	1,881
Gain on disposal of financial assets at fair value through profit or loss	9,380	1,342
Dividend income from listed investments	2,292	1,399
Fair value gains, net		
Financial assets at fair value through profit or loss	1,102	—
Others	<u>6,990</u>	<u>2,802</u>
	<u>27,807</u>	<u>7,424</u>

3. SEGMENT INFORMATION

The analysis of the geographical segments and business segments of the operation of the Group during the period is as follows:

(a) Geographical segments

	Hong Kong		Elsewhere in the PRC		Thailand		Corporate and others		Consolidated	
	For the six months ended 30 June									
	2006 <i>(Unaudited)</i> HK\$'000	2005 <i>(Unaudited)</i> HK\$'000	2006 <i>(Unaudited)</i> HK\$'000	2005 <i>(Unaudited)</i> HK\$'000	2006 <i>(Unaudited)</i> HK\$'000	2005 <i>(Unaudited)</i> HK\$'000	2006 <i>(Unaudited)</i> HK\$'000	2005 <i>(Unaudited)</i> HK\$'000	2006 <i>(Unaudited)</i> HK\$'000	2005 <i>(Unaudited)</i> HK\$'000
Segment revenue:										
Sales to external customers	<u>21,052</u>	18,940	<u>66,176</u>	68,340	—	1,143,393	—	—	<u>87,228</u>	1,230,673
Segment results	<u>5,992</u>	5,883	<u>58,227</u>	40,197	—	10,545	—	—	<u>64,219</u>	56,625
Other revenue and gains									27,807	7,424
Unallocated expenses									(7,039)	(5,597)
Finance costs									<u>(17,399)</u>	<u>(8,485)</u>
Profit before income tax									67,588	49,967
Income tax									<u>(9,965)</u>	<u>(7,525)</u>
Profit for the period									<u>57,623</u>	<u>42,442</u>

(b) Business segments

	Property Investment		Provision of serviced apartment and property management services		Trading of steel		Electronic products		Corporate and others		Consolidated	
	For the six months ended 30 June											
	2006 <i>(Unaudited)</i> HK\$'000	2005 <i>(Unaudited)</i> HK\$'000	2006 <i>(Unaudited)</i> HK\$'000	2005 <i>(Unaudited)</i> HK\$'000	2006 <i>(Unaudited)</i> HK\$'000	2005 <i>(Unaudited)</i> HK\$'000	2006 <i>(Unaudited)</i> HK\$'000	2005 <i>(Unaudited)</i> HK\$'000	2006 <i>(Unaudited)</i> HK\$'000	2005 <i>(Unaudited)</i> HK\$'000	2006 <i>(Unaudited)</i> HK\$'000	2005 <i>(Unaudited)</i> HK\$'000
Segment revenue:												
Sales to external customers	<u>74,806</u>	77,222	<u>7,953</u>	5,705	—	1,143,393	<u>4,469</u>	4,353	—	—	<u>87,228</u>	1,230,673
Segment result	<u>67,607</u>	50,674	<u>1,776</u>	131	—	10,545	<u>(1,103)</u>	(1,280)	<u>(1,141)</u>	(3,445)	<u>67,139</u>	56,625

4. FINANCE COSTS

	For the six months ended 30 June	
	2006 <i>(Unaudited)</i> HK\$'000	2005 <i>(Unaudited)</i> HK\$'000
	Interest on bank loans wholly repayable within five years	2,560
Interest on bank loans wholly repayable after five years	<u>14,839</u>	<u>1,273</u>
	<u>17,399</u>	<u>8,485</u>

5. PROFIT BEFORE INCOME TAX

Profit before income tax was arrived at after charging the following:

	For the six months ended 30 June	
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	3,012	1,117,032
Depreciation of owned assets	639	505
Amortisation of land lease payments	4	64
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	<u>6,079</u>	<u>5,570</u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong for the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations, and practices in respect thereof.

	For the six months ended 30 June	
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax		
Charge for the period	9,965	7,525
Overprovision in prior years	<u>—</u>	<u>—</u>
Total tax charge for the period	<u>9,965</u>	<u>7,525</u>

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit for the period attributable to equity holders of the Company for the period of approximately HK\$40,789,000 (2005: HK\$31,008,000) and the weighted average number of 4,180,371,092 (2005: 4,180,371,092) shares in issue during the period under review.

Diluted earnings per share for the six months ended 30 June 2006 and 2005 have not been disclosed as no diluting events existed during both periods.

8. INTERIM DIVIDEND PER SHARE

The Directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2006 (2005: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group continued to focus principally on its core business of property investment. During the first half of 2006, the Group maintained a steady growth and recorded net profit of approximately HK\$57.6 million, an increase of 35% as compared with the corresponding period of 2005.

PROPERTY INVESTMENT

Shanghai

During the first half of 2006, the property markets throughout China and in Shanghai have been developing in a healthy pace following the ongoing implementation of the macro economic measures. The Group's Shanghai serviced apartment chain, operating under the name "Windsor Renaissance", has already built up a market niche in Shanghai and continuously contributed a strong return of investment with consistently high occupancy rate of approximately 90%. At present, a portfolio of around 400 serviced apartments and villas are under our management.

Hong Kong

The Group received stable gross rental revenue of approximately HK\$16 million (2005: HK\$15 million) from its properties in Hong Kong during the first half of 2006. Indeed, the occupancy rate was quite satisfactory.

Disposal of property

In light of the encouraging performance of the Hong Kong economy and the Hong Kong property market during the first half of the year, the Management had a view that it was an opportunity for the Group to yield a favourable return from realization of part of the Hong Kong properties. On 15 May 2006, the Group disposed of the property of Multifield Building at North Point, Hong Kong for a consideration of HK\$329 million. The disposal was completed on 8 August 2006 and the expected gain accrued to the Group upon completion was approximately HK\$26.8 million. The net sale proceeds of approximately HK\$326.8 million would be used to provide funding for the Group's development projects on hand and contemplated and to further strengthen the liquidity assets mix and the overall financial position of the Group.

Acquisition of a property project development company in Zhuhai, PRC

The Group remains interested in its long term property development strategy in the PRC despite the recent introduction of macro economic measures to regulate property activities. On 12 June 2006, the Group acquired a land area of approximately 36,808 square meters in Zhuhai, PRC for a consideration of approximately RMB134 million (equivalent to approximately HK\$129 million) by acquisition of a 100% equity interest of a property project development company in Zhuhai. The land would be redeveloped for commercial purposes upon completion of the demolition and removal of existing constructions thereon.

The Management believed that the acquisition would present a good opportunity for the Group to strengthen its business in the field of property development in the PRC. For the first half of 2006, Guangdong province reported a GDP of RMB1,141.68 billion, representing an increase of 14.4% over the same period of last year. Therefore, the Management has the confidence that the development of the land will bring reasonable profit to the Group.

STEEL TRADING

The Group did not engage in steel trading during the period under review since the management adopted a prudent approach to minimize the risk exposure of steel prices which fluctuated significantly. The management forecasted that the second-half of 2006 would still be a hard time for international steel market and accordingly, much more effect has to be devoted to explore business opportunities.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers in Hong Kong and Shanghai. As at 30 June 2006, the Group had outstanding bank loans amounting to approximately HK\$836 million, which were secured by legal charges on certain investment properties and properties held for sale in Hong Kong and Shanghai. As at 30 June 2006, among the total outstanding bank borrowings, HK\$148 million are repayable within one year, HK\$688 million are repayable beyond one year. The Group's cash and bank balances and short term bank deposits as at 30 June 2006 amounted to approximately HK\$172 million. The Group's gearing ratio as at 30 June 2006 was approximately 30% based on the total bank borrowings of approximately HK\$836 million and the aggregate of the shareholders' funds, minority interests and total bank borrowings of approximately HK\$2,824 million.

PERSONNEL

As at 30 June 2006, the Group had a total of 480 employees, of whom 450 were based in the PRC and 30 in Hong Kong. The remuneration packages of the Group's employees are mainly based on their performance and experience, taking into account current industry practices.

In addition to the provision of provident fund scheme, medical allowance, in-house and external training programs, discretionary bonus and share option scheme are also available to employees based on their performance. The remuneration policy and packages of the Group's employees are reviewed regularly.

PROSPECTS

In Hong Kong, the fundamentals of the Hong Kong economy have remained solid and stable despite the volatility of the stock market. The gross domestic product for Hong Kong in the first quarter of 2006 was 8.2% higher than that of 2005. Demand continued to outstrip supply in office sector, pushing up rents and occupancy rates in commercial districts. The Group will continue to enhance its investment portfolio through its progressive yet steady growth strategy, with a focus on seeking for appropriate good investment opportunities.

According to the latest figures from the PRC government, investment for real estate development in Shanghai in the first half of 2006 amount to RMB58.326 billion, an increase by 0.4%, but the percentage increase was down to 15.1% compared to the corresponding period in last year. This revealed that after experiencing a year of macro economic measures, the real estate market in Shanghai became stable, and implied a retuning domestic demand. Indeed, we feel very optimistic about our service apartment chain operation in Shanghai, as we have already established a firm footing and a strategic presence in Shanghai to deliver solid performance in this sector of business.

In the second half of 2006, the Group will continue to carry out research and analysis on the impact of the macro economic measures on the PRC property market in order to further enhance effective project execution. The Group will under the principle of prudence carefully while actively identify development projects that have potential for development, and put much effort on identifying new development projects opportunities and high quality land banks for future growth in the Pearl River Delta, PRC.

We strongly believe that the Group has laid a solid foundation for transforming itself into an integrated real estate operator that develops and leases offices, residential and shopping malls.

PURCHASES, SALES OR REDEMPTIONS OF THE COMPANY'S LISTED SECURITIES

During the period, there were no purchases, sales or redemptions of the Company's listed securities by the Company or by any of its subsidiaries.

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 2006.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2006, save as disclosed below:

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

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

- (b) Under the code provision of A.2, the role of chairman and chief executive officer should be separated and should not be performed by the same individual.

The Company does not at present have any officer with the title of “chief executive officer”. Mr Lau Chi Yung, Kenneth is the chairman and managing director of the Company. The Board will meet regularly to consider major matters affecting the operations of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company and is conducive to strong and consistent leadership, enabling the Company to respond promptly and efficiently.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the Company’s code of conduct of dealings in securities of the Company by the directors. Based on specific enquiry of the Company’s directors, the directors have complied with the required standard set out in the Model Code throughout the accounting period covered by the interim report.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE’S WEBSITE

The 2005 Interim Report containing all the information required by paragraphs 46(1) to 46(9) of Appendix 16 of the Listing Rules of the Stock Exchange will be published on the Stock Exchange’s website (www.hkex.com.hk) in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Lau Chi Yung, Kenneth and Mr. Lau Michael Kei Chi as executive Directors and Mr. Choy Tak Ho, Mr. Lee Siu Man, Ervin and Mr. Wong Yim Sum as independent non-executive Directors.

By Order of the Board
Lau Chi Yung, Kenneth
Chairman

Hong Kong, 15 September 2006