



## MULTIFIELD INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 898)

### INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

#### 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 2008 (the “period”), together with the unaudited comparative figures as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
	Notes	2008	2007
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
<b>REVENUE</b>	2	<b>86,026</b>	83,100
Cost of sales		<u>(10,608)</u>	<u>(12,573)</u>
Gross profit		<b>75,418</b>	70,527
Other income and gains	2	<b>19,322</b>	38,825
Operating and administrative expenses		<b>(58,007)</b>	(25,349)
Finance costs	4	<u><b>(10,354)</b></u>	<u>(15,312)</u>
<b>PROFIT BEFORE TAX</b>	5	<b>26,379</b>	68,691
Tax	6	<u><b>(5,935)</b></u>	<u>(5,849)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>20,444</b></u>	<u>62,842</u>
<b>ATTRIBUTABLE TO</b>			
Equity holders of the Company		<b>15,054</b>	41,203
Minority interests		<u><b>5,390</b></u>	<u>21,639</u>
		<u><b>20,444</b></u>	<u>62,842</u>
<b>INTERIM DIVIDEND PER SHARE</b>	7	<u><b>0.3 cents</b></u>	<u>0.3 cents</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic	8	<u><b>0.49 cents</b></u>	<u>0.99 cents</u>

## CONDENSED CONSOLIDATED BALANCE SHEET

	As at <b>30 June 2008</b> <i>(Unaudited)</i> <i>HK\$'000</i>	As at 31 December 2007 <i>(Audited)</i> <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	333,199	324,395
Investment properties	2,802,469	2,781,460
Prepaid land lease payments	463	468
Available-for-sale investments	<u>74,813</u>	<u>9,460</u>
 Total non-current assets	 <u><b>3,210,944</b></u>	 <u>3,115,783</u>
<b>CURRENT ASSETS</b>		
Inventories	773	819
Properties held for sale	281,851	281,851
Trade receivables	10,216	8,677
Prepayments, deposits and other receivables	68,059	61,762
Equity investments at fair value through profit or loss	125,012	94,283
Equity-linked notes	54,416	22,724
Pledged deposits	131,892	210,785
Cash and cash equivalents	<u>186,606</u>	<u>299,411</u>
 Total current assets	 <u><b>858,825</b></u>	 <u>980,312</u>
 <b>TOTAL ASSETS</b>	 <u><b>4,069,769</b></u>	 <u>4,096,095</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	886	1,383
Accrued expenses and other payables	285,521	227,811
Deposits received	46,714	46,941
Interest-bearing borrowing	178,579	253,283
Tax payable	15,513	14,164
Dividend payable	<u>18,821</u>	<u>—</u>
 Total current liabilities	 <u><b>546,034</b></u>	 <u>543,582</u>
 <b>NET CURRENT ASSETS</b>	 <u><b>312,791</b></u>	 <u>436,730</u>

	<b>As at 30 June 2008 (Unaudited) HK\$'000</b>	As at 31 December 2007 (Audited) HK\$'000
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b><u>3,523,735</u></b>	<b><u>3,552,513</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	<b>593,519</b>	585,022
Due to a director	<b>5,764</b>	38,778
Deferred tax liabilities	<b><u>438,855</u></b>	<u>438,855</u>
Total non-current liabilities	<b><u>1,038,138</u></b>	<u>1,062,655</u>
Net assets	<b><u>2,485,597</u></b>	<u>2,489,858</u>
<b>CAPITAL AND RESERVES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Issued capital	<b>41,804</b>	41,804
Reserves	<b>1,705,449</b>	1,702,936
Proposed dividend	<b><u>12,541</u></b>	<u>18,812</u>
	<b>1,759,794</b>	1,763,552
Minority interests	<b><u>725,803</u></b>	<u>726,306</u>
Total equity	<b><u>2,485,597</u></b>	<u>2,489,858</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 2007.

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 the Group’s financial year beginning on 1 January 2008. 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 for the current and prior accounting periods.

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 (Revised)	Presentation of Financial Statement <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>2</sup>
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>1</sup>
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>2</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC) - INT 13	Customer Loyalty Programmes <sup>3</sup>
HK(IFRIC) - INT 15	Agreements for the Construction of Real Estate <sup>1</sup>
HK(IFRIC) - INT 16	Hedges of a Net Investment in a Foreign Operation <sup>4</sup>

<sup>1</sup> Effective for accounting periods beginning on or after 1 January 2009.

<sup>2</sup> Effective for accounting periods beginning on or after 1 July 2009.

<sup>3</sup> Effective for accounting periods beginning on or after 1 July 2008.

<sup>4</sup> Effective for accounting periods beginning on or after 1 October 2008.

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. REVENUE, OTHER INCOME AND GAINS

Revenue 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 revenue, other income and gains is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2008</b>	<b>2007</b>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>		
Rental income from property letting	<b>71,726</b>	69,414
Serviced apartment and property management	<b>10,834</b>	9,838
Manufacturing and trading of electronic products	<b>3,466</b>	3,848
	<b><u>86,026</u></b>	<u>83,100</u>
<b>Other income and gains</b>		
Interest income	<b>10,065</b>	12,132
Gain on disposal of equity investments at fair value through profit or loss	<b>100</b>	2,163
Dividend income from listed investments	<b>2,645</b>	1,971
Fair value gains, net		
Equity investments at fair value through profit or loss	<b>—</b>	19,884
Others	<b>6,512</b>	2,675
	<b><u>19,322</u></b>	<u>38,825</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		Consolidated	
	For the six months ended 30 June					
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Segment revenue:						
Sales to external customers	<u>12,351</u>	<u>14,827</u>	<u>73,675</u>	<u>68,273</u>	<u>86,026</u>	<u>83,100</u>
Segment results	<u>(22,943)</u>	<u>4,666</u>	<u>40,354</u>	<u>40,512</u>	<u>17,411</u>	<u>45,178</u>
Other income and gains					<u>19,322</u>	<u>38,825</u>
Finance costs					<u>(10,354)</u>	<u>(15,312)</u>
Profit before tax					<u>26,379</u>	<u>68,691</u>
Tax					<u>(5,935)</u>	<u>(5,849)</u>
Profit for the period					<u><u>20,444</u></u>	<u><u>62,842</u></u>

#### (b) Business segments

	Property Investment		Provision of serviced apartment and property management services		Electronic products		Corporate and others		Consolidated	
	For the six months ended 30 June									
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Segment revenue:										
Sales to external customers	<u>71,726</u>	<u>69,414</u>	<u>10,834</u>	<u>9,838</u>	<u>3,466</u>	<u>3,848</u>	<u>—</u>	<u>—</u>	<u>86,026</u>	<u>83,100</u>
Segment result	<u>50,323</u>	<u>25,252</u>	<u>855</u>	<u>801</u>	<u>(467)</u>	<u>(751)</u>	<u>(33,300)</u>	<u>19,876</u>	<u>17,411</u>	<u>45,178</u>

#### 4. FINANCE COSTS

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on secured bank loans	<u>10,354</u>	<u>15,312</u>

#### 5. PROFIT BEFORE TAX

Profit before tax was arrived at after charging the following:

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	1,340	2,067
Depreciation of owned assets	1,273	775
Amortisation of land lease payments	4	4
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	7,320	7,772
Fair value losses, net		
— Equity-linked notes	5,196	—
— Equity investments at fair value through profit or loss	<u>33,337</u>	<u>—</u>

#### 6. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 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	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax		
Charge for the period	5,935	5,849
Overprovision in prior years	<u>—</u>	<u>—</u>
Total tax charge for the period	<u>5,935</u>	<u>5,849</u>

## **7. INTERIM DIVIDEND PER SHARE**

The Board of Directors has resolved to distribute an interim dividend of 0.3 HK cents (2007: 0.3 HK cents) per ordinary share to shareholders whose names appear on the Register of Members of the Company on 9 October 2008. The interim dividend will be distributed to the shareholders on 16 October 2008.

## **8. 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\$20,444,000 (2007: HK\$41,203,000) and the weighted average number of 4,180,371,092 (2007: 4,180,371,092) shares in issue during the period under review.

Diluted earnings per share for the six months ended 30 June 2008 and 2007 have not been disclosed as no diluting events existed during both periods.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 8 October 2008 to 9 October 2008, both days inclusive, during which period, no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Registrars in Hong Kong, Tricor Investor Services Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 6 October 2008.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group continued to focus principally on its core business of property investments. During the first half of 2008, the Group recorded a net profit of approximately HK\$20.4 million (2007: HK\$62.8 million), a decrease of 67.5% as compared with the corresponding period of 2007. The decrease was due to the impact of diminution in fair value on marking the investment portfolios to the market valuation as at 30 June 2008.

### **PROPERTY INVESTMENT**

#### **Hong Kong**

During the first half of 2008, Hong Kong continued to benefit from the economic growth in the PRC. The investment properties in Hong Kong maintained an occupancy rate of approximately 70% and contributed stable rental revenue of approximately HK\$12 million for the six months ended 30 June 2008 (2007: HK\$11 million), with an increase of 9% as compared with 2007.

Further, the Group acquired numerous units of total area of approximately 90,800 sq ft with car parks in a factory building in Hong Kong in June 2008 for a consideration of approximately HK\$70 million for long term letting purpose. The Group believes that the acquisition will bring a satisfactory return on investment.

### **Shanghai, PRC**

The tightened monetary policy adopted in the PRC continued to affect the property market in the PRC. However, our service apartment chain in Shanghai, operating under the name of “Windsor Renaissance”, maintained a steady rental revenue in the first half of 2008 with an occupancy rate of approximately 70%. Our trademark, “Windsor Renaissance” is a symbol of high quality service apartments and villas in Shanghai and has been very well accepted by the expatriate community in Shanghai. At present, we are operating over 400 service apartments and villas, and our tenant base covers hundreds of multinational corporations from all over the world.

### **Zhuhai, PRC**

The land of area of approximately 36,808 square metres in Zhuhai, PRC, acquired by the Group in June 2006, which is planned to be developed into a fully integrated shopping mall, is still in the process of demolition and removal of existing constructions. Another land of area of approximately 94,111 square metres in DouMen of Zhuhai, PRC, acquired in September 2007 on an auction sale by listing by Zhuhai State Land Resources Bureau, PRC, is at planning stage. The land is planned to be developed into hotels, exhibition and shopping centres for letting purposes.

The Group believes that the above acquisition of land in Zhuhai will further strengthen the business of property investment in the PRC and will bring remarkable return to the Group on completion of development.

## **PORTFOLIO INVESTMENTS**

The Group continued to undertake portfolio investments during the period under review since the Group believes that substantial cash balances can be generated from time to time and limited portfolio investment activities will improve the return on cash balances and enhance the Group’s profitability. Since the global economy was adversely affected by the credit crisis in the US, the Hong Kong and other overseas stock markets were very volatile and vulnerable during the first half of 2008, the Group performed at a loss of approximately HK\$38 million when marking the investment portfolios to the market valuation as at 30 June 2008.

## **STEEL TRADING**

The Group did not engage in steel trading during the period under review since the management adopted a prudent approach to minimize risk exposure of steel prices which fluctuated significantly. Indeed, the PRC continued to implement macroeconomic control measures to rein in economic development with bank borrowing rates raised and reduced export tax rebate rates for steel products. The management forecasted that the second half of 2008 would still be a hard time for steel markets and accordingly, much more effort has to be devoted to explore other business opportunities.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally finances its operations with internally generated cash flow and banking facilities provided by principal bankers in Hong Kong and Shanghai. As at 30 June 2008, the Group had outstanding bank loans amounting to approximately HK\$772 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 2008, among the total outstanding bank borrowings, HK\$179 million are repayable within one year. The Group's cash and bank balances and short term bank deposits as at 30 June 2008 amounted to approximately HK\$319 million. The Group's gearing ratio as at 30 June 2008 was approximately 23.7% based on the total bank borrowings of approximately HK\$772 million and the aggregate of the shareholder funds, minority interests and total bank borrowings of approximately HK\$3,257 million.

## **PERSONNEL**

As at 30 June 2008, the Group had a total of 382 employees, of whom 360 were based in the PRC and 22 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**

Hong Kong economy is expected to slow down in the second half of 2008 as a result of the adverse impact of the credit crisis in the US economy. However, the Group believes that Hong Kong will continue to benefit from the economic growth in the PRC and will further consolidate and enhance its investment portfolio through its progressive yet prudent strategy, with focus on seeking for good investment opportunities.

Despite the tightened monetary policy adopted in the PRC, the Group continued to be positive about the long term prospects for the PRC property market. The Group believes that the sustainable PRC economic growth, on-going urbanization and increasing demand for improvement of living standard will continuously support the long-term development of the property market in the PRC. The current adjustments are periodic and will not affect the long term growth trend. Further, we are very optimistic about our serviced-apartments and villas 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 August, 2008, the government of Hong Kong, Guangdong Province and Macau further confirmed the financing scheme in respect of the construction of the Hong Kong, Zhuhai and Macau Bridge. The Group believes that the Bridge will speed up the economic growth in Zhuhai and therefore our land banks upon completion of development will bring a significant return to the Group. Further, we are confident that the Group has laid a solid foundation for transforming itself into an integrated real estate operator that develops and leases offices, residential, hotels 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 2008.

#### **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 2008, 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 INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement is published on the website of the Hong Kong Exchanges and Clearing Limited at [www.hkex.com.hk](http://www.hkex.com.hk) under the section “Latest Listed Company Information” and on the website of the Company at <http://www.irasia.com/listco/hk/multifield/index.htm>. The 2008 Interim Report containing all the information required under paragraphs 46(1) to 46(6) of Appendix 16 of the Rules Governing the Listing of Securities on the Exchange will be published on the same websites in due course.

## **BOARD OF DIRECTORS**

As at the date hereof, the Board of Directors of the Company comprises five Directors of whom two are Executive Directors, namely Mr. Lau Chi Yung, Kenneth and Mr. Lau Michael Kei Chi; and three Independent Non-executive Directors, namely Mr. Choy Tak Ho, Mr. Lee Siu Man, Ervin and Mr. Wong Yim Sum.

By Order of the Board  
**Lau Chi Yung, Kenneth**  
*Chairman*

Hong Kong, 22 September 2008