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MULTIFIELD INTERNATIONAL HOLDINGS LIMITED

(the “Company”)

(Incorporated in Bermuda with limited liability)

(Stock Code: 898)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2017

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
REVENUE	3	603,593	263,774
Cost of sales		<u>(51,002)</u>	<u>(43,839)</u>
Gross profit		552,591	219,935
Other income and gains	3	15,917	20,052
Foreign exchange differences, net		14,243	1,144
Fair value gains on investment properties, net		211,363	716,658
Gain on derecognition of properties for development		126,999	–
Operating and administrative expenses		(49,880)	(44,933)
Finance costs	5	<u>(34,393)</u>	<u>(31,544)</u>
PROFIT BEFORE TAX	4	836,840	881,312
Income tax expense	6	<u>(10,945)</u>	<u>(196,558)</u>
PROFIT FOR THE YEAR		<u>825,895</u>	<u>684,754</u>

	<i>Notes</i>	2017 HK\$'000	2016 HK\$'000
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		<u>297,293</u>	<u>(205,510)</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		<u>297,293</u>	<u>(205,510)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>1,123,188</u></u>	<u><u>479,244</u></u>
PROFIT FOR THE YEAR			
ATTRIBUTABLE TO:			
Owners of the Company		<u>651,494</u>	516,430
Non-controlling interests		<u>174,401</u>	<u>168,324</u>
		<u><u>825,895</u></u>	<u><u>684,754</u></u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		<u>862,369</u>	369,094
Non-controlling interests		<u>260,819</u>	<u>110,150</u>
		<u><u>1,123,188</u></u>	<u><u>479,244</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	<u><u>HK15.58 cents</u></u>	<u><u>HK12.35 cents</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	<i>Notes</i>	2017 HK\$'000	2016 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		224,960	327,870
Investment properties		9,005,730	8,210,402
Prepaid land lease payments		383	391
Club debenture		670	670
Available-for-sale investments		—	—
		<hr/>	<hr/>
Total non-current assets		9,231,743	8,539,333
		<hr/>	<hr/>
CURRENT ASSETS			
Properties held for sale		281,851	281,851
Trade receivables	9	9,957	13,725
Prepayments, deposits and other receivables		249,060	8,080
Equity investments at fair value through profit or loss		1,481,034	1,249,898
Pledged deposits		570	353
Cash and cash equivalents		384,312	437,286
		<hr/>	<hr/>
Total current assets		2,406,784	1,991,193
		<hr/>	<hr/>
TOTAL ASSETS		11,638,527	10,530,526
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	10	1,245	2,894
Other payables and accruals		161,790	198,061
Deposits received		62,529	56,417
Interest-bearing bank and other borrowings		2,032,117	2,052,054
Tax payable		50,227	47,899
		<hr/>	<hr/>
Total current liabilities		2,307,908	2,357,325
		<hr/>	<hr/>
NET CURRENT ASSETS/(LIABILITIES)		98,876	(366,132)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,330,619	8,173,201
		<hr/>	<hr/>

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Amount due to a director	15,416	1,772
Deferred tax liabilities	<u>1,226,717</u>	<u>1,149,696</u>
Total non-current liabilities	<u>1,242,133</u>	<u>1,151,468</u>
Net assets	<u>8,088,486</u>	<u>7,021,733</u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	41,804	41,804
Reserves	<u>6,437,325</u>	<u>5,631,391</u>
Non-controlling interests	<u>6,479,129</u> <u>1,609,357</u>	5,673,195 <u>1,348,538</u>
Total equity	<u>8,088,486</u>	<u>7,021,733</u>

NOTES TO FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments which have been measured at fair value.

These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in OCI is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12	<i>Disclosure of Interests in Other Entities:</i>
included in Annual Improvements to HKFRSs 2014-2016 Cycle	<i>Clarification of the Scope of HKFRS 12</i>

None of the above amendments to HKFRSs has had a material impact on the Group’s financial performance and positions for the period presented in these financial statements. Disclosure has been made in notes to the financial statements upon the adoption of amendments to HKAS 7, which require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions¹</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts¹</i>
HKFRS 9	<i>Financial Instruments¹</i>
Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation²</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 Customers¹</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers¹</i>
HKFRS 16	<i>Leases²</i>
HKFRS 17	<i>Insurance contracts³</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures²</i>
Amendments to HKAS 40	<i>Transfers of Investment Property¹</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration¹</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments²</i>
<i>Annual Improvements to HKFRSs 2014–2016 Cycle</i>	Amendments to HKFRS 1 and HKAS 28 ¹
<i>Annual Improvements to HKFRSs 2015–2017 Cycle</i>	Amendments to a number of HKFRSs ²

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for annual periods beginning on or after 1 January 2021

⁴ No mandatory effective date yet determined but available for adoption

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into three (2016: three) reportable operating segments as follows:

- (a) the property investment segment mainly comprises rental income from investment properties;
- (b) the provision of serviced apartment and property management services segment; and
- (c) the trading and investments segment includes the trading of securities and investment income from securities investment and investment holding.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from operations. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax from operations except that unallocated corporate expenses interest income from loans and receivables, fair value gains/losses on investment properties, finance costs and other gains are excluded from such measurement.

Segment assets exclude other unallocated head office and corporate assets.

Segment liabilities exclude interest-bearing bank and other borrowings, amount due to a director, tax payable, deferred tax liabilities and other unallocate head office and corporate liabilities as these liabilities are managed on a group basis.

There are no sales or other transactions between the operating segments during the year (2016: Nil).

Years ended 31 December 2017 and 2016

	Property investment		Provision of serviced apartment and property management services		Trading and investments		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Revenue from external customers	<u>181,695</u>	<u>184,756</u>	<u>33,212</u>	<u>28,710</u>	<u>388,686</u>	<u>50,308</u>	<u>603,593</u>	<u>263,774</u>
Segment results	<u>156,481</u>	<u>141,585</u>	<u>(15,458)</u>	<u>(823)</u>	<u>385,952</u>	<u>54,797</u>	<u>526,975</u>	<u>195,559</u>
<i>Reconciliation:</i>								
Unallocated corporate expenses							(10,021)	(19,413)
Interest income from loans and receivables							887	1,631
Fair value gains on investment properties, net	211,363	716,658	-	-	-	-	211,363	716,658
Other gains							15,030	18,421
Gain on derecognition of properties under development	126,999	-	-	-	-	-	126,999	-
Finance costs							(34,393)	(31,544)
Profit before tax							<u>836,840</u>	<u>881,312</u>

	Property investment		Provision of serviced apartment and property management services		Trading and investments		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	9,827,512	8,962,381	64,942	58,330	1,583,672	1,349,840	11,476,126	10,370,551
Unallocated assets							162,401	159,975
Total assets							11,638,527	10,530,526
Segment liabilities	121,238	158,498	26,570	26,439	140	119	147,948	185,056
<i>Reconciliation:</i> Unallocated liabilities							3,402,093	3,323,737
Total liabilities							3,550,041	3,508,793

	Property investment		Provision of serviced apartment and property management services		Trading and investments		Unallocated		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information:										
Depreciation and amortisation	6,295	5,563	1,116	1,064	-	-	210	777	7,621	7,404
Fair value gains on investment properties, net	211,363	716,658	-	-	-	-	-	-	211,363	716,658
Fair value gains/(losses) on equity investments at fair value through profit or loss, net	-	-	-	-	334,942	(49,101)	-	-	334,942	(49,101)
Fair value gains on derivative financial instruments	-	-	-	-	-	52,691	-	-	-	52,691
Capital expenditure*	189,010	82,943	642	47	-	-	14	7	189,666	82,997

* Capital expenditure consists of additions to property, plant and equipment and investment properties.

Geographical information

(a)	Hong Kong		Mainland China		Total	
	2017	2016	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from external customers	455,294	120,203	148,299	143,571	603,593	263,774

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 years ended 31 December 2017 and 2016.

(b)	Hong Kong		Mainland China		Total	
	2017	2016	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	3,304,649	2,904,519	5,926,424	5,634,144	9,231,073	8,538,663

The non-current asset information above is based on the locations of assets and excludes financial instruments.

3. REVENUE, OTHER INCOME AND GAINS

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue		
Rental income from property letting	181,695	184,756
Serviced apartment and property management	33,212	28,710
Fair value gains/(losses) on equity investments at fair value through profit or loss, net	334,942	(49,101)
Fair value gains on derivative financial instruments	–	52,691
Dividend income from listed investments	53,744	46,718
	603,593	263,774
Other income and gains		
Interest income from loans and receivables	887	1,631
Gain on disposal of items of property, plant and equipment, net	835	500
Others	14,195	17,921
	15,917	20,052

4. PROFIT BEFORE TAX

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Cost of services provided	51,002	43,839
Depreciation	7,613	7,395
Amortisation of prepaid land lease payments	8	9
Minimum lease payments under operating leases for land and buildings	196	182
Auditors' remuneration – audit service	680	680
Gain on disposal of property, plant and equipment	(835)	(500)
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	30,524	27,039
Foreign exchange differences, net	(14,243)	(1,144)
	<u> </u>	<u> </u>
Employee benefit expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	22,243	21,579
Pension scheme contributions (defined contribution scheme) (<i>Note</i>)	3,876	3,867
	<u> </u>	<u> </u>
Total staff costs	26,119	25,446
	<u> </u>	<u> </u>

Note:

At 31 December 2017, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2016: Nil).

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest on bank loans, overdrafts and other loans	34,393	31,544
	<u> </u>	<u> </u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China, in which the Group operates.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	1,941	6,203
Over provision in prior years	(56)	(8)
Current – Mainland China		
Charge for the year	13,480	12,654
Deferred tax	<u>(4,420)</u>	<u>177,709</u>
Total tax charge for the year	<u>10,945</u>	<u>196,558</u>

7. DIVIDENDS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interim dividend – HK0.6 cents		
(2016: HK0.6 cents) per ordinary share	25,082	25,082
Proposed final dividend – HK0.75 cents		
(2016: HK0.75 cents) per ordinary share	<u>31,353</u>	<u>31,353</u>
	<u>56,435</u>	<u>56,435</u>

Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on 25 May 2018, dividend warrants will be posted on or about 22 June 2018 to shareholders whose names appear on the register of members of the Company on 4 June 2018.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of approximately HK\$651,494,000 (2016: HK\$516,430,000) and the weighted average number of ordinary shares of 4,180,371,092 (2016: 4,180,371,092) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2017 and 2016.

9. TRADE RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables	15,739	19,507
Impairment	<u>(5,782)</u>	<u>(5,782)</u>
	<u>9,957</u>	<u>13,725</u>

Trade receivables mainly consists of receivables from 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 receivables balances. Trade receivables are non-interest-bearing.

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 1 month	1,776	2,404
1 to 2 months	505	1,447
2 to 3 months	220	1,209
Over 3 months	<u>7,456</u>	<u>8,665</u>
	<u>9,957</u>	<u>13,725</u>

The movements in provision for impairment of trade receivables are as follows:

	2017 HK\$'000	2016 <i>HK\$'000</i>
At 1 January	5,782	5,786
Amount written off as uncollectible	<u>—</u>	<u>(4)</u>
At 31 December	<u>5,782</u>	<u>5,782</u>

At 31 December 2017, included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of approximately HK\$5,782,000 (2016: HK\$5,782,000) with a carrying amount before provision of approximately HK\$5,782,000 (2016: HK\$5,782,000). The individually impaired trade receivables relate to customers that were in default of payments.

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2017 HK\$'000	2016 <i>HK\$'000</i>
Neither past due nor impaired	1,776	2,404
Less than 1 month past due	505	1,447
1 to 3 months past due	220	1,209
Over 3 months past due	<u>7,456</u>	<u>8,665</u>
	<u>9,957</u>	<u>13,725</u>

Receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

10. TRADE PAYABLES

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 1 month	1,133	2,376
1 to 2 months	25	351
2 to 3 months	–	13
Over 3 months	87	154
	<hr/> 1,245 <hr/>	<hr/> 2,894 <hr/>

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

- (i) from Monday, 21 May 2018 to Friday, 25 May 2018, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting, 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 Friday, 18 May 2018; and
- (ii) from Tuesday, 5 June 2018 to Thursday, 7 June 2018, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final 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 Monday, 4 June 2018.

REVIEW OF OPERATION

During the year under review, the Group recorded a net profit of approximately HK\$826 million (2016: HK\$685 million).

The Group's rental income in Hong Kong recorded a decrease of approximately 5% (2016: increase of 5%).

The Group's rental income from hotel-serviced apartments and villas in Shanghai remains stable (2016: decrease of approximately 10%).

The Group's equity investments recorded fair value gains of approximately HK\$335 million (2016: loss of HK\$49 million), and there were no fair value gains/losses in derivative financial instruments (2016: gain of HK\$53 million). Equity investments recorded dividend income of approximately HK\$54 million (2016: HK\$47 million).

As the fair value gain in of investment properties held by the Group is significantly lower (approximately 71%) than that for year 2016, the Group's consolidated profit after tax for the year ended 31 December 2017 is higher (approximately 21%) than that for the corresponding period in year 2016.

PROPERTY INVESTMENT

Hong Kong

The Group's investment properties in Hong Kong mainly comprise of office buildings, industrial buildings, retail shops and car parks. Benefited from increase in property market price in Hong Kong in 2017, the Group's investment properties portfolio contributed stable rental revenue of approximately HK\$66 million in 2017 (2016: HK\$69 million).

For the Group's 54 Wong Chuk Hang Road, Hong Kong project, the occupation permit is expected to be obtained in mid-2018. It is expected that the new building will provide a new and stable source of income to the Group.

Shanghai, China

The Group's properties portfolio in Shanghai, China 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 have an average occupancy rate of approximately 90%, and generates rental and management fee revenue of approximately HK\$148 million in 2017 (2016: HK\$143 million).

Zhuhai, China

36,808 square meters of commercial use land in Qianshan is now under relocation progress. In July 2015, a new relocation policy has changed the responsibility of relocation from the land department to the local district government. The Group supports the local district government on the relocation work. The Group had submitted a proposal to the local government for the relocation, and had various meetings with the local relocation authorities to follow up the relocation work. The local town planning department had recently supported in principle to allow the land's residential construction area to be increased based on the original size and design planning permit of the land (can only be used for the relocation of original residential constructions on the land), and be submitted by the land reserve center for local district government's approval.

The Group holds a parcel of hotel and commercial use land located in Doumen district, Zhuhai, the PRC ("Doumen Land"). The local government had proposed to buy back the Doumen Land from the Group due to a change in town planning and had offered a compensation to the Group. However, the land certificate of the Doumen Land was rescinded by the local government prior to reaching a consensus on compensation.

The management of the Group questions the legality of the local government's actions regarding the change in town planning of the Doumen Land, the local authority's unfair process of rescinding the land certificate and the unreasonable compensation valuation method used by the local government. Hence, the Group is engaged in ongoing legal proceedings against the local government up to the date of approval of these consolidated financial statements.

Although the outcome of the litigation is uncertain and the amount of the compensation has yet to be concluded, it is not expected to cause a material negative impact on the daily operations or trading position of the Group. Accordingly, the Group derecognised the interest in the Doumen Land and recognised a gain in profit or loss for the year ended 31 December 2017.

FINANCIAL INVESTMENTS

Worldwide economy and stocks market were volatile in 2017.

As of 31 December 2017, the Group held approximately HK\$1,481 million (2016: HK\$1,250 million) of highly liquid equity investments, which mainly consisted of blue chips stocks and Exchange Traded Funds listed in Hong Kong. The equity and bonds investments were held by the Group in long-term for investment purpose and receiving dividend income.

The Group's equity investments recorded a net fair value gain of approximately HK\$335 million (2016: loss of HK\$49 million) when marking the investment portfolios to market valuation as of 31 December 2017, along with dividend income of approximately HK\$54 million (2016: HK\$47 million).

The equity investments held by the Group as at 31 December 2017 were as follows:

Stock Code	Company Name	Number of shares held as at 31 December 2017 '000	Percentage of shareholding as at 31 December 2017 %	Fair value gain/(loss) for the year ended 31 December 2017 HK\$'000	Dividend income for the year ended 31 December 2017 HK\$'000	Fair value/carrying amount as at 31 December 2017 HK\$'000
2800	Tracker Fund of Hong Kong	16,250	0.49	129,188	15,113	488,313
5	HSBC Holdings plc	5,743	0.28	100,431	22,190	459,126
2828	Hang Seng H-Share Index ETF	2,664	0.74	63,403	7,193	314,885
3988	Bank of China Limited	29,300	0.04	11,720	5,634	112,512
941	China Mobile Limited	340	0.00	(1,003)	2,062	26,945
2628	China Life Insurance Company Limited	1,000	0.01	4,350	272	24,550
857	PetroChina Co. Ltd.	2,378	0.01	(785)	297	12,959
	Other listed securities [#]			27,638	983	41,744
				334,942	53,744	1,481,034

[#] Other listed securities mainly represented the Group's investment in 16 companies whose shares were 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 31 December 2017.

As at 31 December 2017, 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 22 March 2017, an indirect non-wholly-owned subsidiary of the Company had entered into a provisional agreement for sale and purchase with Victoria Palace Limited (the “Vendor”), an independent third party who or which is independent of the Company and its connected persons (within the meaning of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”)), pursuant to which the Vendor agreed to sell and assign, and the Group agreed to purchase and take up an assignment of, the entire issued share capital of Rich Century Development Limited (“Rich Century”) and the right to all debts owing by Rich Century to the Vendor, Rich Century’s previous director and their associates (if any) as at completion free from all encumbrances and third party rights for a consideration of HK\$55,000,000. Rich Century is the full legal and beneficial owner and registered owner of Flat A (Including the Bay Window, the Balcony, the Utility Platform thereof and the Air-Conditioning Plant Room Appertaining thereto) on the 30th Floor of Tower 1, Larvotto and Car Parking Space No. 16 on the Ground Floor, Larvotto, No. 8 Ap Lei Chau Praya Road, Hong Kong. Upon completion of the acquisition on 12 July 2017, Rich Century became an indirect non-wholly-owned subsidiary of the Company and its financial results were consolidated into the consolidated financial statements of the Group. This acquisition did not constitute a notifiable transaction under the Listing Rules.

Save as disclosed above, the Group had no other material acquisition and disposal of subsidiaries and associated companies during the year ended 31 December 2017.

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 31 December 2017, the Group has 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 and/or debt investments of approximately HK\$1,481 million (2016: HK\$1,250 million) as of 31 December 2017. The Group’s cash and cash equivalents as of 31 December 2017 amounted to approximately HK\$384 million (2016: HK\$437 million).

As of 31 December 2017, the Group had total bank and other borrowings amounting to approximately HK\$2,032 million (2016: HK\$2,052 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 31 December 2017 was as follows:

	<i>HK\$'000</i>
Within one year	1,701,414
In the second year	128,802
In the third to fifth years, inclusive	<u>201,901</u>
Total	<u><u>2,032,117</u></u>

With the total bank and other borrowings of approximately HK\$2,032 million (2016: HK\$2,052 million) and the aggregate of the shareholder funds, non-controlling interests and total bank borrowings of approximately HK\$10,121 million (2016: HK\$9,074 million), the Group's gearing ratio as at 31 December 2017 was around 20% (2016: 23%).

CONTINGENT LIABILITY

As of 31 December 2017, the Group had no material contingent liability.

COMMITMENTS

As at 31 December 2017, the Group had committed payment for the construction and land development expenditure amounting to approximately HK\$104 million (2016: HK\$243 million).

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2017, the Group had approximately 220 employees in Shanghai, Zhuhai and Hong Kong. During the year, the staff costs (including directors' emoluments) amounted to approximately HK\$26 million (2016: HK\$25 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 mainly considered. 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 had increased the interest rate 3 times in 2017 (which was in March 2017, June 2017 and December 2017), and announced the start of shrinking of its balance sheet within the year. As Hong Kong dollar is pegged to the United States 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 potential 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 increase in market value in 2017. On 4 November 2016, the Hong Kong government announced that the Stamp Duty Ordinance would be amended to increase the ad valorem stamp duty rates for residential property transactions to a flat rate of 15%. Facing the new government policy and 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 Chinese government targeting an approximately 6.5% GDP growth rate for 2018. In addition to the potential fluctuation of Renminbi, retreat of foreign investments from China and intensive competition in rental business in China, these may exert pressure on the revenue from provision of hotel-serviced villas, apartments and property management services in China. Despite of 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.

CORPORATE GOVERNANCE CODE

In the opinion of the directors of the Company (the "Director(s)"), the Company has applied the principals 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 year ended 31 December 2017, 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, subject to re-election; and (ii) all directors appointed to fill a causal 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.

Under code provision E.1.2, the chairman of the board should attend the annual general meeting.

Mr. Lau Chi Yung, Kenneth, the chairman of the Board, attended the annual general meeting of the Company by phone conference, which was held on 26 May 2017 (the “2017 AGM”) as he had a business engagement. Mr. Tsui Ka Wah, the chairman of the remuneration committee of the Company, was elected the chairman of the 2017 AGM to ensure effective communication with shareholders of the Company at the meeting. The chairman of the audit committee of the Company, Mr. Wong Yim Sum, had also attended the 2017 AGM.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with Rule 3.21 of the Listing Rules. The audit committee’s terms of reference includes those specific duties as set out in the code provision C.3.3 of the Code.

As of the date of this announcement, the audit committee comprises three independent non-executive Directors, namely, Mr. Lee Siu Man, Ervin, Mr. Wong Yim Sum and Mr. Tsui Ka Wah. The chairman of the audit committee, Mr. Wong Yim Sum, has extensive experience in the finance and auditing fields.

In the presence of the representatives of the Company’s independent external auditors, the Group’s audited consolidated financial statements for the year ended 31 December 2017 have been reviewed by the audit committee, and with recommendation to the Board for approval.

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 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Based on specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code for the year ended 31 December 2017.

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 year.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement of the Company is 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). The annual report of the Company for 2017 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and made available on the above websites in due course.

BOARD OF DIRECTORS

As of the date of this announcement, the executive Directors are Mr. Lau Chi Yung, Kenneth and Mr. Lau Michael Kei Chi and the independent non-executive Directors 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, 28 March 2018