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Multifield

MULTIFIELD INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 898)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

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 2011 (the “Period”), together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

		For the six months ended 30 June	
	Notes	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
REVENUE	3	86,200	69,852
Cost of sales		<u>(17,649)</u>	<u>(11,687)</u>
Gross profit		68,551	58,165
Other income and gains	3	4,186	23,573
Operating and administrative expenses		(17,423)	(13,938)
Finance costs	5	<u>(4,058)</u>	<u>(2,295)</u>
PROFIT BEFORE TAX	4	51,256	65,505
Income tax expense	6	<u>(6,881)</u>	<u>(5,824)</u>
PROFIT FOR THE PERIOD		<u>44,375</u>	<u>59,681</u>

		For the six months ended 30 June	
	<i>Notes</i>	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available-for-sale investments		3,910	(1,066)
Exchange differences on translation of foreign operations		<u>1,645</u>	<u>–</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		<u>5,555</u>	<u>(1,066)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>49,930</u>	<u>58,615</u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		50,684	40,962
Non-controlling interests		<u>(6,309)</u>	<u>18,719</u>
		<u>44,375</u>	<u>59,681</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		54,655	39,961
Non-controlling interests		<u>(4,725)</u>	<u>18,654</u>
		<u>49,930</u>	<u>58,615</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	<u>1.21 cents</u>	<u>0.98 cents</u>

Details of interim dividend are disclosed in note 7.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	<i>Notes</i>	As at 30 June 2011 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2010 <i>HK\$'000</i> <i>(Audited)</i>
NON-CURRENT ASSETS			
Property, plant and equipment		257,119	353,855
Investment properties		4,407,941	4,125,200
Prepaid land lease payments		437	441
Available-for-sale investments		<u>670</u>	<u>670</u>
Total non-current assets		<u>4,666,167</u>	<u>4,480,166</u>
CURRENT ASSETS			
Properties held for sale		281,851	281,851
Trade receivables	9	8,339	6,870
Prepayments, deposits and other receivables		262,148	80,827
Available-for-sale investments		260,518	92,208
Equity investments at fair value through profit or loss		211,891	236,845
Pledged deposits		80,854	80,854
Cash and cash equivalents		<u>187,829</u>	<u>221,040</u>
Total current assets		<u>1,293,430</u>	<u>1,000,495</u>
TOTAL ASSETS		<u>5,959,597</u>	<u>5,480,661</u>
CURRENT LIABILITIES			
Trade payables	10	561	1,580
Other payables and accruals		366,260	234,398
Deposits received		50,271	48,254
Derivative financial instruments		2,222	2,222
Interest-bearing bank and other borrowings		1,066,942	711,905
Tax payable		26,820	25,704
Dividend payable		<u>20</u>	<u>—</u>
Total current liabilities		<u>1,513,096</u>	<u>1,024,063</u>
NET CURRENT LIABILITIES		<u>(219,666)</u>	<u>(23,568)</u>

	As at 30 June 2011 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2010 <i>HK\$'000</i> <i>(Audited)</i>
TOTAL ASSETS LESS CURRENT LIABILITIES	4,446,501	4,456,598
NON-CURRENT LIABILITIES		
Due to a director	2,521	14,821
Deferred tax liabilities	583,088	583,142
Total non-current liabilities	585,609	597,963
Net assets	3,860,892	3,858,635
EQUITY		
Equity attributable to owners of the Company		
Issued capital	41,804	41,804
Reserves	2,883,993	2,828,516
Proposed final dividends	–	27,172
Non-controlling interests	2,925,797 935,095	2,897,492 961,143
Total equity	3,860,892	3,858,635

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL 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 2010 except as noted below.

In the current period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2011.

HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HKAS 32 Amendment	<i>Amendment to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues</i>
HKFRS 1 Amendment	<i>Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i>
HK(IFRIC)-Int 14 Amendments	<i>Amendments to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement</i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>

The adoption of these new or revised standards, amendments and interpretations 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:

HKAS 1 (Revised)	<i>Presentation of Financial Statements</i> ³
HKAS 12 Amendments	<i>Amendments to HKAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets</i> ²
HKAS 19 (2011)	<i>Employee Benefits</i> ⁴
HKAS 27 (2011)	<i>Separate Financial Statements</i> ⁴
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> ⁴
HKFRS 7 Amendments	<i>Amendments to HKFRS 7 Financial Instruments – Disclosures: Transfers of Financial Assets</i> ¹
HKFRS 9	<i>Financial Instruments</i> ⁴
HKFRS 10	<i>Consolidated Financial Statements</i> ⁴
HKFRS 11	<i>Joint Arrangements</i> ⁴
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> ⁴
HKFRS 13	<i>Fair Value Measurement</i> ⁴

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

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 service		Trading and investments		Corporate and others		Total	
	For the six months ended 30 June									
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Segment revenue:										
Sales to external customers	<u>82,893</u>	<u>69,856</u>	<u>10,552</u>	<u>8,974</u>	<u>(7,245)</u>	<u>(8,978)</u>	<u>-</u>	<u>-</u>	<u>86,200</u>	<u>69,852</u>
Segment results	<u>188,385</u>	<u>58,173</u>	<u>(7,132)</u>	<u>(4,859)</u>	<u>(10,764)</u>	<u>(7,644)</u>	<u>(119,361)</u>	<u>(1,443)</u>	<u>51,128</u>	<u>44,227</u>
Other income and gains									<u>4,186</u>	<u>23,573</u>
Finance costs									<u>(4,058)</u>	<u>(2,295)</u>
Profit before tax									<u>51,256</u>	<u>65,505</u>

Geographical information

	Hong Kong		Mainland China		Total	
	For the six months ended 30 June					
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Revenue from sales to external customers	<u>6,925</u>	<u>5,508</u>	<u>79,275</u>	<u>64,344</u>	<u>86,200</u>	<u>69,852</u>

3. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue		
Rental income from property letting	82,893	69,857
Serviced apartment and property management	10,552	8,974
Fair value losses, net:		
Equity investments at fair value through profit or loss	(17,273)	(12,590)
Derivative financial instruments	–	(472)
Dividend income from listed investments	4,683	2,014
Interest income from available-for-sale investments	5,345	2,069
	86,200	69,852
	86,200	69,852
Other income and gains		
Interest income from loans and receivables	1,210	486
Gain on disposal of items of property, plant and equipment	–	16,636
Others	2,976	6,451
	4,186	23,573
	4,186	23,573

4. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Depreciation	1,896	1,199
Amortisation of prepaid land lease payments	4	4
Foreign exchange gain, net	(697)	(2,283)
	7,755	5,920
Employee benefits expense, including directors' remuneration:		
Salaries, wages and other benefits	7,755	5,920
Pension scheme contributions (defined contribution scheme)	100	92
	7,855	6,012
	7,855	6,012

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interest on bank loans, overdrafts and other loans	4,058	2,295

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong for the period. Taxes on profits assessable in the Mainland China have been calculated at the rates of tax prevailing in the Mainland China, based on existing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current tax		
Charge for the period	6,881	5,824
Underprovision/(overprovision) in prior years	—	—
Total tax charge for the period	6,881	5,824

7. DIVIDENDS

(a) Dividends recognised as distribution during the period:

	For the six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Final dividend paid – HK0.65 cents (2009: HK0.5 cents) per ordinary share	27,172	20,902

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

	For the six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interim dividend declared – HK0.45 cents (2010: HK0.35 cents) per ordinary share	18,812	14,631

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

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\$50,684,000 (2010: HK\$40,962,000) and the weighted average number of ordinary shares of 4,180,371,092 (2010: 4,180,371,092) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2011 and 2010 in respect of a dilution as the Group had no dilutive potential ordinary shares in issue during those periods.

9. TRADE RECEIVABLES

For the Group's property rental business, the tenants are usually required to settle the rental payments on the first day of the rental period, and are required to pay rental deposits with amount ranging from two to three months' rentals in order to secure any default in their rental payments.

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

	As at 30 June 2011 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2010 <i>HK\$'000</i> <i>(Audited)</i>
Within 1 month	3,406	1,013
1 to 2 months	166	340
2 to 3 months	–	237
Over 3 months	4,767	5,280
	8,339	6,870

10. TRADE PAYABLES

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

	As at 30 June 2011 HK\$'000 (Unaudited)	As at 31 December 2010 HK\$'000 (Audited)
Within 1 month	519	1,281
1 to 2 months	–	2
2 to 3 months	–	–
Over 3 months	42	297
	<hr/> 561 <hr/>	<hr/> 1,580 <hr/>

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 from 9 September 2011 to 12 September 2011, both days inclusive, during which period no transfer of shares will be registered. The ex-dividend date will be 7 September 2011. 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 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 8 September 2011. The interim dividend will be paid to shareholders whose names appear on the register of members on 12 September 2011 and the payment date will be on or about 20 September 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

During the period under review, the Group recorded a profit of about HK\$44 million (2010: HK\$60 million).

PROPERTY INVESTMENT

Hong Kong

Most of the investment properties in Hong Kong comprise industrial and office units with some shops on the ground floor. During the period under review, the Group acquired a quality commercial premise at a consideration of approximately HK\$44 million and 225 lorry car parking spaces at a consideration of approximately HK\$112.5 million respectively in order to capture the potential of property appreciation and enhance a stable source of rental income on leasing out the property in future. Indeed the investment properties consistently contributed stable rental revenue of approximately HK\$14 million (2010: HK\$13 million), with an increase of 8% as compared with the corresponding period.

Shanghai, PRC

The Group's properties in Shanghai, PRC comprise around 182 blocks of detached garden houses and 126 hotel-serviced apartment units respectively, which were operated under the name of "Windsor Renaissance". These properties consistently generated stable rental revenue with an average occupancy rate of around 90%. Our properties are well accepted by the expatriate community in Shanghai and thus our trademark, "Windsor Renaissance", is a symbol of high quality villas and hotel-serviced apartments in Shanghai.

Zhuhai, PRC

The Group holds two land banks in Zhuhai, PRC. The first land of about 36,808 square metres is located at Qianshan commercial business district and for commercial and shopping usages. It is still in the process of demolition and removal of existing constructions. Another land of about 94,111 square metres in DouMen commercial business district is at planning and design stage. This land is for hotel and shopping usages. The Group believes that these acquisitions of land will further strengthen the business of property investment in the PRC and will bring remarkable return to the Group upon completion of development.

TRADING AND INVESTMENTS

The global financial market in the first half of 2011 was volatile as a result of the worsening debt problem of European countries and the recent downgrading of the US debt rating. In view of this, the Group took a more prudent approach to acquire available-for-sale investments of around HK\$169 million with an average coupon rate of around 10%. Nevertheless, the Group's investment segment recorded a net fair value losses of approximately HK\$17 million (2010: HK\$13 million) when marking the investment portfolios to market valuation as at 30 June 2011.

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. In order to preserve liquidity and enhance interest yields, liquid assets were maintained in the form of highly liquid equity investments and available-for-sale investments of approximately HK\$472 million (as at 31 December 2010: HK\$329 million) as at 30 June 2011. The Group's cash and cash equivalents as at 30 June 2011 amounted approximately HK\$188 million (as at 31 December 2010: HK\$221 million). As at 30 June 2011, the Group had total bank and other borrowings amounting to approximately HK\$1,067 million (as at 31 December 2010: HK\$712 million) which were secured by legal charges on certain investment properties in Hong Kong and Shanghai, and certain cash deposits and securities investment. Based on the total bank and other borrowings of approximately HK\$1,067 million (as at 31 December 2010: HK\$712 million) and the aggregate of the shareholder funds, non-controlling interest and total bank borrowings of approximately HK\$4,928 million (as at 31 December 2010: HK\$4,571 million), the Group's gearing ratio as at 30 June 2011 was around 22% (as at 31 December 2010: 16%).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2011, the Group had approximately 285 employees, of whom 230 were based in the PRC and 55 in Hong Kong. The remuneration packages of the Group's employees are mainly based on their performance and experience and the prevailing market condition. In addition to the basic salaries, the Group also provides staff benefits including discretionary bonus, provident fund and tuition/training subsidies in order to retain competent employees.

PROSPECT

Given the recent downgrading of the US debt rating and the worsening debt problem of European countries, the Group expects that global financial markets are likely to remain volatile in the second half of 2011. Worldwide economic recovery is expected to be weak and fragile.

According to the Chinese National Bureau of Statistics, the gross domestic product ("GDP") reached RMB20.4 trillion for the first half of 2011, representing an increase of 9.6% over that for the corresponding period in 2010. On the other hand, inflationary pressure was still notable since the consumer price index for June 2011 reached 6.4%. Thus, the Group believes that the central government will continue to impose strict monetary policies on keeping domestic inflation under control.

During the period under review, the economy of Hong Kong maintained its strong momentum. The influx of hot money drives the property market to a high level. This led to the introduction of stricter home mortgage regulations by the Hong Kong Monetary Authority to stop property speculation. Nevertheless, with the continuous support from its mother country, Hong Kong also will become an offshore clearing centre for the RMB. In addition, since the rising number of initial public offerings and fund-raising activities drives the demand for more office space, the outlook for office sector is still positive.

The Group strongly believes that the Board has the necessary skills and expertise to enable them to work towards the goal of maximizing shareholder's wealth. The Group continues to adhere to the principle of prudent financial management policy and will pay more attention to expansion and opportunities which have a promising outlook.

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 2011.

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 2011.

CODE ON CORPORATE GOVERNANCE PRACTICES

Under 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 of the Company, if necessary, in order to ensure compliance with the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

On 24 September 2009, Mr. Lau Chi Yung, an executive director of the Company, was prosecuted and fined at the Eastern Magistrates' Court under the Part XV of the Securities and Futures Ordinance for late filing of disclosures of his interests to the Stock Exchange of certain shares transactions which took place on various occasions during the period from 11 December 2006 to 27 November 2008. He paid a fine of HK\$80,000 and the investigation costs of HK\$7,499 to the Securities and Futures Commission as the penalty for such conviction.

In the opinion of the directors of the Company (the "Director(s)"), save as disclosed above, the Company has complied with the code provisions of the Code throughout the six months ended 30 June 2011.

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 have complied with the required standard set out in the Model Code for the six months ended 30 June 2011.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim 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 interim report of the Company for 2011 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 at the date of this announcement, the executive Directors are Mr. Lau Chi Yung and Mr. Lau Michael Kei Chi and the independent non-executive Directors are Mr. Lee Siu Man, Ervin, Mr. Wong Yim Sum, Mr. Lo Yick Wing and Mr. Tsui Ka Wah.

By Order of the Board
Lau Chi Yung
Chairman

Hong Kong, 26 August 2011