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MULTIFIELD INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 898)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

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 2014, together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

		For the six months ended 30 June	
	<i>Notes</i>	2014	2013
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
REVENUE			
Cost of sales	3	129,957 (20,882)	53,141 (17,393)
Gross profit		109,075	35,748
Other income and gains	3	31,850	11,814
Foreign exchange differences, net		(318)	11,655
Gain on disposal of investment properties		–	2,307
Operating and administrative expenses		(28,366)	(12,971)
Finance costs	5	(10,433)	(11,310)
PROFIT BEFORE TAX	4	101,808	37,243
Income tax expense	6	(7,243)	(8,763)
PROFIT FOR THE PERIOD		94,565	28,480

	For the six months ended 30 June	
	2014	2013
<i>Notes</i>	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Change in fair value	(284)	(2,934)
Reclassification adjustments for gains included in the consolidated statement of profit or loss – gain on disposal	(3,453)	(763)
	<u>(3,737)</u>	<u>(3,697)</u>
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	(3,737)	(3,697)
	<u>(3,737)</u>	<u>(3,697)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(3,737)	(3,697)
	<u>(3,737)</u>	<u>(3,697)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	90,828	24,783
	<u><u>90,828</u></u>	<u><u>24,783</u></u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:		
Owners of the Company	65,581	28,034
Non-controlling interests	28,984	446
	<u>94,565</u>	<u>28,480</u>
	<u><u>94,565</u></u>	<u><u>28,480</u></u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:		
Owners of the Company	62,688	25,436
Non-controlling interests	28,140	(653)
	<u>90,828</u>	<u>24,783</u>
	<u><u>90,828</u></u>	<u><u>24,783</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		
Basic and diluted	8	
	<u><u>1.57 cents</u></u>	<u><u>0.67 cents</u></u>

Details of interim dividend are disclosed in note 7.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

		As at 30 June 2014 <i>HK\$'000</i> <i>(Unaudited)</i>	As at 31 December 2013 <i>HK\$'000</i> <i>(Audited)</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		359,892	358,154
Investment properties		6,272,939	6,272,065
Prepaid land lease payments		411	416
Club debenture		670	670
Available-for-sale investments		3,789	3,789
		<hr/>	<hr/>
Total non-current assets		6,637,701	6,635,094
		<hr/>	<hr/>
CURRENT ASSETS			
Properties held for sale		281,851	281,851
Trade receivables	9	8,071	8,207
Prepayments, deposits and other receivables		44,680	49,164
Available-for-sale investments		190,722	264,521
Equity investments at fair value through profit or loss		631,073	623,993
Pledged deposits		4,414	10,888
Cash and cash equivalents		181,166	181,624
		<hr/>	<hr/>
Total current assets		1,341,977	1,420,248
		<hr/>	<hr/>
TOTAL ASSETS		7,979,678	8,055,342
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	10	1,227	2,656
Other payables and accruals		215,139	296,427
Deposits received		58,536	57,752
Interest-bearing bank and other borrowings		1,198,924	1,254,209
Tax payable		29,295	29,144
		<hr/>	<hr/>
Total current liabilities		1,503,121	1,640,188
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(161,144)	(219,940)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,476,557	6,415,154
		<hr/>	<hr/>

	<i>Notes</i>	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Amount due to a director		1,335	1,498
Deferred tax liabilities		691,138	691,138
		<hr/>	<hr/>
Total non-current liabilities		692,473	692,636
		<hr/>	<hr/>
Net assets		5,784,084	5,722,518
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		41,804	41,804
Reserves		4,437,536	4,374,847
Proposed final dividend	7	–	29,263
		<hr/>	<hr/>
		4,479,340	4,445,914
Non-controlling interests		1,304,744	1,276,604
		<hr/>	<hr/>
Total equity		5,784,084	5,722,518
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2013 except as noted below.

In the current period, the Group has applied, for the first time, the following amendments issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments HKAS 32 Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i> Amendments to HKAS 32 <i>Financial Instruments:</i> <i>Presentation – Offsetting Financial Assets and</i> <i>Financial Liabilities</i>
HKAS 36 Amendments	Amendments to HKAS 36 <i>Impairment of Assets</i> – <i>Recoverable Amount Disclosures for</i> <i>Non-Financial Assets</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments:</i> <i>Recognition and Measurement – Novation of</i> <i>Derivatives and Continuation of Hedge</i> <i>Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

The adoption of the new amendments had no material effect on the results and financial position of the Group for the current and/or prior accounting periods. Accordingly, no prior period adjustment has been required.

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

HKFRS 9	<i>Financial Instruments</i> ³
HKFRS 14	<i>Regulatory Deferral Accounts</i> ²
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	<i>Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39</i> ³
HKAS 19 Amendments	<i>Amendments to HKAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions</i> ¹
<i>Annual Improvements 2010-2012 cycle</i>	<i>Amendments to a number of HKFRSs issued in January 2014</i> ¹
<i>Annual Improvements 2011-2013 cycle</i>	<i>Amendments to a number of HKFRSs issued in January 2014</i> ¹

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or after 1 January 2016

³ No mandatory effective date yet determined but is available for adoption

2. OPERATING SEGMENT INFORMATION

The analyses of the principal activities of the operations of the Group are as follows:

	Property investment		Provision of serviced apartment and property management services		Trading and investments		Corporate and others		Total	
	For the six months ended 30 June									
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:										
Sales to external customers	<u>98,837</u>	<u>94,966</u>	<u>10,043</u>	<u>12,242</u>	<u>21,077</u>	<u>(54,067)</u>	<u>-</u>	<u>-</u>	<u>129,957</u>	<u>53,141</u>
Segment results	<u>75,455</u>	<u>85,696</u>	<u>(5,137)</u>	<u>(3,804)</u>	<u>20,242</u>	<u>(43,963)</u>	<u>(10,169)</u>	<u>(1,190)</u>	<u>80,391</u>	<u>36,739</u>
<i>Reconciliation:</i>										
Interest income from loans and receivables									2,008	1,504
Other gains									29,842	10,310
Finance costs									(10,433)	(11,310)
Profit before tax									<u>101,808</u>	<u>37,243</u>

Geographical information

	Hong Kong		Mainland China		Total	
	For the six months ended 30 June					
	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from sales to external customers	<u>51,721</u>	<u>(24,737)</u>	<u>78,236</u>	<u>77,878</u>	<u>129,957</u>	<u>53,141</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	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Rental income from property letting	98,837	94,966
Serviced apartment and property management	10,043	12,242
Fair value gains/(losses) on equity investments at fair value through profit or loss	3,629	(70,863)
Dividend income from listed investments	7,380	6,633
Interest income from available-for-sale investments	10,068	10,163
	<u>129,957</u>	<u>53,141</u>
Other income and gains		
Interest income from loans and receivables	2,008	1,504
Fair value gains on available-for-sale investments (transfer from equity on disposal)	3,453	737
Others	26,389	9,573
	<u>31,850</u>	<u>11,814</u>

4. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation	2,509	982
Amortisation of prepaid land lease payments	4	4
Foreign exchange differences, net	318	(11,655)
Employee benefits expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	5,396	5,146
Pension scheme contributions (defined contribution scheme)	114	103
	<u>5,510</u>	<u>5,249</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans, overdrafts and other loans wholly repayable within five years	10,433	11,310

6 INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong for the period. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China, based on existing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
Charge for the period	7,243	8,763
Underprovision/(overprovision) in prior years	—	—
Total tax charge for the period	7,243	8,763

7. DIVIDENDS

(a) Dividends recognised as distribution during the period:

	For the six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend paid – HK0.70 cents (2012: HK0.65 cents) per ordinary share	29,263	27,172

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

	For the six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interim dividend declared – HK0.55 cents (2013: HK0.50 cents) per ordinary share	22,992	20,902

The above interim dividends were declared after the interim reporting dates and have not been recognised as liabilities at the end of the respective reporting periods.

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

The calculation of basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company of approximately HK\$65,581,000 (2013: HK\$28,034,000) and the weighted average number of ordinary shares of 4,180,371,092 (2013: 4,180,371,092) in issue during the period.

No adjustment has been made to the basic earnings per share presented for the periods ended 30 June 2014 and 2013 in respect of a dilution as the Group had no potential dilutive 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. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

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

	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
Within 1 month	1,816	2,248
1 to 2 months	603	780
2 to 3 months	227	40
Over 3 months	5,425	5,139
	<u>8,071</u>	<u>8,207</u>

10. TRADE PAYABLES

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

	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
Within 1 month	1,185	1,865
1 to 2 months	–	496
2 to 3 months	–	28
Over 3 months	42	267
	<u>1,227</u>	<u>2,656</u>

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 8 October 2014 to 10 October 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 7 October 2014. The interim dividend will be paid to shareholders whose names appear on the register of members on 10 October 2014 and the payment date will be on or about 28 October 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

Despite the fact that the US Federal Reserve had begun its tapering schedule, recovery of the US market proves better than expected. The Chinese market also recorded a stable GDP growth of 7.5% in 2014 Q2. Hong Kong properties price remains a high level since the introduction of the BSD and SSD by the Hong Kong government. These factors contributed to the Group's financial performance for the first half of 2014, in particular on equity investments (stocks) held by the Group.

During the period under review, the Group recorded a net profit of about HK\$95 million (2013: HK\$28 million).

PROPERTY INVESTMENT

Hong Kong

Investment properties in Hong Kong mainly comprise of office buildings, industrial buildings, shopping centres, and retail shops. With growth of Hong Kong's economy on the first half of 2014, the investment property portfolio contributed stable rental revenue to the Group.

The Group's old Hong Kong headquarter building (54 Wong Chuk Hang Road, Hong Kong) has completed demolition work and has now begun foundation work. The Group will start the construction of a new 30+ floor building on the existing site, expected to be completed in year 2017/2018. The new building will provide a new and reliable source of income to the Group.

Shanghai, PRC

The Group's properties portfolio in Shanghai, PRC is divided into three residential complexes, comprising of around 182 blocks of hotel-serviced houses and 132 hotel-serviced apartment units respectively. Our 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 received by consulates and foreign business entities, with an average occupancy rate of approximately 90%. The properties generates a stable rental and management fee revenue to the Group.

Zhuhai, PRC

The Group holds two land banks in Zhuhai, PRC.

TRADING AND INVESTMENTS

Stock market and bond market both shows signs of recovery due to better than expected recovery in the US market. As of 30 June 2014, the Group holds around HK\$631 million of equity investment and around HK\$191 million of available-for-sale investments. The Group's equity investments recorded a net fair value gain of approximately HK\$4 million (2013: net loss of HK\$71 million) when marking the investment portfolios to market valuation as of 30 June 2014.

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 debt investments of approximately HK\$822 million (as of 31 December 2013: HK\$889 million) as of 30 June 2014. The Group's cash and cash equivalents as of 30 June 2014 amounted to approximately HK\$181 million (as of 31 December 2013: HK\$182 million).

As of 30 June 2014, the Group had total bank and other borrowings amounting to approximately HK\$1,199 million (as of 31 December 2013: HK\$1,254 million) which were secured by legal charges on certain investment properties in Hong Kong and Shanghai, and certain equity investments and available-for-sale investments. With the total bank and other borrowings of HK\$1,199 million (as of 31 December 2013: HK\$1,254 million) and the aggregate of the shareholder funds, non-controlling interest and total bank borrowings of approximately HK\$6,983 million (as of 31 December 2013: HK\$6,977 million), the Group's gearing ratio as of 30 June 2014 was around 17% (as of 31 December 2013: 18%).

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2014, the Group had approximately 235 employees in Shanghai, Zhuhai and Hong Kong. The remuneration packages of the Group's employees are mainly based on their performance, experience and market conditions. In addition to the basic salaries, the Group also provides staff benefits including discretionary bonus, provident fund and tuition/training subsidies.

PROSPECT

Taping of easing measures of the US Federal Reserve has begun, however there is no exact schedule when the US Federal Reserve will increase the interest rate. Despite it is likely that the increase in interest rate will start in year 2015, the uncertainty of exact timing of potential increase in interest rate will exert pressure on price on equity investments and available-for-sale investments, particular in high-yield equity investments and long-term debt instruments. As Hong Kong Dollar is pegged to the US Dollars, the uncertainty of US's economy may affect Hong Kong's economy.

China's economic growth was stable with GDP growth of 7.5% in the 2014 Q2. It is expected that China's GDP growth rate in the second half 2014 will remain stable. Domestic consumptions and investments will be the major contributors to Chinese economic growth. Although the recent loosening of bank loans for properties purchases alleviate the pressure on property market, the ongoing business environment of property and rental market is still challenging. China remains as one of the world economies with fast growth, hence rise in labour costs and inflationary pressure on utilities remain a key challenge to the Group.

Hong Kong government has strengthened the control on property market since early 2013, leading to suppression on the property trading market throughout the year. Despite of the passing of The Stamp Duty (Amendment) Ordinance 2014 (BSD and SSD) policies on February 2014, property price remained high in mid-2014. It is likely that these control measures will not be withdrawn in the near term. Along with uncertainty on the potential interest rate increase, the property market may be under downward pressure in the future.

In response to more and more uncertainties in both domestic and overseas economic conditions along with fierce market competitions, the Group will adopt its usual prudent capital and funding management to meet the challenges ahead, while strengthening the rental business and seizing further investment opportunities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of listed securities of the Company during the six months ended 30 June 2014.

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 2014.

CORPORATE GOVERNANCE CODE

In the opinion of the directors of the Company, the Company has applied the principles and complied with code provisions of the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2014, save as disclosed below.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors’ securities transactions. Based on specific enquiry of all directors of the Company, all directors of the Company confirmed that they have complied with the required standard set out in the Model Code for the six months ended 30 June 2014.

BOARD OF DIRECTORS

As of the date of this announcement, the executive directors of the Company are Mr. Lau Chi Yung, Kenneth and Mr. Lau Michael Kei Chi and the independent non-executive directors of the Company are Mr. Lee Siu Man, Ervin, Mr. Wong Yim Sum, Mr. Lo Yick Wing and Mr. Tsui Ka Wah.

By Order of the Board
Lau Chi Yung, Kenneth
Chairman

Hong Kong, 28 August 2014