# MULTIFIELD INTERNATIONAL HOLDINGS LIMITED

(the "Company")
*(Incorporated in Bermuda with limited liability)*
**(Stock Code: 898)**

# ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2014

| | Notes | **2014** *HK$'000* | 2013 *HK$'000* |
|---|---|---|---|
| **REVENUE** | 3 | **353,493** | 216,011 |
| Cost of sales | | **(38,427)** | (32,998) |
| Gross profit | | **315,066** | 183,013 |
| Other income and gains | 3 | **74,807** | 19,848 |
| Foreign exchange differences, net | | **(6,868)** | 3,363 |
| Fair value gains on investment properties | | **388,777** | 855,188 |
| Loss on disposal of investment properties | | **–** | (221) |
| Operating and administrative expenses | | **(51,755)** | (52,341) |
| Finance costs | 5 | **(21,024)** | (23,087) |
| **PROFIT BEFORE TAX** | 4 | **699,003** | 985,763 |
| Income tax expense | 6 | **(52,215)** | (81,400) |
| **PROFIT FOR THE YEAR** | | **646,788** | 904,363 |

| | Notes | **2014** *HK$'000* | 2013 *HK$'000* |
|---|---|---|---|
| **OTHER COMPREHENSIVE (EXPENSE)/INCOME** | | | |
| Other comprehensive (expense)/income to be reclassified to profit or loss in subsequent periods: | | | |
| Available-for-sale investments: | | | |
| Changes in fair value | | **(7,266)** | 5,267 |
| Reclassification adjustments for gains included in the consolidated statement of profit or loss – gain on disposal | | **(4,329)** | (737) |
| | | **(11,595)** | 4,530 |
| Exchange differences on translation of foreign operations | | **(77,359)** | 120,202 |
| Net other comprehensive (expense)/income to be reclassified to profit or loss in subsequent periods | | **(88,954)** | 124,732 |
| **OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR, NET OF TAX** | | **(88,954)** | 124,732 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **557,834** | 1,029,095 |
| **PROFIT FOR THE YEAR ATTRIBUTABLE TO:** | | | |
| Owners of the Company | | **480,088** | 710,464 |
| Non-controlling interests | | **166,700** | 193,899 |
| | | **646,788** | 904,363 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:** | | | |
| Owners of the Company | | **420,284** | 793,269 |
| Non-controlling interests | | **137,550** | 235,826 |
| | | **557,834** | 1,029,095 |
| **EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY** | | | |
| Basic and diluted | 8 | **HK11.48 cents** | HK17.00 cents |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
31 December 2014

| | Notes | **2014** | 2013 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **354,918** | 358,154 |
| Investment properties | | **6,580,700** | 6,272,065 |
| Prepaid land lease payments | | **408** | 416 |
| Club debenture | | **670** | 670 |
| Available-for-sale investments | | **–** | 3,789 |
| Total non-current assets | | **6,936,696** | 6,635,094 |
| **CURRENT ASSETS** | | | |
| Properties held for sale | | **281,851** | 281,851 |
| Trade receivables | 9 | **8,374** | 8,207 |
| Prepayments, deposits and other receivables | | **8,181** | 49,164 |
| Available-for-sale investments | | **288,108** | 264,521 |
| Equity investments at fair value through profit or loss | | **693,130** | 623,993 |
| Pledged deposits | | **46,136** | 10,888 |
| Cash and cash equivalents | | **320,814** | 181,624 |
| Total current assets | | **1,646,594** | 1,420,248 |
| **TOTAL ASSETS** | | **8,583,290** | 8,055,342 |
| **CURRENT LIABILITIES** | | | |
| Trade payables | 10 | **1,503** | 2,656 |
| Other payables and accruals | | **335,887** | 296,427 |
| Deposits received | | **56,317** | 57,752 |
| Interest-bearing bank and other borrowings | | **1,340,416** | 1,254,209 |
| Tax payable | | **39,152** | 29,144 |
| Total current liabilities | | **1,773,275** | 1,640,188 |
| **NET CURRENT LIABILITIES** | | **(126,681)** | (219,940) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **6,810,015** | 6,415,154 |

| | Notes | **2014** *HK$'000* | 2013 *HK$'000* |
|---|---|---|---|
| **NON-CURRENT LIABILITIES** | | | |
| Amount due to a director | | **6,063** | 1,498 |
| Deferred tax liabilities | | **702,545** | 691,138 |
| Total non-current liabilities | | **708,608** | 692,636 |
| Net assets | | **6,101,407** | 5,722,518 |
| **EQUITY** | | | |
| Equity attributable to owners of the Company | | | |
| Issued capital | | **41,804** | 41,804 |
| Reserves | | **4,742,876** | 4,374,847 |
| Proposed final dividend | 7 | **29,263** | 29,263 |
| | | **4,813,943** | 4,445,914 |
| Non-controlling interests | | **1,287,464** | 1,276,604 |
| Total equity | | **6,101,407** | 5,722,518 |

## 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") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for investment properties and certain financial instruments, which have been measured at fair value.

**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 2014. 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 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 in the accounting policy for subsidiaries below. 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 other comprehensive income 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 standards and new interpretation for the first time for the current year's financial statements.

| | |
|---|---|
| Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) | *Investment Entities* |
| Amendments to HKAS 32 | *Offsetting Financial Assets and Financial Liabilities* |
| Amendments to HKAS 36 | *Recoverable Amount Disclosures for Non-Financial Assets* |
| Amendments to HKAS 39 | *Novation of Derivatives and Continuation of Hedge Accounting* |
| HK(IFRIC) - Int 21 | *Levies* |
| Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle* | *Definition of Vesting Condition* |
| Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle* | *Accounting for Contingent Consideration in a Business Combination* |
| Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle* | *Short-term Receivables and Payables* |
| Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle* | *Meaning of Effective HKFRSs* |

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRSs financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivative during the current and prior years.

(d) HK (IFRIC) – Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK (IFRIC) – Int 21.

(e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group, (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 and HKAS 39. The amendment has had no impact on the Group.

(g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

The adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

## 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.

| | |
|---|---|
| HKFRS 9 | *Financial Instruments*[4] |
| Amendments to HKFRS 10 and HKAS 28 (2011) | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2] |
| Amendments to HKFRS 11 | *Accounting for Acquisitions of Interests in Joint Operations*[2] |
| HKFRS 14 | *Regulatory Deferral Accounts*[5] |
| HKFRS 15 | *Revenue from Contracts with Customers*[3] |
| Amendments to HKAS 16 and HKAS 38 | *Clarification of Acceptable Methods of Depreciation and Amortisation*[2] |
| Amendments to HKAS 16 and HKAS 41 | *Agriculture: Bearer Plants*[2] |
| Amendments to HKAS 19 | *Defined Benefit Plans: Employee Contributions*[1] |
| Amendments to HKAS 27 (2011) | *Equity Method in Separate Financial Statements*[2] |
| Annual Improvements 2010 – 2012 Cycle | *Amendments to a number of HKFRSs*[1] |
| Annual Improvements 2011 – 2013 Cycle | *Amendments to a number of HKFRSs*[1] |
| Annual Improvements 2012 – 2014 Cycle | *Amendments to a number of HKFRSs*[2] |

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 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expect that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 1.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

## 2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four (2013: four) 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;

(c) the trading and investments segment includes the trading of securities and investment income from securities investment and investment holding; and

(d) the corporate and others segment.

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 before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax from operations except that interest income from loans and receivables, fair value gains on investment properties, finance costs and other gains are excluded from such measurement.

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

There are no sales or other transactions between the operating segments during the year (2013: Nil).

**Years ended 31 December 2014 and 2013**

| | Property investment | | Provision of serviced apartment and property management services | | Trading and investments | | Corporate and others | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **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* |
| **Segment revenue:** | | | | | | | | | | |
| Sales to external customers | **193,634** | 193,514 | **24,740** | 19,932 | **135,119** | 2,565 | **–** | – | **353,493** | 216,011 |
| **Segment results** | **151,872** | 150,989 | **(7,332)** | (13,678) | **132,790** | 9,757 | **(20,887)** | (13,254) | **256,443** | 133,814 |
| *Reconciliation:* | | | | | | | | | | |
| Interest income from loans and receivables | | | | | | | | | **3,396** | 2,231 |
| Fair value gains on investment properties | **388,777** | 855,188 | **–** | – | **–** | – | **–** | – | **388,777** | 855,188 |
| Other gains | | | | | | | | | **71,411** | 17,617 |
| Finance costs | | | | | | | | | **(21,024)** | (23,087) |
| Profit before tax | | | | | | | | | **699,003** | 985,763 |

| | Property investment | | Provision of serviced apartment and property management services | | Trading and investments | | Corporate and others | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **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* |
| **Segment assets** | **7,341,351** | 6,507,528 | **64,767** | 87,046 | **1,108,164** | 927,074 | **69,008** | 533,694 | **8,583,290** | 8,055,342 |
| Total assets | | | | | | | | | **8,583,290** | 8,055,342 |
| **Segment liabilities** | **167,845** | 207,688 | **18,560** | 3,920 | **123,848** | 365 | **11,556** | 27,240 | **321,809** | 239,213 |
| *Reconciliation:* | | | | | | | | | | |
| Unallocated liabilities | | | | | | | | | **2,160,074** | 2,093,611 |
| Total liabilities | | | | | | | | | **2,481,883** | 2,332,824 |
| **Other segment information:** | | | | | | | | | | |
| Depreciation and amortisation | **4,691** | 2,894 | **1,004** | 324 | **–** | 147 | **734** | 77 | **6,429** | 3,442 |
| Change in fair value of investment properties | **388,777** | 855,188 | **–** | – | **–** | – | **–** | – | **388,777** | 855,188 |
| Impairment loss recognised in the statement of profit or loss and other comprehensive income | **–** | – | **–** | 3 | **–** | – | **3,789** | – | **3,789** | 3 |
| Capital expenditure* | **24,979** | 88,222 | **1,055** | 2,669 | **–** | – | **2,212** | 147 | **28,246** | 91,038 |

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

### Geographical information

(a)

| | Hong Kong | | Mainland China | | Total | |
|---|---|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Revenue from sales to external customers | **196,078** | 59,856 | **157,415** | 156,155 | **353,493** | 216,011 |

The revenue information above is based on the location of the customers. No customer accounted for 10% or more of the total revenue for the years ended 31 December 2014 and 2013.

(b)

| | Hong Kong | | Mainland China | | Total | |
|---|---|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Non-current assets | **2,467,452** | 2,218,609 | **4,468,574** | 4,412,026 | **6,936,026** | 6,630,635 |

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:

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Revenue** | | |
| Rental income from property letting | **192,299** | 194,777 |
| Serviced apartment and property management | **24,740** | 19,932 |
| Fair value gains/(losses), net: | | |
| equity investments at fair value through profit or loss | **90,005** | (45,948) |
| Dividend income from listed investments | **28,743** | 25,608 |
| Interest income from available-for-sale investments | **17,706** | 21,642 |
| | **353,493** | 216,011 |
| **Other income and gains** | | |
| Interest income from loans and receivables | **3,396** | 2,231 |
| Gain on disposal of items of property, plant and equipment | **–** | 3,299 |
| Fair value gains on available-for-sale investments (transfer from equity on disposal) | **4,329** | 737 |
| Waiver of other payables and accruals | **3,027** | – |
| Others | **64,055** | 13,581 |
| | **74,807** | 19,848 |

## 4. PROFIT BEFORE TAX

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

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Cost of services provided | **38,427** | 32,998 |
| Depreciation | **6,421** | 3,433 |
| Amortisation of prepaid land lease payments | **8** | 9 |
| Minimum lease payments under operating leases for land and buildings | **266** | 273 |
| Auditors' remuneration | **650** | 650 |
| Impairment of trade receivables* | **–** | 3 |
| Impairment of available-for-sale investments* | **3,789** | – |
| Loss on disposal of investment properties | **–** | 221 |
| Loss on disposal of property, plant and equipment | **42** | – |
| Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties | **20,508** | 16,046 |
| Foreign exchange differences, net | **6,868** | (3,363) |
| Employee benefits expense (including directors' and chief executive's remuneration): | | |
| Salaries, wages and other benefits | **24,934** | 22,280 |
| Pension scheme contributions (defined contribution scheme) *(Note)* | **236** | 202 |
| | **25,170** | 22,482 |

* Included in "Operating and administrative expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

*Note:*

At 31 December 2014, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2013: Nil).

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on bank loans, overdrafts and other loans wholly repayable within five years | **21,024** | 23,087 |

## 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 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.

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current tax – Hong Kong | | |
| Charge for the year | **5,497** | 2,489 |
| (Overprovision)/underprovision in prior years | **(330)** | 122 |
| Current tax – Mainland China | | |
| Charge for the year | **19,970** | 16,336 |
| Deferred tax | **27,078** | 62,453 |
| Total tax charge for the year | **52,215** | 81,400 |

## 7. DIVIDENDS

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interim dividend – HK0.55 cents (2013: HK0.5 cents) per ordinary share | **22,992** | 20,902 |
| Proposed final dividend – HK0.7 cents (2013: HK0.7 cents) per ordinary share | **29,263** | 29,263 |
| | **52,255** | 50,165 |

Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on 28 May 2015, dividend warrants will be posted on or about 18 June 2015 to shareholders whose names appear on the register of members of the Company on 5 June 2015.

## 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$480,088,000 (2013: HK$710,464,000) and the weighted average number of ordinary shares of 4,180,371,092 (2013: 4,180,371,092) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2014 and 2013 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

## 9. TRADE RECEIVABLES

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | **14,163** | 13,996 |
| Provision for impairment | **(5,789)** | (5,789) |
| | **8,374** | 8,207 |

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 receivables balances.

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

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 1 month | **1,653** | 2,248 |
| 1 to 2 months | **648** | 780 |
| 2 to 3 months | **79** | 40 |
| Over 3 months | **5,994** | 5,139 |
| | **8,374** | 8,207 |

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

| | 2014 | 2013 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| At 1 January | **5,789** | 5,786 |
| Impairment losses recognised | **–** | 3 |
| At 31 December | **5,789** | 5,789 |

At 31 December 2014, included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of approximately HK$5,789,000 (2013: HK$5,789,000) with a carrying amount before provision of approximately HK$5,789,000 (2013: HK$5,789,000). 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:

| | 2014 | 2013 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Neither past due nor impaired | **1,653** | 2,248 |
| Less than 1 month past due | **648** | 780 |
| 1 to 3 months past due | **79** | 40 |
| Over 3 months past due | **5,994** | 5,139 |
| | **8,374** | 8,207 |

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 that have a good track record with the Group. 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 as at the end of the reporting period, based on the invoice date, is as follows:

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 1 month | **819** | 1,865 |
| 1 to 2 months | **68** | 496 |
| 2 to 3 months | **–** | 28 |
| Over 3 months | **616** | 267 |
| | **1,503** | 2,656 |

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 26 May 2015 to 28 May 2015, 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 22 May 2015; and

(ii) from 8 June 2015 to 9 June 2015, 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 5 June 2015.

## REVIEW OF OPERATION

2014 was a year full of challenges and opportunities. Although the Group's revenue from hotel-serviced villas, apartments and property management services in Shanghai records a slight decrease of approximately 1%, rental income in Hong Kong is relatively stable, while the Group's investments in securities further contributes profits to the Group. However, as the increment in fair value of investment properties held by the Group is significantly lower (approximately 55%) than that for year 2013, the Group's consolidated profit after tax for the year ended 31 December 2014 is substantially lower (approximately 46%) than that for the corresponding period in year 2013.

During the year under review, the Group recorded a net profit of approximately HK$647 million (2013: HK$904 million).

## PROPERTY INVESTMENT

### Hong Kong

Investment properties in Hong Kong mainly comprise of office buildings, industrial buildings, shopping centres, retail shops and carpark. Despite of Hong Kong government's strengthening in control measures on the properties market, the properties market remains active in 2014. The Group's investment properties portfolio contributed stable rental revenue of approximately HK$61 million in 2014. (2013: HK$55 million).

The Group's construction site at 54 Wong Chuk Hang Road, Hong Kong is now under foundation work which is expected to be completed in mid-2015. 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 Group expects that the new building will provide a new and stable 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 villas and 132 hotel-serviced apartments 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 recognised by consulates and foreign business entities. The Shanghai properties has an average occupancy rate of approximately 90%, and generates stable rental and management fee revenue of approximately HK$156 million in 2014. (2013: HK$157 million).

### Zhuhai, PRC

There are two land banks in Zhuhai, PRC.

The 36,808 square meters land in Qianshan CBD is designated for shopping mall and retail stores purposes. Due to difficulties in demolishment and relocation work in Mainland China, the Group proposed to the local government our willingness to further inject funding to the project in hope of assisting the government to speed up the relocation process.

The Group had already submitted the construction design plan to the local government unit in 2011 regarding the 94,111 square meters land located in Doumen, however until now approval was not yet received from the local government unit. The Group had met with Doumen local government on mid-2014 and we were formally informed that the government wished to repurchase the land from us at market assessment price due to a change in town planning. The Group intends to further discuss with the local government the feasibility in the exchanging of land. However, nothing can be concluded as of the date of this report.

## FINANCIAL INVESTMENTS

Stock market showed recovery in 2014, leading to equity investments (stocks) held by the Group to record fair value gains. The bond market, especially Chinese properties bond market, was volatile in 2014, however, the impact to the Group's available-for-sale listed debt investments (bonds) portfolio was minimal.

As of 31 December 2014, the Group holds approximately HK$693 million of highly liquid equity investments and approximately HK$288 million of available-for-sale listed debt investments. The Group's equity investments recorded a net fair value gain of approximately HK$90 million when marking the investment portfolios to market valuation as of 31 December 2014, along with dividend income of approximately HK$29 million. The available-for-sale listed debt investments also contributes interest income of approximately HK$18 million.

## 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$981 million (2013: HK$889 million) as of 31 December 2014. The Group's cash and cash equivalents as of 31 December 2014 amounted to approximately HK$321 million (2013: HK$182 million).

As of 31 December 2014, the Group had total bank and other borrowings amounting to approximately HK$1,340 million (2013: HK$1,254 million), which were secured by legal charges on the Group's 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 approximately HK$1,340 million (2013: HK$1,254 million) and the aggregate of the shareholder funds, non-controlling interests and total bank borrowings of approximately HK$7,442 million (2013: HK$6,977 million), the Group's gearing ratio as at 31 December 2014 was around 18% (2013: 18%).

## COMMITMENTS

As at 31 December 2014, the Group had committed payment for the construction and land development expenditure amounting to approximately HK$27 million (2013: Nil).

## EMPLOYEES AND REMUNERATION POLICY

As of 31 December 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 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.

## PROSPECT

The exact schedule of increase in interest rate for the US Federal Reserve is still uncertain. Increase in interest rate may exert pressure on price on equity investments and available-for-sale investments held by the Group, particular in high-yield equity investments and long-term debt instruments. Also, as Hong Kong Dollar is pegged to the US Dollars, the potential fluctuations in US economy may have a significant impact on the Hong Kong rental market.

Despite of Hong Kong government's strengthening of the control on properties market, property price and trading volume records increases in 2014. It is likely that these control measures will not be withdrawn in the near term. The Hong Kong Monetary Authority stated on February 2015 that additional control measures will be taken if the property prices continue to rise, meaning investment properties in Hong Kong held by the Group might not be able to record rapid increase in market value as compared to previous years. Besides, the political instability in 2014 may also affect the economy of Hong Kong.

China's economic growth has further slowed down in 2014 with GDP growth of 7.4% in 2014. It is expected that China's GDP growth rate in 2015 will further slowed down, with the Chinese government targeting an around 7% GDP growth rate for 2015. In addition to the potential depreciation of Renminbi and retreat of foreign investments from China, these may exert pressure on the revenue from provision of hotel-serviced villas, apartments and property management services in Shanghai. Despite of possible slower than expected economic growth in China, inflationary pressure on salaries, utilities expenses and expenses for enhancement on quality of properties remains a key challenge to the Group.

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.

## 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 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, 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.

## 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.

The audit committee comprises four independent non-executive Directors, namely, Mr. Lee Siu Man, Ervin, Mr. Wong Yim Sum, Mr. Lo Yick Wing 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 draft audited consolidated financial statements for the year ended 31 December 2014 have been reviewed by the audit committee, and with recommendation to the board of Directors 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 have complied with the required standard set out in the Model Code for the year ended 31 December 2014.

## CHANGES IN THE INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of the Directors are as follows:

– The Director's fees of Mr. Lee Siu Man, Ervin, Mr. Wong Yim Sum, Mr. Lo Yick Wing and Mr. Tsui Ka Wah have been revised to HK$6,500 per month, with effective from 1 April 2014.

## 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 2014 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, Mr. Lo Yick Wing and Mr. Tsui Ka Wah.

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

Hong Kong, 27 March 2015