



**DIRECTORS**

**Executive Directors**

Mr WONG Kin Yip, Freddie  
(Chairman and Managing Director)  
Ms IP Kit Yee, Kitty  
Mr CHEUNG Kam Shing

**Independent non-executive Directors**

Mr AU Son Yiu  
Mr CHUNG Kam Wing, Calvin  
Mr KAN Chung Nin, Tony  
Mr LAI Dominic

**AUDIT COMMITTEE**

Mr CHUNG Kam Wing, Calvin (Chairman)  
Mr AU Son Yiu

**COMPANY SECRETARY**

Ms LAM Fung Fong, AHKSA FCCA

**REGISTERED OFFICE**

Clarendon House  
Church Street  
Hamilton HM 11  
Bermuda

**WEBSITE**

[www.midland.com.hk](http://www.midland.com.hk)

**HEAD OFFICE AND PRINCIPAL PLACE OF  
BUSINESS IN HONG KONG**

Rooms 2505-8, 25th Floor  
World-wide House  
19 Des Voeux Road Central  
Hong Kong

**AUDITORS**

PricewaterhouseCoopers  
Certified Public Accountants  
22nd Floor  
Prince's Building  
Central  
Hong Kong

**PRINCIPAL BANKERS**

American Express Bank Limited  
Dao Heng Bank Limited  
Fortis Bank Asia HK  
International Bank of Asia Limited  
Liu Chong Hing Bank Limited  
Standard Chartered Bank  
The Hongkong and Shanghai Banking  
Corporation Limited

**HONG KONG LEGAL ADVISERS**

Iu, Lai & Li  
9th and 15th Floors  
The Bank of East Asia Building  
10 Des Voeux Road Central  
Hong Kong

**BERMUDA LEGAL ADVISERS**

Conyers Dill & Pearman  
Suite 2901, One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

**PRINCIPAL REGISTRAR AND TRANSFER  
OFFICE**

Butterfield Corporate Services Limited  
Rosebank Centre  
14 Bermudiana Road  
Pembroke  
Bermuda

**HONG KONG BRANCH SHARE REGISTRAR,  
WARRANT REGISTRAR AND TRANSFER  
OFFICE**

Abacus Share Registrars Limited  
2401  
Prince's Building  
Central  
Hong Kong

# MIDLAND REALTY (HOLDINGS) LIMITED 2000 ANNUAL REPORT

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at Rooms 2505-8, 25th Floor, World-wide House, 19 Des Voeux Road Central, Hong Kong on Thursday, 3rd May 2001 at 11:30 a.m. for the following purposes:

1. To receive and consider the Audited Accounts and the Reports of the Directors and Auditors for the year ended 31st December 2000;
2. To declare a final dividend;
3. To re-elect Directors and to fix the Directors' remuneration;
4. To re-appoint Auditors and to authorise the Directors to fix their remuneration;

As special business, to consider and, if thought fit, to pass with or without modifications the following resolutions as ordinary resolutions:

5. **"THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) above, shall authorise the Directors of the Company during the Relevant Period to make and grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes and other securities of the Company; or (iii) the exercise of options granted under any share option scheme or any similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any subsidiaries of shares or rights to acquire shares in the Company; or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, shall not exceed 20 per cent. of the aggregate nominal

amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares of the Company or issue of options, warrants or other securities giving the right to subscribe for shares of the Company open for a period fixed by the Directors of the Company to holders of shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company

entitled to the offer) on a fixed record date in proportion to their then holdings of such shares of the Company or, where appropriate, such other securities (subject in all cases to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

6. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to purchase the shares in the capital of the Company and the warrants which carry rights to subscribe for shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of the shares of the Company which the Company is authorised to purchase pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution and the total subscription rights attaching to the warrants to subscribe for shares of the Company to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the total subscription rights attaching to all warrants to subscribe for shares outstanding at the date of passing of this resolution, and the said approval be limited accordingly; and

- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

7. “**THAT** subject to the passing of resolution nos. 5 and 6 set out in the notice of this meeting, the aggregate nominal amount of shares which are to be purchased by the Company pursuant to the authority granted to the Directors of the Company as mentioned in resolution no. 6 set out in the notice of this meeting shall be added to the aggregate nominal amount of share capital that may be allotted or agreed to be allotted by the Directors of the Company pursuant to resolution no. 5 set out in the notice of this meeting.”

By order of the Board  
**LAM Fung Fong**  
*Company Secretary*

Hong Kong, 20th March 2001

*Notes:—*

1. A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy must be deposited at the Company's Hong Kong Branch Share Registrar, Abacus Share Registrars Limited at 2401, Prince's Building, Central, Hong Kong, together with a power of attorney or other attorney, if any, under which it is signed or a notarially certified copy of that power of attorney, not less than 48 hours before the time for holding the meeting.
3. The register of members of the Company will be closed from Wednesday, 25th April 2001 to Thursday, 3rd May 2001, both days inclusive, during which period no transfer of shares of the Company will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Abacus Share Registrars Limited at 2401, Prince's Building, Central, Hong Kong not later than 4:00 p.m. on Tuesday, 24th April 2001.

# MIDLAND REALTY (HOLDINGS) LIMITED 2000 ANNUAL REPORT

## FIVE YEAR FINANCIAL SUMMARY

	Year ended 31st December				
	1996	1997	1998	1999	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	1,303,962	1,769,349	906,919	727,232	780,014
Profit attributable to shareholders	300,008	223,387	10,310	50,691	53,290
Total assets	997,359	1,117,679	929,302	742,185	945,303
Total liabilities	565,857	535,026	490,314	272,772	464,849
Net assets	431,502	582,653	438,988	469,413	480,454



**Mr. Wong Kin Yip, Freddie**  
*Chairman and Managing Director*

### **BUSINESS REVIEW**

In financial year 2000, the Group recorded total revenues of HK\$836,644,000, up 12% from the 1999 level. Profit before taxation surged 21% to HK\$68,610,000 from the year-ago level. Profit attributable to shareholders rose 5% to HK\$53,290,000, translating into a 5% gain in basic earnings per share of HK\$0.09 per share. The Directors recommend a final dividend of HK\$0.02 per share, together with the interim dividend of HK\$0.01 per share, making a total of HK\$0.03 per share for the full year.

The property market was unstable throughout the year. Except for a noticeable increase in the third quarter, property transaction volume shrank in the rest of the period. By the Land Registry's tally, 85,744 purchase-and-sale transactions took place in 2000, down 13% from the year-ago level of 98,466. Meanwhile, the value of property transaction suffered a similar decline. The Group recorded a 14% increase in sales and rental transactions to 30,046 from the 1999 level of 26,414. Clearly, the Group had outperformed the market by taking a more proactive stance.

The Group was able to achieve the desired synergetic effect with the acquisition of Hong Kong Property Services (Agency) Limited in June 2000. Almost instantly, we acquired a sizeable market share, branch network and agent workforce to gain us a competitive edge, which lead us to be the largest property agency in Hong Kong.

The Group continued to pursue a policy of cost control steadfastly. In the reporting period, we managed to renegotiate rental rates for 37 branches to lower levels of between 2 to 81%, thus reducing overall rental cost by 16% from the 1999 level. On the other hand, our provision for bad and doubtful debts plunged 36% to HK\$13,406,000.



*Midland Realty and Hong Kong Property have been awarded "Henderson Best-Selling Award for Year 2000", which is granted to the best-performing agent.*



*Hong Kong Property*

*Midland Realty*

*Henderson Best-Selling Award for Year 2000.*

Meanwhile, the Group's efforts to develop related businesses to foster core profession this year is beginning to bear fruit. For example, Midland CyberNet Limited, the Group's e-commerce vehicle, enjoyed a considerable revenue increase. The Group made further commitment to e-commerce by forming an equal three-party venture with Cheung Kong (Holdings) Limited and American Express Bank Limited in September 2000 to launch mReferral Corporation Limited ("mReferral"), a first-of-its-kind service offering mortgage brokerage and financial advice services.

### **BUSINESS PLAN AND OUTLOOK**

#### **Seize Chance in Recovering Market**

Interest rates worldwide have begun a downtrend in 2001. As a result, the affordability of the average homebuyer is on the mend. The Government has retreated from its interventionist policy, notably by reducing the development of Home Ownership Scheme units and the scale of land sales of which largely stimulated consumer confidence. Anticipating a fairly robust recovery, the Group is poised to take up this precious opportunity to bring shareholders the highest possible returns.

#### **Expand Strategically, Recruit Aggressively**

In 2000, 20% of real estate agents were forced out of the market. The same volatile situation will prevail this year, with large agencies such as the Group enjoying a clear competitive edge. To position us for an even larger market share, we shall open branches at geographically planned locations, recruit agents aggressively, and reinforce our rigorous training regimen.

#### **Further Diversification**

mReferral, the Group's joint venture company, had set a record of arranging the lowest mortgage loan rate of prime less 2.9125%. Besides benefiting

the Group's own customers directly for the best mortgage plan, mReferral also had helped the Group to secure sole agency contracts with developers for primary-market projects. The Group will make good use of the competitive edge of mReferral to strengthen core business and will continue to seek strategic alliances for value added services in our operation.

#### **Empower Information Technology**

The Group has been able to make breakthrough in its IT-related business repeatedly. "Cyber Search" in our website is being enhanced continuously to offer more functions and listings. An increase hit rate to well over 1,000,000 per day, indeed has helped to reduce our need to advertise, thus saving cost considerably. The Group plans to install the most advanced "Midland Realty Management System" at branches to enhance the efficiency of property search this year. Sixty-five per cent of running cost saving is expected.

#### **Explore PRC Market**

China's property market is sure to take off as it gains entry to the World Trade Organisation. Anticipating this, the Group is seeking to establish presence in 15 strategic locations, including Beijing, Chongqing, Fuzhou and Dailian, and to staff these locations sufficiently. In time, income contribution from our PRC business is expected to be increasingly significant.

### **APPRECIATION**

We deeply understand that elite is the main factor for the Group to inspire and succeed. On behalf of the Directors, I hereby thank our shareholders for their continued support and all our staff for their vigorous effort and devoted contribution.

By Order of the Board  
**WONG Kin Yip, Freddie**  
*Chairman and Managing Director*

Hong Kong, 20th March 2001



**LIQUIDITY, FINANCIAL RESOURCES AND FUNDING**

As at 31st December 2000, the Group had bank balances and cash of HK\$351,681,000, whilst bank loans and overdrafts amounted to HK\$150,520,000. The Group's bank loans were secured by certain investment properties and other properties held by the Group with a total net book value of HK\$316,123,000. In addition, the Group had unutilized banking facilities amounting HK\$86,332,000 from various banks. The Group's borrowings are in Hong Kong Dollars. The bank loans and overdraft facilities were granted to the Group at the normal market interest rate.

The Company executed corporate guarantee as part of the securities for general banking facilities granted to certain wholly-owned subsidiaries. In addition, the Company guaranteed the payment of operating lease rentals in respect of certain premises for its wholly-owned subsidiaries.

As at 31st December 2000 and 1999, the gearing ratio of the Group was 31%. The gearing ratio is computed on the basis of total bank borrowings divided by the shareholders' funds of the Group.

The Directors are comfortable that existing financial resources will be sufficient for its expansion plans.

**CAPITAL STRUCTURE**

On 11th January 2000, the Company allotted and issued 110,000,000 warrants to professional investors by way of private placing at an issued price of HK\$0.228 per warrant. The warrants entitle the holders thereof to subscribe up to HK\$55,000,000 in cash for shares of HK\$0.10 each in the share capital of the Company at an initial subscription price of HK\$0.50 per share (subject to adjustment) at any time up to and including 11th January 2003. During the year, 5,892,000 shares had been allotted and issued upon exercise of the warrants. Total warrant proceeds net of issuing expenses amounted to HK\$23,059,000, of which approximately HK\$22,500,000 has been allocated to be used for upgrading computer system for sales operation to enable its future integration with the Group's internet website and

the balance is for working capital purposes. None of the proceeds has been utilized during the year.

On 30th June 2000, the Company issued an aggregate principal amount of HK\$70,000,000 convertible note which carries interest at 6% per annum payable in arrears and are due two years from the date of issue, being major part of the consideration for acquisition of a real estate agency.

During the year, the Group granted 2,125,000 and 1,500,000 share options to the directors and certain employees respectively. 1,727,000 and 2,325,000 share options lapsed in accordance with the terms of share option scheme due to resignation of the holders and the expiry of the exercisable period respectively. There were no share options exercised by the directors and employees of the Group in accordance with the terms of the share option scheme during the year.

The Group purchased a total of 500,000 ordinary shares from the open market in May 2000. All such shares were cancelled subsequently and their respective share certificates were destroyed.

As at 31st December 2000, 595,189,000 ordinary shares were in issue by the Company.

**STAFF AND REMUNERATION POLICIES**

As at 31st December 2000, the Group employed 2,143 full time employees of which 1,831 were sales agents and 312 were back office supportive employees.

The Group remunerates its employees and sales agents largely based on industry practice, individual performance and experience. Payments made to employees and sales agents remain highly competitive. In addition, discretionary bonus, profit sharing and share option may be granted to eligible staff by reference to the Group's performance and individual performance. The Group also provides other benefits to its employees such as education subsidies, medical and retirement benefits for both the directors and employees. On staff development, training and development programmes are conducted on a regular basis.

The directors submit their report together with the audited accounts for the year ended 31st December 2000.

**PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS**

The principal activity of the Company is investment holding. The activities of the principal subsidiaries are set out on pages 52 to 56.

An analysis of the Group's turnover and contribution to consolidated trading results by principal activities is set out in note 2 to the accounts.

No geographical analysis is provided as less than 10% of the consolidated turnover and less than 10% of the consolidated trading results of the Group are attributable to markets outside Hong Kong.

**RESULTS AND APPROPRIATIONS**

The results for the year are set out in the consolidated profit and loss account on page 19.

The directors have declared an interim dividend of HK\$0.01 per ordinary share, totalling HK\$5,940,000, which was paid on 17th October 2000.

The directors recommend the payment of a final dividend of HK\$0.02 per ordinary share totalling HK\$11,904,000.

**RESERVES**

Movements in the reserves of the Group and the Company during the year are set out in note 19 to the accounts.

**DISTRIBUTABLE RESERVES**

At 31st December 2000, the reserves of the Company available for distribution, net of dividends paid and proposed, amounted to HK\$131,384,000.

**DONATIONS**

Charitable and other donations made by the Group during the year amounted to HK\$113,500.

**FIXED ASSETS**

Details of the movements in fixed assets of the Group are set out in note 11 to the accounts.

**INVESTMENT PROPERTIES**

Details of the principal properties held for investment purposes are set out on pages 57 to 58.

**SHARE CAPITAL, SHARE OPTIONS AND WARRANTS**

Details of the movements in share capital, share options and warrants of the Company are set out in note 18 to the accounts.

**FIVE YEAR FINANCIAL SUMMARY**

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 6.

**PURCHASE, SALE OR REDEMPTION OF SHARES**

During the year, 500,000 ordinary shares of HK\$0.10 each of the Company were purchased

**PURCHASE, SALE OR REDEMPTION OF SHARES (continued)**

by the Company at prices ranging from HK\$0.52 to HK\$0.58 per share through The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Details of the share purchase are set out in note 18 to the accounts. The directors consider the share purchase will lead to an enhancement of the Group's earnings per share.

**DIRECTORS**

The directors during the year were:-

**Executive directors**

Mr WONG Kin Yip, Freddie  
Ms IP Kit Yee, Kitty  
Mr CHEUNG Kam Shing

**Non-executive directors**

Mr AU Son Yiu\*#  
Mr CHUNG Kam Wing, Calvin\*#  
Mr KAN Chung Nin, Tony\*  
Mr LAI Dominic\*  
Mr FUNG Yui Sum  
(resigned on 16th February 2000)  
Mr WONG Kin Wah, George  
(resigned on 19th April 2000)

\* independent non-executive directors

# members of audit committee

In accordance with section 87 of the Company's Bye-laws, all directors except the chairman of the Board and/or the managing director of the Company shall retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

**DIRECTORS' SERVICE CONTRACTS**

On 1st May 1998, Mr WONG Kin Yip, Freddie entered into a service agreement with the Company for a period of 3 years from 1st May 1998 to 30th April 2001.

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

**BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT**

Brief biographical details of directors and senior management are set out as follows:

**Executive directors**

**Mr WONG Kin Yip, Freddie**, aged 51, is the founder and chairman of the Company. He is responsible for the strategic management, human resources management, marketing management, financial management and sales force management of the Group. Furthermore, he is also responsible for the key managerial decisions, as well as day-to-day overall management in order to enhance the Group's competitive edge and profitability. Mr WONG has more than 28 years of experience in the real estate broking business. He was appointed as the chairman and the managing director of the Company in October 1993 and May 1998 respectively.

**BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)**

**Executive directors (continued)**

**Ms IP Kit Yee, Kitty**, aged 41, has been appointed as the executive director of the Company since October 1993. She is responsible for management and administrative functions of the Group. She was also appointed as an executive director of the Company's subsidiary, Hong Kong Property Services (Agency) Limited on 30th June 2000 and is responsible for overall policies formulation, strategic development and management planning.

**Mr CHEUNG Kam Shing**, aged 37, is the executive director of the Company. He has extensive experience in real estate broking and marketing. With his many years of experience, Mr CHEUNG is participating in the formulation of policy and strategy of the Group, and is responsible for overseeing the divisions dealing with residential property broking and implementing the Group's overall strategic sales and marketing plan in local market. Mr CHEUNG has served the Group for 14 years and was appointed as an executive director of the Company in June 1998.

**Independent non-executive directors**

**Mr AU Son Yiu**, aged 56, is a registered investment adviser and has extensive experience in the securities industry. He is also a director of Realink Securities Limited, China Point Stock Brokers Ltd. and I & P Securities Ltd. respectively, a consultant to Dao Heng Securities Limited and member of the Election Committee for the financial services subsector election for the 1998 Legislative Council. Mr AU is also a non-executive director for several public companies listed on The Stock Exchange of Hong Kong Limited. In addition, he is the Ex-Deputy Chairman of Hong Kong Securities Clearing Company Limited (1992-1994) and Ex-Council member of The Stock Exchange of Hong

Kong Limited (1988-1994). Mr AU was appointed as an independent non-executive director of the Company in October 1994. He changed to be an executive director of the Company in November 1995 and became an independent non-executive director of the Company again in September 1996. Mr AU was appointed as a member of the Audit Committee of the Company on 12th October 1998.

**Mr CHUNG Kam Wing, Calvin**, aged 54, LL.B., is a practising solicitor in Hong Kong and Vancouver B.C., Canada. Mr CHUNG has been a partner of the Hong Kong law firm of Ong & Chung since May 1989. In March 1986, he was called to the Bar of British Columbia and subsequently became a partner of the Vancouver firm of Alexander, Holburn, Beaudin & Lang in December 1989 until 31st December 1997. He was appointed as an independent non-executive director of the Company in November 1993. Mr CHUNG was appointed as a member of the Audit Committee of the Company on 4th August 1998.

**Mr KAN Chung Nin, Tony**, aged 50, LL.B., P.C.L.L., is a practising solicitor in Hong Kong and also the founder and senior partner of the Hong Kong law firm of Messrs. Tony Kan & Co since 1984. He was appointed by the Chinese Ministry of Justice as a China Appointed Attesting Officer in June 1993. He has been an elected member of the District Council of Shatin since 1985. Mr KAN also serves in many prominent professional and social organisations, such as Yan Oi Tong (a charitable organisation in the New Territories, of which he was the chairman in 1988) and Rotary Club of Shatin (of which he was the president in 1993). He was awarded the Badge of Honour by the Governor of Hong Kong for his social contributions in 1989 as well as Bronze Bauhinia Star for his further enthusiastic social contributions by the Chief Executive of the Hong Kong Special Administrative Region in 1999. Mr KAN was appointed as a Hong Kong District Affairs Adviser by Hong Kong Xin Hua News Agency in 1994 and

**BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)**

**Independent non-executive directors (continued)**

a member of GPPPCC of China since January 1999. He was appointed as an independent non-executive director of the Company in October 1994.

**Mr LAI Dominic**, aged 54, is a senior partner of the Hong Kong law firm of Lu, Lai & Li, legal advisers to the Company on Hong Kong law. He is a practising solicitor in Hong Kong and is also admitted in England, Republic of Singapore, the States of New South Wales and Victoria, Australia. Mr LAI is also a non-executive director of several other public companies listed on the Stock Exchange. He was appointed as an independent non-executive director of the Company in November 1993.

**Senior Management**

**Mr CHAN Kwan Hing**, aged 37, is a director of Midland Realty (Aberdeen) Limited, a subsidiary of the Company. He is a sales director of the Group, and is responsible for overseeing and operating the divisions dealing with residential property broking in Hong Kong Island. Mr CHAN joined the Group in October 1991.

**Mr KWOK Ying Lung**, aged 37, joined the Group in May 1988 and is currently responsible for the management of China, industrial and commercial properties divisions of the Group. He is a sales director of the Group and has broad experience in dealing with non-residential property broking including industrial, office and retail properties.

**Ms LAM Fung Fong**, aged 39, is the associate director (finance) and company secretary, and appointed as a director of the e-commerce, property investment and property management companies of the Group. She has over 15 years of experience in accounting and finance. She is an associate member of the Hong Kong Society of Accountants and a fellow member of the Chartered Association of Certified Accountants. She is currently in charge of the overall financial and accounting functions, legal and company secretarial departments, and property administration function of the Group. Ms LAM joined the Group in 1995.

**Mr LAW Kwok On**, aged 40, is a director of Midland Realty (Kln Res.) Limited, a subsidiary of the Company. He is a sales director of the Group, and is responsible for overseeing the divisions dealing with residential property broking in Kowloon. Mr LAW holds a Diploma in Business Management. He has served the Group for 11 years.

**Mr LO Kee Wai**, aged 40, chief financial officer, is a fellow member of the Chartered Association of Certified Accountants, an associate member of the Hong Kong Society of Accountants and the Certified General Accountants' Association of Canada, and a Chartered Financial Analyst. Before joining the Group in 1999, he had worked for a leading international accounting firm and three large listed conglomerates in Hong Kong. He has over 16 years of experience in the corporate finance and accounting fields.

#### **DIRECTORS' INTERESTS IN CONTRACTS**

No contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

#### **CONNECTED TRANSACTION**

Pursuant to the Chapter 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, the following connected transaction is required to be disclosed:—

On 7th September 2000, Harvest Time Investments Limited ("Harvest Time"), an indirect 80% owned subsidiary of the Company, the Company, Market Model Investments Limited ("Market Model") (an indirect wholly owned subsidiary of Cheung Kong (Holdings) Limited ("Cheung Kong")), Cheung Kong, Amex Cyber International Limited ("Amex Cyber") (an indirect wholly owned subsidiary of American Express Bank Limited ("American Express")), American Express and mReferral Corporation Limited ("mReferral") entered into a shareholders' deed (the "Shareholders' Deed") to invest in and operate mReferral and its subsidiaries, which are principally engaged in provision of referral services for mortgage and consumer loans and other value-added services to customers. Each of Harvest Time, Market Model and Amex Cyber will have a one-third equity interest in mReferral and each of the Company, Cheung Kong and American Express agreed to give a guarantee and indemnity in respect of the due performance of obligations of its relevant subsidiary under the Shareholders' Deed.

On completion of the Shareholders' Deed, each of Harvest Time, Market Model and Amex Cyber advanced a shareholder's loan of HK\$9,700,000 to mReferral for its pre-operating and operating expenses. The Shareholders' Deed provided that, subject to unanimous approval by the board of directors of mReferral, further working capital requirements of mReferral will be satisfied by proceeds from further subscription of shares in mReferral and advance of shareholders' loans in accordance with their respective proportion of shareholdings in mReferral.

Cheung Kong indirectly owns 20% of the issued share capital in Midland CyberNet Limited, which is an indirect subsidiary of the Company. Accordingly, both Cheung Kong and Market Model are connected persons of the Company for the purposes of the Listing Rules. The entering into of the Shareholders' Deed with the proposed injection of capital and shareholder's loan by Harvest Time to mReferral and the giving of a guarantee and indemnity by the Company to Cheung Kong and Market Model in respect of the due performance of obligations of Harvest Time constitute a connected transaction for the Company under Rule 14.25 of the Listing Rules.

#### **DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES**

At 31st December 2000 the interests of the directors and chief executive in the shares and options of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")), as recorded in the register

**DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES (continued)**

maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company were as follows:

	Number of ordinary shares of HK\$0.10 each in the Company beneficially held		Percentage of holding
	Personal interest	Corporate interest	
Mr WONG Kin Yip, Freddie	12,500,000 (note (a)) 14,198,000	162,500,000 (note (b))	31.79%
Ms IP Kit Yee, Kitty	310,000	—	0.05%
Mr CHEUNG Kam Shing	500,000	—	0.08%

*Notes:*

- (a) These shares are held by Sunluck Services Limited in trust for Mr WONG Kin Yip, Freddie.
- (b) These shares are owned by Sunluck Services Limited, a private company controlled by Mr WONG Kin Yip, Freddie through Southern Field Trading Limited.

Certain directors and chief executive of the Company have been granted options to subscribe for shares in the Company under the Company's share option scheme. Details of which are set out in note 18 to the accounts.

Apart from the above, none of the directors and chief executive (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company and its associated corporations (within the meaning of the SDI Ordinance).

Apart from the above, at no time during the year was the Company, or its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

**SUBSTANTIAL SHAREHOLDERS**

At 31st December 2000, the register of the substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that the Company had not been notified of any substantial shareholders' interests, being 10% or more of the Company's issued share capital, other than that of an director as disclosed above.

**MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

**MAJOR CUSTOMERS AND SUPPLIERS**

During the year, the Group purchased less than 30% of its services from its 5 largest suppliers and sold less than 30% of its services to its 5 largest customers.

**RETIREMENT SCHEME**

Details of the Company's retirement scheme are set out in note 9 to the accounts.

**PRINCIPAL SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES**

Details of the Company's principal subsidiaries and jointly controlled entities at 31st December 2000 are set out on pages 52 to 56.

**BANK LOANS, OVERDRAFTS, CONVERTIBLE NOTE AND OTHER BORROWINGS**

An analysis of bank loans and overdrafts at 31st December 2000 is set out in note 20 to the accounts. Details of the Convertible Note is set out in note 21 to the accounts.

Apart from the above, the Group has no other borrowings at 31st December 2000.

**COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES**

Throughout the year, the Company was in compliance with the Code of Best Practice as set out in the Listing Rules except that non-executive directors are not appointed for a specified term as recommended in Paragraph 7 of Appendix 14 "Code of Best Practice" of the Listing Rules. According to the Bye-laws of the Company, all directors except the chairman of the Board and/or the managing director of the Company will retire at each annual general meeting and their appointments will be reviewed when they are due for re-election. In the opinion of the directors, this meets the same objective as the Code of Best Practice.

**AUDIT COMMITTEE**

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Society of Accountants.

The Audit Committee provides an important link between the directors and the Company's auditors in matters coming within the scope of the Group audit. The Committee comprises two independent non-executive directors, namely Mr AU Son Yiu and Mr CHUNG Kam Wing, Calvin. Two meetings were held during the current financial year.



**DIRECTORS' INTEREST IN COMPETING BUSINESS**

None of directors have an interest in any business constituting a competing business to the Group.

**PRE-EMPTIVE RIGHTS**

There is no provision for pre-emptive rights under the Company's Bye-laws and there are no restrictions against such rights under the laws in Bermuda.

**SUBSEQUENT EVENTS**

The Company had applied to and the Stock Exchange had granted the approval for the listing of, and permission to deal in, the 104,108,000 warrants in registered form carrying aggregate subscription rights of HK\$52,054,000 in units of subscription rights of HK\$0.50 each entitling the holders thereof to subscribe in cash for new shares of the Company of HK\$0.10 each at the subscription price of HK\$0.50 per share (subject to adjustment) from 11th January 2000 to and including 11th January 2003. The dealings in the warrants on the Stock Exchange commenced on 3rd January 2001 under the stock short name of Midland W0301 and stock code of 589.

**AUDITORS**

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board  
**WONG Kin Yip, Freddie**  
*Chairman and Managing Director*

Hong Kong, 20th March 2001



羅兵咸永道會計師事務所

**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
MIDLAND REALTY (HOLDINGS) LIMITED**  
*(incorporated in Bermuda with limited liability)*

We have audited the accounts on pages 19 to 56 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The Company's directors are responsible for the preparation of accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

**BASIS OF OPINION**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

**OPINION**

In our opinion, the accounts give a true and fair view of the state of affairs of the Company and the Group as at 31st December 2000 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 20th March 2001

# MIDLAND REALTY (HOLDINGS) LIMITED 2000 ANNUAL REPORT

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2000

	Note	2000 HK\$'000	1999 HK\$'000
Turnover	2	780,014	727,232
Other revenues	2	56,630	17,352
Other income		792	1,354
		<u>837,436</u>	<u>745,938</u>
Operating costs		(749,131)	(674,702)
Deficit arising on revaluation of investment properties		<u>(5,939)</u>	<u>(1,052)</u>
Operating profit	3	82,366	70,184
Finance costs	4	(14,100)	(13,073)
Share of profits/(losses) of jointly controlled entities		<u>344</u>	<u>(445)</u>
Profit before taxation		68,610	56,666
Taxation	5	<u>(12,538)</u>	<u>(4,741)</u>
Profit after taxation		56,072	51,925
Minority interests		<u>(2,782)</u>	<u>(1,234)</u>
Profit attributable to shareholders	6&19	<u>53,290</u>	<u>50,691</u>
Basic earnings per share	8	<u>9.0 cents</u>	<u>8.6 cents</u>
Diluted earnings per share	8	<u>8.4 cents</u>	<u>8.6 cents</u>

# MIDLAND REALTY (HOLDINGS) LIMITED 2000 ANNUAL REPORT

## CONSOLIDATED BALANCE SHEET

As at 31st December 2000

	Note	2000 HK\$'000	1999 HK\$'000
<b>Non-current assets</b>			
Fixed assets	11	352,494	371,462
Investments in jointly controlled entities	13	11,123	2,054
		<u>363,617</u>	<u>373,516</u>
<b>Current assets</b>			
Accounts receivable	14	160,880	123,157
Other receivables, prepayments and deposits	15	52,913	40,559
Trading investments	16	16,212	10,216
Bank balances and cash		351,681	194,737
		<u>581,686</u>	<u>368,669</u>
<b>Current liabilities</b>			
Accounts payable	17	94,001	59,681
Other payables and accrued charges		73,307	41,293
Current portion of long-term bank loans – secured	20	1,389	26,856
Taxation payable		17,352	6,237
Proposed dividend		11,904	8,847
Bank overdrafts		7,768	8,337
		<u>205,721</u>	<u>151,251</u>
<b>Net current assets</b>		<u>375,965</u>	<u>217,418</u>
<b>Total assets less current liabilities</b>		<u>739,582</u>	<u>590,934</u>
<b>Financed by:</b>			
Share capital	18	59,519	58,980
Reserves	19	420,935	410,433
<b>Shareholders' funds</b>		480,454	469,413
<b>Minority interests</b>		16,477	9,538
<b>Non-current liabilities</b>			
Long-term bank loans – secured	20	141,363	110,480
Convertible note	21	70,000	–
Deferred income	22	30,443	–
Deferred taxation	23	845	1,503
<b>WONG Kin Yip, Freddie</b> <i>Director</i>	<b>IP Kit Yee, Kitty</b> <i>Director</i>	<u>739,582</u>	<u>590,934</u>

# MIDLAND REALTY (HOLDINGS) LIMITED 2000 ANNUAL REPORT

## BALANCE SHEET

As at 31st December 2000

	<i>Note</i>	<b>2000</b> <i>HK\$'000</i>	<b>1999</b> <i>HK\$'000</i>
<b>Non-current assets</b>			
Investments in subsidiaries	<i>12</i>	252,681	317,281
<b>Current assets</b>			
Other receivables, prepayments and deposits		446	7
Trading investments	<i>16</i>	16,212	10,216
Tax recoverable		193	–
Dividend receivable from a subsidiary		93,600	–
Bank balances and cash		76	1,567
		<u>110,527</u>	<u>11,790</u>
<b>Current liabilities</b>			
Other payables and accrued charges		699	706
Current portion of long-term bank loans – secured	<i>20</i>	–	17,650
Proposed dividend		11,904	8,847
		<u>12,603</u>	<u>27,203</u>
Net current assets/(liabilities)		<u>97,924</u>	<u>(15,413)</u>
Total assets less current liabilities		<u>350,605</u>	<u>301,868</u>
<b>Financed by:</b>			
Share capital	<i>18</i>	59,519	58,980
Reserves	<i>19</i>	221,086	189,999
Shareholders' funds		280,605	248,979
<b>Non-current liabilities</b>			
Long-term bank loans – secured	<i>20</i>	–	52,889
Convertible note	<i>21</i>	70,000	–
<b>WONG Kin Yip, Freddie</b> <i>Director</i>	<b>IP Kit Yee, Kitty</b> <i>Director</i>	<u>350,605</u>	<u>301,868</u>

# MIDLAND REALTY (HOLDINGS) LIMITED 2000 ANNUAL REPORT

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December 2000

	<i>Note</i>	<b>2000</b> <i>HK\$'000</i>	<b>1999</b> <i>HK\$'000</i>
Net cash inflow from operating activities	<i>24(a)</i>	124,756	138,918
Returns on investments and servicing of finance			
Interest received		15,385	12,296
Interest paid		(14,100)	(13,073)
Dividends paid		(14,869)	(157,200)
Dividends paid to minority shareholders of subsidiaries	<i>24(b)</i>	(5,400)	(320)
Net cash outflow from returns on investments and servicing of finance		(18,984)	(158,297)
Taxation			
Hong Kong profits tax paid		(2,081)	(12,254)
10% tax rebate for the year of assessment 1997/1998		–	5,756
Net taxation paid		(2,081)	(6,498)
Investing activities			
Purchase of fixed assets		(14,778)	(16,737)
Proceeds from disposal of fixed assets		–	217
Purchase of trading investments			
– listed corporate bonds		(15,964)	(10,148)
Proceeds from disposal of trading investments			
– listed corporate bonds		10,090	–
Acquisition of jointly controlled entities		(405)	–
Acquisition of subsidiaries	<i>24(c)&amp;(d)</i>	12,106	–
Advance to jointly controlled entities		(8,320)	(53)
Subscription of shares in a subsidiary by minority shareholder	<i>22</i>	40,000	–
Net cash inflow/(outflow) from investing activities		22,729	(26,721)
Net cash inflow/(outflow) before financing		126,420	(52,598)

# MIDLAND REALTY (HOLDINGS) LIMITED 2000 ANNUAL REPORT

## CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the year ended 31st December 2000

	Note	2000 HK\$'000	1999 HK\$'000
Financing	24(b)		
Net proceed from issuing of warrants		23,059	–
Net proceed from exercising of warrants		2,946	–
Exercise of share options		–	1,525
Purchase of own shares		(273)	(3,939)
New bank loan		131,000	–
Repayment of bank loans		(125,584)	(31,367)
		<hr/>	<hr/>
Net cash inflow/(outflow) from financing		31,148	(33,781)
		-----	-----
Increase/(decrease) in cash and cash equivalents		157,568	(86,379)
Cash and cash equivalents at 1st January		186,531	272,783
(Decrease)/increase in trading investments			
– listed equity securities		(103)	131
Effect of foreign exchange rate changes		(55)	(4)
		<hr/>	<hr/>
Cash and cash equivalents at 31st December		343,941	186,531
		<hr/>	<hr/>
Analysis of balances of cash and cash equivalents:			
Bank balances and cash		351,681	194,737
Bank overdrafts		(7,768)	(8,337)
Trading investments – listed equity securities		28	131
		<hr/>	<hr/>
		343,941	186,531
		<hr/>	<hr/>

# MIDLAND REALTY (HOLDINGS) LIMITED 2000 ANNUAL REPORT

## CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

For the year ended 31st December 2000

	<i>Note</i>	<b>2000</b> <i>HK\$'000</i>	<b>1999</b> <i>HK\$'000</i>
Exchange differences arising on translation of subsidiaries and jointly controlled entities	<i>19</i>	<u>(55)</u>	<u>(4)</u>
Net losses not recognised in the consolidated profit and loss account		(55)	(4)
Profit for the year	<i>19</i>	<u>53,290</u>	<u>50,691</u>
Total recognised gains		53,235	50,687
Goodwill eliminated directly against reserves	<i>19</i>	<u>(50,000)</u>	<u>—</u>
		<u>3,235</u>	<u>50,687</u>



**1. PRINCIPAL ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these accounts are set out below:-

**(a) Basis of preparation**

The accounts have been prepared under the historical cost convention as modified by the revaluation of investment properties, certain other properties and trading investments, in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants.

**(b) Consolidation**

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st December. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Subsidiaries are companies in which the Company, directly or indirectly, controls more than half of their voting power or issued share capital or controls the composition of their board of directors.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill or capital reserve which was not previously charged or recognised in the consolidated profit and loss account.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision, if necessary, for any permanent diminution in value other than temporary in nature. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

1. **PRINCIPAL ACCOUNTING POLICIES (continued)**

**(c) Joint ventures**

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

The consolidated profit and loss account includes the Group's share of the results of jointly controlled entities for the year, and the consolidated balance sheet includes the Group's share of the net assets of the jointly controlled entities.

**(d) Reserve arising on consolidation and goodwill**

Reserve arising on consolidation comprises:-

- (i) Capital reserve arising on shares exchange on merger which represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares issued by the Company as consideration therefor.
- (ii) Capital reserve arising from the excess of the fair value of net assets of subsidiaries acquired over the cost of investment at the dates of acquisition and is credited directly to the reserve in the year of acquisition.

Goodwill represents the excess of purchase consideration over the fair values ascribed to the net assets of subsidiaries acquired and is taken to reserve in the year of acquisition.

**(e) Investment properties**

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties held on leases with unexpired periods of greater than 20 years are valued at intervals of not more than three years by independent valuers; in each of the intervening years valuations are undertaken by professionally qualified executives of the Group. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuation are credited to the investment properties revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited.

**1. PRINCIPAL ACCOUNTING POLICIES (continued)**

**(e) Investment properties (continued)**

Investment properties held on leases with unexpired periods of 20 years or less are depreciated over the remaining portion of the leases.

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the investment properties revaluation reserve to the profit and loss account.

**(f) Other properties and fixed assets**

Other properties are interests in land and buildings other than investment properties and are stated at cost/valuation at 31st March 1995 less accumulated depreciation. Increases in valuation were credited to the other properties revaluation reserve. Decreases in valuation were first offset against increases on earlier valuations in respect of the same property and were thereafter debited to operating profit. Any subsequent increases were credited to operating profit up to the amount previously debited. Upon the disposal of a property, the relevant portion of the realised revaluation reserve in respect of previous valuations is transferred from the revaluation reserve to retained earnings.

Effective from 1st April 1995 no further revaluations of the Group's other properties have been carried out. The Group places reliance on paragraph 72 of Statement of Standard Accounting Practice 2.117 which provides exemption from the need to make regular revaluations for such assets.

The cost of other property transferred from investment property is deemed to be the carrying amount of the property as stated under its original classification. Any previous revaluation reserve on the property is frozen upon the transfer until the retirement or disposal of the property. On the retirement or disposal of the property, the frozen revaluation reserve is transferred directly to retained earnings.

Other fixed assets are stated at cost less accumulated depreciation.

1. **PRINCIPAL ACCOUNTING POLICIES (continued)**

(f) **Other properties and fixed assets (continued)**

Leasehold land is depreciated over the period of the lease while other fixed assets are depreciated at rates sufficient to write off their cost over their estimated useful lives on a straight line basis. The principal annual rates are as follows:

Buildings	2%
Leasehold improvements	33 $\frac{1}{3}$ % – 50%
Furniture and fixtures	25%
Office equipment	25%
Motor vehicles	25%

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group.

The carrying amounts of fixed assets are reviewed regularly to assess whether their recoverable amounts have declined below their carrying amounts. Expected future cash flows have not been discounted in determining the recoverable amount.

The gain or loss on disposal of a fixed asset, other than investment properties and other properties, is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

(g) **Operating leases**

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight line basis over the lease periods.

(h) **Trading investments**

Trading investments are bonds and listed shares which are carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of trading investments are recognised in the profit and loss account. Profits or losses on disposal of trading investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

**1. PRINCIPAL ACCOUNTING POLICIES (continued)**

**(i) Accounts receivable**

Provision is made against accounts receivable to the extent that they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

**(j) Deferred taxation**

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

**(k) Translation of foreign currencies**

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The accounts of subsidiaries and jointly controlled entities expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising are dealt with as a movement in reserves.

**(l) Revenue recognition**

Agency fee revenue from property broking and marketing services is recognised when the relevant agreement becomes unconditional or irrevocable.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Operating lease rental income is recognised on a straight-line basis.

Mortgage brokerage income and web advertising income are recognised when services are rendered.

1. **PRINCIPAL ACCOUNTING POLICIES (continued)**

(m) **Retirement benefit costs**

The Group's contributions to the defined contribution retirement scheme are expensed as incurred. Contributions to the scheme by the Group and employees are calculated at rates specified in the rules of the scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund.

(n) **Borrowing costs**

All borrowing costs are charged to the profit and loss account in the year in which they are incurred.

(o) **Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

2. **TURNOVER, REVENUE AND SEGMENT INFORMATION**

The Group is principally engaged in property broking services. Revenues recognised during the year are as follow:

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Turnover		
Agency fee revenue	780,014	727,232
Other revenues		
Bank interest income	14,855	11,834
Bond interest income	530	462
Gross rental income from investment properties	3,242	3,589
Mortgage brokerage income	14,507	1,423
Web advertising income	23,496	44
	<u>56,630</u>	<u>17,352</u>
Total revenues	<u>836,644</u>	<u>744,584</u>

2. **TURNOVER, REVENUE AND SEGMENT INFORMATION (continued)**

An analysis of the Group's turnover and contribution to consolidated trading results by principal activities is as follows:

	Turnover		Profit before taxation	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Principal activities:				
Residential property broking services, mortgage broking and web advertising services	705,024	664,084	67,042	63,805
Industrial and commercial property broking services	70,798	59,350	6,221	(596)
Real estate marketing services	4,192	3,798	(6,282)	(5,321)
	<u>780,014</u>	<u>727,232</u>	66,981	57,888
Net interest income/(expenses)			1,285	(777)
Share of profits/(losses) of jointly controlled entities			344	(445)
			<u>68,610</u>	<u>56,666</u>

No geographical analysis is provided as less than 10% of the consolidated turnover and less than 10% of the consolidated trading results of the Group are attributable to markets outside Hong Kong.

**3. OPERATING PROFIT**

Operating profit is stated after crediting and charging the following:

	2000 HK\$'000	1999 HK\$'000
<b>Crediting</b>		
Net realised gains on trading investments	5	–
Net unrealised gains on trading investments	117	68
<b>Charging</b>		
Auditors' remuneration		
Charge for the year	1,134	1,016
Underprovision in prior years	16	211
Depreciation	29,511	32,174
Loss on disposal of fixed assets	854	2,197
Operating leases in respect of land and buildings	85,763	102,117
Outgoings in respect of investment properties	138	208
Provision for bad and doubtful debts	13,406	20,937
Retirement benefit costs ( <i>note 9</i> )	1,422	–
Staff costs	450,337	380,105

**4. FINANCE COSTS**

	2000 HK\$'000	1999 HK\$'000
Interest on bank loans and overdrafts		
Wholly payable within five years	10,860	7,002
Not wholly payable within five years	1,134	6,071
Interest on convertible note	2,106	–
	14,100	13,073

**5. TAXATION**

Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profit for the year.

No provision for overseas taxation has been made in the accounts as the Group's overseas subsidiaries and jointly controlled entities have no assessable or taxable profits calculated in accordance with the tax laws of the countries in which they operate.



**5. TAXATION (continued)**

The amount of taxation charged to the consolidated profit and loss account represents:

	2000 HK\$'000	1999 HK\$'000
<b>Company and subsidiaries</b>		
Hong Kong profits tax	13,197	11,498
Over provision in prior years	(1)	–
10% tax rebate for the year of assessment 1997/1998	–	(5,756)
Deferred taxation (note 23)	(658)	(1,001)
	<u>12,538</u>	<u>4,741</u>

**6. PROFIT ATTRIBUTABLE TO SHAREHOLDERS**

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$23,820,000 (1999: HK\$4,662,000).

**7. DIVIDENDS**

	2000 HK\$'000	1999 HK\$'000
Interim, HK\$0.01 (1999: HK\$0.015) per ordinary share paid on 17th October 2000	5,940	8,840
Final, proposed of HK\$0.02 (1999: HK\$0.015) per ordinary share payable on 10th May 2001	11,904	8,847
Adjustment to prior year's final dividend	82	161
	<u>17,926</u>	<u>17,848</u>

**8. EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the profit attributable to shareholders of HK\$53,290,000 (1999: HK\$50,691,000) and the weighted average number of 594,058,000 (1999: 591,916,000) ordinary shares in issue during the year.

The diluted earnings per share for the year ended 31st December 2000 was based on the adjusted profit of HK\$55,054,000 (1999: HK\$50,691,000) on the assumption that all outstanding convertible note had been exercised at the date of issue and had saved interest payable thereon, and 655,602,000 (1999: 592,108,000) ordinary shares which is the weighted average number of ordinary shares in issue during the year plus the weighted average of 61,544,000 (1999: 192,000) ordinary shares deemed to be issued at no consideration if all outstanding warrants, options and convertible note had been exercised.

**9. RETIREMENT BENEFIT COSTS**

The Group did not operate any retirement scheme up to 30th November 2000. With effect from 1st December 2000, a mandatory provident fund ("MPF") scheme has been set up by the Group which is available to all employees, including executive directors. Contributions to the MPF scheme by the Group and employees are calculated at rates specified in the rules of the MPF scheme. The assets of the MPF scheme are held separately from those of the Group in an independently administered fund.

The MPF scheme cost charged to the consolidated profit and loss account represents contributions payable by the Company to the fund. Contributions totalling HK\$1,422,000 (1999: Nil) which are payable to the fund are included in accounts payable as at 31st December 2000.

**10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS**

**(a) Directors' emoluments**

The aggregate amounts of emoluments payable to directors of the Company during the year are as follows:

	<b>2000</b>	<b>1999</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fees	240	280
Basic salaries, housing allowances, other allowances and benefits in kind	10,577	10,868
Discretionary bonuses	3,300	3,000
Contributions to MPF scheme for directors	3	—
	<u>14,120</u>	<u>14,148</u>

Directors' fees include HK\$240,000 (1999: HK\$240,000) payable to independent non-executive directors.

Certain directors and senior management have been granted options to acquire ordinary shares of the Company under the Company's share option scheme. Details of which are set out in note 18.

10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

The emoluments of the directors fell within the following bands:

Emoluments bands	Number of directors	
	2000	1999
HK\$		
0 – 1,000,000	6	6
1,500,001 – 2,000,000	1	1
2,000,001 – 2,500,000	1	–
2,500,001 – 3,000,000	–	1
9,000,001 – 9,500,000	1	1
	<u>9</u>	<u>9</u>

No directors waived their emoluments in respect of the years ended 31st December 2000 and 1999.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (1999: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (1999: two) individuals during the year are as follows:

	2000 HK\$'000	1999 HK\$'000
Basic salaries, housing allowances, other allowances and benefits in kind	2,412	2,673
Contributions to MPF scheme	2	–
	<u>2,414</u>	<u>2,673</u>

The emoluments fell within the following bands:

Emoluments bands	Number of individuals	
	2000	1999
HK\$		
1,000,001 – 1,500,000	<u>2</u>	<u>2</u>

11. FIXED ASSETS

	Group							
	Investment properties in Hong Kong	Investment properties outside Hong Kong	Other properties in Hong Kong	Leasehold improve- ments	Furniture and fixtures	Office equipment	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Cost or valuation:</b>								
At 1st January 2000	33,149	7,500	310,641	50,435	13,207	76,993	3,660	495,585
Additions	-	-	-	6,115	430	8,147	86	14,778
Acquisition of subsidiaries	-	-	-	399	1,342	817	-	2,558
Revaluation gain/(deficit)	(6,689)	750	-	-	-	-	-	(5,939)
Transfer from investment properties	(2,200)	-	2,200	-	-	-	-	-
Transfer from other properties	13,509	-	(14,365)	-	-	-	-	(856)
Disposals	-	-	-	(4,755)	(343)	(993)	(1,319)	(7,410)
At 31st December 2000	<u>37,769</u>	<u>8,250</u>	<u>298,476*</u>	<u>52,194</u>	<u>14,636</u>	<u>84,964</u>	<u>2,427</u>	<u>498,716</u>
<b>Accumulated depreciation:</b>								
At 1st January 2000	-	-	15,717	41,933	10,185	53,506	2,782	124,123
Charge for the year	-	-	5,261	6,656	2,588	14,731	275	29,511
Reclassification	-	-	(856)	-	-	-	-	(856)
Disposals	-	-	-	(4,500)	(79)	(658)	(1,319)	(6,556)
At 31st December 2000	<u>-</u>	<u>-</u>	<u>20,122</u>	<u>44,089</u>	<u>12,694</u>	<u>67,579</u>	<u>1,738</u>	<u>146,222</u>
<b>Net book value:</b>								
At 31st December 2000	<u>37,769</u>	<u>8,250</u>	<u>278,354</u>	<u>8,105</u>	<u>1,942</u>	<u>17,385</u>	<u>689</u>	<u>352,494</u>
At 31st December 1999	<u>33,149</u>	<u>7,500</u>	<u>294,924</u>	<u>8,502</u>	<u>3,022</u>	<u>23,487</u>	<u>878</u>	<u>371,462</u>
The analysis of the cost or valuation at 31st December 2000 of the above assets is as follows:								
At cost	-	-	263,976	52,194	14,636	84,964	2,427	418,197
At 1995 professional valuation	-	-	34,500	-	-	-	-	34,500
At 2000 professional valuation	<u>37,769</u>	<u>8,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,019</u>
	<u>37,769</u>	<u>8,250</u>	<u>298,476</u>	<u>52,194</u>	<u>14,636</u>	<u>84,964</u>	<u>2,427</u>	<u>498,716</u>

\* The carrying cost of other properties in Hong Kong at 31st December 2000 of HK\$298,476,000 (1999: HK\$310,641,000) includes an amount of HK\$34,000,000 (1999: HK\$31,800,000) transferred from investment properties.

**11. FIXED ASSETS (continued)**

The Group's interests in investment properties and other properties at their net book values are analysed as follows:

	<b>Group</b>	
	<b>2000</b> <i>HK\$'000</i>	<b>1999</b> <i>HK\$'000</i>
In Hong Kong, held on:		
Leases of over 50 years	191,444	199,263
Leases of between 10 to 50 years	124,679	128,810
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	8,250	7,500
	<u>324,373</u>	<u>335,573</u>

Investment properties were revalued at 31st December 2000 on the basis of their open market value by Mr Ronald Y.F. Cheung, a member of the Hong Kong Institute of Surveyors employed by the Group. The deficit arising on revaluation amounted to HK\$5,939,000 (1999: HK\$1,052,000) was charged to the consolidated profit and loss account.

Other properties in Hong Kong are held by the Group for its own use.

The carrying amount of the other properties would have been HK\$276,958,000 (1999: HK\$293,620,000) had they been stated at cost less accumulated depreciation.

At 31st December 2000, the net book value of investment properties and other properties pledged as security for the Group's long-term loans amount to HK\$316,123,000 (1999: HK\$315,625,000) (*note 26*).

**12. INVESTMENTS IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2000</b> <i>HK\$'000</i>	<b>1999</b> <i>HK\$'000</i>
Unlisted shares, at cost	108,501	108,501
Amounts due from subsidiaries	505,636	581,021
Amounts due to subsidiaries	<u>(361,456)</u>	<u>(372,241)</u>
	<u>252,681</u>	<u>317,281</u>

The amounts due from/to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

Details of principal subsidiaries are set out on pages 52 to 56.

**13. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES**

	<b>Group</b>	
	<b>2000</b>	<b>1999</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets	1,303	554
Loan to a jointly controlled entity	9,700	–
Amount due from a jointly controlled entity	120	1,500
	<u>11,123</u>	<u>2,054</u>

Loan to a jointly controlled entity is unsecured, interest-bearing at 3-month HIBOR, and has no fixed terms of repayment.

The amount due from a jointly controlled entity is unsecured, interest free and has no fixed terms of repayment.

Details of the jointly controlled entities are set out on page 56.

**14. ACCOUNTS RECEIVABLE**

The accounts receivable represents principally agency fee receivable from customers whereby no general credit facilities is available. The customers are obliged to settle the amounts due upon the completion of the relevant agreements. At 31st December 2000, the ageing analysis of the Group's accounts receivable were as follows:

	<b>Group</b>	
	<b>2000</b>	<b>1999</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Not yet due	121,878	110,516
Within 30 days	9,626	5,761
31 – 60 days	8,285	2,180
61 – 90 days	5,333	1,590
Over 90 days	15,758	3,110
	<u>160,880</u>	<u>123,157</u>

**15. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS**

Included in other receivables are loans due from officers as follows:

Name	Terms of the loan	Maximum amount outstanding during the year HK\$'000	Amount outstanding at 31st Decemeber 2000 HK\$'000	Amount outstanding at 31st December 1999 HK\$'000
1. Kwok Ying Lung	Unsecured, interest free and repayable on demand	1,308	1,308	–
2. Lo Kee Wai	Unsecured, interest bearing at prime rate and repayable on 12 months after drawdown of the loan	1,046	1,046	–
3. Wong Wai Wing	(note (a))	1,000	1,000	–

note:-

- (a) This loan is secured by joint and several guarantees from the spouse and two brothers of the borrower. The loan bears interest at the higher of 7.5% or the bank deposit rate and is repayable by 48 fixed instalments with the last instalment due on 20th September, 2005.
- (b) No provision has been made against the loans due from officers together with any interests due as disclosed in the above.

**16. TRADING INVESTMENTS – GROUP AND COMPANY**

	2000 HK\$'000	1999 HK\$'000
Corporate bonds – listed outside Hong Kong	16,184	10,085
Equity securities – listed in Hong Kong	28	131
At market value of listed trading investments	<u>16,212</u>	<u>10,216</u>

**17. ACCOUNTS PAYABLE**

The accounts payable represents principally the commissions payable to property consultants and cooperative estate agents, and are due for payment only upon the receipt of corresponding agency fees from customers. As at 31st December 2000, the accounts payable included HK\$31,953,000 (1999: HK\$13,650,000) commissions payable which were due for payment within 30 days. All the remaining accounts payable were not yet due.

18. SHARE CAPITAL

(a) Share Capital

	<u>Company</u>	
	<b>Ordinary shares of HK\$0.10 each</b>	
	<i>No. of shares</i>	<i>HK\$'000</i>
<i>Authorized:</i>		
At 31st December 2000 and 1999	<u>1,000,000,000</u>	<u>100,000</u>
<i>Issued and fully paid:</i>		
At 31st December 1998	592,795,000	59,280
Exercise of share options	1,444,000	144
Purchase of shares	<u>(4,442,000)</u>	<u>(444)</u>
At 31st December 1999	<u>589,797,000</u>	<u>58,980</u>
At 31st December 1999	589,797,000	58,980
Exercise of warrants	5,892,000	589
Purchase of shares	<u>(500,000)</u>	<u>(50)</u>
At 31st December 2000	<u>595,189,000</u>	<u>59,519</u>

(b) Purchase of shares

During the year, the Company purchased a total of 500,000 ordinary shares of HK\$0.10 each of the Company through the Stock Exchange. Details of the purchases are as follows:-

<u>Month of purchase</u>	<u>Number of shares</u>	<u>Purchase price per share</u>		<u>Aggregate consideration</u>
		<u>Highest paid</u>	<u>Lowest paid</u>	<u>paid including expenses</u>
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$'000</i>
May 2000	<u>500,000</u>	0.58	0.52	<u>273</u>

The above shares purchased were subsequently cancelled upon purchase and accordingly the issued share capital of the Company was diminished by the nominal value of those shares. The premium payable on purchase was charged against the share premium account. An amount equivalent to the nominal value of the shares cancelled was transferred from retained profits to capital redemption reserve (*note 19*).



18. SHARE CAPITAL (continued)

(c) Share options

Particulars and movements of share options held by the directors are as follows:—

Name	Date of grant	Exercise price HK\$	Balance outstanding as at 1st January 2000	Options granted during the year	Options lapsed during the year	Balance outstanding as at 31st December 2000	Exercisable period
<b>Directors</b>							
Mr WONG Kin Yip, Freddie	13th May 1997	2.91	1,500,000	—	1,500,000	—	13th May 1997 to 13th May 2000
	15th May 2000	0.5312	—	1,300,000	—	1,300,000	15th May 2000 to 15th May 2003
Mr FUNG Yui Sum	13th May 1997	2.91	1,500,000	—	1,500,000*	—	13th May 1997 to 13th May 2000
Ms IP Kit Yee, Kitty	13th May 1997	2.91	500,000	—	—	500,000	13th May 1998 to 13th May 2001
	13th May 1997	2.91	500,000	—	—	500,000	13th May 1999 to 13th May 2002
Mr CHEUNG Kam Shing	18th October 1996	1.44	825,000	—	825,000	—	18th October 1997 to 18th October 2000
	18th October 1996	1.44	850,000	—	—	850,000	18th October 1998 to 18th October 2001
	19th October 2000	0.496	—	412,500	—	412,500	19th October 2001 to 19th October 2004
	19th October 2000	0.496	—	412,500	—	412,500	19th October 2002 to 19th October 2005
<b>Total for directors</b>			<b>5,675,000</b>	<b>2,125,000</b>	<b>3,825,000</b>	<b>3,975,000</b>	

\* Pursuant to the share option scheme, the share options granted to Mr FUNG Yui Sum lapsed upon his resignation on 16th February 2000.

18. SHARE CAPITAL (continued)

(c) Share options (continued)

There were no share options exercised by the directors in accordance with the terms of the share option scheme of the Company during the year and up to the date of the approval of the accounts.

Apart from the above, details of the share options granted to the employees of the Group or lapsed in accordance with the terms of the share option scheme of the Company during the year are as follows:—

Date of share options grant	Exercise price HK\$	Balance outstanding as at 1st January 2000	Options granted during the year	Options lapsed during the year	Balance outstanding as at 31st December 2000	Exercisable period
13th May 1997	2.91	500,000	—	—	500,000	13th May 1998 to 13th May 2001
13th May 1997	2.91	500,000	—	—	500,000	13th May 1999 to 13th May 2002
1st March 1998	1.30	1,381,000	—	93,000 <sup>#</sup>	1,288,000	1st March 1999 to 1st March 2002
1st March 1998	1.30	1,967,000	—	134,000 <sup>#</sup>	1,833,000	1st March 2000 to 1st March 2003
21st June 1999	0.86	800,000	—	—	800,000	21st August 1999 to 21st August 2002
21st June 1999	0.86	1,600,000	—	—	1,600,000	21st June 2000 to 21st June 2003
17th February 2000	0.71	—	750,000	—	750,000	17th February 2001 to 17th February 2004
17th February 2000	0.71	—	750,000	—	750,000	17th February 2002 to 17th February 2005
<b>Total for employees</b>		<b>6,748,000</b>	<b>1,500,000</b>	<b>227,000</b>	<b>8,021,000</b>	

<sup>#</sup> During the year ended 31st December 2000, certain employees resigned from the Group and their respective share options for a total of 227,000 shares lapsed accordingly.

There were no share options exercised by the employees in accordance with the terms of the share option scheme of the Group during the year. Subsequent to year end, 600,000 share options were exercised by an employee to subscribe for 600,000 shares of the Company.

**18. SHARE CAPITAL (continued)**

**(d) Placing and listing of warrants**

On 11th January 2000, the Company allotted and issued 110,000,000 warrants to professional investors by way of private placing at an issued price of HK\$0.228 per warrant. The warrants entitle the holders thereof to subscribe up to HK\$55,000,000 in cash for shares of HK\$0.10 each in the share capital of the Company at an initial subscription price of HK\$0.50 per share (subject to adjustment) at any time up to and including 11th January 2003. During the year, 5,892,000 shares had been allotted and issued upon exercise of the warrants. Total warrant proceeds net of issuing expenses amounted to HK\$23,059,000, of which approximately HK\$22,500,000 has been allocated to be used for upgrading computer system for sales operation to enable its future integration with the Group's internet website and the balance is for working capital purposes. None of the proceeds has been utilized during the year.

The Company had applied to and the Stock Exchange had granted the approval for the listing of, and permission to deal in, the remaining 104,108,000 warrants in registered form. The dealings in the warrants on the Stock Exchange commenced on 3rd January 2001 under the stock short name of Midland W0301 and stock code of 589.

No warrants were exercised subsequent to year end and up to the date of the approval of the accounts.

19. RESERVES

	Group							
	Share	Capital	Arising on		Other	Exchange	Retained	Total
	Premium	redemption	consolidation	Warrant	properties	difference	earnings	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 1999	65,326	802	13,005	-	220	(524)	300,879	379,708
Purchase of own shares	(3,495)	-	-	-	-	-	-	(3,495)
Transfer from								
retained earnings	-	445	-	-	-	-	(445)	-
Exercise of share options	1,381	-	-	-	-	-	-	1,381
Exchange differences	-	-	-	-	-	(4)	-	(4)
Profit for the year retained	-	-	-	-	-	-	50,691	50,691
Dividends	-	-	-	-	-	-	(17,848)	(17,848)
At 31st December 1999	<u>63,212</u>	<u>1,247</u>	<u>13,005</u>	<u>-</u>	<u>220</u>	<u>(528)</u>	<u>333,277</u>	<u>410,433</u>
Company and subsidiaries	63,212	1,247	13,005	-	220	255	335,440	413,379
Jointly controlled entities	-	-	-	-	-	(783)	(2,163)	(2,946)
At 31st December 1999	<u>63,212</u>	<u>1,247</u>	<u>13,005</u>	<u>-</u>	<u>220</u>	<u>(528)</u>	<u>333,277</u>	<u>410,433</u>
At 1st January 2000	63,212	1,247	13,005	-	220	(528)	333,277	410,433
Purchase of own shares	(223)	-	-	-	-	-	-	(223)
Transfer from								
retained earnings	-	50	-	-	-	-	(50)	-
Goodwill written off	-	-	(50,000)	-	-	-	-	(50,000)
Issue of warrants	-	-	-	23,059	-	-	-	23,059
Exercise of warrants	3,592	-	-	(1,235)	-	-	-	2,357
Exchange differences	-	-	-	-	-	(55)	-	(55)
Profit for the year retained	-	-	-	-	-	-	53,290	53,290
Dividends	-	-	-	-	-	-	(17,926)	(17,926)
At 31st December 2000	<u>66,581</u>	<u>1,297</u>	<u>(36,995)</u>	<u>21,824</u>	<u>220</u>	<u>(583)</u>	<u>368,591</u>	<u>420,935</u>
Company and subsidiaries	66,581	1,297	(36,995)	21,824	220	200	370,410	423,537
Jointly controlled entities	-	-	-	-	-	(783)	(1,819)	(2,602)
At 31st December 2000	<u>66,581</u>	<u>1,297</u>	<u>(36,995)</u>	<u>21,824</u>	<u>220</u>	<u>(583)</u>	<u>368,591</u>	<u>420,935</u>

19. RESERVES (continued)

	Company					Total HK\$'000
	Share premium HK\$'000	Capital redemption HK\$'000	Warrant HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	
	At 1st January 1999	65,326	802	–	108,001	
Purchase of own shares	(3,495)	–	–	–	–	(3,495)
Transfer from retained earnings	–	445	–	–	(445)	–
Exercise of share options	1,381	–	–	–	–	1,381
Profit for the year retained	–	–	–	–	4,662	4,662
Dividends	–	–	–	–	(17,848)	(17,848)
	<u>63,212</u>	<u>1,247</u>	<u>–</u>	<u>108,001</u>	<u>17,539</u>	<u>189,999</u>
At 31st December 1999	63,212	1,247	–	108,001	17,539	189,999
At 1st January 2000	63,212	1,247	–	108,001	17,539	189,999
Purchase of own shares	(223)	–	–	–	–	(223)
Transfer from retained earnings	–	50	–	–	(50)	–
Issue of warrants	–	–	23,059	–	–	23,059
Exercise of warrants	3,592	–	(1,235)	–	–	2,357
Profit for the year retained	–	–	–	–	23,820	23,820
Dividends	–	–	–	–	(17,926)	(17,926)
	<u>66,581</u>	<u>1,297</u>	<u>21,824</u>	<u>108,001</u>	<u>23,383</u>	<u>221,086</u>
At 31st December 2000	66,581	1,297	21,824	108,001	23,383	221,086

The contributed surplus of the Company represents the difference between the nominal value of the Company's shares issued in exchange for the issued ordinary shares of Astra Profits Limited and the value of net assets of underlying subsidiaries acquired as at 12th May 1995. The contributed surplus as stated in the Company's balance sheet is distributable to the shareholders. In the Group accounts, the contributed surplus is reclassified into its components of reserves of the underlying subsidiaries.

20. LONG-TERM BANK LOANS – SECURED

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Bank loans – secured (note 26)				
Wholly repayable within five years	131,000	72,017	–	70,539
Not wholly repayable within five years	11,752	65,319	–	–
	142,752	137,336	–	70,539
Current portion of long-term bank loans	(1,389)	(26,856)	–	(17,650)
	141,363	110,480	–	52,889

At 31st December 2000, the Group's bank loans and overdrafts were repayable as follows:–

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Within one year	9,157	35,193	–	17,650
In the second year	1,525	25,869	–	17,427
In the third to fifth year	136,487	65,693	–	35,462
After the fifth year	3,351	18,918	–	–
	150,520	145,673	–	70,539

21. CONVERTIBLE NOTE – GROUP AND COMPANY

Pursuant to a sale and purchase agreement (the “Sale and Purchase Agreement”) dated 10th April 2000 made between Hong Kong Property Services (Agency) Holdings Limited (“HKPS Agency Holdings”) as vendor, Winchesto Finance Company Limited (“Winchesto”) as lender, Great Solution Limited (“Great Solution”), a wholly owned subsidiary of the Company, as purchaser, Cheung Kong (Holdings) Limited (“Cheung Kong”) as vendor guarantor and the Company as purchaser guarantor, under which HKPS Agency Holdings agreed to sell and Great Solution agreed to purchase (i) the entire issued share capital of Hong Kong Property Services (Agency) Limited (“HKPS Agency”), Hong Kong Property Services (Consultancy) Limited (“HKPS Consultancy”) and Hong Kong Property Services (Investment) Limited (“HKPS Investment”) at an aggregate consideration of HK\$6.00, (ii) the shareholder's loan due from HKPS Investment to HKPS Agency Holdings in consideration of HK\$1.00 and (iii) the loan and interest due from HKPS Agency to Winchesto at a consideration of HK\$70,000,000, which consideration was satisfied by the issue of a convertible note (the “Note”) by the Company. The Note carries interest at 6% per annum payable in arrears and is wholly due to be repayable on 30th June 2002. The holder of the Note has the right to convert the whole or any part of the principal amount of the Note into shares of HK\$0.10 each of the Company at the price of HK\$1.20 per share, subject to adjustment, at any time in amounts not less than HK\$5,000,000.

**21. CONVERTIBLE NOTE – GROUP AND COMPANY (continued)**

The shares issued upon conversion shall rank pari passu in all respect with all other existing shares in issue at the date of the conversion and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of the conversion.

The whole of the principal amount of the Note will be mandatory converted if the closing price of the shares of the Company on the Stock Exchange is 35% above the conversion price for ten consecutive dealing days.

Under the Sale and Purchase Agreement, HKPS Agency Holdings undertook to Great Solution that if the total combined net assets value of HKPS Agency, HKPS Consultancy and HKPS Investment as at 30th June 2000 was less than HK\$20,000,000, HKPS Agency Holdings should pay to Great Solution in cash such amount equivalent to the difference between HK\$20,000,000 and the total combined net assets value. The aforesaid difference of HK\$11,235,000 was subsequently paid by HKPS Agency Holdings.

**22. DEFERRED INCOME – GROUP**

Pursuant to a subscription agreement (the “Subscription Agreement”) dated 10th April 2000 made between Midland CyberNet Limited (“Midland CyberNet”) (formerly known as Midland Cyber Agency Limited), Hong Kong Property Services (Holdings) Limited (“HKPS Holdings”) and the Company pursuant to which HKPS Holdings agreed to subscribe for 20% of the entire issued share capital of Midland CyberNet at the subscription price of HK\$40,000,000 (the “Subscription Price”). At 30th June 2000, the completion date of the Subscription Agreement, Midland CyberNet allotted and issued 20,000 shares (the “Subscription Shares”) representing 20% of its entire issued share capital immediately after the allotment to Litech Investment Limited, the nominee appointed by HKPS Holdings. This results in a gain of approximately HK\$30,443,000 from the deemed disposal of 20% interest in Midland CyberNet by the Group.

Under the Subscription Agreement, HKPS Holdings and Midland CyberNet agreed that if within two years from 30th June 2000 Midland CyberNet is not listed (with market capitalisation of not less than HK\$250,000,000 upon listing) on a recognised stock exchange, HKPS Holdings may require the Subscription Shares be transferred to a person nominated by the Company and the Company shall pay or procure the payment of the Subscription Price and bear any stamp duty payable in relation to such transfer. Midland CyberNet also granted to HKPS Holdings an option to subscribe for such number of shares equal to 5% of the entire issued share capital of Midland CyberNet existing immediately prior to Midland CyberNet being listed on a recognised stock exchange.

The directors are of the view that the gain of HK\$30,443,000 resulting from the deemed disposal of 20% interest in Midland CyberNet shall be recognised only at the time when Midland CyberNet is successfully listed on a recognised stock exchange. Accordingly such gain is deferred and included as a non-current liability as at 31st December 2000.

23. DEFERRED TAXATION

	GROUP	
	2000 HK\$'000	1999 HK\$'000
At 1st January	1,503	2,504
Transfer to profit and loss account (note 5)	(658)	(1,001)
At 31st December	<u>845</u>	<u>1,503</u>
Provided for in respect of:		
Accelerated depreciation allowances	(845)	(1,503)
Tax losses	—	—
	<u>(845)</u>	<u>(1,503)</u>
The potential deferred taxation not provided for in the accounts amounts to:		
Accelerated depreciation allowances	—	—
Tax losses	26,568	9,442
	<u>26,568</u>	<u>9,442</u>

No recognition for the tax effect on tax losses has been made in the accounts as it is uncertain that the deferred tax asset will crystallise in the foreseeable future.

The revaluation of investment properties does not constitute a timing difference for deferred taxation purposes as realisation of the revaluation deficit or surplus would not result in a taxation liability.

24. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2000 HK\$'000	1999 HK\$'000
Operating profit	82,366	70,184
Depreciation of fixed assets	29,511	32,174
Loss on disposal of fixed assets	854	2,197
Deficit on revaluation of investment properties	5,939	1,052
Net realised and unrealised gains on trading investments	(122)	(68)
(Increase)/decrease in accounts receivable, other receivables, prepayment and deposits	(10,041)	90,555
Increase/(decrease) in accounts payable, other payables and accrued charges	31,634	(44,880)
Interest income	(15,385)	(12,296)
Net cash inflow from operating activities	<u>124,756</u>	<u>138,918</u>



24. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Analysis of change in financing during the year

	Share capital, share premium and warrant HK\$'000	Bank loans HK\$'000	Convertible note HK\$'000	Minority interests HK\$'000
At 1st January 1999	124,606	168,703	–	8,304
Minority interests' in share of profits	–	–	–	1,234
Repayment of bank loans	–	(31,367)	–	–
Purchase of own shares	(3,939)	–	–	–
Exercise of share options	1,525	–	–	–
At 31st December 1999	<u>122,192</u>	<u>137,336</u>	<u>–</u>	<u>9,538</u>
At 1st January 2000	122,192	137,336	–	9,538
Minority interests' in share of profits	–	–	–	2,782
New bank loan	–	131,000	–	–
Repayment of bank loans	–	(125,584)	–	–
Purchase of own shares	(273)	–	–	–
Dividends paid to minority shareholders of subsidiaries	–	–	–	(5,400)
Net proceed from issuing of warrants	23,059	–	–	–
Net proceed from exercising of warrants	2,946	–	–	–
Disposal of interest in subsidiaries	–	–	–	9,557
Issue of convertible note	–	–	70,000	–
At 31st December 2000	<u>147,924</u>	<u>142,752</u>	<u>70,000</u>	<u>16,477</u>

24. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(c) Acquisition of subsidiaries

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Net assets acquired		
Fixed assets	2,558	–
Accounts and other receivables	40,036	–
Bank balances and cash	871	–
Accounts and other payables	(34,700)	–
Reimbursement of difference with guaranteed net assets value	<u>11,235</u>	<u>–</u>
	20,000	–
Goodwill	<u>50,000</u>	<u>–</u>
	<u>70,000</u>	<u>–</u>
Satisfied by		
Issue of convertible note	<u>70,000</u>	<u>–</u>

The above represents the acquisition of companies from Cheung Kong, the details of which have been disclosed in note 21.

(d) Analysis of the net cash inflow in respect of the acquisition of subsidiaries

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Reimbursement of difference with guaranteed net assets value	11,235	–
Bank balances and cash in hand acquired	<u>871</u>	<u>–</u>
Net cash inflow in respect of the acquisition of subsidiaries	<u>12,106</u>	<u>–</u>

**25. COMMITMENTS**

**Commitments under operating leases**

At 31st December 2000 the Group had commitments to make payments in the next twelve months under operating leases in respect of office and shop premises which expire as follows:–

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Within one year	20,464	20,391
In the second to fifth year inclusive	<u>49,613</u>	<u>48,431</u>
	<u>70,077</u>	<u>68,822</u>

**26. PLEDGE OF ASSETS**

At 31st December 2000 the Group's bank loans of HK\$142,752,000 (1999: HK\$137,336,000) were secured by certain investment properties and other properties held by the Group with a total net book value of HK\$316,123,000 (1999: HK\$315,625,000).

**27. PENDING LITIGATION**

The Group has been involved in certain litigations in respect of property broking services, and in legal disputes on certain obligations in respect of a tenancy agreement previously entered into by a subsidiary (in the process of liquidation). After seeking legal advice, the directors are of the opinion that adequate provision has been made in the accounts to cover any potential liabilities arising from the litigations.

**28. CONTINGENT LIABILITIES – COMPANY**

During the years ended 31st December 2000 and 1999, the Company executed corporate guarantee as part of the securities for general banking facilities granted to certain wholly-owned subsidiaries. In addition, the Company guaranteed the payment of operating lease rentals in respect of certain premises for its wholly-owned subsidiaries.

**29. APPROVAL OF ACCOUNTS**

The accounts were approved by the board of directors on 20th March 2001.

# MIDLAND REALTY (HOLDINGS) LIMITED 2000 ANNUAL REPORT

## LIST OF PRINCIPAL SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

Name	Place of incorporation/ establishment	Principal activities and place of operation	Particulars of issued share capital	Interest held %
<b>Subsidiaries</b>				
<i>– directly held by the Company</i>				
Astra Profits Limited	British Virgin Islands	Investment holding in Hong Kong	4 Ordinary shares of US\$1 each	100
<i>– indirectly held by the Company</i>				
Atomic Resources Limited	British Virgin Islands	Investment holding in Hong Kong	1 Ordinary share of US\$1 each	100
Best Chance Realty Limited	Hong Kong	Property investment in Hong Kong	2 Ordinary shares of HK\$1 each	100
Cyber Leader Limited (Note (b))	Hong Kong	Provision of referral services in Hong Kong	2 Ordinary shares of HK\$1 each	80
Cyber Win Limited	Hong Kong	Holding of internet website in Hong Kong	2 Ordinary shares of HK\$1 each	80
Dynamic Future Limited (Note (b))	Hong Kong	Marketing and advertising management and property management in Hong Kong	2 Ordinary shares of HK\$1 each	100
Grand World Advertising Company Limited	Hong Kong	Marketing and advertising management in Hong Kong	2 Ordinary shares of HK\$1 each	100
Great Solution Limited	British Virgin Islands	Investment holding in Hong Kong	1 Ordinary share of US\$1 each	100
Harvest Time Investments Limited	British Virgin Islands	Investment holding in Hong Kong	1 Ordinary share of US\$1 each	80

# MIDLAND REALTY (HOLDINGS) LIMITED 2000 ANNUAL REPORT

## LIST OF PRINCIPAL SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

Name	Place of incorporation/ establishment	Principal activities and place of operation	Particulars of issued share capital	Interest held %
<b>Subsidiaries (continued)</b>				
<i>– indirectly held by the Company (continued)</i>				
Hong Kong Property Services (Agency) Limited <i>(Note (b))</i>	Hong Kong	Property agent in Hong Kong	2 Ordinary shares of HK\$1 each	100
Hong Kong Property Services (Consultancy) Limited <i>(Note (b))</i>	Hong Kong	Property management in Hong Kong	2 Ordinary shares of HK\$1 each	100
Hong Kong Property Services (Investment) Limited <i>(Note (b))</i>	Hong Kong	Property management in Hong Kong	2 Ordinary shares of HK\$1 each	100
Midland (China) Property Development Limited	Hong Kong	Property agent and investment holding in Hong Kong	5,000,000 Ordinary shares of HK\$1 each	100
Midland CyberNet Limited (formerly known as Midland Realty Cyber Agent Limited and Midland Realty Cyber Agency Limited)	Hong Kong	An operator of an internet website in Hong Kong	100,000 Ordinary shares of HK\$1 each	80

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## LIST OF PRINCIPAL SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

Name	Place of incorporation/ establishment	Principal activities and place of operation	Particulars of issued share capital	Interest held %
<b>Subsidiaries (continued)</b>				
<i>– indirectly held by the Company (continued)</i>				
Midland CyberNet (Holdings) Limited ( <i>Note (b)</i> ) (subsequently change its name to Midland CyberNet (Strategic) Limited on 14th February 2001)	Cayman Islands	Investment holding in Hong Kong	100,000 Ordinary shares of HK\$0.10 each	100
Midland Property (China) Limited	Hong Kong	Investment holding in Hong Kong	500,000 Ordinary shares of HK\$1 each	100
Midland Realty (Aberdeen) Limited	Hong Kong	Property agent in Hong Kong	500,000 Ordinary shares of HK\$1 each	80
Midland Realty (China) Limited ( <i>Note (b)</i> )	The People's Republic of China (as a wholly foreign-owned enterprise)	Property agent in the People's Republic of China	US\$1,000,000	100
Midland Realty (Comm.) Limited	Hong Kong	Property agent in Hong Kong	500,000 Ordinary shares of HK\$1 each	100
Midland Realty Consultancy (Shanghai) Co. Ltd. ( <i>Note (a)</i> )	The People's Republic of China (as a wholly foreign-owned enterprise)	Property agent in the People's Republic of China	US\$1,000,000	100

# MIDLAND REALTY (HOLDINGS) LIMITED 2000 ANNUAL REPORT

## LIST OF PRINCIPAL SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

Name	Place of incorporation/ establishment	Principal activities and place of operation	Particulars of issued share capital	Interest held %
<b>Subsidiaries (continued)</b>				
<i>– indirectly held by the Company (continued)</i>				
Midland Realty (Cyber Mall) Limited ( <i>Note (b)</i> )	Hong Kong	An operator of Cyber Mall on internet in Hong Kong	2 Ordinary shares of HK\$1 each	80
Midland Realty (Ind.) Limited	Hong Kong	Property agent in Hong Kong	500,000 Ordinary shares of HK\$1 each	100
Midland Realty (Info-search) Limited ( <i>Note (b)</i> )	Hong Kong	Search services in Hong Kong	2 Ordinary shares of HK\$1 each	80
Midland Realty International Limited	Hong Kong	Property agent in Hong Kong	1,000 Ordinary shares of HK\$100	100
Midland Realty (KIn Res.) Limited	Hong Kong	Property agent in Hong Kong	800,000 Ordinary shares of HK\$1 each	90
Midland Realty (m-Auction) Limited ( <i>Note (b)</i> )	Hong Kong	Auction on internet in Hong Kong	2 Ordinary shares of HK\$1 each	80
Midland Realty (Strategic) Limited	Hong Kong	Investment holding in Hong Kong	10,000 Ordinary shares of HK\$1 each 2,000,000 Non-voting Deferred shares of HK\$1 each	100
Midland Realty Mortgage Broker Limited	Hong Kong	Mortgage broker in Hong Kong and dormant since 6th December 2000	2 Ordinary shares of HK\$1 each	80

# MIDLAND REALTY (HOLDINGS) LIMITED 2000 ANNUAL REPORT

## LIST OF PRINCIPAL SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

Name	Place of incorporation/ establishment	Principal activities and place of operation	Particulars of issued share capital	Interest held %
<b>Subsidiaries (continued)</b>				
<i>– indirectly held by the Company (continued)</i>				
Midland Surveyors Limited	Hong Kong	Property valuer in Hong Kong	500,000 Ordinary shares of HK\$1 each	100
Perfect Tower Limited	Hong Kong	Property investment in the People's Republic of China	2 Ordinary shares of HK\$1 each	100
Power Concord Limited	Hong Kong	Credit and collection management in Hong Kong	2 Ordinary shares of HK\$1 each	100
Real Gain Limited	Hong Kong	Property investment in Hong Kong	10,000 Ordinary shares of HK\$1 each	100
Worldboss Limited	Hong Kong	Property investment in Hong Kong	2 Ordinary shares of HK\$1 each	100
<b>Jointly controlled entities</b>				
<i>– indirectly held by the Company</i>				
Midland (Guangzhou) Real Estate Consultants Ltd. (Note (a))	The People's Republic of China (as a cooperative joint venture)	Property agent in the People's Republic of China	HK\$5,000,000	70
Midland IP Net Limited (Note (b))	British Virgin Islands	Application service provider in Hong Kong and Singapore	20,000 Ordinary shares of US\$1 each	48
mReferral Corporation Limited (Notes (a) and (b))	British Virgin Islands	Investment holding in Hong Kong	120,000 Ordinary shares of US\$1 each	26.67

*Notes:*

(a) These subsidiaries and jointly controlled entities are not audited by PricewaterhouseCoopers, Hong Kong.

(b) These were subsidiaries and jointly controlled entities set up/acquired during the year.



# MIDLAND REALTY (HOLDINGS) LIMITED 2000 ANNUAL REPORT

## LIST OF INVESTMENT PROPERTIES

At 31st December 2000

	<b>Location</b>	<b>Lot number</b>	<b>Existing use</b>	<b>Lease term</b>	<b>Group's interest</b>
1.	Shop No. 2 on Lower Ground Floor, Braemar Hill Shopping Centre, No. 45 Braemar Hill Road, North Point, Hong Kong.	IL 8398	Commercial	Long	100%
2.	Shop No. 4 on Ground Floor, Southern Building, Nos. 257-273 King's Road, Hong Kong.	ML 321	Commercial	Long	100%
3.	Unit No. 87 on LG/F, Koway Plaza, Koway Court, No. 111 Chai Wan Road, Hong Kong.	CWIL 84	Commercial	Long	100%
4.	Shop No. 50 Cheerful Garden, No. 23 Siu Sai Wan Road, Hong Kong.	CWIL 148	Commercial	Medium	100%
5.	Portion A of Shop 2, G/F., Chevalier Garden, No. 2 Hang Shun Street, Shatin, New Territories.	STTL 258	Commercial	Medium	100%
6.	Shop No. 42, Sun Hing Garden, No. 2 On Po Lane, Tai Po, New Territories.	TPTL 26	Commercial	Medium	100%
7.	Section B of Shop No. 97A on Ground Floor, Nos. 69-119 Broadway, Phase IV of Mei Foo Sun Chuen, Lai Chi Kok, Kowloon.	NKIL 5087	Commercial	Medium	100%

# MIDLAND REALTY (HOLDINGS) LIMITED 2000 ANNUAL REPORT

## LIST OF INVESTMENT PROPERTIES

At 31st December 2000

	<b>Location (continued)</b>	<b>Lot number</b>	<b>Existing use</b>	<b>Lease term</b>	<b>Group's interest</b>
8.	Units 1202, 1203 and 1204 On 12th Floor of Block 1, Henderson Centre, Beijing Jiagnomenei Avenue, Beijing Stations Street, Dongcheng District, Beijing, The People's Republic of China	*	Commercial	Medium	100%
9.	Shop No. 21, G/F., Mayfair Centre, No. 4 Anchor Street, Tai Kok Tsui, Kowloon.	KIL 2206	Commercial	Long	100%
10.	Room 707, Fortress Tower, No. 250 King's Road, Fortress Hill, Hong Kong	IL 8416	Commercial	Long	100%

\* Property located in PRC without lot number.