



MIDLAND HOLDINGS

Midland Holdings Limited

▶ Incorporated in Bermuda with limited liability ◀

(Stock Code 股份代號 : 1200)

創新高·再越嶺

Stay High · Aim Highest



Annual Report 2009 年報

www.midland.com.hk

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Corporate Information

DIRECTORS

Executive Directors

Mr. WONG Kin Yip, Freddie
(Chairman and Managing Director)
 Ms. TANG Mei Lai, Metty
(Deputy Chairman)
 Mr. WONG Kam Hong
 Mr. CHAN Kwan Hing
 Ms. WONG Ching Yi, Angela
 Mr. KWOK Ying Lung
 Ms. IP Kit Yee, Kitty

Independent Non-executive Directors

Mr. KOO Fook Sun, Louis
 Mr. SUN Tak Chiu
 Mr. WANG Ching Miao, Wilson

AUDIT COMMITTEE

Mr. KOO Fook Sun, Louis
 Mr. SUN Tak Chiu
 Mr. WANG Ching Miao, Wilson

REMUNERATION COMMITTEE

Mr. WONG Kin Yip, Freddie
 Ms. IP Kit Yee, Kitty
 Mr. KOO Fook Sun, Louis
 Mr. SUN Tak Chiu
 Mr. WANG Ching Miao, Wilson

NOMINATION COMMITTEE

Mr. WONG Kin Yip, Freddie
 Ms. WONG Ching Yi, Angela
 Mr. KOO Fook Sun, Louis
 Mr. SUN Tak Chiu
 Mr. WANG Ching Miao, Wilson

COMPANY SECRETARY

Ms. KAM Man Yi, Margaret

REGISTERED OFFICE

Clarendon House
 Church Street
 Hamilton HM 11
 Bermuda

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

AUDITOR

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

PRINCIPAL BANKERS

Agricultural Bank of China
 Bank of China (Hong Kong) Limited
 DBS Bank (Hong Kong) Limited
 Fubon Bank (Hong Kong) Limited
 The Hongkong and Shanghai Banking Corporation Limited
 Standard Chartered Bank (Hong Kong) Limited

HONG KONG LEGAL ADVISERS

Iu, Lai & Li
 20th Floor, Gloucester Tower
 The Landmark
 11 Pedder Street
 Central
 Hong Kong

BERMUDA LEGAL ADVISERS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
 Rosebank Centre, 4th Floor
 11 Bermudiana Road
 Pembroke HM 08
 Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
 26th Floor, Tesbury Centre
 28 Queen's Road East
 Hong Kong

WEBSITE

www.midland.com.hk

STOCK CODE

1200

Organisation Chart



Appendix to Organisation Chart



Board of Directors: Back row from left to right: Kitty IP, Wilson WANG, Louis KOO, Angela WONG, Albert WONG, Vincent CHAN, Raymond SUN, Raymond KWOK
Front row from left to right: Metty WONG, Freddie WONG

SBU

Business Description



Midland Realty

Provision of residential property agency services in Hong Kong



Midland IC&I

Provision of non-residential property agency services in respect of industrial, commercial and shop properties in Hong Kong



Midland China

Provision of project planning, commercial property management, marketing and sales planning and property agency services in PRC



Midland Macau

Provision of property agency, surveying, project planning, leasing and property management services in Macau



Hong Kong Property

Provision of residential property agency services in Hong Kong and residential and commercial properties agency services in the PRC



Midland Immigration Consultancy

Provision of immigration consultancy services in Hong Kong and Macau



Midland Surveyors

Provision of professional surveying consultancy services including valuation advisory, project and development consultancy, sales and marketing, tender and auction



Midland University

Group's training centre with the vision to strengthen the professionalism of employees, to lead the market as well as to cultivate elite people for the industry



mReferral Mortgage
Brokerage Services

A joint venture with a major developer, offering free mortgage referral services as well as provision of related information



Midland Financial Group

An affiliate of the Company, providing one-stop independent financial planning consultancy services with various wealth management products

Major Events and Awards for the Year

Henderson Best-Selling Award

Last year, Midland Realty and Hong Kong Property extended the outstanding sales record, clinching the “Henderson Best-Selling Award”, the most honourable sales award in the property brokerage industry, for the sixth consecutive years. The sales performance of the Group is well-recognised by the public.



“Strategic Planning Meetings”

The management of the Group meets regularly to review and formulate corporation and development strategies.



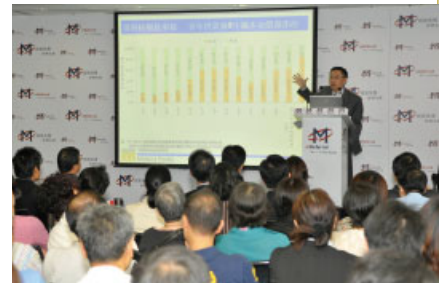
“Recruiting talents”

In earlier 2009, the Group held major recruitment fair to recruit talents in the industry, a proactive measure taken well before the market reversal.



“Midland joined with mReferral Mortgage Brokerage Services to hold seminars on the property market”

The housing sector has become active again as the focus returned to the property market. Midland Realty co-organised seminars on the property market developments and mortgage rate trends with mReferral. The seminars attracted a large crowd of public to attend and with a lively atmosphere.



Major Events and Awards for the Year

“The Credible Enterprise of China”

The Group was awarded “The Credible Enterprise of China” Accreditation 2009 by China Enterprise Reputation & Credibility Association (Overseas) Limited and the judging committee of Reputation Institute China.



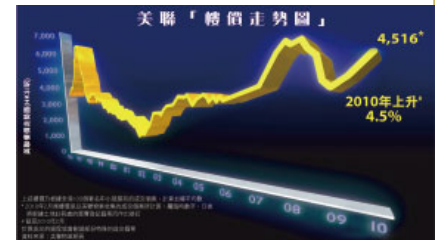
“Organised Training Programme to uplift our standard”

The COO Conference: The Best Elites is a series of training programme organised by the management for selected elites, with an aim to further enhance their management and sales skill.



“The Midland Property Price Chart”

The Midland Property Price Chart was formally introduced in June 2009 to help the public understand more about the latest development of Hong Kong property prices in a more direct way. The Midland Property Price Chart is expressed directly in terms of average price per square foot, which gives a straightforward presentation on the latest pricing level and the performance of the property market.



“Major Tours for Property Investments Immigration”

Midland Immigration Consultancy has organised tours for property investments immigration. The programs attracted a number of potential clients who wish to migrate to Hong Kong and buy properties there.



“Series of Openings and Expansion”

A series of grand opening ceremonies were held in a new mode. The opening ceremony of 4 branches in Hong Kong Island, Kowloon and the New Territories began simultaneously through the web cast. Last year, we set up branches at strategic locations and recruited more staff to increase our share in the market.



“Seizing the Opportunity in Property Investments Immigration”

Seizing the opportunity in property investments immigration, Midland Immigration Consultancy joined force with developers in organising major tours for property investments immigration again during the 1 October Golden Week.



Major Events and Awards for the Year

“Chairman won Outstanding Contribution Individual Award”

The Midland Group won 3 awards in the major award presentation ceremony “Impact on China” (「影響中國」) celebrating the 60th anniversary of the People’s Republic of China, including the “Outstanding Contribution Individual Award” (「傑出貢獻人物獎」) awarded to the Chairman of the Midland Group, Mr. Wong Kin Yip, as well as the “Renowned Original Brand Award” (「知名原創品牌獎」) and the “Advancing Listed Company Award” (「進取上市公司獎」) granted to the Midland Group.



“Sponsored the Midland Holdings Cup Race Day”

Following the sponsorship for the race day in 2004 and 2005, the Midland Holdings announced its sponsorship for the Midland Holdings Cup Race Day in December 2009 again.



“The Success of the Midland Holdings Cup Race Day”

The success of the Midland Holdings Cup Race Day on 6 December 2009 has further enhanced the leading position of the Group.



IR Magazine “Certificate of Excellence”

The Midland Group clinched the “Certificate of Excellence” by IR Magazine, an award which is well-recognized by international institutional investors.



“Outstanding Enterprise Awards 2009 – Property Agency”

The high professional standard of the Group was further evidenced by the “Outstanding Enterprise Awards 2009 – Property Agency” granted by Quamnet.



“Caring Company”

Seven years in a row, the Midland Group was awarded “Caring Company”, a recognition for its good corporate governance and social responsibility.



Chairman's Statement

Power Up For Challenges



Review

During 2009, the Group managed to turn around and recorded a profit of HK\$713,723,000, a record high, while profit margin increased to 21%. Results from last year indicate that our management has an edge of making the first move to expand and contract at the right time, so as to grasp the V-shaped recovery of the market with effective cost control, and seize every opportunity in the property market as they arise.

The overall property transactions in 2009 amounted to approximately HK\$515.7 billion, up approximately 25% from HK\$413.1 billion in 2008, but down 2% from that in 2007. Nonetheless, profits of the Group for the year reached a new high and was 6% higher than that in 2007.

The performance of the Group for the past year outclassed the general market, thanks to the prompt response made by the management with their foresight and sharp execution. Undoubtedly, the buoyant property market last year was one of the key factors for the surge in the Group's results. But more importantly, the Group cut down costs during the financial tsunami, building a solid foundation for the Group.

Therefore, as the property market bottomed out by the beginning of 2009, the Group was able to ride on the upsurge in the property market last year to generate profits and resume its moderate expansion plan. In fact, since its establishment, the Group has experienced numerous ups and downs in the property market and last year's performance once again exemplified that the group has been foresighted, responsive, flexible and strong in implementation.

Property Market Resumed Its Uptrend in 2009

The property market witnessed a V-shaped recovery in 2009. Property transaction volume rose by about 20%. It is worth mentioning that sales activities in both mass residential sector and high-end segment, registered a significant growth, reflecting a broad-based recovery last year. According to Midland Property Price Chart, prices for secondary residential properties increased 27% in 2009.

In 2009, the sharp rebound in fixed asset value was phenomenal. Obviously, property market drove the economy and home prices even rose more than people's income. The property market last year was not led by the economy. Indeed, it benefited from the ample liquidity that flowed into the property market.

Chairman's Statement

Firstly, low interest rates coupled with the relaxed monetary policies in US, helped lower the borrowing costs for the general public. In such a low interest rate environment, many interbank market-based products emerged last year, which further reduced mortgage interest rates.

Secondly, massive amount of fund flowed into the property market.

Thirdly, as capital from China streaming into Hong Kong, Mainland buyers are particularly active in high-end sector and new property market. In fact, as referenced by the Monetary Authority, market participants estimated that more and more mainlanders buying properties in Hong Kong, and that mainland buyers accounted for almost 10% of the market transactions in 2009.

Fourthly, the scarce property supply in Hong Kong and the fall in the number of completed properties also drove up property prices. Following the financial tsunami, an influx of capital into the property market has given rise to the brick-and-mortar culture.

Fifthly, Hong Kong enjoys geographical edge as a financial centre, and investor immigrant schemes has become more and more popular, which also contributed to the rise in property prices.

Amongst the different types of properties, the luxury property market was the most outstanding, with a rise in prices far outpacing those of small to middle-sized residential properties. The transacted values for luxury properties were relatively higher and an active high-end market was particularly favourable to property agency businesses.

Speedy Expansion in Anticipation of Market Boom

By and large, the property market, with considerate price growth, has been in a good shape since the trough in 2003, yet market volatility has been enormous. For instance, the percentage difference between the highest and lowest monthly sales volume in 2009 was as much as 200%. Clearly, this poses tremendous challenges to the property agency industry. To cope with market changes, the Group, as proactive as always, started to centralise leadership as early as late 2008, to strengthen the Board and its management team and to enhance operation efficiency and effectiveness.

In fact, with their extensive experiences and sound business strategies, our sales team elites were able to attain outstanding results in selling several new properties when the market trend reversed. Moreover, the Group once again won the Henderson Best-Selling Award in Year 2008 and 2009, an award honouring our No. 1 sales record in selling Henderson Land's projects.

Over the past year, the Group set up more new branches in the PRC than that in the local market. Our Mainland business operation also turned around in 2009.

Flexible Cost Structure

Over the past year, the Group implemented effective cost controls while the network was expanded, and achieved a significant growth in profit margin. In fact, the Group aimed at increasing the flexibility of its cost structure while diversifying its marketing strategies, so as to strengthen its leading position in the industry. First of all, the Group rolled out TV commercials as early as April 2009 in more genres and channels than ever. In addition, the Group launched the Midland Property Price Chart last year and successfully consolidated the professional image of the Group. Moreover, the Group sponsored the Midland Holdings Cup Race Day during the year, which also demonstrated our distinctive competitive edges. Furthermore, the Group implemented a policy to enhance the linkage between the income of the senior frontline staff with profit, which successfully improved our productivity and control over costs.

Outlook

The global economy has showed signs of recovery since past year. Even in the US, the epic center of the financial tsunami, an economic growth of 5.7% was recorded in the final quarter of 2009. Amid a GDP growth of 8.7% of the PRC in the past year, unemployment rates in Hong Kong peaked towards the end of last year. Certainly, the local property market has a solid foundation, improvements in the economy and employment market will provide additional impetus. So the business environment is expected to remain favorable this year. Nonetheless, the economic development this year may be affected by the withdrawal of the stimulus packages by various countries. What's more, the property market will not immune from the interest rates movement. In fact, the PRC has already started to tighten its credit policies, and the US has also raised its discount rates. Consequently, the Group will take a conservative yet proactive approach to stay alert at all times, taking into account all unforeseeable new challenges along expansion.

Chairman's Statement

Healthy Growth of the Property Market

The government indicated in the Financial Budget that precautionary measures would be taken, if necessary, to avoid asset bubble. Minimizing its influence on the market, the government is implementing flexible land supply policy. Such prudent measures are expected to pave the way for a stable market development. The Group remains cautiously optimistic towards the property market in 2010. The Group believes that most of the favourable factors, such as low short-term supply of residential properties, low borrowing rates and the influx of Mainland buyers, which underpinned the property market in 2009 will continue to support the local property market this year. More significantly, buying sentiment of the property market will improve if unemployment rate falls, thus the Group expects the small to middle-sized property markets to outperform. Despite an upsurge of 27% in property prices last year, mortgage repayments consume just over 30% of people's income. Affordability will further improve if salary level rises in 2010. The luxury market is not expected to be spectacular, due to the fact that most premium properties already experienced a staggering growth last year so their appreciation potential would not be as high as those of the small to middle-sized properties. Nevertheless, the underlying demand for luxury properties remains immense, and the transaction volume for the luxury property market is expected to keep rising.

Stay Alert Ahead of Challenges

The property market fared extremely well 2009 and prices for some properties have even surpassed the 1997 level. However, the Group believes that the fundamentals of the general market still remain strong, and that there is no sign of market bubble. The encouraging sales response to YOHO MIDTOWN, a new property in Yuen Long launched in February 2010, and the better-than-expected land sales results bode well for the market. I am positive on the market outlook, yet the Group will not be over-optimistic and will stay alert at all times. Despite the fact that the economy has shown signs of bottoming out, the road to recovery may be bumpy, and one of the concerns is the pace of withdrawal of the stimulus packages by various countries and its impact on asset price.

On the other hand, movement of interest rates and US dollars will also affect fund flow. There is increasing worry over a possible double-dip recession. The debt crisis of some European countries is a strong piece of evidence that global economic recovery still faces uncertainties. On top of that, the tightening of credit policies in the PRC may also affect the economy.

I am also aware of that the property market has become more volatile recently and it has made the operating environment more challenging. Consequently, the management will constantly monitor changes in the property market closely and maintain our flexibility. The Group will conduct regular reviews to ensure that it will stay at its best shape at all times.

Build Strong Foothold in Hong Kong – Strive to Expand in Mainland China

Established 37 years ago, the group has built a strong foothold in Hong Kong and has successfully ridden the ups and downs of the market. Since listed on the Stock Exchange, the Group's Hong Kong operation has been profit making. Most importantly, our Hong Kong operation outperformed the market again. Even the market transaction activity in 2009 still fell short of that in 1997 and 2007, the Group's earnings already reached a new high last year. However, the group has never sat on our laurels. Amid of the expansion of small agency, the Group will strive to consolidate our leading position by diversifying market strategies. Meanwhile the Group will try hard to expand in Mainland China.

As stated by Premier Wen Jiabao in a press conference after the National People's Congress, Hong Kong should develop its financial industry aggressively. The Group believes that the wealth effects brought by the property market should benefit the development of the financial sector, thus a robust property market would provide positive impetus to the financial industry. In line with Hong Kong's development, the Group will make endeavor to promote the prosperity of the property market. The large-scale property market seminar held in March this year was organized to enhance the transparency and information flow of the property market.

Appreciation

The Hong Kong property market has been challenging, and financial tsunami did hit hard on every industry, but many of our staff have stood by the Group through all ups and downs. Without their dedication, the remarkable performance of the Group achieved last year would not have been possible. Looking ahead into the coming year, the market will still be full of challenges and with the hard work and commitment of all our staff, I am confident that the Group will maintain healthy development and will further consolidate its market position. The Group's success is attributable to all staff working together to reach new heights. On behalf of the Board, let me offer our sincere gratitude to all shareholders and customers for their continuous support and to all management and staff for their hard work and dedication throughout the year. Awarding those who strived through the hardship with us in 2009, the Group presented modest bonus to the staff.

WONG Kin Yip, Freddie

Chairman and Managing Director

Hong Kong, 18 March 2010

Profile of Directors and Management Executives

Executive Directors

Mr. WONG Kin Yip, Freddie

aged 60, is the founder, Chairman and Managing Director of the Company. He established the Company in 1973 and has been the Chairman of the Company since 1993. Mr. WONG is responsible for formulating the overall corporate directions and corporate strategies of the Group, and leading the Group's management team. Mr. WONG has over 36 years of experience in the real estate agency business in overseas, China and Hong Kong. Introducing mortgage referral services to Hong Kong, he is a pioneer in the mortgage brokerage business. Mr. WONG is a member of The Shenzhen Committee of the Chinese People's Political Consultative Conference, PRC, a board member of the Estate Agents Authority in Hong Kong, the vice president of The Association of Hong Kong Professionals, and also the chairman and permanent director of Midland Charitable Foundation Limited. In addition, Mr. WONG was a part-time member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region from 2006 to 2007. Mr. WONG is the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. Besides, he is the director of Sunluck Services Limited and Southern Field Trading Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. Mr. WONG is the spouse of Ms. TANG Mei Lai, Metty, the Deputy Chairman and Executive Director of the Company, and the father of Ms. WONG Ching Yi, Angela, the Executive Director of the Company.



Ms. TANG Mei Lai, Metty

aged 54, is the Deputy Chairman and Executive Director of the Company. Ms. TANG joined the Group in 2004 and is responsible for the overall corporate development as well as investment strategy and management of the Group. Ms. TANG is involved in charity activities. She is currently the Honorary Member, the President and a director of Midland Charitable Foundation Limited. Ms. TANG has been the Chairman and Managing Director of Midland IC&I Limited since 2008, the Company's listed subsidiary. She is the spouse of Mr. WONG Kin Yip, Freddie, the Chairman and Executive Director of the Company, and the mother of Ms. WONG Ching Yi, Angela, the Executive Director of the Company.

Profile of Directors and Management Executives

Mr. WONG Kam Hong

aged 47, has been the Senior Executive Director of the Company since September 2008. Mr. WONG joined the Group in April 2008 as the Chief Executive Consultant and was the Deputy Managing Director of the Group from 2001 to 2003. He has solid business experience and a strong background in real estate agency, securities and media industries. Mr. WONG is responsible for assisting the Chairman of the Company in formulating, overseeing and implementing the corporate strategies of the Group. Mr. WONG is also a director of mReferral, a joint venture of the Group with a leading developer. In addition, he is a director of Midland Charitable Foundation Limited. He is also a member of the chairman's office. Mr. WONG holds a bachelor's of social science (honors) degree from Hong Kong Baptist College and a master's degree in business administration from The University of Wales, UK.



Mr. CHAN Kwan Hing

aged 46, is the Executive Director of the Company. He joined the Group in 1991. Mr. CHAN is also the chief executive officer (Group Residential) of the Company. He has solid experience in the real estate agency business. Mr. CHAN is responsible for formulation and implementation of business strategies of the Company's residential agency business. Mr. CHAN holds a master's degree in business administration.

Ms. WONG Ching Yi, Angela

aged 29, has been the Executive Director of the Company since March 2008. She assists in formulating and implementing the Group's overall corporate strategies in order to enhance the efficiencies and effectiveness of the Group and is responsible for corporate development of the Group. Ms. WONG is also responsible for overseeing the overall finance and accounting, marketing, company secretarial function, information technology and investor relations. Ms. WONG is also a director of mReferral, a joint venture of the Group with a leading developer. In addition, she is a member of the chairman's office. Ms. WONG is a member of the Hong Kong Institute of Certified Public Accountants. She graduated from The University of Hong Kong with a bachelor's degree in business administration (accounting and finance) and also holds a master's degree in business administration from Hong Kong University of Science and Technology. Prior to joining the Group, she worked for an international accounting firm for several years. She is a director and the Vice President of Midland Charitable Foundation Limited, the Vice Chairman of Youth Professionals Committee and a member of The Association of Hong Kong Professionals and The Y. Elites Group. She also serves on the Licensing and Practice Committee of the Estate Agents Authority. Ms. WONG is a member of the Nomination Committee of the Company. She was the Executive Director of Midland IC&I Limited from June 2007 to March 2008, the Company's listed subsidiary. Ms. WONG is the daughter of Mr. WONG Kin Yip, Freddie, the Chairman and Executive Director of the Company and Ms. TANG Mei Lai, Metty, the Deputy Chairman and Executive Director of the Company.



Profile of Directors and Management Executives

Mr. KWOK Ying Lung

aged 46, is the Executive Director of the Company. He has solid experience in the real estate agency business, particularly in the property agency business in the Mainland China and non-residential property agency business, including industrial, office and retail properties in Hong Kong. He is responsible for the strategic management, marketing management and sales force management of the China division "Midland China". Mr. KWOK joined the Group in 1988 and is now also the chief executive officer of the Midland China.



Ms. IP Kit Yee, Kitty

aged 50, has been the Executive Director of the Company since October 2008. Ms. IP has been serving the Group since 1983. Ms. IP is responsible for overall corporate affairs, management and administration function of the Group. In addition, she is in charge of all aspects of training of the Group and established Midland University which is a renowned training center in the field of real estate agency. She also participates in formulating plans and policies to improve effectiveness in operation and control of the Group. Ms. IP has extensive experience in property administration and real estate agency and marketing. She is the chairman of the Remuneration Committee of the Company and a member of the chairman's office. Ms. IP was the Executive Director of the Company from June 1995 to September 2004 and was the Executive Director of Midland IC&I Limited from April 2007 to October 2008, the Company's listed subsidiary.



Independent Non-Executive Directors

Mr. KOO Fook Sun, Louis

aged 53, has been the Independent Non-executive Director of the Company since September 2004. Mr. KOO is the founder and the managing director of Hercules Capital Limited, a corporate finance advisory firm. Mr. KOO has many years of experience in investment banking and professional accounting. He was a managing director and head of the corporate finance department of a major international bank, a director and chief executive officer of a Main Board listed company. He currently also serves as an independent non-executive director of another four companies listed on the Main Board, namely Good Friend International Holdings Inc., Li Ning Company Limited, Weichai Power Co., Ltd. and Xingda International Holdings Limited, and a company listed on the Growth Enterprise Market, namely Richfield Group Holdings Limited. Mr. KOO was the independent non-executive director of Midland IC&I Limited from June 2005 to June 2008, the Company's listed subsidiary, and China Communications Construction Company Limited from December 2006 to December 2009, a company listed on the Main Board. In addition, Mr. KOO was also the vice chairman and chief financial officer of 2020 ChinaCap Acquirco, Inc., a company listed on the New York Stock Exchange Amex, from October 2007 to October 2009. Mr. KOO graduated with a bachelor's degree in business administration from the University of California at Berkeley, and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. KOO has also been the chairman of the Audit Committee of the Company and a member of the Remuneration Committee and Nomination Committee of the Company.



Mr. SUN Tak Chiu

aged 46, has been the Independent Non-executive Director of the Company since September 2004. Mr. SUN has over 23 years of experience in the fields of accounting, securities industries and corporate finance. Mr. SUN holds a bachelor's degree in laws and a master's degree in business administration. He is a fellow member of the Hong Kong Institute of Certified Public Accountants as well as the Chartered Association of Certified Accountants, an associate member of the Chartered Institute of Management Accountants, and a member of the Hong Kong Securities Institute. Mr. SUN has also been appointed as a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company.



Profile of Directors and Management Executives

Mr. WANG Ching Miao, Wilson

aged 48, has been the Independent Non- executive Director of the Company since September 2004. Mr. WANG has over 19 years of experience in the field of optical products manufacturing. Mr. WANG is the founder of and is currently the managing director of Ginfax Development Limited which is engaged in the business of optical products manufacturing. Mr. WANG has also been appointed as a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company.



Management Executives

Mr. CHEUNG Kam Shing

aged 46, has been appointed as the Consultant (Group) of the Group since November 2008. Mr. CHEUNG plays an advisory role in assisting the management in the formulation of policy and strategy of the Group. Having 25-year experience in the real estate industry, Mr. CHEUNG had served the Group for 19 years and was the Executive Director of the Company from June 1998 to November 2005.



Mr. WONG Tsz Wa

aged 46, is the Executive Director and the Chief Executive Officer of Midland IC&I Limited, the Company's listed subsidiary. He is responsible for overseeing Midland IC&I's overall business strategy and development and implementation of overall corporate strategies and policy in achieving the overall business objectives. Mr. WONG joined the Group in 1993. He holds a master's degree in business administration. He has over 22 years' experience in non-residential property agency business in Hong Kong.



Profile of Directors and Management Executives**Ms. KAM Man Yi, Margaret**

aged 42, is the Company Secretary and Director (Finance) of the Group. She is responsible for the operations of finance and accounting, company secretarial and treasury functions. She is also a member of the chairman's office. Ms. KAM joined the Group in 1997. She has over 18 years of experience in the field of auditing and accounting. She holds a bachelor's of commerce (accounting and economics) degree of the University of Melbourne, Australia and is a fellow member of the Hong Kong Institute of Certified Public Accountants as well as a member of CPA Australia. She also holds a master's degree in business administration from University of Central Queensland, Australia.

**Mr. TSE Tsz Man, Gordon**

aged 41, is the Senior Director (Corporate Development) of the Group. He joined the Group in 1996. He is responsible for the operations of investor relations and information technology. Mr. Tse is also responsible for the integration among different business activities. He is a member of the chairman's office. Mr. TSE holds a bachelor's degree in business administration from Simon Fraser University, Canada, and a master's degree in business administration from The University of Hong Kong.



Corporate Governance Report

The board of directors (the “Board” or the “Directors”) of Midland Holdings Limited (“Midland” or the “Company”, together with its subsidiaries, the “Group”) recognises that sound and effective corporate governance practices and procedures, with an emphasis on integrity, transparency, accountability and independence, are essential to enhance the shareholder value and safeguard the shareholder interest. The Company is committed to maintaining a good corporate governance standard and endeavors to ensure that its businesses are conducted in accordance with all applicable rules and regulations.

Corporate Governance Practices

The Company has complied with the requirements of all the code provisions set out in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the year ended 31 December 2009, except that the roles of the chairman and the chief executive officer of the Company are not segregated under code provision A.2.1 of the CG code as explained below.

Board of Directors

(i) Board Responsibilities and Delegation

The Board is responsible for the management of the Company including, inter alia, formulating business strategies, directing and overseeing the Group’s affairs, approving interim and annual results and other disclosures to the public or regulators, considering dividend policy, and approving the grant of share options or change in the capital structure of the Company. The Board makes broad policy decisions and has delegated the responsibility for detailed considerations to the Executive Committee of the Company.

The day-to-day management, administration and operation of the Group are delegated to the management of the Company and its subsidiaries. The Board gives clear directions to the management as to its powers, and circumstances in which the management should report to the Board.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary of the Company, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. The Independent Non-executive Directors may seek independent professional advice in appropriate circumstances at the Company’s expense in carrying out their functions, upon making request to the Board.

Board of Directors (Continued)

(ii) Board Composition

The Board currently comprises ten Directors with seven Executive Directors and three Independent Non-executive Directors. The composition of the Board is set out as follows:

Executive Directors

Mr. WONG Kin Yip, Freddie (*Chairman and Managing Director*)

Ms. TANG Mei Lai, Metty (*Deputy Chairman*)

Mr. WONG Kam Hong

Mr. CHAN Kwan Hing

Ms. WONG Ching Yi, Angela

Mr. KWOK Ying Lung

Ms. IP Kit Yee, Kitty

Independent Non-executive Directors

Mr. KOO Fook Sun, Louis

Mr. SUN Tak Chiu

Mr. WANG Ching Miao, Wilson

Save and except Mr. WONG Kin Yip, Freddie is the spouse of Ms. TANG Mei Lai, Metty and is the father of Ms. WONG Ching Yi, Angela, none of the members of the Board is related to one another.

The biographical details of the Directors are set out in the section of "Profile of Directors and Management Executives" on pages 11 to 16 of this Annual Report.

(iii) Chairman and Chief Executive Officer

Mr. WONG Kin Yip, Freddie ("Mr. WONG") is the Chairman and Managing Director of the Company and is also the founder of the Group. Mr. WONG is responsible for formulating the overall corporate directions and corporate strategies of the Group and is also responsible for leading the management team.

Mr. WONG also carried out the function of chief executive officer of the Company. The daily operation and management of the Company are monitored by the Executive Directors as well as the senior management of the Company, whereas the senior executives of the respective strategic business units of the Group are responsible for performing and overseeing the business operation of the respective business units.

Although code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual, the Board considers that the above structure will not impair the balance of power and authority between the Board and the senior management of the Company.

The Board believes that under the leadership of Mr. WONG, the current structure is conducive to strong and consistent leadership and management, with focused power enabling the Company to make and implement business decisions and strategies promptly and efficiently which is beneficial to the business prospects and development of the Group.

Board of Directors (Continued)

(iv) Board Meetings and Directors' Attendance

During the year ended 31 December 2009, the Board held five meetings to discuss and approve the interim and final results and other significant issues of the Group. At least a 14-day notice of all regular Board meetings was given to Directors, who were given the opportunity to include matters in the meeting agenda. Directors' attendance records at Board and Committee meetings are set out on page 21 of this Annual Report.

(v) Independent Non-executive Directors

All Independent Non-executive Directors, Mr. KOO Fook Sun, Louis, Mr. SUN Tak Chiu and Mr. WANG Ching Miao, Wilson, have been appointed for a specific term of one and a half years, two years and one year respectively. They are subject to retirement by rotation and re-election at the Company's annual general meeting at least once every three years in accordance with the bye-laws of the Company.

Throughout the year ended 31 December 2009 and up to the date of this report, the Board at all times met the requirements under Rule 3.10 of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise. The Board has received from each Independent Non-executive Director an annual written confirmation of his independence and considers all Independent Non-executive Directors to be independent to the Company.

Board Committees

The Board has established four Board Committees, including the Executive Committee, Audit Committee, Remuneration Committee and Nomination Committee for overseeing the respective aspects of the Company's affairs.

The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice at the Company's expenses in appropriate circumstances.

(i) Executive Committee

The Executive Committee was established on 21 September 1999 and consists of all Executive Directors as members. The Executive Committee has the authority delegated by the Board to approve matters relating to the daily operations and management and business affairs of the Group, and also the approval of certain corporate actions of the Company.

(ii) Audit Committee

The Audit Committee was established on 4 August 1998 and is chaired by Mr. KOO Fook Sun, Louis with two other members namely, Mr. SUN Tak Chiu and Mr. WANG Ching Miao, Wilson, all of whom are Independent Non-executive Directors. In compliance with Rule 3.10(2) of the Listing Rules, two of the members possess the appropriate professional qualifications or accounting or related financial management expertise. Written terms of reference of the Audit Committee is accessible on the website of the Company.

During the year ended 31 December 2009, the Audit Committee held two meetings to discuss and review the interim and annual financial statements, the submission and publication of the interim and annual reports, and the internal audit plan and functions of the Group. There was no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditors.

Board Committees (Continued)

(ii) Audit Committee (Continued)

The major duties of the Audit Committee include:

- reviewing the Group's annual and interim financial statements and the interim and annual reports before submission to the Board for approval;
- reviewing the financial reporting obligations and considering other matters raised by the external auditor;
- reviewing the independence and objectivity of the external auditor, and the effectiveness of the audit process in accordance with applicable standards;
- approving the remuneration and terms of engagement of external auditor and making recommendation on the appointment, re-appointment or removal of the external auditor;
- reviewing the internal audit programme and ensuring the internal audit function is adequately resourced and effective, and considering any major findings of internal control matters;
- reviewing the financial control, internal control and risk management systems of the Group and ensuring the management has discharged its duty to have an effective internal control system, in particular, the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

(iii) Remuneration Committee

The Remuneration Committee was established on 10 March 2005 with written terms of reference posted on the website of the Company. The Remuneration Committee currently comprises five members, namely Ms. IP Kit Yee, Kitty (the chairman of the Remuneration Committee), Mr. WONG Kin Yip, Freddie, Mr. KOO Fook Sun, Louis, Mr. SUN Tak Chiu and Mr. WANG Ching Miao, Wilson, majority of whom are Independent Non-executive Directors.

The Remuneration Committee held two meetings during the year ended 31 December 2009 to review the remuneration package of all Directors and the Group's 2009 overall remuneration. The principal role and responsibility of the Remuneration Committee include reviewing and determining the remuneration policy and packages of the Directors and senior management of the Company. No Director was involved in the determination of his/her own remuneration package.

The Executive Directors, assisted by the human resources department of the Group, are responsible for reviewing all relevant remuneration data and market conditions as well as the performance of individuals and the profitability of the Group, and proposing to the Remuneration Committee for consideration and approval of remuneration packages of the Directors and senior management of the Company. No Executive Director has taken part in any discussion and determination of his/her own remuneration.

Board Committees (Continued)

(iv) Nomination Committee

The Company has established the Nomination Committee on 10 March 2005 with written terms of reference accessible on the website of the Company. The Nomination Committee is chaired by Mr. WONG Kin Yip, Freddie with four other members, namely Ms. WONG Ching Yi, Angela, Mr. KOO Fook Sun, Louis, Mr. SUN Tak Chiu and Mr. WANG Ching Miao, Wilson, majority of whom are Independent Non-executive Directors.

During the year under review, the Nomination Committee held one meeting to review the independence of the Independent Non-executive Directors and the Board composition, and to review the retirement and rotation plan of the Directors.

The principal role and responsibility of the Nomination Committee include formulating the nomination policies, reviewing the independence of the Independent Non-executive Directors and making recommendations to shareholders on Directors standing for re-election, and where necessary, nominating Directors to fill casual vacancies. In order to achieve a balanced and appropriately qualified Board, the Nomination Committee is also responsible for reviewing the structure, size and composition of the Board. The Nomination Committee has the authority given by the Board to seek external professional advice in the selection and recommendation for directorship, when required, fulfilling the requirements for professional knowledge and industry experience of any proposed candidates.

Attendance Records at the Board and Committee Meetings

The attendance records of the individual Directors at the Board, Audit Committee, Remuneration Committee and Nomination Committee meetings for the year ended 31 December 2009 are set out as follows:

Directors	No. of Meetings Attended/Held			
	Board	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors				
Mr. WONG Kin Yip, Freddie (Chairman and Managing Director)	2/5*	N/A	2/2	1/1
Ms. TANG Mei Lai, Metty (Deputy Chairman)	2/5*	N/A	N/A	N/A
Mr. WONG Kam Hong	5/5	N/A	N/A	N/A
Mr. CHAN Kwan Hing	4/5	N/A	N/A	N/A
Ms. WONG Ching Yi, Angela	4/5*	N/A	N/A	1/1
Mr. KWOK Ying Lung	4/5	N/A	N/A	N/A
Ms. IP Kit Yee, Kitty	4/5	N/A	2/2	N/A
Independent Non-executive Directors				
Mr. KOO Fook Sun, Louis	5/5	2/2	2/2	1/1
Mr. SUN Tak Chiu	5/5	2/2	2/2	1/1
Mr. WANG Ching Miao, Wilson	5/5	2/2	2/2	1/1

* Mr. WONG Kin Yip, Freddie, Ms. TANG Mei Lai, Metty and Ms. WONG Ching Yi, Angela were absent at certain of the Board meetings at which they should abstain from voting on resolutions in which they are interested.

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted its own code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules.

On specific enquiries made, all the Directors have confirmed that they have complied with the required standards as set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions throughout the year ended 31 December 2009.

Directors' Responsibility for the Financial Statements

The Directors acknowledged their responsibility, with the support from the finance department, for preparing the financial statements of the Group for the year ended 31 December 2009. The Board must ensure that the financial statements of the Group are prepared as to give a true and fair view and on a going concern basis in accordance with the statutory requirements and applicable financial reporting standards.

The reporting responsibilities of the Company's independent auditor on the 2009 financial statements of the Group is set out in the "Independent Auditor's Report" on page 43 of this Annual Report.

Auditor's Remuneration

During the year ended 31 December 2009, the fees paid to the independent auditor of the Company in respect of audit and non-audit services provided by them are set out as follows:

	Fees paid	
	2009 HK\$'000	2008 HK\$'000
Services rendered for the Group		
Audit Services	3,255	3,241
Non-audit Services (Taxation and other professional services)	1,113	5,610
	<hr/>	<hr/>
Total Fees	4,368	8,851
	<hr/>	<hr/>

Internal Control

The Board is responsible for ensuring that the Group maintains sound and effective internal control systems to safeguard the shareholders' investment and the Company's assets. The Company has from time to time reviewed the effectiveness of the internal control systems in order to ensure that they meet with the dynamic and ever changing business environment.

During the year, the Board, with the assistance of the internal audit department and the Audit Committee, has conducted reviews on the effectiveness of the Group's internal control systems.

Shareholders' Right

The procedures for a poll voting on resolutions at shareholders' meetings are explained at shareholders' meetings. All voting of the shareholders at general meetings are taken by poll and the poll results will be posted on the websites of the Stock Exchange and of the Company.

The Company provides an opportunity to its shareholders to seek clarification and to obtain a better understanding of the Group's performance in the shareholders' meetings of the Company. Shareholders are encouraged to meet and communicate with the Board at shareholders' meetings and to vote on all resolutions.

Investor Relations

The Company continues to enhance communications and relationships with its investors. The management maintains regular communication with the media, equity research analysts, fund managers, individual investors and institutional investors via press conference and regular meetings to keep them abreast of the Group's development.

To foster effective communications with its shareholders and investors, the Company maintains a website at www.midland.com.hk to provide the latest news including interim and annual reports, announcements, circulars and other information relating to the Group and its businesses to the public.

Corporate Social Responsibility Report

Responsibility to the Community

The Group has always been proactively making contributions to the community and encouraging our staff to participate.

The Group made various sponsorships and donations in the year. For example:

- ◆ Midland Charitable Foundation made donation to support a team of Midland staff in participating the Jessica Run charitable fund raising race for "Make-A-Wish", the proceeds of which was devoted to help the sick children to realise their dreams.
- ◆ The Group supported the "30-Hour Famine" fund raising event on 3rd April, and it received strong response from staff. The participants voluntarily made donations equal to a meal's worth to help starving children.



- ◆ The Group sponsored the Hong Kong Island flag day organised by a charitable organisation – "The Society for the Promotion of Hospice Care". This event was aimed at raising fund for the old and weak in Hong Kong, and for the service provided by the Jessie and Thomas Tam Centre under "The Society for the Promotion of Hospice Care".
- ◆ The Group has been providing support to ORBIS for many years. The "World Sight Day" held on 8 October, 2009, with the theme of "Gender and Eye Care", aiming at increasing the awareness around the world of women with eye diseases whom could not receive medical treatment on an equal opportunity basis. Thus, the Group once again participated in the "ORBIS Pin Campaign 2009" which raised fund for saving blindness activities around the world.

Corporate Social Responsibility Report

- ◆ The Group sponsored the charity golf games held by the Haven of Hope Christian Service three years in a row, hoping that this event can arouse public concerns on elderly and for those in need.



- ◆ "Midland Charitable Foundation" sponsored our staff to participate in the charitable event "Charitable Bowling Tournament" organised by Metro Finance. Elites from the Group were able to make efforts. We were among the top three in the tournament.

- ◆ Midland Charitable Foundation sponsored and participated in the 18th Hike for Hospice Care charitable event for the sixth consecutive year. Meantimes, our management and elites also participated in the hiking, and continued to make contribution to the community by supporting the charity, helping the charitable organisations to devote more resources to the needy and to provide more services.



Responsibility to the staff

Employees are invaluable assets to the Group. In addition to allocating resources for continuous training and development, the Group also paid particular attention to the well-being of the employees:

- ◆ To assist our staff in maintaining their best performance to cope with pressure and difficulty, a counseling hotline was set up for our employees, with an aim to provide a platform for the staff who encounter any stress or emotional issues.

- ◆ To support the “Work-Life Balance Day” held in October 2009 by the “Community Business” the Group produced a video to encourage our staff to spare time to do simple exercises in the working area. The purpose of the event is to help our staff keep a balanced body and healthy mind.



- ◆ The Group has always been supporting the CPD Training programme of the Estate Agents Authority, and has organized a number of continuing professional development courses for the public and our staff as well. Up to 184 branches of our Group were awarded the CPD Mark, representing over 60% of the shops which received such recognition from the authority.

Responsibility to the environment

The Group is dedicated to promoting concepts of environmental conservation to the clients and people from all walks of life in the community:

- ◆ The Group participated in the Community Chest Green Day held by the Community Chest, encouraging the public to commute by environmental friendly public transportation, as well as supporting reuse and recycling resources campaign.

Responsibility to our business partners, clients and industry development

It is one of the important corporate social responsibilities for the Group to provide property market information in a fair, unbiased and open manner. During the year, the Group participated in and provided a number of forums regarding the property market:



Meeting with Fund Managers

- ◆ The Group held meetings with fund managers in an effort to communicate with the investment professionals. Having 36 years experience in the industry, the Chairman of the Group and our management attended meetings to analyse the market trend and future prospect of the property market and to share their view on the future development.

Bloomberg Forums

- ◆ Midland held property market forums with Bloomberg to introduce the Midland Property Price Chart to financial professionals.



Partnership with Media in Property Seminars

- ◆ The Group joined force with a media institution to hold seminars on the property market which was well attended by a large group of public. The seminars helped promote general knowledge on the property market and encourage a healthy growth in the market.

Seminars on the Property Market Welcomed by the Public

- ◆ The property market fared well last year, and the general also got more interested. Therefore, the Group partnered with mReferral Mortgage Brokerage Services to hold seminars on the property market again. The market response was strong.



Corporate Social Responsibility Report

**Property Forum for Young Professionals**

- ◆ The Group held forum on the property market for young professionals from the Young Accountants Association.

Joint Forum with the Association of Hong Kong Professionals

- ◆ The Group held joint forum on the property market with The Association of Hong Kong Professionals. The forum helped the professionals know more about the market development.



Report of Directors

The Directors are pleased to present their report together with the audited financial statements of the Group for the year ended 31 December 2009.

Principal Activities and Business Segments Analysis

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 40(i) to the financial statements in this Annual Report.

Details of the analysis of the Group's performance for the year by business segments are set out in note 7 to the financial statements in this Annual Report.

Results and Appropriations

The results of the Group for the year ended 31 December 2009 are set out in the consolidated income statement on page 44 of this Annual Report.

The Directors declared an interim dividend of HK\$0.176 per ordinary share and a special cash bonus of HK\$0.200 per ordinary share both for the interim period ended 30 June 2009, totalling HK\$272,311,000, which was paid on 16 October 2009.

The Directors proposed a final dividend of HK\$0.438 per ordinary share for the year to shareholders whose names appear on the register of members of the Company on 7 May 2010. Taking into account of the interim dividend and special cash bonus payment, the total dividend for the year would amount to HK\$0.814 per ordinary share, totalling HK\$589,524,000 for the year, representing an increase of approximately 985% and 983% respectively over the last year. The final dividend will be paid on or around 13 May 2010.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in note 31 to the financial statements in this Annual Report.

Charitable Donation

During the year, the Group made charitable donation totalling HK\$1,422,000.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in note 17 to the financial statements in this Annual Report.

Investment Properties

Details of the principal properties held for investment purposes are set out on pages 104 to 105 of this Annual Report.

Report of Directors

Share Capital and Share Options

Details of the movements in share capital and share options of the Company and in share options of its non-wholly owned subsidiary during the year are set out in note 30 to the financial statements in this Annual Report.

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 of Bermuda.

Distributable Reserves

As at 31 December 2009, the reserves of the Company available for distribution, net of dividends paid and proposed, amounted to HK\$505,219,000.

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 106 of this Annual Report.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2009.

Re-election of Directors

During the year and up to the date of this Annual Report, the Directors were as follows:

Executive Directors

Mr. WONG Kin Yip, Freddie (*Chairman and Managing Director*)

Ms. TANG Mei Lai, Metty (*Deputy Chairman*)

Mr. WONG Kam Hong

Mr. CHAN Kwan Hing

Ms. WONG Ching Yi, Angela

Mr. KWOK Ying Lung

Ms. IP Kit Yee, Kitty

Independent Non-executive Directors

Mr. KOO Fook Sun, Louis

Mr. SUN Tak Chiu

Mr. WANG Ching Miao, Wilson

According to bye-law 87 of the Company's bye-laws, Mr. WONG Kin Yip, Freddie, Mr. CHAN Kwan Hing, Mr. KWOK Ying Lung and Ms. WONG Ching Yi, Angela will retire by rotation at the forthcoming Annual General Meeting (the "AGM") and, being eligible, will offer themselves for re-election.

Report of Directors

Directors' Service Contracts

The Company has entered into a service contract with Mr. WONG Kin Yip, Freddie with a term of services commencing from 1 May 2009 to 30 April 2012, which can be terminated by either party without cause before expiration of the term. The party terminating the service contract shall pay to the other party a termination fee which shall be limited to one year's emoluments payable by the Company to Mr. WONG.

Save as the abovementioned service contract of Mr. WONG, none of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts

No contracts of significance in relation to the Group's business to which the Company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2009.

Share Option Schemes

Midland Share Option Scheme

Pursuant to an ordinary resolution passed by the shareholders of the Company at the special general meeting held on 30 April 2002, the Company adopted the 2002 share option scheme (the "Share Option Scheme"). A summary of the Share Option Scheme is as follows:

(a) Purpose

The principal purposes of the Share Option Scheme are to enable the Group to recruit and retain high calibre eligible persons and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest ("Invested Entity"), to recognise the significant contribution of the eligible persons to the growth of the Group or any Invested Entity by rewarding them with opportunities to obtain ownership interest in the Company and to further motivate and give incentives to these persons to continue to contribute to the long term success and prosperity of the Group or any Invested Entity.

(b) Eligible persons

- (i) any employee (whether full or part time and including executive director) of any member(s) of the Group or any Invested Entity; or
- (ii) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity; or
- (iii) any supplier, customer, consultant, adviser or agent to and of any member of the Group or any Invested Entity.

(c) Total number of shares available for issue

Total number of shares available for issue are 35,636,609, representing approximately 4.92% of the issued share capital of the Company as at the date of this report.

Share Option Schemes (Continued)

Midland Share Option Scheme (Continued)

(d) Maximum entitlement of each eligible person

The maximum number of shares issued and to be issued upon exercise of options granted under the Share Option Scheme and any other share option schemes of the Company to each eligible person (including cancelled, exercised and outstanding options) in any 12-month period must not exceed 1% of the shares of the Company in issue.

(e) Maximum entitlement of each eligible person who is a connected person

The maximum number of shares issued and to be issued upon exercise of options granted under the Share Option Scheme and any other share option schemes of the Company to each eligible person who is a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, in any 12-month period shall not exceed 0.1% of the total number of shares of the Company in issue and the aggregate value which based on the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of each grant shall not exceed HK\$5,000,000.

Any further grant of share options in excess of the abovementioned limit shall be subject to the issue of a circular by the Company and shall be separately approved by the shareholders of the Company in general meeting with such grantee and his associates abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time.

(f) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period within which the option may be exercised, to be notified by the Directors to each eligible person who accepts an offer in accordance with the terms of the Share Option Scheme, provided that it shall commence on a date not more than ten years from the date of grant.

(g) Acceptance of offer

An offer for the grant of an option must be accepted within twenty-eight days from the day on which such offer was made. The amount payable on acceptance of the offer for the grant of an option is HK\$1.00.

(h) Basis of determining the exercise price

The exercise price of an option to subscribe for shares granted under the Share Option Scheme shall be a price determined by the Directors at its absolute discretion and shall be no less than the highest of:

- (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of offer;
- (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer; and
- (iii) the nominal value of a share of the Company.

Report of Directors

Share Option Schemes (Continued)

Midland Share Option Scheme (Continued)

(i) The remaining life of the Share Option Scheme

The Share Option Scheme became effective on 30 April 2002 and will remain in force for a period of ten years from that date.

Details of the share options granted to Ms. WONG Ching Yi, Angela, an Executive Director, on 22 October 2007 and the particulars of the movements of share options outstanding during the year under the Share Option Scheme are as follows:

Name	Date of grant	Exercise price HK\$	Number of share options			Balance outstanding as at 31 December 2009	Exercisable period
			Balance outstanding as at 1 January 2009	Options granted during the year	Exercised/ cancelled/ lapsed during the year		
Participant							
Ms. WONG Ching Yi, Angela	22 October 2007	7.858	3,654,487	–	–	3,654,487	1 February 2008 to 31 January 2011
	22 October 2007	7.858	3,654,487	–	–	3,654,487	1 August 2008 to 31 July 2011
			7,308,974	–	–	7,308,974	
Total			7,308,974	–	–	7,308,974	

Save as disclosed above, no share options had been granted, exercised, cancelled or lapsed under the Share Option Scheme during the year.

Midland IC&I Limited Share Option Schemes

At the extraordinary general meeting of Midland IC&I Limited ("Midland IC&I") held on 6 June 2005, a share option scheme of Midland IC&I (the "Midland IC&I 2005 Share Option Scheme") was adopted.

In connection with the successful transfer of listing of the shares of Midland IC&I from the Growth Enterprise Market ("GEM") to the Main Board ("Main Board") of the Stock Exchange on 18 August 2008, Midland IC&I adopted a 2008 share option scheme (the "Midland IC&I 2008 Share Option Scheme") at an extraordinary general meeting of Midland IC&I held on 19 September 2008. The Midland IC&I 2005 Share Option Scheme has been terminated and no further options under this scheme have been granted upon the adoption of Midland IC&I 2008 Share Option Scheme. Termination of the Midland IC&I 2005 Share Option Scheme would not prejudice the outstanding options granted thereunder which had all lapsed during the year. Since adoption of the Midland IC&I 2008 Share Option Scheme, no share options have been granted thereunder.

Share Option Schemes (Continued)

Midland IC&I Limited Share Option Schemes (Continued)

The major terms of the Midland IC&I 2008 Share Option Scheme are summarised as follows:

(a) Purpose of the Midland IC&I 2008 Share Option Scheme

The principal purposes of the Midland IC&I 2008 Share Option Scheme are to enable Midland IC&I and its subsidiaries (collectively referred to as the "Midland IC&I Group") and its invested entities to recruit and retain high calibre eligible persons and attract human resources that are valuable to the Midland IC&I Group or invested entities, to recognise the contributions of the eligible persons to the growth of the Midland IC&I Group or invested entities by rewarding them with opportunities to obtain ownership interest in Midland IC&I and to motivate and give incentives to these eligible persons to continue to contribute to the long term success and prosperity of the Midland IC&I Group or invested entities.

(b) Participants of the Midland IC&I 2008 Share Option Scheme

The board of directors of Midland IC&I (the "Midland IC&I Board") may invite any eligible person as the Midland IC&I Board may in its absolute discretion select, having regard to each person's qualifications, skills, background, experience, service records and/or contribution or potential value to the relevant member(s) of the Midland IC&I Group or invested entity to take up the options under the Midland IC&I 2008 Share Option Scheme.

(c) Total number of shares available for issue

Total number of shares available for issue are 830,000,000, representing approximately 10% of the issued share capital of Midland IC&I as at the date of this report.

(d) Maximum entitlement of each eligible person

The maximum number of shares issued and to be issued upon exercise of options granted under the Midland IC&I 2008 Share Option Scheme and any other share option schemes of Midland IC&I to each eligible person, in any 12-month period must not exceed 1% of the shares of Midland IC&I in issue.

Any further grant of share options in excess of the abovementioned limit shall be separately approved by the shareholders of Midland IC&I and, for so long as Midland IC&I remains a subsidiary of the Company, the shareholders of the Company in their respective general meeting with such eligible person and his associates abstaining from voting and/or other requirements prescribed under the Listing Rules and other applicable statutory regulations or rules must be complied with.

(e) Maximum entitlement of each eligible person who is a connected person

The maximum number of shares issued and to be issued upon exercise of options granted under the Midland IC&I 2008 Share Option Scheme and any other share option schemes of Midland IC&I to each eligible person who is an independent non-executive director or a substantial shareholder of Midland IC&I, in any 12-month period shall not exceed 0.1% of the shares of Midland IC&I in issue and the aggregate value which based on the closing price of the shares of Midland IC&I as stated in the Stock Exchange's daily quotations sheet on the date of each grant shall not exceed HK\$5,000,000.

Share Option Schemes (Continued)

Midland IC&I Limited Share Option Schemes (Continued)

(e) Maximum entitlement of each eligible person who is a connected person (Continued)

Any further grant of share options in excess of the abovementioned limit shall be subject to the issue of a circular by Midland IC&I and shall be separately approved by the shareholders of Midland IC&I and, for so long as Midland IC&I remains a subsidiary of the Company, the shareholders of the Company in their respective general meeting with such grantee and his associates abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time.

(f) Time of exercise of option

The Midland IC&I 2008 Share Option Scheme will remain in force for a period of ten years commencing from the date of adoption, after which no further share options shall be granted. The share options which are granted during the life of the Midland IC&I 2008 Share Option Scheme may, however, continue to be exercisable in accordance with their terms of issue and, for such purposes only, the provisions of the Midland IC&I 2008 Share Option Scheme shall remain in full force and effect.

(g) Basis of determining the exercise price

The exercise price of an option to subscribe for shares granted under the Midland IC&I 2008 Share Option Scheme shall be a price determined by the Midland IC&I Board at its absolute discretion and notified to an eligible person but shall not be less than the highest of:

- (i) the closing price of the shares of Midland IC&I as stated in the Stock Exchange's daily quotations sheet on the offer date;
- (ii) the average closing price of the shares of Midland IC&I as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and
- (iii) the nominal value of a share of Midland IC&I.

(h) Remaining life of the Midland IC&I 2008 Share Option Scheme

The Midland IC&I 2008 Share Option Scheme became effective on 19 September 2008 and will remain in force for a period of ten years from the date of adoption.

Report of Directors

Share Option Schemes (Continued)

Midland IC&I Limited Share Option Schemes (Continued)

Details of the share options granted to Mr. TSANG Link Carl, Brian, a non-executive director of Midland IC&I, on 16 January 2006 and the particulars of the movements of share options outstanding during the year under the Midland IC&I 2005 Share Option Scheme are as follows:

Name	Date of grant	Exercise price HK\$	Number of share options				Exercisable period
			Balance outstanding as at 1 January 2009	Options granted during the year	Exercised/ cancelled/ lapsed during the year	Balance outstanding as at 31 December 2009	
Participant							
Mr. TSANG Link Carl, Brian	16 January 2006	0.06	41,500,000	–	41,500,000	–	1 April 2006 to 31 March 2009
	16 January 2006	0.06	41,500,000	–	41,500,000	–	1 June 2006 to 31 May 2009
			<hr/>	<hr/>	<hr/>	<hr/>	
Total			83,000,000	–	83,000,000	–	

As at 31 December 2009, all the outstanding options granted under the Midland IC&I 2005 Share Option Scheme had lapsed. No share option had been granted, exercised, cancelled or lapsed under the Midland IC&I 2008 Share Option Scheme during the year.

Report of Directors

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 December 2009, the interests and short positions of each of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required (i) to be recorded in the register required to be kept under section 352 of the SFO; or (ii) to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors	Personal Interests	Number of Ordinary Shares			Total	Percentage of Shareholding
		Corporate Interests	Family Interests	Underlying Shares		
Mr. WONG Kin Yip, Freddie	53,074,000	43,494,144	–	–	96,568,144	13.33%
Ms. TANG Mei Lai, Metty	–	–	96,568,144 (Note 1)	–	96,568,144	13.33%
Ms. WONG Ching Yi, Angela	–	–	–	7,308,974 (Note 2)	7,308,974	1.01%

Notes:

- These shares represent the same block of shares held by Mr. WONG Kin Yip, Freddie, the spouse of Ms. TANG Mei Lai, Metty, as beneficial owner.
- Such shares are held by Ms. WONG Ching Yi, Angela by virtue of the interests in the share options granted to her.

All the interests disclosed above represent long position in the shares of the Company.

Save as disclosed above, as at 31 December 2009, none of the Directors nor the chief executives of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Directors' Rights to Acquire Shares or Debentures

Save as disclosed herein, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Report of Directors

Substantial Shareholders' Interests in Shares, Underlying Shares and Debentures

As at 31 December 2009, the interests or short positions of the persons, other than a director or chief executive of the Company, in the shares, underlying shares and debentures of the Company as recorded in the register required to be kept under section 336 of the SFO and the amounts of such interests were as follows:

Name of substantial shareholders	Number of Ordinary Shares	Capacity	Percentage of Shareholding
Sunluck Services Limited	43,494,144 (L) (Note 1)	Beneficial owner	6.01%
Southern Field Trading Limited	43,494,144 (L) (Note 1)	Interest in controlled corporation	6.01%
Marathon Asset Management	74,334,000 (L)	Investment manager	10.26%
JP Morgan Chase & Co.	97,320,000 (L) 97,320,000 (P)	Beneficial owner Approved lending agent	13.44% 13.44%
Baillie Gifford & Co	44,142,000 (L) (Note 2)	Investment manager	6.10%
Callander Alex	44,142,000 (L) (Note 2)	Interest in controlled corporation	6.10%
Plowden Charles	44,142,000 (L) (Note 2)	Interest in controlled corporation	6.10%
Telfer Andrew	44,142,000 (L) (Note 2)	Interest in controlled corporation	6.10%
Warden Alison	44,142,000 (L) (Note 2)	Interest in controlled corporation	6.10%
Whitley Sarah	44,142,000 (L) (Note 2)	Interest in controlled corporation	6.10%
Third Avenue Management LLC, on behalf of numerous portfolios	42,420,000 (L)	Investment manager	5.86%
Legg Mason, Inc.	38,570,000 (L)	Investment manager	5.33%
Universities Superannuation Scheme Ltd	37,950,000 (L)	Trustee	5.24%

Remark: (L) – Long Position, (S) – Short Position, (P) – Lending Pool

Notes:

- These shares represent the same block of shares. Sunluck Services Limited is a wholly-owned subsidiary of Southern Field Trading Limited which interest duplicates those of Mr. WONG Kin Yip, Freddie in the Company.
- These shares represent the same block of shares. Messrs. Callander Alex, Plowden Charles, Telfer Andrew, Warden Alison and Whitley Sarah are controlling shareholders of Baillie Gifford & Co and are deemed to be interested in these shares.

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 five largest suppliers. Sales to the five largest customers accounted for less than 30% of the total sales for the year.

Related Party Transactions

The Group entered into certain transactions with parties regarded as "Related Parties" under applicable accounting principles. These mainly relate to contracts entered into by the Group in the ordinary course of business. Further details are set out in note 39 to the financial statements in this Annual Report.

Some of these transactions also constitute "Connected Transaction" (including "Continuing Connected Transaction") under Chapter 14A of the Listing Rules, as identified below.

Connected Transactions

Continuing Connected Transaction

- (a) A tenancy agreement was made on 22 October 2007 between Union Honor Limited, an indirect wholly-owned subsidiary of the Company, as tenant and Gold Sphere Limited, a company incorporated in Hong Kong and wholly-owned by Mr. WONG Kin Yip, Freddie, as landlord whereby the landlord agreed to lease the premises located at Shop E, Ground Floor, Sun Luen Building, Nos. 29, 29A, 29B, 31, 31A and 31B Bonham Road, Hong Kong as its shop for a term of two years commencing from 1 November 2007 to 31 October 2009 at a monthly rental of HK\$48,000.

Connected Transactions

- (b) As disclosed in an announcement dated 18 December 2009, the Group, through Astra Profits Limited, a wholly-owned subsidiary of the Company as the vendor, entered into an agreement with Leading Win Worldwide Limited, a company wholly-owned by Mr. WONG Kin Yip, Freddie as the purchaser, on 17 December 2009 for the disposal of Best Chance Realty Limited, an indirect wholly-owned subsidiary of the Company which holds two apartments in Shenzhen, the People's Republic of China, for a total consideration of HK\$9,480,000 (the "Disposal"). The Disposal has brought a good opportunity to the Group to realise the capital investment in the two apartments at a reasonable price. The Disposal was completed on 29 January 2010.
- (c) As disclosed in an announcement dated 11 March 2009, the Group entered into 21 agreements respectively with the companies beneficially owned by Mr. WONG Kin Yip, Freddie and his associates for the provision of estate agency services by the Group within the period from 13 March 2008 to 4 March 2009. The total agency fee was amounted to about HK\$1,625,532.

Report of Directors**Connected Transactions (Continued)**

The Independent Non-executive Directors have reviewed the continuing connected transaction mentioned above pursuant to Rule 14A.37 of the Listing Rules and confirmed that, the continuing connected transaction was carried out:

- i. in the ordinary and usual course of the business of the Company;
- ii. either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to the Company than terms available to or from (as appropriate) independent third parties; and
- iii. in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the independent shareholders of the Company as a whole.

Pursuant to Rule 14A.38 of the Listing Rules, the auditor of the Company has performed certain procedures on the continuing connected transaction as set out above and confirmed that the continuing connected transaction:

- i. has received the approval of the Board;
- ii. has been entered into in accordance with the terms as set out in the tenancy agreement governing this transaction; and
- iii. has not exceeded the annual cap disclosed in the relevant announcement.

Retirement Scheme

Details of the Company's retirement scheme are set out in note 9 to the financial statements in this Annual Report.

Principal Subsidiaries, Jointly Controlled Entities and an Associated Company

Details of the Company's principal subsidiaries, jointly controlled entities and an associated company at 31 December 2009 are set out in note 40 to the financial statements in this Annual Report.

Bank Loans, Overdrafts and Other Borrowings

An analysis of bank loans as at 31 December 2009 is set out in note 33 to the financial statements in this Annual Report.

Apart from the above, the Group has no other borrowings as at 31 December 2009.

Emolument Policy

The emoluments of the Directors are determined by taking into consideration of their duties and responsibilities with the Company, the market rate and their time, effort and expertise to be input to the Group's affairs, as well as the Company's performance and remuneration policy.

Report of Directors**Directors' Interest in Competing Business**

None of the Directors has an interest in any business constituting a competing business to the Group.

Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this Annual Report, there is sufficient public float of more than 25% of the issued share capital of the Company as required under the Listing Rules.

Auditor

The financial statements have been audited by PricewaterhouseCoopers, who will retire and, being eligible, will offer themselves for re-appointment at the forthcoming AGM. A resolution will be proposed at the forthcoming AGM to re-appoint them and to authorise the Directors to fix their remuneration.

On behalf of the Board

WONG Kin Yip, Freddie

Chairman and Managing Director

Hong Kong, 18 March 2010

Management Discussion and Analysis

Liquidity, Financial Resources and Funding

As at 31 December 2009, the Group had bank balances and cash of HK\$1,477,419,000, whilst bank loans amounted to HK\$22,493,000. The Group's bank loans were secured by certain land use right, leasehold land and building held by the Group of HK\$46,637,000 and with maturity profile set out as follows:

Repayable	HK\$'000
Within 1 year	1,915
After 1 year but within 2 years	1,986
After 2 years but within 5 years	6,405
Over 5 years	12,187

As at 31 December 2009, the Group had unutilised banking facilities amounting to HK\$224,940,000 from various banks. The Group's bank balances and cash are deposited in Hong Kong Dollars, United States Dollars, Renminbi and Macau Pataca, and the Group's bank loans are in Hong Kong Dollars and Renminbi. No currency hedging tool is used. The bank loans and overdraft facilities were granted to the Group on a floating rate basis.

As at 31 December 2009, the gearing ratio of the Group was 1.2%. The gearing ratio is computed on the basis of total bank loans divided by total equity of the Group.

The Directors are of the view that there are sufficient financial resources to satisfy the Group's capital commitments and on-going working capital requirements.

Capital Structure and Foreign Exchange Exposure

During the year ended 31 December 2009, there was no change in the Company's capital structure. The Group generally finances its operations and investing activities with equity holders' funds.

The Group's income and monetary assets and liabilities are mainly denominated in Hong Kong dollar. The Directors considered that the foreign exchange exposure of the Group is minimal.

Contingent Liabilities

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

Employee Information

As at 31 December 2009, the Group employed 7,318 full time employees of which 6,309 were sales agents and 1,009 were back office supportive employees.

The Group provides remuneration package to employees largely based on industry practice, individual performance, qualification and experience. 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. On staff development, both in-house and external training and development programmes are conducted on a regular basis.

Independent Auditor's Report



羅兵咸永道會計師事務所

PricewaterhouseCoopers

22/F, Prince's Building
Central, Hong Kong
Telephone (852) 2289 8888
Facsimile (852) 2810 9888
www.pwchk.com

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MIDLAND HOLDINGS LIMITED**

(incorporated in Bermuda with limited liability)

We have audited the financial statements of Midland Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 44 to 103, which comprise the consolidated and company balance sheets as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 18 March 2010

Consolidated Income Statement

For the year ended 31 December 2009

	Note	2009 HK\$'000	2008 HK\$'000
Revenues	6	3,404,856	2,254,620
Other income	8	27,846	13,789
Staff costs	9	(1,766,467)	(1,277,471)
Rebate commissions		(46,092)	(12,512)
Advertising and promotion expenses		(217,449)	(184,784)
Operating lease charges in respect of office and shop premises		(251,792)	(312,220)
Impairment of receivables		(78,721)	(199,756)
Depreciation and amortisation costs		(33,315)	(45,141)
Other operating costs		(226,570)	(284,627)
Operating profit/(loss)	11	812,296	(48,102)
Finance income	12	2,812	19,197
Finance costs	12	(1,264)	(2,499)
Share of results of			
Jointly controlled entities	23	14,124	13,811
An associated company	24	3,931	231
Profit/(loss) before taxation		831,899	(17,362)
Taxation	13	(118,176)	(24,037)
Profit/(loss) for the year		<u>713,723</u>	<u>(41,399)</u>
Attributable to:			
Equity holders		691,237	(40,895)
Minority interests		22,486	(504)
		<u>713,723</u>	<u>(41,399)</u>
Dividends	15	<u>589,524</u>	<u>54,453</u>
Earnings/(loss) per share	16	HK cents	HK cents
Basic		95.44	(5.61)
Diluted		<u>95.44</u>	<u>(5.61)</u>

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	2009 HK\$'000	2008 HK\$'000
Comprehensive income		
Profit/(loss) for the year	713,723	(41,399)
Other comprehensive income		
Currency translation differences	17	7,866
Change in fair value of leasehold land and building upon transfer of properties to investment properties	3,448	–
Change in fair value of available-for-sale financial assets	1,320	(3,459)
	<u>4,785</u>	<u>4,407</u>
Total comprehensive income for the year	<u>718,508</u>	<u>(36,992)</u>
Attributable to:		
Equity holders	696,022	(36,488)
Minority interests	22,486	(504)
	<u>718,508</u>	<u>(36,992)</u>

Consolidated Balance Sheet

As at 31 December 2009

	Note	2009 HK\$'000	2008 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	78,171	72,412
Investment properties	18	54,870	71,400
Leasehold land and land use rights	19	95,750	99,222
Interests in jointly controlled entities	23	48,068	30,212
Interests in an associated company	24	4,162	231
Available-for-sale financial assets	25	11,851	11,949
Deferred taxation assets	34	10,840	13,629
		<u>303,712</u>	<u>299,055</u>
Current assets			
Trade and other receivables	26	1,114,268	698,430
Financial assets at fair value through profit or loss	27	174	5,278
Assets held for sale	28	13,000	27,137
Amount due from an associated company	24	–	9,720
Taxation recoverable		–	25,280
Cash and bank balances	29	1,477,419	941,977
		<u>2,604,861</u>	<u>1,707,822</u>
Total assets		<u><u>2,908,573</u></u>	<u><u>2,006,877</u></u>

Consolidated Balance Sheet

As at 31 December 2009

	Note	2009 HK\$'000	2008 HK\$'000
EQUITY AND LIABILITIES			
Equity holders			
Share capital	30	72,423	72,423
Share premium		247,484	247,484
Reserves	31	1,101,846	995,348
Proposed dividend	31	317,213	7,242
		<u>1,738,966</u>	<u>1,322,497</u>
Minority interests		<u>75,321</u>	<u>52,835</u>
Total equity		<u>1,814,287</u>	<u>1,375,332</u>
Non-current liabilities			
Bank loans	33	20,578	16,956
Deferred taxation liabilities	34	967	1,471
		<u>21,545</u>	<u>18,427</u>
Current liabilities			
Trade and other payables	32	1,008,259	602,510
Bank loans	33	1,915	1,722
Liabilities associated with assets held for sale		–	8,886
Amount due to an associated company	24	3,200	–
Taxation payable		59,367	–
		<u>1,072,741</u>	<u>613,118</u>
Total liabilities		<u>1,094,286</u>	<u>631,545</u>
Total equity and liabilities		<u>2,908,573</u>	<u>2,006,877</u>
Net current assets		<u>1,532,120</u>	<u>1,094,704</u>
Total assets less current liabilities		<u>1,835,832</u>	<u>1,393,759</u>

WONG Ching Yi, Angela

Director

IP Kit Yee, Kitty

Director

Balance Sheet

As at 31 December 2009

	Note	2009 HK\$'000	2008 HK\$'000
ASSETS			
Non-current assets			
Subsidiaries	21	108,501	108,501
Current assets			
Other receivables, prepayments and deposits	26	320	320
Amounts due from subsidiaries	22	1,559,474	759,474
Taxation recoverable		–	238
Cash and bank balances	29	693	515
		<u>1,560,487</u>	<u>760,547</u>
Total assets		<u>1,668,988</u>	<u>869,048</u>
EQUITY AND LIABILITIES			
Equity holders			
Share capital	30	72,423	72,423
Share premium		247,484	247,484
Reserves	31	521,737	296,702
Proposed dividend	31	317,213	7,242
Total equity		<u>1,158,857</u>	<u>623,851</u>
Current liabilities			
Other payables and accruals	32	59,079	5,621
Amounts due to subsidiaries	22	450,366	239,576
Taxation payable		686	–
Total liabilities		<u>510,131</u>	<u>245,197</u>
Total equity and liabilities		<u>1,668,988</u>	<u>869,048</u>
Net current assets		<u>1,050,356</u>	<u>515,350</u>
Total assets less current liabilities		<u>1,158,857</u>	<u>623,851</u>

WONG Ching Yi, Angela
Director

IP Kit Yee, Kitty
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Share capital HK\$'000	Share premium HK\$'000	Reserves HK\$'000	Equity holders HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 January 2009	72,423	247,484	1,002,590	1,322,497	52,835	1,375,332
Comprehensive income						
Profit for the year	–	–	691,237	691,237	22,486	713,723
Other comprehensive income						
Currency translation differences	–	–	17	17	–	17
Change in fair value of leasehold land and building upon transfer of properties to investment properties	–	–	3,448	3,448	–	3,448
Change in fair value of available- for-sale financial assets	–	–	1,320	1,320	–	1,320
Total comprehensive income	–	–	696,022	696,022	22,486	718,508
Transactions with owners						
2008 final dividend paid	–	–	(7,242)	(7,242)	–	(7,242)
2009 interim dividend and special cash bonus paid	–	–	(272,311)	(272,311)	–	(272,311)
	–	–	(279,553)	(279,553)	–	(279,553)
At 31 December 2009	<u>72,423</u>	<u>247,484</u>	<u>1,419,059</u>	<u>1,738,966</u>	<u>75,321</u>	<u>1,814,287</u>
At 1 January 2008	73,090	265,317	1,312,867	1,651,274	53,339	1,704,613
Comprehensive income						
Loss for the year	–	–	(40,895)	(40,895)	(504)	(41,399)
Other comprehensive income						
Currency translation differences	–	–	7,866	7,866	–	7,866
Change in fair value of available- for-sale financial assets	–	–	(3,459)	(3,459)	–	(3,459)
Total comprehensive income	–	–	(36,488)	(36,488)	(504)	(36,992)
Transactions with owners						
Re-purchase of own shares	(667)	(17,833)	–	(18,500)	–	(18,500)
2007 final dividend and special cash bonus paid	–	–	(226,578)	(226,578)	–	(226,578)
2008 interim dividend paid	–	–	(47,211)	(47,211)	–	(47,211)
	(667)	(17,833)	(273,789)	(292,289)	–	(292,289)
At 31 December 2008	<u>72,423</u>	<u>247,484</u>	<u>1,002,590</u>	<u>1,322,497</u>	<u>52,835</u>	<u>1,375,332</u>

Consolidated Cash Flow Statement

For the year ended 31 December 2009

	Note	2009 HK\$'000	2008 HK\$'000
Cash flows from operating activities			
Net cash generated from operations	35	819,064	281,066
Hong Kong profits tax paid		(29,574)	(146,044)
Overseas taxation paid		(1,670)	(3,553)
Interest paid		(1,264)	(2,499)
Net cash from operating activities		<u>786,556</u>	<u>128,970</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(36,437)	(46,896)
Purchase of investment properties		–	(5,409)
Purchase of leasehold land and land use rights		(7,033)	–
Proceeds from disposal of investment properties		30,994	1,841
Proceeds from disposal of assets held for sale		33,497	108,996
Proceeds from disposal of property, plant and equipment		78	92
Acquisition of additional interest in a jointly controlled entity		(11,732)	–
Purchase of unlisted debt securities		–	(2,900)
Purchase of available-for-sale financial assets		(2,319)	(4,637)
Proceeds from disposal of unlisted debt securities		11,827	19,987
Return of capital from available-for-sale financial assets		3,738	–
Proceeds from disposal of held-to-maturity investments		–	11,050
Bank interest received		2,812	19,197
Dividend received from listed investments		69	1,162
Dividend received from a jointly controlled entity		8,000	10,000
Net cash from investing activities		<u>33,494</u>	<u>112,483</u>
Cash flows from financing activities			
Purchase of own shares		–	(18,500)
Drawdown of bank loan		14,280	–
Repayment of bank loans		(19,351)	(57,153)
Dividends paid to equity holders		(279,553)	(273,789)
Net cash used in financing activities		<u>(284,624)</u>	<u>(349,442)</u>
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at 1 January		941,977	1,046,033
Exchange differences		16	3,933
Cash and cash equivalents at 31 December	29	<u>1,477,419</u>	<u>941,977</u>

Notes to the Financial Statements

1 General Information

Midland Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Clarendon House, Church Street, Hamilton HM11, Bermuda and its principal office in Hong Kong is Rooms 2505-2508, 25th Floor, World-wide House, 19 Des Voeux Road Central, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively the “Group”) are provision of property agency services in Hong Kong, the Mainland China and Macau.

These financial statements have been approved by the Board of Directors on 18 March 2010.

2 Basis of Preparation

- (a) The financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair values.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 5 below.

(b) Standards, interpretations and amendments effective in 2009

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 1 Amendment	Presentation of Financial Statements
HKAS 16 Amendment	Property, Plant and Equipment
HKAS 19 Amendment	Employee Benefits
HKAS 23 Amendment	Borrowing Costs
HKAS 27 Amendment	Consolidated and Separate Financial Statements
HKAS 28 Amendment	Investments in Associates
HKAS 31 Amendment	Interests in Joint Ventures
HKAS 36 Amendment	Impairment of Assets
HKAS 38 Amendment	Intangible Assets
HKAS 39 Amendment	Financial Instruments: Recognition and Measurement
HKFRS 2 Amendment	Share-based Payment
HKFRS 7 Amendment	Financial Instruments: Disclosures
HKFRS 8	Operating Segments

2 Basis of Preparation (Continued)

(b) Standards, interpretations and amendments effective in 2009 (Continued)

The adoption of the above new or revised standards and amendments did not have significant effect on the financial statements or result in any significant changes in the Group's significant accounting policies except as described below.

- (i) HKFRS 7 Amendment, "Financial Instruments – Disclosures". The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.
- (ii) HKFRS 8, "Operating Segments". It replaces HKAS 14, "Segment reporting" and requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.
- (iii) HKAS 1 (Revised), "Presentation of Financial Statements". The revised standard prohibits the presentation of items of income and expenses (relating to non-owner changes in equity) in the statement of changes in equity, requiring non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement.

(c) Standards, interpretations and amendments which are not yet effective

The following revised standards, amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, relevant to the Group and have not been early adopted.

Effective for the year ending 31 December 2010

HKAS 1 Amendment	Presentation of financial statements
HKAS 17 Amendment	Lease
HKAS 18 Amendment	Revenue
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 38 Amendment	Intangible assets
HKFRS 2 Amendment	Share-based payment
HKFRS 3 (Revised)	Business Combination
HKFRS 5 Amendment	Non-current Assets Held for Sale and Discontinued Operations
HKFRS 8 Amendment	Operating Segment

Effective for the year ending 31 December 2013

HKFRS 9	Financial Instruments
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The Group is assessing the impact of these new or revised standards and amendments. The adoption of these new or revised standards and amendments does not have significant impact on the Group's financial statements except for certain changes in presentation and disclosures.

3 Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

(a) Consolidation

The consolidated financial statements of the Group include the financial statements of the Company and its subsidiaries made up to 31 December.

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment. The results of subsidiaries are accounted for by the Company on the basis of dividend income.

(ii) Associated company

An associated company is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in an associated company are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in an associated company includes goodwill identified on acquisition, net of any accumulated impairment loss.

3 Summary of Significant Accounting Policies (Continued)

(a) Consolidation (Continued)

(ii) Associated company (Continued)

The Group's share of its associated company's post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated company are eliminated to the extent of the Group's interest in the associated company. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For equity accounting purpose, accounting policies of associated company have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Jointly controlled entities

A jointly controlled entity is a joint venture under 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. Investments in jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of post-acquisition profits or losses of the jointly controlled entities is recognised in the income statement, and the share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly controlled entities equals or exceeds its interest in the jointly controlled entities, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entities.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

3 Summary of Significant Accounting Policies (Continued)

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Hong Kong dollar, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at exchange rates ruling at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation difference on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in equity.

(iii) Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the exchange rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

3 Summary of Significant Accounting Policies (Continued)

(c) Foreign currency translation (Continued)

(iii) Group companies (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is partially disposed or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate at the balance sheet date.

(d) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, as follows:

Buildings	50 years
Leasehold improvements	2 to 3 years
Furniture and fixtures	4 years
Office equipment	4 years
Motor vehicles	4 years

The residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within other operating cost, in the income statement.

3 Summary of Significant Accounting Policies (Continued)

(e) Investment properties

Property that is held for long-term rental yield or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Changes in fair values are recognised in the income statement as part of other income or other operating costs. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific property.

Subsequent expenditure is charged to the carrying amount of the property only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed as investment property is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

If a property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this property at the date of transfer is recognised in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment, the gain is recognised in the income statement.

(f) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment. Impairment on goodwill is not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

3 Summary of Significant Accounting Policies (Continued)

(f) Intangible assets (Continued)

(ii) Research and website development costs

The costs for developing websites which include external direct cost of materials and services consumed in developing the website are capitalised, and the capitalisation of such costs ceases no later than the point at which the website is substantially completed and ready for its intended purpose, except that such costs involve provision of additional functions or features to the website. Website development costs are amortised on a straight-line basis over a period of three years, which represent the expected useful life of the website. Capitalised website development costs are stated at cost less accumulated amortisation and impairment.

Research and other development costs relating to website development and website maintenance costs are expensed in the financial period in which they are incurred.

(g) Impairment of investments in subsidiaries, associated company, jointly controlled entities and non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

Impairment testing of the investments in subsidiaries, associated company or jointly controlled entities is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, associated company or jointly controlled entity in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(h) Financial assets

The Group classifies its financial assets in the categories of financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

A financial asset is classified as fair value through profit or loss if acquired principally for the purpose of trading or designated upon initial recognition. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the balance sheet date.

3 Summary of Significant Accounting Policies (Continued)

(h) Financial assets (Continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than twelve months from the balance sheet date and are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months of the balance sheet date.

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the income statement within other income/other operating costs in the financial period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

3 Summary of Significant Accounting Policies (Continued)

(h) Financial assets (Continued)

Interest on held-to-maturity investments and available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividend on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment recognised in the income statement on equity instruments are not reversed through the income statement.

(i) Assets held for sale

Assets are classified as assets held for sale when their carrying amounts are to be recovered principally through sale transactions and sales are considered highly probable. Except for investment properties which are carried at fair value, they are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount are to be recovered principally through sale transactions rather than through continuing use.

(j) Trade and other receivables

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivables are impaired. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within other operating costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivable. Subsequent recoveries of amounts previously written off are credited against other operating costs in the income statement.

3 Summary of Significant Accounting Policies (Continued)

(k) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(l) Share capital

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs is deducted from equity.

(m) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

(o) Taxation

The current taxation charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries, associated company and jointly controlled entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3 Summary of Significant Accounting Policies (Continued)

(o) Taxation (Continued)

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred taxation is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxation is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred taxation asset is realised or the deferred taxation liability is settled.

Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(p) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

(ii) Retirement scheme obligations

Contributions to defined contribution retirement schemes which are available to all employees, calculated at rates specified in the rules of the schemes, are charged to the income statement when the contributions are payable to the fund.

(iii) Share-based compensation

The fair value of the employee services received in exchange for the grant of share options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

3 Summary of Significant Accounting Policies (Continued)

(q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(r) Revenue recognition

Revenue comprises the fair value of the consideration for the sale of goods and services in the ordinary course of the activities of the Group. Revenue is recognised when it is probable that future economic benefits will flow to the Group, the amount can be measured reliably and specific criteria for each of the activities have been met. Revenue is shown net of sales tax, returns, rebates and discounts and other revenue reducing factors.

Agency fee from property agency business is recognised when the services are rendered, which is generally the time when a formal agreement among the transacted parties (including the Group) is established.

Internet education and related services involving sales of goods are recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods. Services and training income are recognised when the related services are rendered.

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

Web advertising income and other services income including income from property valuation, other advertising and referral services are recognised when services are rendered.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

3 Summary of Significant Accounting Policies (Continued)

(s) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor are charged to the income statement on a straight-line basis over the period of the lease.

(t) Dividend distribution

Dividend distribution is recognised as a liability in the financial statements in the financial period in which the dividends are approved by the shareholders or directors, as appropriate.

(u) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

4 Financial Risk Management

(a) Financial risk factors

The Group's activities expose it to credit risk, foreign exchange risk, interest rate risk, price risk and liquidity risk. The overall risk management programme of the Group focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

(i) Credit risk

The Group is exposed to credit risk in relation to its cash and bank balances, trade and other receivables and amounts due from group companies. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets.

To manage this risk, the management has monitoring procedures to ensure that, follow-up action is taken to recover overdue debts. In addition, the management reviews regularly the recoverable amount of each individual trade receivables to ensure that adequate impairment is made for the irrecoverable amounts.

Cash and bank balances are deposits in banks with sound credit ratings. Given their sound credit ratings, the Group does not expect to have high credit risk in this aspect.

4 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(ii) Foreign exchange risk

The Group mainly operates in Hong Kong and the Mainland China and is exposed to foreign exchange risk arising from Renminbi. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group currently does not have a foreign currency hedging policy and has not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

At the balance sheet date, if exchange rate in Hong Kong dollar against Renminbi had been increased or decreased by 3% and all other variables were held constant, the Group's profit before taxation would increase or decrease by approximately HK\$64,000 (2008: HK\$4,000) for the year ended 31 December 2009.

(iii) Cash flow and fair value interest rate risk

As the Group has no significant interest bearing assets and liabilities, other than bank deposits and bank borrowings which are carried at variable rates, the Group's income/(expense) and operating cash flows are substantially independent of changes in market interest rates.

At the balance sheet date, if interest rates had been increased or decreased by 3% and all other variables were held constant, the Group's profit before taxation would decrease or increase by approximately HK\$5,000 (2008: HK\$126,000) for the year ended 31 December 2009.

4 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iv) Liquidity risk

The Group aims to finance its operations with its own capital and earnings and did not have any borrowings or credit facilities utilised during the year. The Group maintains its own treasury function (the "Group Finance") to monitor the current and expected liquidity requirements and aims to maintain flexibility by keeping sufficient cash and cash equivalents generated from operations and will consider to finance major capital investment, such as application of mortgage loans on acquisition of properties.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group Finance. The Group Finance invests surplus cash in interest bearing time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room for the Group to meet the liquidity requirements. At 31 December 2009, the Group held bank deposits of HK\$1,477,419,000 (2008: HK\$941,977,000) that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances (including both interest and principal) as the impact of discounting is not significant.

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	2 and 5 years HK\$'000	Over 5 years HK\$'000
At 31 December 2009				
Amount due to				
an associated company	3,200	–	–	–
Bank loans	2,571	2,571	7,713	13,100
Trade and other payables	1,067,626	–	–	–
	<u>1,073,397</u>	<u>2,571</u>	<u>7,713</u>	<u>13,100</u>
At 31 December 2008				
Bank loans	3,007	3,007	9,021	9,736
Liabilities associated with assets held for sale	1,958	1,918	5,512	–
Trade and other payables	602,510	–	–	–
	<u>607,475</u>	<u>4,925</u>	<u>14,533</u>	<u>9,736</u>

4 Financial Risk Management (Continued)

(b) Capital risk management

The Group's objectives when managing capital are to finance its operations with its owned capital and to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders.

The capital structure of the Group consists of equity attributable to the equity holders and bank borrowing. In order to maintain or adjust the capital structure, the Group will consider macro economic conditions, prevailing borrowing rate in the market and adequacy of cash flows generating from operations and may adjust the amount of dividend paid to shareholders, repurchase of shares from shareholders or raise funding through bank borrowings as necessary.

The Group monitors capital on the basis of the total debt to equity ratio. This ratio is calculated as total borrowings (including liabilities associated with assets held for sale) divided by total equity.

The total debt to equity ratios at 31 December 2009 and 2008 were as follows:

	2009 HK\$'000	2008 HK\$'000
Bank loans	22,493	18,678
Liabilities associated with assets held for sale	–	8,886
Net debt	<u>22,493</u>	<u>27,564</u>
Total equity	<u>1,814,287</u>	<u>1,375,332</u>
Total debt to equity ratio	<u>1.24%</u>	<u>2.00%</u>

(c) Fair value estimation

The carrying amounts of the financial assets of the Group, including cash and cash equivalents, deposits with financial institutions, trade and other receivables and amounts due from group companies; and financial liabilities including trade and other payables and amounts due to group companies approximate their fair values due to their short-term maturities.

The fair value of investment properties is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group use alternative valuation methods such as recent prices on less active markets or discounted cashflow projections.

The financial instruments are measured in the balance sheet at fair value by level of the following fair value measurement hierarchy:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- (ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

4 Financial Risk Management (Continued)

(c) Fair value estimation (Continued)

The following table presents the Group's financial instruments that are measured at fair value at 31 December 2009.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Available-for-sale financial assets	–	11,851	–	11,851
Financial assets at fair value through profit or loss	174	–	–	174
Total	174	11,851	–	12,025

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily trading securities or available for sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques, such as quoted market prices or dealer quotes for similar instruments, or discounted cash flow analysis. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

5 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgements in applying the Group's accounting policies, and estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Revenue recognition

Management reviews the sales transactions to determine whether it is probable that future economic benefits arising from the sales transactions would flow to the Group taking into account the market conditions, customers' profiles, completion terms and other relevant factors. Revenues from those transactions whose economic benefits are not probable to flow into the Group would not be recognised in the income statement until relevant transactions are completed or until the uncertainty is removed.

(ii) Impairment of trade receivables

Management reviews regularly the recoverable amount of each individual trade receivables to ensure that adequate impairment is made for the irrecoverable amounts. Management assesses the recoverable amount of each individual trade receivables whether there is objective evidence that the trade receivables are impaired. This evidence may include observable data indicating that there has been an adverse change in the payment status of the debtors and the local economic conditions that correlate with the potential risk of impairment on the transactions.

Management reassesses the provision at each balance sheet date.

(iii) Fair value of investment properties

The valuation of investment properties is made on the basis of the open market value of each property. The valuation is reviewed by valuers. Management will reassess the assumptions by considering the information from a variety of sources including (i) current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences; and (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that affect those prices.

6 Revenues

	2009 HK\$'000	2008 HK\$'000
Turnover		
Agency fee	3,347,722	2,215,111
Rental from investment properties	5,390	4,249
Web advertising	1,570	1,896
Internet education services	20,963	19,806
Other services	29,211	13,558
	<u>3,404,856</u>	<u>2,254,620</u>

7 Segment Information

The chief operating decision makers have been identified as the executive directors of the Company (the "Executive Directors"). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management determined the operating segments based on these reports.

Management assesses the performance based on the nature of the Group's business, principally located in Hong Kong, Mainland China and Macau, which comprises property agency businesses for residential, commercial and industrial properties and shops, and other businesses mainly include property leasing, the provision of internet education services and immigration consultancy services.

	Year ended 31 December 2009			
	Property agency		Others HK\$'000	Total HK\$'000
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000		
Total revenues	2,959,455	439,993	67,577	3,467,025
Inter-segment revenues	(33,408)	(18,318)	(10,443)	(62,169)
Revenue from external customers	<u>2,926,047</u>	<u>421,675</u>	<u>57,134</u>	<u>3,404,856</u>
Segment results	<u>775,494</u>	<u>102,275</u>	<u>57,002</u>	<u>934,771</u>
Impairment of receivables	71,888	6,797	36	78,721
Depreciation and amortisation costs	28,132	2,068	1,909	32,109
Share of results of				
– jointly controlled entities	(1,501)	–	15,625	14,124
– an associated company	–	–	3,931	3,931
Fair value gains on investment properties	–	–	11,680	11,680
Additions to non-current assets	<u>16,294</u>	<u>3,119</u>	<u>11,781</u>	<u>31,194</u>

7 Segment Information (Continued)

	Year ended 31 December 2008			Total HK\$'000
	Property agency			
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000	Others HK\$'000	
Total revenues	1,977,769	282,893	50,893	2,311,555
Inter-segment revenues	(23,048)	(20,566)	(13,321)	(56,935)
Revenue from external customers	<u>1,954,721</u>	<u>262,327</u>	<u>37,572</u>	<u>2,254,620</u>
Segment results	<u>21,868</u>	<u>11,650</u>	<u>30,694</u>	<u>64,212</u>
Impairment of receivables	162,160	37,415	181	199,756
Impairment of property, plant and equipment	–	–	1,763	1,763
Depreciation and amortisation costs	37,177	4,001	3,498	44,676
Share of results of				
– jointly controlled entities	1,104	–	12,707	13,811
– an associated company	–	–	231	231
Fair value loss on investment properties and assets held for sale	–	–	1,255	1,255
Additions to non-current assets	<u>42,890</u>	<u>2,815</u>	<u>6,600</u>	<u>52,305</u>

The Executive Directors assess the performance of the operating segments based on a measure of operating results from each reportable segment. Corporate expenses, net unrealised and realised gains/(loss) on financial assets at fair value through profit or loss, finance income, finance costs and taxation are not included in the segment results.

Revenues between segments arose from transactions which are carried out on terms with reference to market practice. Revenues from external customers reported to the Executive Directors are measured in a manner consistent with that in the consolidated income statement.

A reconciliation of segment results to profit/(loss) before taxation is provided as follows:

	2009 HK\$'000	2008 HK\$'000
Segment results for reportable segments	934,771	64,212
Corporate expenses	(111,143)	(50,501)
Net unrealised and realised gains/(loss) on financial assets at fair value through profit or loss	6,723	(47,771)
Finance income	2,812	19,197
Finance costs	(1,264)	(2,499)
Profit/(loss) before taxation	<u>831,899</u>	<u>(17,362)</u>

Notes to the Financial Statements

7 Segment Information (Continued)

Segment assets and liabilities exclude corporate assets and liabilities, deferred taxation, financial assets at fair value through profit or loss, available-for-sale financial assets, all of which are managed on a central basis. These are part of the reconciliation to total balance sheet assets.

As at 31 December 2009				
	Property agency			Total HK\$'000
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000	Others HK\$'000	
Segment assets	<u>1,283,667</u>	<u>375,176</u>	<u>205,830</u>	<u>1,864,673</u>
Segment assets include:				
Interests in jointly controlled entities	–	–	48,068	48,068
Interests in an associated company	<u>–</u>	<u>–</u>	<u>4,162</u>	<u>4,162</u>
Segment liabilities	<u>847,943</u>	<u>136,045</u>	<u>28,536</u>	<u>1,012,524</u>

As at 31 December 2008				
	Property agency			Total HK\$'000
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000	Others HK\$'000	
Segment assets	<u>784,061</u>	<u>202,855</u>	<u>222,640</u>	<u>1,209,556</u>
Segment assets include:				
Interests in jointly controlled entities	1,501	–	28,711	30,212
Interests in an associated company	<u>–</u>	<u>–</u>	<u>231</u>	<u>231</u>
Segment liabilities	<u>522,883</u>	<u>55,398</u>	<u>45,312</u>	<u>623,593</u>

Notes to the Financial Statements

7 Segment Information (Continued)

Reportable segment assets are reconciled to total assets as follows:

	2009 HK\$'000	2008 HK\$'000
Segment assets	1,864,673	1,209,556
Corporate assets	1,021,035	766,465
Deferred taxation assets	10,840	13,629
Financial assets at fair value through profit or loss	174	5,278
Available-for-sale financial assets	11,851	11,949
Total assets per the consolidated balance sheet	<u>2,908,573</u>	<u>2,006,877</u>

Reportable segment liabilities are reconciled to total liabilities as follows:

	2009 HK\$'000	2008 HK\$'000
Segment liabilities	1,012,524	623,593
Corporate liabilities	80,795	6,481
Deferred taxation liabilities	967	1,471
Total liabilities per the consolidated balance sheet	<u>1,094,286</u>	<u>631,545</u>

8 Other Income

	2009 HK\$'000	2008 HK\$'000
Dividend income from listed investments	69	1,162
Fair value gains on investment properties	11,680	–
Gains on disposal of investment properties	3,014	91
Gains on disposal of assets held for sale	6,360	12,536
Unrealised and realised gains on financial assets at fair value through profit or loss	6,723	–
	<u>27,846</u>	<u>13,789</u>

9 Staff Costs

	2009 HK\$'000	2008 HK\$'000
Salaries and allowances	603,662	595,448
Commissions	1,117,486	648,122
Pension costs for defined contribution plans	45,319	33,901
	<u>1,766,467</u>	<u>1,277,471</u>

The Group participates in a mandatory provident fund (“MPF”) scheme which is available to eligible employees of the Group, 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 Group also contributes to employee retirement schemes established by municipal governments in respect of certain subsidiaries in the Mainland China. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group. Contributions to these schemes are charged to the income statement as incurred.

The cost of MPF scheme charged to the income statement represents contributions paid and payable by the Group to the fund. Contributions totalling HK\$1,506,000 (2008: HK\$1,437,000) which are payable to the fund are included in other payable and accruals as at 31 December 2009.

10 Directors' Emoluments and Five Highest Paid Individuals

(a) Directors' emoluments

The remuneration of each director for the year ended 31 December 2009 is set out below:

Name of director	Fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit costs HK\$'000	Total HK\$'000
Executive Directors					
Mr WONG Kin Yip, Freddie	–	14,247	50,753	12	65,012
Ms TANG Mei Lai, Metty	–	3,838	2,875	24	6,737
Mr WONG Kam Hong	–	10,974	800	12	11,786
Mr CHAN Kwan Hing	–	15,000	–	12	15,012
Ms WONG Ching Yi, Angela	–	1,010	1,431	12	2,453
Mr KWOK Ying Lung	–	1,866	–	12	1,878
Ms IP Kit Yee, Kitty	–	1,832	1,787	12	3,631
	–	48,767	57,646	96	106,509
Independent non-executive directors					
Mr KOO Fook Sun, Louis	200	–	–	–	200
Mr SUN Tak Chiu	200	–	–	–	200
Mr WANG Ching Miao, Wilson	200	–	–	–	200
	600	–	–	–	600
	600	48,767	57,646	96	107,109

10 Directors' Emoluments and Five Highest Paid Individuals (Continued)

(a) Directors' emoluments (Continued)

The remuneration of each director for the year ended 31 December 2008 is set out below:

Name of director	Fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit costs HK\$'000	Total HK\$'000
Executive Directors					
Mr WONG Kin Yip, Freddie	–	13,786	998	12	14,796
Ms TANG Mei Lai, Metty	–	1,193	–	12	1,205
Mr WONG Kam Hong	–	2,941	–	4	2,945
Mr CHAN Kwan Hing	–	11,224	–	12	11,236
Ms WONG Ching Yi, Angela	–	690	26	9	725
Mr KWOK Ying Lung	–	3,646	–	12	3,658
Ms IP Kit Yee, Kitty	–	308	50	2	360
Ms LAM Fung Fong	–	3,179	–	10	3,189
	–	36,967	1,074	73	38,114
Independent non-executive directors					
Mr KOO Fook Sun, Louis	200	–	–	–	200
Mr SUN Tak Chiu	200	–	–	–	200
Mr WANG Ching Miao, Wilson	200	–	–	–	200
	600	–	–	–	600
	600	36,967	1,074	73	38,714

No director waived or agreed to waive any emoluments during the year (2008: Nil). No incentive payment for joining the Group was paid or payable to any directors during the year (2008: Nil). HK\$1,222,000 was paid to a director as compensation for loss of office during the year ended 31 December 2008 (2009: Nil).

10 Directors' Emoluments and Five Highest Paid Individuals (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest for the year are directors of the Company (2008: five) whose emoluments are reflected in the analysis presented above.

11 Operating Profit/(Loss)

Operating profit/(loss) is arrived at after charging:

	2009 HK\$'000	2008 HK\$'000
Loss on disposal of property, plant and equipment	3,384	13,500
Impairment of property, plant and equipment (Note 17)	–	1,763
Net unrealised and realised loss on financial assets at fair value through profit or loss	–	47,771
Fair value loss on investment properties (Note 18)	–	1,095
Fair value loss on assets held for sale	–	160
Direct operating expenses arising from investment properties that:		
– generated rental income	377	136
– did not generate rental income	26	69
Auditor's remuneration	<u>3,419</u>	<u>3,241</u>

12 Finance Income and Costs

	2009 HK\$'000	2008 HK\$'000
Finance income		
Bank interest income	2,812	19,197
Finance costs		
Interest on bank loans and overdrafts		
Wholly repayable within five years	–	(931)
Not wholly repayable within five years	(1,264)	(1,387)
Interest on securities margin financing	–	(181)
	(1,264)	(2,499)
Finance income, net	<u>1,548</u>	<u>16,698</u>

13 Taxation

	2009 HK\$'000	2008 HK\$'000
Current		
Hong Kong profits tax	109,065	10,214
Overseas	6,826	375
Deferred (Note 34)	2,285	13,448
	<u>118,176</u>	<u>24,037</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

Notes to the Financial Statements

13 Taxation (Continued)

The tax on the Group's profit/(loss) before taxation differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2009 HK\$'000	2008 HK\$'000
Profit/(loss) before taxation	831,899	(17,362)
Less: share of results of jointly controlled entities	(14,124)	(13,811)
Less: share of results of an associated company	(3,931)	(231)
	<u>813,844</u>	<u>(31,404)</u>
Calculated at a taxation rate of 16.5% (2008: 16.5%)	134,284	(5,182)
Effect of different taxation rates in other countries	1,222	414
Income not subject to taxation	(2,766)	(6,583)
Expenses not deductible for taxation purposes	61	3,692
Utilisation of previously unrecognised tax losses	(11,623)	(500)
Tax losses not recognised	2,801	31,467
Temporary differences unrecognised	–	3
Remeasurement of deferred taxation – change in		
Hong Kong tax rate	–	1,303
Others	(5,803)	(577)
Taxation charge	<u>118,176</u>	<u>24,037</u>

14 Profit Attributable to Equity Holders of the Company

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK\$814,559,000 (2008: HK\$100,786,000).

15. Dividends

	2009 HK\$'000	2008 HK\$'000
Interim paid of HK\$0.176 (2008: HK\$0.065) per share	127,465	47,211
Interim special cash bonus paid of HK\$0.20 (2008: Nil) per share	144,846	–
Proposed final of HK\$0.438 (2008: HK\$0.01) per share	<u>317,213</u>	<u>7,242</u>
	<u>589,524</u>	<u>54,453</u>

At a board meeting held on 18 March 2010, the directors proposed a final dividend of HK\$0.438 per share. This proposed dividend is not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2010.

16 Earnings/(Loss) Per Share

The calculation of basic and diluted earnings/(loss) per share is based on the following:

	2009 HK\$'000	2008 HK\$'000
Profit/(loss) attributable to equity holders	<u>691,237</u>	<u>(40,895)</u>
Number of shares for calculating basic earnings/(loss) per share (thousands)	724,231	729,119
Effect on conversion of share options (thousands)	<u>–</u>	<u>–</u>
Number of shares for calculating diluted earnings/(loss) per share (thousands)	<u>724,231</u>	<u>729,119</u>
Basic earnings/(loss) per share (HK cents)	95.44	(5.61)
Diluted earnings/(loss) per share (HK cents)	<u>95.44</u>	<u>(5.61)</u>

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of shares in issue during the year.

In calculating the diluted earnings/(loss) per share the weighted average number of shares is adjusted to assume conversion of all dilutive potential shares from share options. Adjustment has been made to determine the number of shares that could have been acquired at fair value (according to the average annual market share price of the shares of the Company) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options. Diluted earnings/(loss) per share for the year ended 31 December 2009 and 2008 did not assume the exercise of share options outstanding during the year since the exercise of share options would have an anti-dilutive effect.

Notes to the Financial Statements

17 Property, Plant and Equipment

Group

	Buildings HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 31 December 2007						
Cost	23,900	153,222	47,736	152,961	3,901	381,720
Accumulated depreciation and impairment	(10,881)	(125,066)	(28,139)	(130,612)	(3,593)	(298,291)
Net book amount	<u>13,019</u>	<u>28,156</u>	<u>19,597</u>	<u>22,349</u>	<u>308</u>	<u>83,429</u>
Year ended 31 December 2008						
Opening net book amount	13,019	28,156	19,597	22,349	308	83,429
Additions	–	27,764	7,544	10,192	1,396	46,896
Transfer from investment properties (Note 18)	210	–	–	–	–	210
Transfer to investment properties (Note 18)	(428)	–	–	–	–	(428)
Transfer to assets held for sale (Note 28)	(1,808)	–	–	–	–	(1,808)
Disposals	–	(8,209)	(4,212)	(1,171)	–	(13,592)
Depreciation	(323)	(21,953)	(6,452)	(13,518)	(437)	(42,683)
Impairment (Note 11)	–	(498)	–	(1,265)	–	(1,763)
Exchange differences	–	917	1,061	166	7	2,151
Closing net book amount	<u>10,670</u>	<u>26,177</u>	<u>17,538</u>	<u>16,753</u>	<u>1,274</u>	<u>72,412</u>
At 31 December 2008						
Cost	21,075	156,911	50,942	149,208	4,225	382,361
Accumulated depreciation and impairment	(10,405)	(130,734)	(33,404)	(132,455)	(2,951)	(309,949)
Net book amount	<u>10,670</u>	<u>26,177</u>	<u>17,538</u>	<u>16,753</u>	<u>1,274</u>	<u>72,412</u>
Year ended 31 December 2009						
Opening net book amount	10,670	26,177	17,538	16,753	1,274	72,412
Additions	21,891	14,024	2,350	3,088	–	41,353
Change in fair value of building upon transfer of properties to investment properties (Note 31)	357	–	–	–	–	357
Transfer to investment properties (Note 18)	(1,258)	–	–	–	–	(1,258)
Disposals	–	(1,756)	(715)	(991)	–	(3,462)
Depreciation	(819)	(17,268)	(4,903)	(7,857)	(384)	(31,231)
Closing net book amount	<u>30,841</u>	<u>21,177</u>	<u>14,270</u>	<u>10,993</u>	<u>890</u>	<u>78,171</u>
At 31 December 2009						
Cost	40,497	153,464	50,603	144,985	4,225	393,774
Accumulated depreciation and impairment	(9,656)	(132,287)	(36,333)	(133,992)	(3,335)	(315,603)
Net book amount	<u>30,841</u>	<u>21,177</u>	<u>14,270</u>	<u>10,993</u>	<u>890</u>	<u>78,171</u>

Buildings with carrying amount of HK\$21,910,000 (2008: HK\$590,000) are pledged as security for the Group's long-term bank loans (Note 33).

18 Investment Properties

	Group	
	2009 HK\$'000	2008 HK\$'000
Opening net book amount	71,400	68,713
Additions	–	5,409
Transfer from buildings (Note 17)	1,258	428
Transfer from leasehold land and land use rights (Note 19)	11,512	4,937
Transfer to buildings (Note 17)	–	(210)
Transfer to leasehold land and land use rights (Note 19)	–	(7,890)
Transfer to assets held for sale	(13,000)	–
Disposals	(27,980)	(1,750)
Change in fair value to income statement (Notes 8 and 11)	11,680	(1,095)
Exchange differences	–	2,858
Closing net book amount	<u>54,870</u>	<u>71,400</u>

The investment properties were revalued at 31 December 2009 by Mr. Alvin T.P. Lam, a qualified surveyor employed by the Group, based on current prices in an active market for all properties.

Investment properties at their net book values are analysed as follows:

	Group	
	2009 HK\$'000	2008 HK\$'000
In Hong Kong		
Leases of over 50 years	5,540	5,000
Leases of between 10 to 50 years	28,060	14,430
Outside Hong Kong		
Leases of over 50 years	7,870	17,370
Leases of between 10 to 50 years	7,800	28,800
Lease less than 10 years	5,600	5,800
	<u>54,870</u>	<u>71,400</u>

Investment properties with net book value of HK\$21,100,000 as at 31 December 2008 were pledged as security for the Group's long-term bank loans.

19 Leasehold Land and Land Use Rights

	Group	
	2009 HK\$'000	2008 HK\$'000
Opening net book amount	99,222	122,656
Additions	7,033	–
Change in fair value of leasehold land upon transfer of properties to investment properties (Note 31)	3,091	–
Transfer from investment properties (Note 18)	–	7,890
Transfer to investment properties (Note 18)	(11,512)	(4,937)
Transfer to assets held for sale	–	(23,929)
Amortisation	(2,084)	(2,458)
Closing net book amount	<u>95,750</u>	<u>99,222</u>

Leasehold land and land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	Group	
	2009 HK\$'000	2008 HK\$'000
In Hong Kong		
Leases of over 50 years	45,008	45,853
Leases of between 10 to 50 years	27,316	29,545
Outside Hong Kong		
Leases of over 50 years	<u>23,426</u>	<u>23,824</u>
	<u>95,750</u>	<u>99,222</u>

Leasehold land and land use rights with net book value of HK\$24,727,000 (2008: HK\$18,177,000) are pledged as security for the Group's long-term bank loans (Note 33).

20 Intangible Assets

Group

	Goodwill HK\$'000	Website development cost HK\$'000	Total HK\$'000
At 1 January 2008, 31 December 2008 and 2009			
Cost	30,125	29,659	59,784
Accumulated amortisation and impairment	(30,125)	(29,659)	(59,784)
Net book amount	<u>–</u>	<u>–</u>	<u>–</u>

21 Subsidiaries

	Company	
	2009 HK\$'000	2008 HK\$'000
Unlisted shares, at cost	<u>108,501</u>	<u>108,501</u>

Details of principal subsidiaries are set out in note 40(i) to the financial statements.

22 Amounts Due from/to Subsidiaries

The amounts receivable and payable are unsecured, interest free and repayable on demand. All subsidiaries have no default history.

23 Interests in Jointly Controlled Entities

	Group	
	2009 HK\$'000	2008 HK\$'000
Share of net assets	<u>48,068</u>	<u>30,212</u>
Unlisted shares, at costs	<u>12,044</u>	<u>3,812</u>

Details of principal jointly controlled entities are set out in note 40(ii) to the financial statements.

Notes to the Financial Statements

23 Interests in Jointly Controlled Entities (Continued)

The aggregate assets and liabilities, and income and expenses of the Group's interests in jointly controlled entities are as follows:

	2009 HK\$'000	2008 HK\$'000
Assets		
Non-current assets	2,725	1,562
Current assets	<u>55,239</u>	<u>33,697</u>
	----- 57,964	----- 35,259
Liabilities		
Long-term liabilities	227	286
Current liabilities	<u>9,669</u>	<u>4,761</u>
	----- 9,896	----- 5,047
Net assets	<u>48,068</u>	<u>30,212</u>
Income	53,145	44,908
Expenses, including taxation	<u>(39,021)</u>	<u>(31,097)</u>
Net profit for the year	<u>14,124</u>	<u>13,811</u>

There are no significant contingent liabilities and capital commitments relating to the Group's interests in the jointly controlled entities, and no significant contingent liabilities and capital commitments of the jointly controlled entities.

24 Interests in an Associated Company

	2009 HK\$'000	2008 HK\$'000
Share of net assets	<u>4,162</u>	<u>231</u>
Unlisted shares, at cost	<u>HK\$20</u>	<u>HK\$20</u>
Amount due (to)/from an associated company	<u>(3,200)</u>	<u>9,720</u>

The amount (payable)/receivable is unsecured, interest free and repayable on demand.

Details of the associated company are set out in note 40(iii) to the financial statements.

24 Interests in an Associated Company (Continued)

The Group's share of the result of its associated company and its aggregated assets and liabilities are as follows:

	2009 HK\$'000	2008 HK\$'000
Assets		
Current assets	<u>6,081</u>	<u>28,196</u>
Liabilities		
Long-term liabilities	–	15,642
Current liabilities	<u>1,919</u>	<u>12,323</u>
	<u>1,919</u>	<u>27,965</u>
Net assets	<u>4,162</u>	<u>231</u>
Income	4,320	268
Expenses, including taxation	<u>(389)</u>	<u>(37)</u>
Net profit for the year	<u>3,931</u>	<u>231</u>

25 Available-for-Sale Financial Assets

	Group	
	2009 HK\$'000	2008 HK\$'000
Unlisted investments, at fair value	<u>11,851</u>	<u>11,949</u>

26 Trade and Other Receivables

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Trade receivables	1,139,993	687,634	–	–
Less: impairment	<u>(183,456)</u>	<u>(137,982)</u>	–	–
Trade receivables, net	956,537	549,652	–	–
Other receivables, prepayments and deposits	<u>157,731</u>	<u>148,778</u>	<u>320</u>	<u>320</u>
	<u>1,114,268</u>	<u>698,430</u>	<u>320</u>	<u>320</u>

Notes to the Financial Statements

26 Trade and Other Receivables (Continued)

The trade receivables represent principally agency fee receivables from customers whereby no general credit facilities are available. The customers are obliged to settle the amounts upon the completion of the relevant agreements. The ageing analysis of the trade receivables is as follows:

	2009 HK\$'000	2008 HK\$'000
Not yet due	807,730	496,509
Less than 30 days	56,310	17,392
31 to 60 days	34,176	8,760
61 to 90 days	22,904	9,084
91 to 180 days	35,417	17,907
	<u>956,537</u>	<u>549,652</u>

Trade receivables of HK\$148,807,000 (2008: HK\$53,143,000) are past due but not impaired. Such receivables are past due less than six months.

Trade receivables of HK\$183,456,000 (2008: HK\$137,982,000) are mainly past due more than six months, impaired and fully provided. The ageing analysis of such receivables is as follows:

	2009 HK\$'000	2008 HK\$'000
Less than 6 months	367	8,072
6 to 12 months	63,471	53,368
Over 12 months	119,618	76,542
	<u>183,456</u>	<u>137,982</u>

Movements on the provision for impairment of trade receivables are as follows:

	2009 HK\$'000	2008 HK\$'000
At 1 January	137,982	111,503
Provision for impairment	99,893	211,514
Write-off of uncollectible debts	(33,247)	(173,277)
Unused amounts reversed	(21,172)	(11,758)
At 31 December	<u>183,456</u>	<u>137,982</u>

The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

27 Financial Assets at Fair Value through Profit or Loss

	Group	
	2009 HK\$'000	2008 HK\$'000
Unlisted debt securities, at fair value	–	5,168
Equity securities listed in Hong Kong, at market value	174	110
	<u>174</u>	<u>5,278</u>

The fair values of financial assets at fair value through profit or loss are based on their current bid prices in active markets.

28 Assets Held for Sale

The Group has determined to dispose of an investment property with aggregated fair value of HK\$13,000,000 (2008: HK\$27,137,000), accordingly, these assets were presented separately in the balance sheet as at 31 December 2009.

29 Cash and Bank Balances

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Cash at bank and in hand	669,404	184,812	693	515
Short-term bank deposits	808,015	757,165	–	–
Cash and cash equivalents	<u>1,477,419</u>	<u>941,977</u>	<u>693</u>	<u>515</u>

The short-term bank deposits include guarantee deposits of HK\$12,195,000 (2008: HK\$9,529,000) which are placed by a wholly-owned subsidiary for business purposes at a designated bank account in the People's Republic of China.

30 Share Capital

	Number of Shares	Nominal value HK\$'000
At 1 January 2008	730,897,425	73,090
Cancellation of repurchased shares (Note b)	<u>(6,666,000)</u>	<u>(667)</u>
At 31 December 2008	724,231,425	72,423
Cancellation of repurchased shares (Note b)	<u>—</u>	<u>—</u>
At 31 December 2009	<u>724,231,425</u>	<u>72,423</u>

Notes:

- (a) The authorised share capital comprises of 1,000 million shares (2008: 1,000 million shares) with a par value of HK\$0.10 per share (2008: HK\$0.10 per share). All issued shares are fully paid.
- (b) During the year, the Company did not repurchase of its own shares. In 2008, the Group repurchased and cancelled 6,666,000 of its own shares on the Stock Exchange at an aggregate consideration of HK\$18,500,000.
- (c) Share options of the Company

At the special general meeting of the Company held on 30 April 2002, an ordinary resolution was passed under which a share option scheme (the "Share Option Scheme") was adopted and approved by the shareholders of the Company. Under the terms of the Share Option Scheme, the Board of Directors may, at their discretion, grant to any eligible persons including directors, employees, customers, consultants, advisors or agents to and of any member of the Group or any invested entity, share options to subscribe for Company's share at the subscription price not less than the highest of (i) closing price of the shares as stated in daily quotations sheet of the Stock Exchange on the offer date; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of a share of the Company. Upon acceptance of the offer, the grantee shall pay HK\$1 to the Company as consideration for the grant. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Group shall not in aggregate exceed 30% of the shares in issue from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes shall not exceed 35,636,609 shares, representing 4.92% of the shares in issue as at 18 March 2010.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period, in relation to relevant option, to be notified by the directors to the grantee, such period should not be earlier than the commencement date and not more than ten years from the commencement date.

The Share Option Scheme will remain in force for a period of ten years commencing from 30 April 2002.

Movements in the number of share options outstanding at the end of year having the following weighted average exercise prices are as follows:

	2009		2008	
	Average exercise price per share HK\$	Number of options	Average exercise price per share HK\$	Number of options
At 1 January and 31 December	<u>7.858</u>	<u>7,308,974</u>	<u>7.858</u>	<u>7,308,974</u>

During the year ended 31 December 2009, no option has been granted under the Share Option Scheme.

30 Share Capital (Continued)

Notes: (Continued)

- (d) Share options of Midland IC&I Limited ("Midland IC&I")
- (i) 2005 share option scheme

On 6 June 2005, Midland IC&I adopted a share option scheme (the "Scheme") pursuant to an ordinary resolution. Under the Scheme, Midland IC&I may grant options to any employees, senior executives or officers, managers, directors (including executive, non-executive and independent non-executive directors) or consultants of Midland IC&I and its subsidiaries, or any other eligible persons, who, as determined by the directors of Midland IC&I, have contributed or will contribute to the growth and development of the Group to subscribe for shares of Midland IC&I, subject to a maximum of 10% of the nominal value of the issued share capital of Midland IC&I at the adoption time, excluding for this purpose shares issued on the exercise of options. The subscription price will be determined by the directors of Midland IC&I, and will not be less than the highest of: (i) the nominal value of the shares of Midland IC&I; (ii) the average of the closing price of the shares of Midland IC&I quoted on the Growth Enterprise Market ("GEM") of the Stock Exchange's daily quotations sheet on the five trading days immediately preceding the date of offer of the options; or (iii) the closing price of the shares quoted on the GEM of the Stock Exchange's daily quotations sheet on the date of offer of the options, which must be a business day as defined in the GEM Listing Rules. The Scheme was terminated upon adoption of a new share option scheme on 19 September 2008 as set out in note 30(d)(ii).

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2009		2008	
	Average exercise price per share HK\$	Number of options	Average exercise price per share HK\$	Number of options
At 1 January	0.06	83,000,000	0.06	83,000,000
Lapsed during the year		(83,000,000)		–
At 31 December		–	0.06	83,000,000

- (ii) 2008 share option scheme

On 19 September 2008, Midland IC&I adopted a new share option scheme (the "New Scheme") pursuant to an extraordinary general meeting. Under the New Scheme, Midland IC&I may grant options to any employees, senior executives or officers, managers, directors (including executive, non-executive and independent non-executive directors) or consultants of Midland IC&I and its subsidiaries, or any other eligible persons, who, as determined by the directors of Midland IC&I, have contributed or will contribute to the growth and development of the Midland IC&I Group to subscribe for shares of Midland IC&I, subject to a maximum of 10% of the nominal value of the issued share capital of Midland IC&I at the adoption time, excluding for this purpose shares issued on the exercise of options. The subscription price will be determined by the directors of Midland IC&I, and will not be less than the highest of: (i) the nominal value of the shares of Midland IC&I; (ii) the average of the closing price of the shares of Midland IC&I quoted on the Main Board of the Stock Exchange's daily quotations sheet on the five trading days immediately preceding the date of offer of the options; or (iii) the closing price of the shares quoted on the Main Board of the Stock Exchange's daily quotations sheet on the date of offer of the options, which must be a business day as defined in the Listing Rules. The New Scheme will remain in force for a period of ten years commencing from 19 September 2008. As of 31 December 2009, no option has been granted under the New Scheme.

Notes to the Financial Statements

31 Reserves

Group

	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Employee benefits reserve HK\$'000	Exchange reserve HK\$'000	Investment revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2009	3,938	(11,553)	14,232	15,314	(3,459)	–	984,118	1,002,590
Currency translation differences	–	–	–	17	–	–	–	17
Change in fair value of leasehold land and building upon transfer of properties to investment properties (Note 17 and 19)	–	–	–	–	–	3,448	–	3,448
Change in fair value of available- for-sale financial assets	–	–	–	–	1,320	–	–	1,320
Profit for the year	–	–	–	–	–	–	691,237	691,237
Lapse of share option	–	–	(1,652)	–	–	–	1,652	–
2008 final dividend paid	–	–	–	–	–	–	(7,242)	(7,242)
2009 interim dividend and special cash bonus paid	–	–	–	–	–	–	(272,311)	(272,311)
At 31 December 2009	<u>3,938</u>	<u>(11,553)</u>	<u>12,580</u>	<u>15,331</u>	<u>(2,139)</u>	<u>3,448</u>	<u>1,397,454</u>	<u>1,419,059</u>
Representing:								
Reserves	3,938	(11,553)	12,580	15,331	(2,139)	3,448	1,080,241	1,101,846
2009 proposed final dividend (Note 15)	–	–	–	–	–	–	317,213	317,213
At 31 December 2009	<u>3,938</u>	<u>(11,553)</u>	<u>12,580</u>	<u>15,331</u>	<u>(2,139)</u>	<u>3,448</u>	<u>1,397,454</u>	<u>1,419,059</u>
At 1 January 2008	3,271	(11,553)	14,232	7,448	–	–	1,299,469	1,312,867
Currency translation differences	–	–	–	7,866	–	–	–	7,866
Change in fair value of available- for-sale financial assets	–	–	–	–	(3,459)	–	–	(3,459)
Loss for the year	–	–	–	–	–	–	(40,895)	(40,895)
Re-purchase of own shares	667	–	–	–	–	–	(667)	–
2007 final dividend and special cash bonus paid	–	–	–	–	–	–	(226,578)	(226,578)
2008 interim dividend paid	–	–	–	–	–	–	(47,211)	(47,211)
At 31 December 2008	<u>3,938</u>	<u>(11,553)</u>	<u>14,232</u>	<u>15,314</u>	<u>(3,459)</u>	<u>–</u>	<u>984,118</u>	<u>1,002,590</u>
Representing:								
Reserves	3,938	(11,553)	14,232	15,314	(3,459)	–	976,876	995,348
2008 proposed final dividend (Note 15)	–	–	–	–	–	–	7,242	7,242
At 31 December 2008	<u>3,938</u>	<u>(11,553)</u>	<u>14,232</u>	<u>15,314</u>	<u>(3,459)</u>	<u>–</u>	<u>984,118</u>	<u>1,002,590</u>

31 Reserves (Continued)

Company

	Capital redemption reserve HK\$'000	Employee benefits reserve HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2009	3,938	12,580	108,001	179,425	303,944
Profit for the year	–	–	–	814,559	814,559
2008 final dividend paid	–	–	–	(7,242)	(7,242)
2009 interim dividend and special cash bonus paid	–	–	–	(272,311)	(272,311)
At 31 December 2009	<u>3,938</u>	<u>12,580</u>	<u>108,001</u>	<u>714,431</u>	<u>838,950</u>
Representing:					
Reserves	3,938	12,580	108,001	397,218	521,737
2009 proposed final dividend (Note 15)	–	–	–	317,213	317,213
At 31 December 2009	<u>3,938</u>	<u>12,580</u>	<u>108,001</u>	<u>714,431</u>	<u>838,950</u>
At 1 January 2008	3,271	12,580	108,001	353,095	476,947
Profit for the year	–	–	–	100,786	100,786
Re-purchase of own shares	667	–	–	(667)	–
2007 final dividend and special bonus paid	–	–	–	(226,578)	(226,578)
2008 interim dividend paid	–	–	–	(47,211)	(47,211)
At 31 December 2008	<u>3,938</u>	<u>12,580</u>	<u>108,001</u>	<u>179,425</u>	<u>303,944</u>
Representing:					
Reserves	3,938	12,580	108,001	172,183	296,702
2008 proposed final dividend (Note 15)	–	–	–	7,242	7,242
At 31 December 2008	<u>3,938</u>	<u>12,580</u>	<u>108,001</u>	<u>179,425</u>	<u>303,944</u>

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 12 May 1995. The contributed surplus is distributable to the equity holders. In the Group's financial statements, the contributed surplus is reclassified into its components of reserves of the underlying subsidiaries.

32 Trade and Other Payables

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Trade payable	681	499	–	–
Commissions payable	544,792	338,956	–	–
Other payables and accruals	462,786	263,055	59,079	5,621
	<u>1,008,259</u>	<u>602,510</u>	<u>59,079</u>	<u>5,621</u>

The trade payables and commissions payable include principally the commissions payable to property consultants and cooperative estate agents, which are due for payment only upon the receipt of corresponding agency fees from customers. These balances include commissions payable of HK\$71,885,000 (2008: HK\$42,559,000) which are due for payment within 30 days, and all the remaining trade payables and commissions payable are not yet due.

33 Bank Loans

	Group	
	2009 HK\$'000	2008 HK\$'000
Secured bank loans		
Non-current	20,578	16,956
Current	<u>1,915</u>	<u>1,722</u>
Total	<u>22,493</u>	<u>18,678</u>

The bank loans are secured by certain buildings (Note 17), investment properties (Note 18) and leasehold land and land use rights (Note 19) held by the Group.

33 Bank Loans (Continued)

The Group's bank loans are repayable as follows:

	2009 HK\$'000	2008 HK\$'000
Within 1 year	1,915	1,722
Between 1 and 2 years	1,986	1,856
Between 2 and 5 years	<u>6,405</u>	<u>6,431</u>
Wholly repayable within 5 years	10,306	10,009
Over 5 years	<u>12,187</u>	<u>8,669</u>
	<u>22,493</u>	<u>18,678</u>

The effective interest rates of bank loans range from 1.71% to 5.04% (2008:2.15% to 7.68%).

The carrying amounts and fair values of the borrowings are as follows:

	Carrying amount		Fair value	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Bank loans	<u>22,493</u>	<u>18,678</u>	<u>22,493</u>	<u>18,696</u>

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 1.71% to 5.04% (2008: 2.15% to 7.68%).

The Group has the following undrawn borrowing facilities:

	2009 HK\$'000	2008 HK\$'000
Floating rates		
Expiring within one year	<u>224,940</u>	<u>131,076</u>

Notes to the Financial Statements

34 Deferred Taxation

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Deferred taxation assets	(10,840)	(13,629)	–	–
Deferred taxation liabilities	967	1,471	–	–
	<u>(9,873)</u>	<u>(12,158)</u>	<u>–</u>	<u>–</u>

The net movements on the deferred taxation are as follows:

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
At 1 January	(12,158)	(25,606)	–	(35)
Recognised in the income statement (Note 13)	2,285	13,448	–	35
At 31 December	<u>(9,873)</u>	<u>(12,158)</u>	<u>–</u>	<u>–</u>

The movements in deferred taxation assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred taxation assets

	Group				Company	
	Provision HK\$'000	Fair values HK\$'000	Accelerated depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000	Provision HK\$'000
At 1 January 2008	(15,862)	–	(4,321)	(8,620)	(28,803)	(35)
Recognised in the income statement	12,293	(511)	(227)	3,141	14,696	35
At 31 December 2008	(3,569)	(511)	(4,548)	(5,479)	(14,107)	–
Recognised in the income statement	(3,410)	511	190	5,273	2,564	–
At 31 December 2009	<u>(6,979)</u>	<u>–</u>	<u>(4,358)</u>	<u>(206)</u>	<u>(11,543)</u>	<u>–</u>

34 Deferred Taxation (Continued)

Deferred taxation liabilities

	Group		
	Accelerated depreciation HK\$'000	Fair values HK\$'000	Total HK\$'000
At 1 January 2008	1,800	1,397	3,197
Recognised in the income statement	<u>(716)</u>	<u>(532)</u>	<u>(1,248)</u>
At 31 December 2008	1,084	865	1,949
Recognised in the income statement	<u>32</u>	<u>(311)</u>	<u>(279)</u>
At 31 December 2009	<u>1,116</u>	<u>554</u>	<u>1,670</u>

Deferred taxation assets are recognised for tax loss carry forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred taxation assets of HK\$19,115,000 (2008: HK\$55,409,000) in respect of losses amounting to HK\$88,257,000 (2008: HK\$310,063,000) as at 31 December 2009. These tax losses can be carried forward against future taxable income. Tax losses amounting to HK\$70,619,000 (2008: HK\$185,176,000) will expire from 2010 to 2014 (2008: from 2009 to 2013).

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset assets against liabilities and when the deferred taxation relates to the same fiscal authority. The gross amounts before offsetting are as follows:

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Deferred taxation assets				
Recoverable more than twelve months	(3,432)	(10,503)	–	–
Recoverable within twelve months	<u>(7,408)</u>	<u>(3,126)</u>	–	–
	<u>(10,840)</u>	<u>(13,629)</u>	–	–
Deferred taxation liabilities				
Payable or settle after more than twelve months	921	1,004	–	–
Payable or settle within twelve months	<u>46</u>	<u>467</u>	–	–
	<u>967</u>	<u>1,471</u>	–	–

35 Consolidated Cash Flow Statement

Reconciliation of operating profit/(loss) to net cash generated from operations

	2009 HK\$'000	2008 HK\$'000
Operating profit/(loss)	812,296	(48,102)
Depreciation and amortisation costs	33,315	45,141
Impairment of property, plant and equipment	–	1,763
Net unrealised and realised (gains)/loss on financial assets at fair value through profit or loss and available-for-sale financial assets	(6,723)	4,832
Loss on disposal of property, plant and equipment	3,384	13,500
Gains on disposal of investment properties	(3,014)	(91)
Gains on disposal of assets held for sale	(6,360)	(12,536)
Fair value (gains)/loss on investment properties	(11,680)	1,095
Fair value loss on assets held for sale	–	160
Dividend income from listed investments	(69)	(1,162)
Operating profit before working capital changes	821,149	4,600
Change in balance with an associated company	12,920	(9,720)
(Increase)/decrease in trade and other receivables	(420,754)	1,129,319
Decrease in equity securities	–	68,545
Increase/(decrease) in trade and other payables	405,749	(911,678)
Net cash generated from operations	<u>819,064</u>	<u>281,066</u>

36 Contingent Liabilities

The Company executed corporate guarantee as part of the securities for general banking facilities granted to certain wholly-owned subsidiaries and an associated company of HK\$316,442,000 (2008: HK\$320,010,000). In addition, the Company guaranteed the payment of operating lease rentals in respect of certain premises for its wholly-owned subsidiaries. At 31 December 2009, HK\$32,086,000 and HK\$1,884,000 of the banking facilities were utilised by the subsidiaries and an associated company respectively (2008: HK\$41,190,000 and HK\$78,211,000).

37 Future Lease Rental Payment Receivable

The Group had future minimum lease rental receivable under non-cancellable operating leases as follows:

	Group	
	2009 HK\$'000	2008 HK\$'000
Within one year	2,784	4,706
Between one year and five years	<u>795</u>	<u>5,057</u>
	<u>3,579</u>	<u>9,763</u>

38 Commitments

(a) Capital commitments

	Group	
	2009 HK\$'000	2008 HK\$'000
Property, plant and equipment Contracted but not provided for	<u>–</u>	<u>22,942</u>

The Company does not have any capital commitments for both 2009 and 2008.

(b) Operating Lease Commitments

The Group had future aggregate minimum lease payable under non-cancellable operating leases in respect of office and shop premises as follows:

	Group	
	2009 HK\$'000	2008 HK\$'000
Within one year	191,164	181,874
Between one year and five years	140,185	87,855
More than five years	<u>–</u>	<u>363</u>
	<u>331,349</u>	<u>270,092</u>

The Company does not have any operating lease commitments for both 2009 and 2008.

39 Significant Related Party Transactions

The Group had the following significant transactions with related parties during the year and balances with related parties at balance sheet date:

	Note	2009 HK\$'000	2008 HK\$'000
(a) Transactions with related parties			
Agency fee income from related companies	(i)	752	2,013
Operating lease rental expenses in respect of office and shop premises to related companies	(ii)	2,496	6,392
Operating lease rental expenses in respect of office and shop premises paid to directors	(iii)	1,316	–
Purchase of investment properties	(iv)	<u>–</u>	<u>5,409</u>
(b) Key management compensation			
Salaries and allowances	(v)	106,413	38,041
Retirement benefit costs	(v)	<u>96</u>	<u>73</u>
		<u>106,509</u>	<u>38,114</u>
(c) Loan to a related party	(vi)	<u>198</u>	<u>198</u>

Notes:

- (i) Agency fee from related companies represents agency fee for property agency receivable from certain companies, in which, directors of the Company have beneficial interests of these companies, on terms mutually agreed by both parties.
- (ii) The Group entered into certain operating lease agreements with certain related companies, in which, directors of the Company have beneficial interests of these companies, on terms mutually agreed by both parties.
- (iii) The Group entered into certain operating lease agreements with directors of the Company, on terms mutually agreed by both parties.
- (iv) The amount represents the purchase consideration for four investment properties acquired from an associated company during the year ended 31 December 2008.
- (v) The amount represents emolument paid or payable to Executive Directors for the year.
- (vi) The loan advanced to a jointly controlled entity is unsecured, interest free and has no fixed terms of repayment.

40 Particulars of Principal Subsidiaries, Jointly Controlled Entities and Associated Company

(i) Principal subsidiaries

Company name	Place of incorporation/ establishment	Issued/registered and paid-up capital	Principal activities and places of operations	Interest held %
Astra Profits Limited (Notes a and b)	British Virgin Islands	4 shares of US\$1 each	Investment holding in Hong Kong	100
Guangzhou Midland Property Agency Company Limited (Note b)	The People's Republic of China	US\$3,830,000	Property agency in the People's Republic of China	100
Hong Kong Property Services (Agency) Limited	Hong Kong	2 shares of HK\$1 each	Property agency in Hong Kong	100
Hong Kong Property Services (China) Limited	Hong Kong	1 share of HK\$1	Investment holding in the People's Republic of China	100
Hong Kong Property Services (IC&I) Limited	Hong Kong	2 shares of HK\$1 each	Property agency in Hong Kong	100
Midland IC&I Limited	Cayman Islands	8,300,000,000 shares of HK\$0.01 each	Investment holding in Hong Kong	51.81
Midland CyberNet Limited	Hong Kong	39,100,000 shares of HK\$1 each	Operation of internet website in Hong Kong	100
Midland HKP Services (Administration) Limited	Hong Kong	2 shares of HK\$1 each	Administration and management in Hong Kong	100
Midland Immigration Consultancy Limited	Hong Kong	500,000 shares of HK\$1 each	Immigration consultancy services in Hong Kong	100
Midland Realty (Comm.) Limited	Hong Kong	500,000 shares of HK\$1 each	Property agency in Hong Kong	100

40 Particulars of Principal Subsidiaries, Jointly Controlled Entities and Associated Company (Continued)

(i) Principal subsidiaries (Continued)

Company name	Place of incorporation/ establishment	Issued/registered and paid-up capital	Principal activities and places of operations	Interest held %
Midland Realty (Comm. & Ind.) Limited	Hong Kong	500,000 shares of HK\$1 each	Property agency in Hong Kong	100
Midland Realty (Macau) Limited (Note b)	Macau	MOP\$25,000	Property agency in Macau	100
Midland Realty (Shops) Limited	Hong Kong	500,000 shares of HK\$1 each	Property agency in Hong Kong	100
Midland Realty (Strategic) Limited	Hong Kong	10,000 shares of HK\$1 each 2,000,000 Non-voting deferred shares of HK\$1 each	Investment holding in Hong Kong	100
Midland Realty Consultancy (Shanghai) Company Limited (Note b)	The People's Republic of China	US\$6,650,000	Property agency in the People's Republic of China	100
Midland Realty International Limited	Hong Kong	1,000 shares of HK\$100 each	Property agency in Hong Kong	100
Midland Surveyors Limited	Hong Kong	1,000,000 shares of HK\$1 each	Property valuation in Hong Kong	100
Real Gain Limited	Hong Kong	10,000 shares of HK\$1 each	Property investment in Hong Kong	100
Teamway Group Limited	British Virgin Islands	1 share of US\$1	Property holding in Hong Kong	100
Teston Profits Limited	British Virgin Islands	1 share of US\$1	Investment holding in Hong Kong	100
Worldboss Limited	Hong Kong	2 shares of HK\$1 each	Property holding in Hong Kong	100

40 Particulars of Principal Subsidiaries, Jointly Controlled Entities and Associated Company (Continued)

(i) Principal subsidiaries (Continued)

Company name	Place of incorporation/ establishment	Issued/registered and paid-up capital	Principal activities and places of operations	Interest held %
Perfect Tower Limited	Hong Kong	2 shares of HK\$1 each	Property investment in Hong Kong	100
Wise Sense Group Limited	British Virgin Islands	1 share of US\$1	Property investment in Macau	100
Kartau Investments Limited	British Virgin Islands	1 share of US\$1	Property investment in the People's Republic of China	100
縱橫擔保(深圳)有限公司 (Note b)	The People's Republic of China	US\$5,400,000	Mortgage guarantee business in the People's Republic of China	100
美聯物業代理(深圳)有限公司 (Note b)	The People's Republic of China	US\$6,600,000	Property agency in the People's Republic of China	100

40 Particulars of Principal Subsidiaries, Jointly Controlled Entities and Associated Company (Continued)

(ii) Jointly controlled entities

Company name	Place of incorporation	Principal activities and place of operation	Percentage of interest in ownership/voting power/profit sharing
mReferral Corporation Limited (Note b)	British Virgin Islands	Investment holding in Hong Kong	50%/50%/50%
Vision Year Investments Limited (Note b)	British Virgin Islands	Investment holding in Hong Kong	10%/33.33%/10%

(iii) Associated company

Company name	Place of incorporation	Principal activities and place of operation	Percentage of interest in ownership/voting power/profit sharing
Top Bright Electronics Limited (Note b)	Hong Kong	Property investment in Hong Kong	20%

Notes:

- (a) This subsidiary is directly held by the Company.
- (b) These subsidiaries, jointly controlled entities and associated company are not audited by PricewaterhouseCoopers, Hong Kong.

List of Investment Properties

Location	Lot number	Existing use	Lease term	Group's interest
Room 707, Fortress Tower, No. 250 King's Road, Fortress Hill, Hong Kong	IL8416	Commercial	Long	100%
Units 1202, 1203 and 1204 on 12th Floor of Tower 1, Henderson Centre, Beijing Jianguomen Avenue, Dongcheng District, Beijing, The People's Republic of China	N/A (Note)	Commercial	Medium	100%
Portion B of Shop No. 110 on the Car Park Level 1 of Podium C of Riviera Gardens, Nos. 2-12 Yi Hong Street & 7-9 Yi Lok Street, Tsuen Wan, New Territories	TWTL 303	Commercial	Medium	100%
Units K17 and L17 on 17th Floor and Carpark Nos. 331 and 341, Pak Tak Tai Ha (Chong Tou) Alameda Dr Carlos D' Assumpcao, Nos 249-263, Macau	N/A (Note)	Commercial	Short	100%
Shop No. 1 on Floor, The Mall of Commercial Development, Locwood Court, Kingswood Villas, No.1 Tin Wu Road, Tin Shui Wai, New Territories	TSWTL 1	Commercial	Medium	100%
Shop No 1D 128 on Level 1, Sun Asia Guo Li Building, No 8 Zhong Hang Road, Futian District, Shenzhen The People's Republic of China	N/A (Note)	Commercial	Long	100%
Shop No. 1D 188 on level 1 Sun Asia Guo Li Building No. 8 Zhong Hang Road Futian District, Shenzhen The People's Republic of China	N/A (Note)	Commercial	Long	100%

List of Investment Properties

Location	Lot number	Existing use	Lease term	Group's interest
Unit A1 on Ground Floor of Commercial Accommodation of Well On Garden, No. 9 Yuk Nga Lane, Tseung Kwan O	TKOTL18	Commercial	Medium	100%
Shop No. 6 on Lower Ground Floor, Franki Centre (formerly known as Kowloon Tong Centre), No. 320 Junction Road, Kowloon	NKIL5746	Commercial	Medium	100%
Shop Nos. 11 and 12 of Unit 3A on Level (Site 1) 26 of Commercial Development, Sceneway Garden, No. 8 Sceneway Road, Kowloon	NKIL6046	Commercial	Medium	100%
Unit 4 on Level (Site 1) 36 (excluding Market Entrance at L36) of Commercial Development, Sceneway Garden, No. 8 Sceneway Road, Kowloon	NKIL6046	Commercial	Medium	100%

Note: Property located in the People's Republic of China and Macau without lot number.

Five-year Financial Summary

	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2009 HK\$'000
Revenue	2,369,468	2,014,658	3,871,364	2,254,620	3,404,856
Profit/(loss) attributable to equity holders of the Company	213,626	149,940	659,129	(40,895)	691,237
Total assets	1,847,152	1,929,216	3,419,615	2,006,877	2,908,573
Total liabilities	774,765	734,797	1,715,002	631,545	1,094,286
Minority interests	71,049	65,697	53,339	52,835	75,321
Net assets	1,001,338	1,128,722	1,651,274	1,322,497	1,738,966
Total equity	1,072,387	1,194,419	1,704,613	1,375,332	1,814,287
Earnings/(loss) per share-basic (HK cents)	29.20	20.40	90.10	(5.61)	95.44
Dividend per share (HK cents)	11.60	10.00	47.00	7.50	81.40

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