

FUTURE RESTS ON SOLID FOUNDATION

Adansonia Digitata



The cover image is “Adansonia Digitata”

Baobab (*adansonia digitata*) or monkey bread tree, is also known as African Tree of Life. With a life spanning across 50 centuries, it is anything but treasure. It relates to Midland Group. Its roots go down profoundly and its branches and leaves stretch up abundantly, embracing a strong intensity of life. Likewise, our Group covers a wide spectrum of activities including residential, industrial and commercial properties and shops agency, finance and wealth management, immigration consultancy, surveying and valuation, and mortgage referral. Having its branches established across China, Hong Kong and Macau, it is ready to continue to grow till the end of time.

Contents

	Page
Corporate Information	2
Chairman's Statement	3
Strategic Review and Planning	5
Management Discussion and Analysis	6
Other Information	8
Condensed Consolidated Income Statement (Unaudited)	18
Condensed Consolidated Statement of Comprehensive Income (Unaudited)	19
Condensed Consolidated Balance Sheet (Unaudited)	20
Condensed Consolidated Statement of Changes in Equity (Unaudited)	22
Condensed Consolidated Statement of Cash Flows (Unaudited)	23
Notes to the Interim Financial Information (Unaudited)	24



Corporate Information

DIRECTORS

Non-Executive Directors

Mr. WONG Kin Yip, Freddie (*Chairman*)
Mr. KAN Chung Nin, Tony

Executive Directors

Ms. TANG Mei Lai, Metty
Ms. WONG Ching Yi, Angela
(*Deputy Chairman and Managing Director*)
Mr. WONG Tsz Wa, Pierre (*Managing Director*)
Ms. IP Kit Yee, Kitty
Mr. CHEUNG Kam Shing

Independent Non-Executive Directors

Mr. KOO Fook Sun, Louis
Mr. SUN Tak Chiu
Mr. CHAN Nim Leung, Leon
Mr. WONG San

AUDIT COMMITTEE

Mr. KOO Fook Sun, Louis (*Committee Chairman*)
Mr. SUN Tak Chiu
Mr. CHAN Nim Leung, Leon
Mr. WONG San
Mr. KAN Chung Nin, Tony

REMUNERATION COMMITTEE

Mr. SUN Tak Chiu (*Committee Chairman*)
Mr. WONG Kin Yip, Freddie
Ms. IP Kit Yee, Kitty
Mr. KOO Fook Sun, Louis
Mr. CHAN Nim Leung, Leon
Mr. WONG San
Mr. KAN Chung Nin, Tony

NOMINATION COMMITTEE

Mr. KOO Fook Sun, Louis (*Committee Chairman*)
Mr. WONG Kin Yip, Freddie
Ms. IP Kit Yee, Kitty
Mr. SUN Tak Chiu
Mr. CHAN Nim Leung, Leon
Mr. WONG San
Mr. KAN Chung Nin, Tony

COMPANY SECRETARY

Ms. MUI Ngar May, Joel

AUTHORISED REPRESENTATIVES

Ms. WONG Ching Yi, Angela
Ms. IP Kit Yee, Kitty

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

Bank of China (Hong Kong) Limited
Chong Hing Bank Limited
DBS Bank (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
OCBC Wing Hang Bank Limited

HONG KONG LEGAL ADVISER

Iu, Lai & Li
Rooms 2201, 2201A & 2202
22nd Floor, Tower I
Admiralty Centre
No. 18 Harcourt Road
Hong Kong

BERMUDA LEGAL ADVISER

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

www.midland.com.hk

STOCK CODE

1200



Chairman's Statement

Business Review

For the six months ended 30 June 2015 (the "Interim Period"), Midland Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") recorded a profit attributable to equity holders of HK\$32,353,000 compared with a loss attributable to equity holders of HK\$35,782,000 in the corresponding period of 2014. Revenue of the Group increased by 15.8% to HK\$2,164,396,000. The turnaround of the Group's results was mainly attributable to the increase in residential sales transactions in Hong Kong during the reporting period.

Benefited from increase in market activity

According to the figures from Land Registry, the volume and value of residential property sales transactions in Hong Kong recorded a year-on-year growth of 3.8% and 21.7% respectively in the first half of the year after making adjustment for the one-month time-lag involved in the process of registration^{*}. The growth of market transaction activity prompted the Group's revenue to increase. As expected, the tightening of mortgage requirements had not affected the launches of new projects and only had short term impact on the secondary market.

New home sector remained strong and considerable amount of the Group's business stemmed from this segment. Sales of new residential projects received strong market response after the fine-tuning of the housing policies in May 2014. Developers' pricing strategy also helped. Price differential between new and old residential units narrowed to a reasonable level in recent years, making primary residential properties attractive to potential property buyers. Secondary home market was lackluster. Despite the year-on-year growth, the sales activity in the secondary market in the first half of 2015 was still far lower than normal. The upsurge in stock market in April and May created wealth effect and resulted in growth of big-ticket transactions. However, this phenomenon did not last long. Over the reporting period, we aligned our operations to respond to this market dynamics.

Mainland China

Property market in tier-1 cities recovered in the first half of the year. The combination of strong stock market performance, relaxation of housing policy and interest rate cuts invigorated property sales in big cities such as Shenzhen where the Group enjoys higher brand awareness. However, the competitive environment in Mainland China is way fiercer than that in Hong Kong. Some Mainland market players adopt unorthodox business models which sacrifice profit for market share. So in the first half of the year, the Group expanded its network and workforce in Mainland China so as to strengthen its base outside Hong Kong.

Outlook

The environment for property agency industry remains challenging. On the macro side, economic conditions in Eurozone are still uncertain. In recent years, Greece debt crisis has posed severe blow to global investment sentiment for several times and it is likely that this problem will emerge again. Furthermore, the market has reached a consensus that interest rates in the US will rise this year. Federal Reserve has held interest rates near zero since the financial crisis, fueling a rally in local property market, and some investors are worried about how the market will react to slightly higher rates. In addition, the sharp slump in Mainland stock markets and weak manufacturing data suggest that the outlook of the Mainland economy is likely to remain challenging. The recent devaluation of Renminbi has only made the dynamics of global economy even more complicated.

Local economy is not problem-free either. Retail sector has been weak and the plunge in equities in China and Hong Kong may have wiped out part of the wealth of the Mainland tourists and local people, further hitting this ailing sector. The sharp correction in stock market taking place recently also has had material impact on the business sentiment in Hong Kong.

^{*} The residential market activity in the first half of the year is reflected by the figures of residential sales registration in the six-month period from February to July because, in general, there is a one-month time-lag involved in the process of property registrations.



Chairman's Statement (continued)

Outlook (continued)

The Group expects the property market to slow down in the third quarter. In Hong Kong, buyers' sentiments can be swayed easily by the equities market fluctuations. The devaluation of Renminbi has created additional uncertainties to the investment market. As such, both property prices and sales volume are expected to fall slightly in recent months. However, the underlying demand for residential properties is so strong that even a mild consolidation in the property market may trigger potential buyers to get in the market in the final quarter if the volatility of the stock market subsides. In addition, monetary conditions in Mainland China are believed to stay accommodative and which may provide support to Hong Kong.

The Group successfully dealt with the challenges stemmed from various global economic difficulties in the past. The Group will keep monitoring the market changes and make appropriate move.

Property prices are hard to post strong growth

Housing policies have not been tightened for quite some time and the most recent measure — raising down-payment requirements, only had limited and short-term impact on the market. The Group believes that the government has good reasons not to step up intervention as housing supply is rising. According to the figures from Transport and Housing Bureau, potential housing supply reached a historical high of 83,000 units at the end of second quarter this year. Increasing supply will help restrain growth in property price. Moreover, if interest rates start rising by the end of 2015, property prices are not likely to post strong growth.

Primary properties continue to outperform

Since the adjustments to the doubled ad valorem stamp duty were made by the government in May 2014, primary market has stayed strong. Statistically, market transaction volume in the secondary market registered a significant gain during the first six months. However, the growth mainly stemmed from a low comparative base. The absolute number of monthly transaction volume in the secondary market has persistently stayed at below the healthy level. Nonetheless, sales volume in new home market has continued to outgrow that in the secondary market. Developers' pricing strategy is the key to the strong sales response to the new residential projects. Since underlying home supply is set to increase, developers are expected to price their units at a reasonable level so that they can maintain a stable assets turnover. However, the launching schedule of new homes will also depend on the overall market sentiments which will be affected by the stock market performance.

Thanks and Appreciation

With the support of shareholders, the senior management team has dealt with various forms of challenges and reached certain milestones in the past. In May this year, the Group was named as the Best IR Company (Small Cap) by Hong Kong Investor Relations Association, which evidenced that the Group maintains good relationships with different stakeholders through various channels and responds to their needs and concerns. I would like to express my gratitude to those who voted for us at that award. Also I am thankful to the management and the staff for their hard work, commitment, innovation and loyalty. Their fighting spirits have kept the Group evolving and improving.

WONG Kin Yip, Freddie
Chairman



Strategic Review and Planning

Lingering Cost Pressure

The Group dealt with upward pressure on cost during the first half of the year. While the economic growth of Hong Kong is not spectacular, cost adjustment is still very difficult. First of all, unemployment rate has hovered at around 3.3% for quite some time and the labor market has long been tight. In addition, competition has heated up again. Staying flat for most of the time in 2014, the number of agency outlets has crept up again in 2015. Small-to-medium sized property agencies have proved to be extremely resilient since the market entered into the post-government intervention era. Whenever the market sentiment improves, competition will turn fierce. Staff motivation and retention have translated into increase in staff costs which accounted for the bulk of operating expenses. Rental expenditure is not easy to adjust either. Although the weakness of tourist industry has already chilled the retail sector and put downward pressure on retail rents, the uniqueness of the competitive environment may have prolonged the adjustment process. The Group's rental expenses dropped 6% in the first six months. During the period, the Group's professional retail management programme has strengthened the process for branch location selection and tenancy renewal negotiation.

Embracing Changes

Agency business is always a people business. There is no doubt that almost all industries are in a process of change as a consequence of technological developments. In this highly competitive environment, staff recruitment and retention is no longer just about remuneration package as most talents like working for an ever-evolving enterprise.

In order to further enhance our technological strengths, we have continuously invested in our IT platform. Our objective is to facilitate seamless information flow, enhance our sales digital tools and improve client experience.

The Group recognizes that thorough understanding of consumers' needs and habits is vital to its growth. We launched a service enhancement campaign and conduct an in-depth and comprehensive review on our past and potential customers.

Seeking for Breakthrough

The competition of the property agency industry has always been fierce, but there are signs that the hyper-competitive model in Mainland China has started to affect the local agency industry. The Group has kept sharpening its competitive edges and sought for breakthrough. For instance, Midland Realty opened some flag-ship shops in Hong Kong, and talents from competitors have joined the Group. Meanwhile, the Group has strengthened its quality service program. New apps will be launched to improve customers' experience, smoothing the process of property search via mobile devices. Meantime, the Group will continue to beef up its financial strength in order to deal with the uncertainties arising from the volatility of the global equities markets.

WONG Ching Yi, Angela
Deputy Chairman and Managing Director

Hong Kong, 26 August 2015



Management Discussion and Analysis

Liquidity and Financial Resources

The Group mainly finances its business operations with its internal resources and loan facilities from banks and other parties.

As at 30 June 2015, the Group had cash and bank balances of HK\$1,642,591,000 (as at 31 December 2014: HK\$1,764,485,000).

As at 30 June 2015, the interest-bearing bank borrowings of the Group amounted to HK\$290,455,000 (as at 31 December 2014: HK\$426,118,000) and with maturity profile set out as follows:

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Repayable		
Within 1 year	282,733	417,928
After 1 year but within 2 years	951	945
After 2 years but within 5 years	2,967	2,947
After 5 years	3,804	4,298
	290,455	426,118

Note: The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

As at 30 June 2015, the gearing ratio, which is calculated on the basis of total borrowings over total equity of the Group, was 17.5% (as at 31 December 2014: 26.5%). The liquidity ratio of the Group, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 1.6 (as at 31 December 2014: 1.5).

As at 30 June 2015, the Group had unutilised borrowing facilities amounting to approximately HK\$953,200,000 from various banks. As at 31 December 2014, the Group had unutilised borrowing facilities amounting to approximately HK\$413,000,000 from various banks and an independent third party. The borrowing facilities were granted to the Group on a floating rate basis. The directors of the Company ("Directors") will continue to adopt an appropriate financial policy so as to sustain an optimal level of borrowings to meet the Group's funding requirements.



Management Discussion and Analysis (continued)

Liquidity and Financial Resources (continued)

As at 30 June 2015, certain land and buildings and investment properties held by the Group of HK\$87,225,000 (as at 31 December 2014: HK\$90,471,000) and HK\$76,080,000 (as at 31 December 2014: HK\$58,310,000) were pledged to secure banking facilities granted to the Group. Borrowing facilities granted to the Group were also secured by floating charge over certain receivables of the Group, inter alia, with carrying value of approximately HK\$1,072,889,000 as at 30 June 2015 (as at 31 December 2014: HK\$307,620,000). As at 30 June 2015, no bank deposit (as at 31 December 2014: HK\$3,400,000) was pledged to secure general banking facilities granted to the Group.

The Group's cash and bank balances are denominated in Hong Kong dollars, Renminbi and Macau Pataca and the Group's borrowings are in Hong Kong dollars. No currency hedging tool is used.

The Group's business has been conducted primarily in Hong Kong and its monetary assets and liabilities are mainly denominated in Hong Kong dollars. The Group is exposed to Renminbi exchange rate risk as the assets and liabilities of the Group's PRC subsidiaries are primarily denominated in Renminbi. Individual companies within the Group have limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. The Directors consider that no hedging measure against Renminbi exchange rate exposure is necessary at this stage but will closely monitor its fluctuations.

Contingent Liabilities

As at 30 June 2015, the Company executed corporate guarantees of HK\$1,262,000,000 (as at 31 December 2014: HK\$864,500,000) as part of the securities for general banking and other loan facilities granted to certain wholly-owned subsidiaries of the Company. As at 30 June 2015, HK\$291,118,000 of these facilities were utilised by the subsidiaries (as at 31 December 2014: HK\$426,179,000).

The Group has been involved in certain claims/litigations in respect of property agency services, including a number of cases in which third party customers alleged that certain Group's employees, when advising the customers, had made misrepresentations about the properties that the customers intended to acquire. After seeking legal advice, the management is of the opinion that either an adequate provision has been made in the financial statements to cover any potential liabilities or that no provision is required as based on the current facts and evidence there is no indication that an outflow of economic benefits is probable.

Employee Information

As at 30 June 2015, the Group employed 10,699 full time employees of which 9,459 were sales agents, 561 were back office supportive employees and 679 were frontline supportive employees.

The Group provides remuneration package to employees largely based on industry practice, individual performance, qualification and experience. In addition, discretionary bonus, incentives tied in with profits and share options 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. In respect of staff development, both in-house and external training and development programmes are conducted on a regular basis.



Other Information

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2015, the interests and short positions of each of the Directors and the chief executive 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 (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(i) Long positions in the shares and underlying shares of the Company

Name of Director	Number of ordinary shares			Number of underlying shares		Total	Approximate percentage of the issued shares of the Company
	Personal interest/ Beneficial owner	Corporate interest/ Interest of controlled corporation	Family interest/ Interest of spouse	Personal interest/ Beneficial owner	Family interest/ Interest of spouse		
Mr. WONG Kin Yip, Freddie	24,490,000	161,340,144 (Note 1)	–	7,209,160 (Note 2)	7,209,160 (Note 3)	200,248,464	27.89%
Ms. TANG Mei Lai, Metty	–	–	185,830,144 (Note 4)	7,209,160 (Note 5)	7,209,160 (Note 6)	200,248,464	27.89%
Ms. WONG Ching Yi, Angela	–	–	–	7,209,160 (Note 7)	–	7,209,160	1.00%
Mr. KOO Fook Sun, Louis	–	–	–	150,000 (Note 8)	–	150,000	0.02%
Mr. SUN Tak Chiu	–	–	–	150,000 (Note 9)	–	150,000	0.02%



Other Information (continued)

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures (continued)

(i) Long positions in the shares and underlying shares of the Company (continued)

Notes:

1. These shares were held by Sunluck Services Limited. Mr. WONG Kin Yip, Freddie ("Mr. WONG") indirectly owned 100% interests in Sunluck Services Limited through his wholly-owned company, namely Southern Field Trading Limited.
2. These underlying shares were held by Mr. WONG by virtue of the interests in the share options of the Company granted to him.
3. These underlying shares represent the interests in the share options of the Company held by Ms. TANG Mei Lai, Metty ("Ms. TANG"), the spouse of Mr. WONG, by virtue of the interests in the share options of the Company granted to her.
4. These shares represent the shares held directly or indirectly by Mr. WONG, the spouse of Ms. TANG, as ultimate beneficial owner.
5. These underlying shares were held by Ms. TANG by virtue of the interests in the share options of the Company granted to her.
6. These underlying shares represent the interests in the share options of the Company held by Mr. WONG, the spouse of Ms. TANG, by virtue of the interests in the share options of the Company granted to him.
7. These underlying shares were held by Ms. WONG Ching Yi, Angela by virtue of the interests in the share options of the Company granted to her.
8. These underlying shares were held by Mr. KOO Fook Sun, Louis by virtue of the interests in the share options of the Company granted to him.
9. These underlying shares were held by Mr. SUN Tak Chiu by virtue of the interests in the share options of the Company granted to him.
10. Details of the share options granted by the Company to the above Directors are set out in the sub-section headed "Share Option Scheme of the Company" under the section headed "Share Option Schemes" in this interim report.



Other Information (continued)

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures (continued)

(ii) Long positions in the shares and underlying shares of associated corporation of the Company

Name of associated corporation	Name of Director	Number of ordinary shares		Number of underlying shares		Total	Approximate percentage of the issued shares of associated corporation
		Personal interest/ Beneficial owner	Family interest/ Interest of spouse	Personal interest/ Beneficial owner	Family interest/ Interest of spouse		
Midland IC&I Limited ("Midland IC&I")	Mr. WONG Tsz Wa, Pierre	2,000,000	1,320,000 (Note 11)	90,000,000 (Note 12)	–	93,320,000	0.68%
	Ms. IP Kit Yee, Kitty	–	–	10,000,000 (Note 13)	–	10,000,000	0.07%
	Mr. CHEUNG Kam Shing	5,000,000 (Note 15)	–	10,000,000 (Notes 14 and 15)	–	15,000,000	0.11%

Notes:

11. These shares represent the shares of Midland IC&I held by Ms. LAM Mee Yuk, the spouse of Mr. WONG Tsz Wa, Pierre, as beneficial owner.
12. These underlying shares were held by Mr. WONG Tsz Wa, Pierre by virtue of the interests in the share options of Midland IC&I granted to him.
13. These underlying shares were held by Ms. IP Kit Yee, Kitty by virtue of the interests in the share options of Midland IC&I granted to her.
14. These underlying shares were held by Mr. CHEUNG Kam Shing by virtue of the interests in the share options of Midland IC&I granted to him.
15. Share options for subscription of 5,000,000 ordinary shares of Midland IC&I were exercised by Mr. CHEUNG Kam Shing on 29 June 2015. The aforesaid shares were issued and allotted to him on 13 July 2015.
16. Details of the share options granted by Midland IC&I to the above Directors are set out in the sub-section headed "Share Option Scheme of Midland IC&I" under the section headed "Share Option Schemes" in this interim report.

Save as disclosed above, as at 30 June 2015, neither the Directors nor the chief executive of the Company had any interests or short positions 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) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



Other Information (continued)

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in this interim report, at no time during the Interim Period 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.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2015, the interests and short positions of the substantial shareholders and other persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of substantial shareholder	Number of ordinary shares	Holding capacity/ Nature of interest	Approximate percentage of the issued shares of the Company
Southern Field Trading Limited (Note 1)	161,340,144 (L)	Interest of controlled corporation/ Corporate interest	22.47%
Sunluck Services Limited (Note 1)	161,340,144 (L)	Beneficial owner/Beneficial interest	22.47%
Apex Benchmark Limited	75,666,000 (L)	Beneficial owner/Beneficial interest	10.54%
Edgbaston Asian Equity Trust (Note 2)	43,460,000 (L)	Beneficial owner/Beneficial interest	6.05%
Edgbaston Investment Partners Limited (Note 2)	57,446,000 (L)	Investment manager/Other interest	8.00%
Massachusetts Financial Services Company (Note 3)	36,045,000 (L)	Investment manager/Other interest	5.02%
Sun Life Financial, Inc. (Note 3)	36,045,000 (L)	Investment manager/Other interest	5.02%
UBS AG (Note 4)	7,111,844 (L)	Beneficial owner/Beneficial interest	0.99%
	8,196,000 (L)	Security interest/Other interest	1.14%
	24,770,000 (L)	Interest of controlled corporation/ Corporate interest	3.45%
	4,035,548 (S)	Beneficial owner/Beneficial interest	0.56%
	24,272,000 (S)	Interest of controlled corporation/ Corporate interest	3.38%

Remark: (L) – Long Position, (S) – Short Position



Other Information (continued)

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares (continued)

Notes:

1. The two references to 161,340,144 shares relate to the same block of shares of the Company as disclosed under Mr. WONG in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures".
2. Edgbaston Investment Partners Limited ("Edgbaston Investment") was the investment manager for Edgbaston Asian Equity Trust ("Edgbaston Trust"). To the best knowledge of the Company, a part of Edgbaston Trust's interest shown above was duplicated in the above interest of Edgbaston Investment.
3. Details of the interest in long position of the 36,045,000 shares in which Sun Life Financial, Inc. ("SLF") was deemed to be interested were as follows:

Massachusetts Financial Services Company ("MFS") held (through itself and its 100% controlled corporations) an aggregate of 36,045,000 shares. MFS was a 90.89% owned subsidiary of Sun Life of Canada (U.S.) Financial Services Holdings, Inc. which was a 99.87% owned subsidiary of Sun Life Financial (U.S.) Investments LLC ("SLF(US)I"). SLF(US)I was a wholly-owned subsidiary of Sun Life Financial (U.S.) Holdings, Inc. which was a wholly-owned subsidiary of Sun Life Assurance Company of Canada – U.S. Operations Holdings, Inc. ("SLACC"). SLACC was a wholly-owned subsidiary of Sun Life Global Investments Inc. which was a wholly-owned subsidiary of SLF.

MFS was a subsidiary of SLF. Accordingly, MFS's interest in 36,045,000 shares was duplicated in the interest of SLF.

4. The interest of UBS AG included derivative interest in 530,000 shares of the Company (being long position and unlisted physically settled derivatives).

Save as disclosed above, as at 30 June 2015, no other substantial shareholders or persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.



Other Information (continued)

Share Option Schemes

I. Share Option Scheme of the Company

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"). The Share Option Scheme had expired on 29 April 2012. The terms of the Share Option Scheme for those outstanding share options already granted under the Share Option Scheme remain in force.

Movements in the outstanding share options of the Company granted under the Share Option Scheme during the Interim Period were as follows:

Name of Director	Date of grant	Exercise price per share HK\$	Number of share options				Balance outstanding as at 30 June 2015	Exercisable period
			Balance outstanding as at 1 January 2015	Granted during the Interim Period	Cancelled/lapsed during the Interim Period	Exercised during the Interim Period		
Mr. WONG	21 July 2011	4.29	3,604,580	-	-	-	3,604,580	1 August 2011 to 31 July 2019
	21 July 2011	4.29	3,604,580	-	-	-	3,604,580	1 January 2012 to 31 December 2019
Ms. TANG	27 October 2011	3.81	3,604,580	-	-	-	3,604,580	1 January 2012 to 31 December 2019
	27 October 2011	3.81	3,604,580	-	-	-	3,604,580	1 October 2013 to 30 September 2021
Ms. WONG Ching Yi, Angela	27 October 2011	3.81	3,604,580	-	-	-	3,604,580	1 January 2012 to 31 December 2019
	27 October 2011	3.81	3,604,580	-	-	-	3,604,580	1 October 2013 to 30 September 2021
Mr. KOO Fook Sun, Louis	21 July 2011	4.29	150,000	-	-	-	150,000	1 August 2011 to 31 July 2019
Mr. SUN Tak Chiu	21 July 2011	4.29	150,000	-	-	-	150,000	1 August 2011 to 31 July 2019
Total			21,927,480	-	-	-	21,927,480	

No share options were granted, exercised, cancelled or lapsed under the Share Option Scheme during the Interim Period.



Other Information (continued)

Share Option Schemes (continued)

II. Share Option Scheme of Midland IC&I

At the extraordinary general meeting of Midland IC&I, the Company's listed subsidiary, held on 19 September 2008, a share option scheme of Midland IC&I (the "Midland IC&I Share Option Scheme") was adopted by Midland IC&I and approved by its shareholders.

Movements in the outstanding share options of Midland IC&I granted under the Midland IC&I Share Option Scheme during the Interim Period were as follows:

Name of director	Date of grant	Exercise price per share HK\$	Number of share options				Balance outstanding as at 30 June 2015	Exercisable period
			Balance outstanding as at 1 January 2015	Granted during the Interim Period	Cancelled/lapsed during the Interim Period	Exercised during the Interim Period		
Directors of Midland IC&I								
Mr. WONG Hon Shing, Daniel	10 December 2014	0.044	5,000,000	-	-	-	5,000,000	15 December 2014 to 14 December 2019
	10 December 2014	0.044	5,000,000	-	-	-	5,000,000	15 December 2015 to 14 December 2019
	10 December 2014	0.044	5,000,000	-	-	-	5,000,000	15 December 2016 to 14 December 2019
Mr. TSANG Link Carl, Brian	2 September 2011	0.053	5,000,000	-	-	-	5,000,000	1 October 2011 to 30 September 2016
Mr. YING Wing Cheung, William	2 September 2011	0.053	5,000,000	-	-	-	5,000,000	1 October 2011 to 30 September 2016
Mr. SHA Pau, Eric	2 September 2011	0.053	5,000,000	-	-	-	5,000,000	1 October 2011 to 30 September 2016
Mr. HO Kwan Tat, Ted	2 September 2011	0.053	5,000,000	-	-	-	5,000,000	1 October 2011 to 30 September 2016

Other Information (continued)

Share Option Schemes (continued)

II. Share Option Scheme of Midland IC&I (continued)

Name of director	Date of grant	Exercise price per share HK\$	Number of share options				Balance outstanding as at 30 June 2015	Exercisable period
			Balance outstanding as at 1 January 2015	Granted during the Interim Period	Cancelled/ lapsed during the Interim Period	Exercised during the Interim Period		
Directors of the Company								
Mr. WONG Tsz Wa, Pierre	10 December 2014	0.044	30,000,000	-	-	-	30,000,000	15 December 2014 to 14 December 2019
	10 December 2014	0.044	30,000,000	-	-	-	30,000,000	15 December 2015 to 14 December 2019
	10 December 2014	0.044	30,000,000	-	-	-	30,000,000	15 December 2016 to 14 December 2019
Ms. IP Kit Yee, Kitty	10 December 2014	0.044	3,330,000	-	-	-	3,330,000	15 December 2014 to 14 December 2019
	10 December 2014	0.044	3,330,000	-	-	-	3,330,000	15 December 2015 to 14 December 2019
	10 December 2014	0.044	3,340,000	-	-	-	3,340,000	15 December 2016 to 14 December 2019
Mr. CHEUNG Kam Shing	10 December 2014	0.044	5,000,000	-	-	(5,000,000) (Note)	-	15 December 2014 to 14 December 2019
	10 December 2014	0.044	5,000,000	-	-	-	5,000,000	15 December 2015 to 14 December 2019
	10 December 2014	0.044	5,000,000	-	-	-	5,000,000	15 December 2016 to 14 December 2019
Total			150,000,000	-	-	(5,000,000)	145,000,000	

Note: Share options for subscription of 5,000,000 ordinary shares of Midland IC&I were exercised by Mr. CHEUNG Kam Shing on 29 June 2015. The aforesaid shares were issued and allotted to him on 13 July 2015. The closing price of the shares of Midland IC&I immediately before the date of exercise of the said share options was HK\$0.077 per share.

Save as disclosed above, no share options were granted, exercised, cancelled or lapsed under the Midland IC&I Share Option Scheme during the Interim Period.



Other Information (continued)

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Interim Period.

Interim Dividend

The board of Directors (the "Board") does not declare an interim dividend for the Interim Period (2014: Nil).

Review of Financial Statements

The audit committee of the Company (the "Audit Committee") comprises four Independent Non-Executive Directors and one Non-Executive Director with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. The Audit Committee has reviewed and discussed with the management the unaudited condensed consolidated interim financial information of the Group for the Interim Period. PricewaterhouseCoopers as the Company's auditor has reviewed the unaudited interim financial information of the Group for the Interim Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has also reviewed this interim report.

Changes in Directors' Information

Changes in the information of the Directors since the disclosure made in the 2014 annual report of the Company, that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

1. The director's fee payable to each of Mr. WONG and Mr. KAN Chung Nin, Tony, being all the Non-Executive Directors, and each of Mr. KOO Fook Sun, Louis, Mr. SUN Tak Chiu, Mr. CHAN Nim Leung, Leon and Mr. WONG San, being all the Independent Non-Executive Directors, has been adjusted to HK\$260,000 per annum with effect from 1 September 2015.
2. During the period from 26 August 2013 to 25 August 2015, Mr. WONG acted as the strategic consultant of the Company.
3. Ms. WONG Ching Yi, Angela has ceased to be a member of the nomination committee and the remuneration committee of the Company with effect from 22 May 2015.
4. Ms. IP Kit Yee, Kitty has been appointed as a member of the nomination committee and the remuneration committee of the Company with effect from 22 May 2015.



Other Information (continued)

Corporate Governance

The Company has complied with all the code provisions set out in the Corporate Governance Code as stated in Appendix 14 to the Listing Rules throughout the Interim Period.

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.

On specific enquiries made, all the Directors confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions throughout the Interim Period.



Condensed Consolidated Income Statement (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Note	Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000
Revenues	4	2,164,396	1,869,342
Other income	5	2,283	1,656
Staff costs		(1,208,043)	(1,024,430)
Rebate incentives		(343,495)	(311,361)
Advertising and promotion expenses		(40,693)	(43,714)
Operating lease charges in respect of office and shop premises		(279,110)	(296,307)
Impairment of receivables		(81,665)	(43,396)
Depreciation and amortisation costs		(20,281)	(29,741)
Other operating costs		(143,725)	(138,551)
Operating profit/(loss)	6	49,667	(16,502)
Finance income		1,564	1,687
Finance costs		(5,718)	(10,379)
Share of results of joint ventures		7,130	4,696
Profit/(loss) before taxation		52,643	(20,498)
Taxation	7	(17,521)	(12,055)
Profit/(loss) for the period		35,122	(32,553)
Profit/(loss) attributable to:			
Equity holders		32,353	(35,782)
Non-controlling interests		2,769	3,229
		35,122	(32,553)
Earnings/(loss) per share	9	HK cents	HK cents
Basic		4.51	(4.98)
Diluted		4.51	(4.98)



Condensed Consolidated Statement of Comprehensive Income (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Profit/(loss) for the period	35,122	(32,553)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	–	1,378
Change in fair value of available-for-sale financial assets	780	538
Change in fair value of land and buildings upon transfer from owner-occupied properties to investment properties	14,101	–
	14,881	1,916
Total comprehensive income/(loss) for the period, net of tax	50,003	(30,637)
Total comprehensive income/(loss) for the period attributable to:		
Equity holders	47,234	(33,866)
Non-controlling interests	2,769	3,229
	50,003	(30,637)



Condensed Consolidated Balance Sheet (Unaudited)

AS AT 30 JUNE 2015

		As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
	Note		
ASSETS			
Non-current assets			
Property and equipment	10	155,691	153,741
Investment properties	10	105,230	87,910
Land use rights		1,314	1,333
Interests in joint ventures		63,048	63,358
Available-for-sale financial assets		13,111	12,566
Deferred taxation assets		16,557	21,652
		354,951	340,560
Current assets			
Trade and other receivables	11	1,865,019	1,990,038
Taxation recoverable		1,098	1,337
Cash and bank balances	12	1,642,591	1,764,485
		3,508,708	3,755,860
Total assets		3,863,659	4,096,420



Condensed Consolidated Balance Sheet (Unaudited) (continued)

AS AT 30 JUNE 2015

		As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
	Note		
EQUITY AND LIABILITIES			
Equity holders			
Share capital	13	71,805	71,805
Share premium		223,505	223,505
Reserves		1,158,207	1,110,799
		<hr/>	<hr/>
		1,453,517	1,406,109
Non-controlling interests		<hr/>	<hr/>
		203,634	200,431
Total equity		<hr/>	<hr/>
		1,657,151	1,606,540
Non-current liabilities			
Deferred taxation liabilities		3,024	2,857
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	14	1,882,816	2,041,096
Borrowings		290,455	426,118
Taxation payable		30,213	19,809
		<hr/>	<hr/>
		2,203,484	2,487,023
Total liabilities		<hr/>	<hr/>
		2,206,508	2,489,880
Total equity and liabilities		<hr/>	<hr/>
		3,863,659	4,096,420
Net current assets		<hr/>	<hr/>
		1,305,224	1,268,837
Total assets less current liabilities		<hr/>	<hr/>
		1,660,175	1,609,397



Condensed Consolidated Statement of Changes in Equity (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Attributable to equity holders of the Company				Non-controlling interests HK\$'000	Total HK\$'000
	Share capital	Share premium	Reserves	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2015	71,805	223,505	1,110,799	1,406,109	200,431	1,606,540
Comprehensive income						
Profit for the period	–	–	32,353	32,353	2,769	35,122
Other comprehensive income						
Change in fair value of available-for-sale financial assets	–	–	780	780	–	780
Change in fair value of land and buildings upon transfer from owner-occupied properties to investment properties	–	–	14,101	14,101	–	14,101
Total comprehensive income	–	–	47,234	47,234	2,769	50,003
Transactions with owners						
Employee share option scheme – value of employee services	–	–	174	174	434	608
	–	–	174	174	434	608
At 30 June 2015	71,805	223,505	1,158,207	1,453,517	203,634	1,657,151
At 1 January 2014	71,805	223,505	1,042,590	1,337,900	189,648	1,527,548
Comprehensive income						
Loss for the period	–	–	(35,782)	(35,782)	3,229	(32,553)
Other comprehensive income						
Currency translation differences	–	–	1,378	1,378	–	1,378
Change in fair value of available-for-sale financial assets	–	–	538	538	–	538
Total comprehensive loss	–	–	(33,866)	(33,866)	3,229	(30,637)
At 30 June 2014	71,805	223,505	1,008,724	1,304,034	192,877	1,496,911



Condensed Consolidated Statement of Cash Flows (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Net cash generated from/(used in) operating activities	29,591	(48,702)
Net cash (used in)/generated from investing activities	(13,322)	2,798
Net cash generated from/(used in) financing activities		
– Proceeds from borrowings	2,011,500	700,000
– Repayments of borrowings	(2,147,163)	(672,454)
– Decrease/(increase) in pledged bank deposit	3,400	(3,400)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(115,994)	(21,758)
Cash and cash equivalents at 1 January	1,756,085	1,400,191
Exchange differences	–	(2,651)
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	1,640,091	1,375,782
	<hr/>	<hr/>
Cash and bank balances comprise:		
Cash and bank balances	1,642,591	1,379,182
Bank deposits with original maturity over three months from date of deposits	(2,500)	–
Pledged bank deposit	–	(3,400)
	<hr/>	<hr/>
Cash and cash equivalents as at 30 June	1,640,091	1,375,782
	<hr/>	<hr/>



Notes to the Interim Financial Information (Unaudited)

1 General information

The Company is a limited liability company incorporated in Bermuda and listed on the main board of the Stock Exchange. The address of its registered office is Clarendon House, Church Street, Hamilton HM11, Bermuda and its head office and principal place of business in Hong Kong is Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong.

The principal activities of the Group are provision of property agency services in Hong Kong, the People's Republic of China (the "PRC") and Macau.

This unaudited condensed consolidated interim financial information is presented in Hong Kong dollars, unless otherwise stated.

This unaudited condensed consolidated interim financial information has been approved by the Board on 26 August 2015.

2 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared under the historical cost convention as modified by the revaluation of investment properties and available-for-sale financial assets, which are carried at fair values, and also prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3 Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2014 except that the Group has adopted the following revised standards and amendments to standards issued by the HKICPA which are relevant to its operations and mandatory for the financial year ending 31 December 2015.

Effect of adopting amendments to standards

The following amendments to standards are mandatory for accounting periods beginning on or after 1 January 2015. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group, except for certain changes in presentation and disclosures.

		Effective for accounting periods beginning on or after
Annual Improvements Project	Annual Improvements 2010-2012 Cycle	1 July 2014
Annual Improvements Project	Annual Improvements 2011-2013 Cycle	1 July 2014



Notes to the Interim Financial Information (Unaudited) (continued)

3 Significant accounting policies (continued)

New standards, amendments to standards and interpretation that have been issued but are not effective

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Annual Improvements Project	Annual Improvements 2012-2014 Cycle	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
HKFRS 9	Financial Instruments	1 January 2018

4 Revenues and segment information

(a) Revenues

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Agency fee	2,150,056	1,849,413
Immigration consultancy services	10,758	17,653
Rental income	2,348	1,281
Web advertising	108	108
Other services	1,126	887
Total revenues	<u>2,164,396</u>	<u>1,869,342</u>



Notes to the Interim Financial Information (Unaudited) (continued)

4 Revenues and segment information (continued)

(b) 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 businesses which are principally located in Hong Kong, the PRC and Macau, and comprises property agency businesses for residential, commercial and industrial properties and shops, and other businesses which mainly include property leasing and immigration consultancy services.

	Six months ended 30 June 2015			
	Property agency			Total
	Residential properties	Commercial and industrial properties and shops	Others	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Total revenues	1,872,214	337,247	18,205	2,227,666
Inter-segment revenues	(45,428)	(13,977)	(3,865)	(63,270)
Revenues from external customers	1,826,786	323,270	14,340	2,164,396
Segment results	57,625	8,552	11,032	77,209
Impairment of receivables	49,411	32,254	–	81,665
Depreciation and amortisation costs	16,056	3,184	443	19,683
Share of results of joint ventures	–	–	7,130	7,130
Fair value gain on investment properties	–	–	910	910
Additions to non-current assets	22,241	2,950	105	25,296



Notes to the Interim Financial Information (Unaudited) (continued)

4 Revenues and segment information (continued)

(b) Segment information (continued)

	Six months ended 30 June 2014			
	Property agency			Total
	Residential properties	Commercial and industrial properties and shops	Others	
				HK\$'000
Total revenues	1,603,294	294,909	24,015	1,922,218
Inter-segment revenues	(38,356)	(10,434)	(4,086)	(52,876)
Revenues from external customers	1,564,938	284,475	19,929	1,869,342
Segment results	(12,369)	6,701	8,277	2,609
Impairment of receivables	29,726	13,670	–	43,396
Depreciation and amortisation costs	23,426	5,265	452	29,143
Share of results of joint ventures	–	–	4,696	4,696
Fair value loss on investment properties	–	–	(103)	(103)
Additions to non-current assets	9,200	920	48	10,168

The Executive Directors assess the performance of the operating segments based on a measure of operating results from each reportable segment. Corporate expenses, realised gain on available-for-sale financial assets, 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.



Notes to the Interim Financial Information (Unaudited) (continued)

4 Revenues and segment information (continued)

(b) Segment information (continued)

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

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Segment results for reportable segments	77,209	2,609
Corporate expenses	(20,509)	(14,499)
Realised gain on available-for-sale financial assets	97	84
Finance income	1,564	1,687
Finance costs	(5,718)	(10,379)
Profit/(loss) before taxation per consolidated income statement	52,643	(20,498)

Segment assets and liabilities exclude corporate assets and liabilities, deferred taxation, available-for-sale financial assets, all of which are managed on a central basis. The following is assets and liabilities by reporting segments:

	As at 30 June 2015			
	Property agency			Total
	Residential properties	Commercial and industrial properties and shops	Others	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	2,386,168	911,096	190,589	3,487,853
Segment assets include:				
Interests in joint ventures	–	–	63,048	63,048
Segment liabilities	1,590,858	274,575	29,966	1,895,399



Notes to the Interim Financial Information (Unaudited) (continued)

4 Revenues and segment information (continued)

(b) Segment information (continued)

	As at 31 December 2014			
	Property agency			Total
	Residential properties	Commercial and industrial properties and shops	Others	
				HK\$'000
Segment assets	2,536,243	896,228	179,352	3,611,823
Segment assets include:				
Interests in joint ventures	–	–	63,358	63,358
Segment liabilities	1,743,004	265,593	30,459	2,039,056

Reportable segment assets are reconciled to total assets as follows:

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Segment assets	3,487,853	3,611,823
Corporate assets	346,138	450,379
Deferred taxation assets	16,557	21,652
Available-for-sale financial assets	13,111	12,566
Total assets per consolidated balance sheet	3,863,659	4,096,420



Notes to the Interim Financial Information (Unaudited) (continued)

4 Revenues and segment information (continued)

(b) Segment information (continued)

Reportable segment liabilities are reconciled to total liabilities as follows:

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Segment liabilities	1,895,399	2,039,056
Corporate liabilities	308,085	447,967
Deferred taxation liabilities	3,024	2,857
Total liabilities per consolidated balance sheet	<u>2,206,508</u>	<u>2,489,880</u>

Geographical information:

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Hong Kong and Macau	1,784,089	1,553,544
PRC	380,307	315,798
Revenues from external customers	<u>2,164,396</u>	<u>1,869,342</u>

Revenues are attributed to locations where the transactions took place.



Notes to the Interim Financial Information (Unaudited) (continued)

5 Other income

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Fair value gain/(loss) on investment properties	910	(103)
Realised gain on available-for-sale financial assets	97	84
Others	1,276	1,675
	<u>2,283</u>	<u>1,656</u>

6 Operating profit/(loss)

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

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Loss on disposal of property and equipment	<u>637</u>	<u>1,746</u>

7 Taxation

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Current		
Hong Kong profits tax	12,286	3,715
Overseas	(27)	2,832
Deferred	<u>5,262</u>	<u>5,508</u>
	<u>17,521</u>	<u>12,055</u>

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2014: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.



Notes to the Interim Financial Information (Unaudited) (continued)

8 Dividends

The Board does not declare an interim dividend for the Interim Period (six months ended 30 June 2014: Nil).

9 Earnings/(loss) per share

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

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Profit/(loss) attributable to equity holders	32,353	(35,782)
Number of shares for calculation of basic earnings/(loss) per share (thousands)	718,046	718,046
Effect on conversion of share options (thousands)	–	–
Number of shares for calculation of diluted earnings/(loss) per share (thousands)	718,046	718,046
Basic earnings/(loss) per share (HK cents)	4.51	(4.98)
Diluted earnings/(loss) per share (HK cents)	4.51	(4.98)

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 period.

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 market 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 both periods did not assume the exercise of share options since the exercise of share options would have an anti-dilutive effect.



Notes to the Interim Financial Information (Unaudited) (continued)

10 Property and equipment and investment properties

Land and buildings with net book value of HK\$87,225,000 (as at 31 December 2014: HK\$90,471,000) and investment properties with net book value of HK\$76,080,000 (as at 31 December 2014: HK\$58,310,000) were pledged as security for the Group's banking facilities.

The valuations of the investment properties were carried out by Midland Surveyors Limited, a qualified professional surveyor under the Group with appropriate professional qualifications and recent experience in the valuation of similar properties in the relevant locations. Fair values of investment properties in Hong Kong and the PRC are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers' view of recent lettings, within the subject properties and other comparable properties.

During the period, land and building with fair value of HK\$16,410,000 was transferred from property and equipment to investment properties. The increase in fair value at the date of transfer of HK\$14,101,000 was recognised in other comprehensive income as change in fair value of property and equipment.

11 Trade and other receivables

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Trade receivables	1,783,428	1,876,857
Less: provision for impairment	(221,424)	(185,006)
Trade receivables, net	1,562,004	1,691,851
Other receivables, prepayments and deposits	303,015	298,187
	<u>1,865,019</u>	<u>1,990,038</u>



Notes to the Interim Financial Information (Unaudited) (continued)

11 Trade and other receivables (continued)

Trade receivables mainly represent agency fee receivables from customers whereby no general credit terms are granted. The customers are obliged to settle the amounts due upon completion of or pursuant to the terms and conditions of the relevant agreements. The ageing analysis of the trade receivables is as follows:

	As at 30 June 2015	As at 31 December 2014
	HK\$'000	HK\$'000
Not yet due	1,496,081	1,646,247
Less than 30 days	22,453	19,386
31 to 60 days	19,620	12,617
61 to 90 days	10,822	4,547
Over 90 days	13,028	9,054
	<u>1,562,004</u>	<u>1,691,851</u>

The Group's trade and other receivables are mainly denominated in Hong Kong dollars and Renminbi.

Borrowing facilities granted to the Group were also secured by floating charge over certain receivables of the Group, inter alia, with carrying value of approximately HK\$1,072,889,000 as at 30 June 2015 (as at 31 December 2014: HK\$307,620,000).

12 Cash and bank balances

As at 30 June 2015, the cash and bank balances include cashier orders amounting to HK\$549,670,000 (as at 31 December 2014: HK\$782,640,000), certain amount of which were temporarily placed to property developers for business purpose.

13 Share capital

	Number of shares	Nominal value
	(HK\$0.10 each)	HK\$'000
Authorised:		
At 31 December 2014 and 30 June 2015	<u>1,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 31 December 2014 and 30 June 2015	<u>718,046,005</u>	<u>71,805</u>



Notes to the Interim Financial Information (Unaudited) (continued)

14 Trade and other payables

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Commissions payable	1,362,903	1,389,318
Other payables and accruals	519,913	651,778
	<u>1,882,816</u>	<u>2,041,096</u>

Commissions payable include mainly the commissions payable to property consultants, co-operative estate agents and customers, which are due for payment only upon the receipt of corresponding agency fees from customers. These balances include commissions payable of HK\$208,514,000 (as at 31 December 2014: HK\$194,025,000) which are due for payment within 30 days, and all the remaining commissions payable are not yet due.

The Group's trade and other payables are mainly denominated in Hong Kong dollars and Renminbi.

15 Capital commitment

The Group and the Company did not have any significant capital commitment as at 30 June 2015 and 31 December 2014.

16 Contingent liabilities

As at 30 June, 2015, the Company executed corporate guarantees of HK\$1,262,000,000 (as at 31 December 2014: HK\$864,500,000) as part of the securities for general banking and other loan facilities granted to certain wholly-owned subsidiaries of the Company. As at 30 June 2015, HK\$291,118,000 of these facilities were utilised by the subsidiaries (as at 31 December 2014: HK\$426,179,000).

The Group has been involved in certain claims/litigations in respect of property agency services, including a number of cases in which third party customers alleged that certain Group's employees, when advising the customers, had made misrepresentations about the properties that the customers intended to acquire. After seeking legal advice, the management is of the opinion that either an adequate provision has been made in the financial statements to cover any potential liabilities or that no provision is required as based on the current facts and evidence there is no indication that an outflow of economic benefits is probable.



Notes to the Interim Financial Information (Unaudited) (continued)

17 Significant related party transactions

The Group had the following significant transactions with related parties during the period:

		Six months ended 30 June	
		2015	2014
	Note	HK\$'000	HK\$'000
(a)	Transactions with related parties		
	Operating lease rental expenses in respect of office and shops premises		
	– Related companies	(i) 4,694	4,446
	Interest on loans provided by a director	(ii) –	973
	Consultancy fee paid to a director	(iii) 1,680	1,680
(b)	Key management compensation		
	Fees, salaries, allowances and incentives	(iv) 10,510	7,531
	Share-based benefits	(iv) 538	–
	Retirement benefit costs	(iv) 46	49
		11,094	7,580

Notes:

- (i) The Group entered into certain operating lease agreements with certain related companies, in which directors of the Company have beneficial interests, on terms mutually agreed by both parties.
- (ii) During the six months ended 30 June 2014, a director granted loans to the Group of which were unsecured and interest bearing at market rate. Such loans were fully repaid during the six months ended 30 June 2014.
- (iii) Consultancy fee was paid to a director for acting as strategic consultant of the Company.
- (iv) The amount represents emoluments paid or payable to Executive Directors for the period.