



上車落車 助您安居四十載
Committed to the Best for 40 Years

Annual Report 2012 年報

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Corporate Information

DIRECTORS

Executive Directors

Mr. WONG Kin Yip, Freddie (*Chairman*)

Ms. TANG Mei Lai, Metty

Ms. WONG Ching Yi, Angela
(*Deputy Chairman and Deputy
Managing Director*)

Mr. WONG Tsz Wa, Pierre
(*Managing Director*)

Mr. CHAN Kwan Hing

Ms. IP Kit Yee, Kitty

Mr. CHEUNG Kam Shing

Independent Non-executive Directors

Mr. KOO Fook Sun, Louis

Mr. SUN Tak Chiu

Mr. WANG Ching Miao, Wilson

Mr. CHAN Nim Leung, Leon

AUDIT COMMITTEE

Mr. KOO Fook Sun, Louis
(*Committee Chairman*)

Mr. SUN Tak Chiu

Mr. WANG Ching Miao, Wilson

Mr. CHAN Nim Leung, Leon

REMUNERATION COMMITTEE

Mr. SUN Tak Chiu
(*Committee Chairman*)

Mr. WONG Kin Yip, Freddie

Ms. WONG Ching Yi, Angela

Mr. KOO Fook Sun, Louis

Mr. WANG Ching Miao, Wilson

Mr. CHAN Nim Leung, Leon

NOMINATION COMMITTEE

Mr. WANG Ching Miao, Wilson
(*Committee Chairman*)

Mr. WONG Kin Yip, Freddie

Ms. WONG Ching Yi, Angela

Mr. KOO Fook Sun, Louis

Mr. SUN Tak Chiu

Mr. CHAN Nim Leung, Leon

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

Agricultural Bank of China

Bank of China (Hong Kong) Limited

Bank of Communications Co., Ltd.

Hong Kong Branch

The Bank of East Asia, 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 ADVISER

Iu, Lai & Li

20th Floor, Gloucester Tower

The Landmark

11 Pedder Street

Central

Hong Kong

BERMUDA LEGAL ADVISER

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

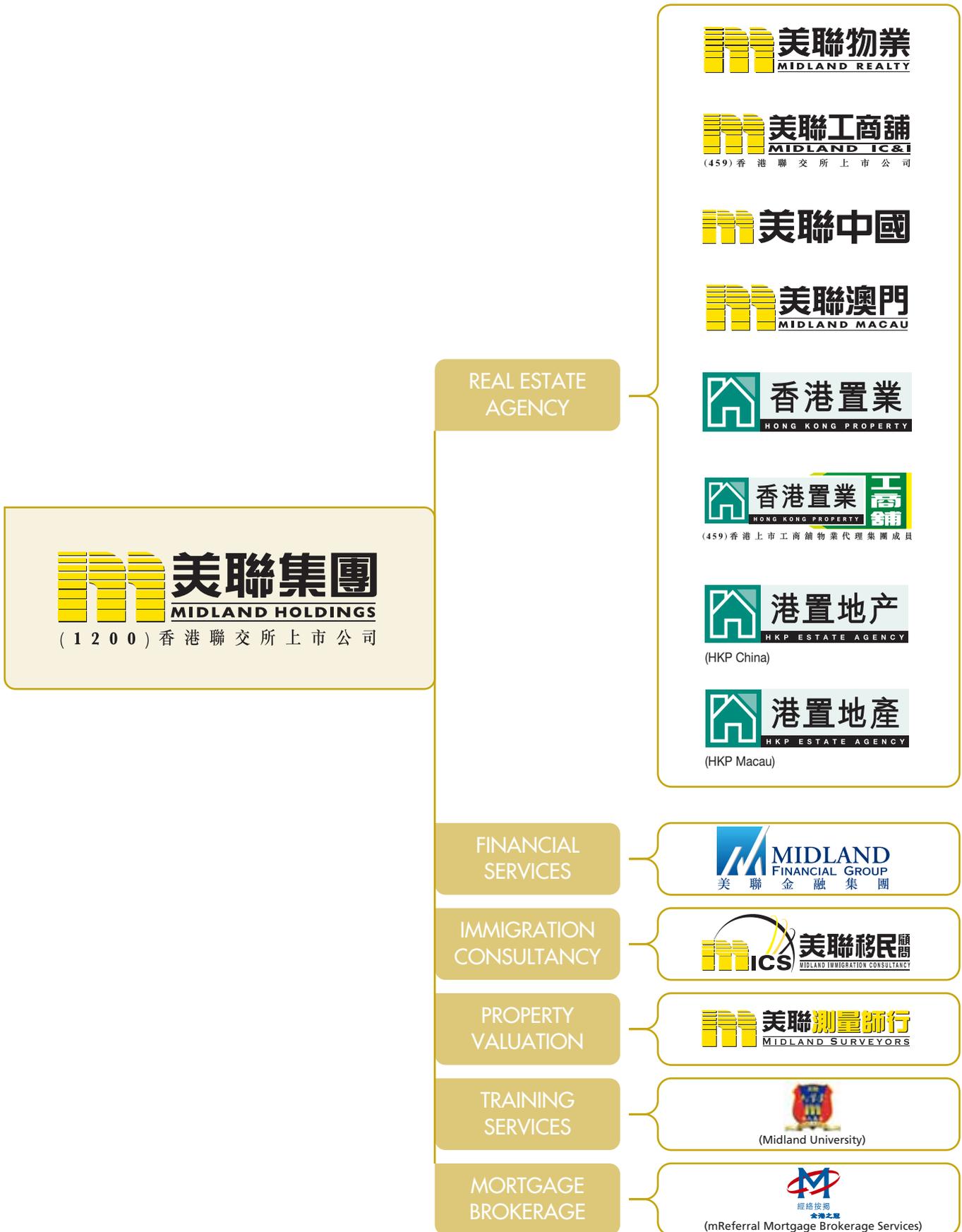
WEBSITE

www.midland.com.hk

STOCK CODE

1200

Organisation Chart



Appendix to Organisation Chart



Board of Directors: Front row from left to right: TANG Mei Lai, Metty, WONG Kin Yip, Freddie
Back row from left to right: IP Kit Yee, Kitty, CHAN Nim Leung, Leon, WANG Ching Miao, Wilson, KOO Fook Sun, Louis, WONG Ching Yi, Angela, WONG Tsz Wa, Pierre, CHAN Kwan Hing, SUN Tak Chiu, CHEUNG Kam Shing

Strategic Business Units

Business Description



Provision of residential property agency services in Hong Kong



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



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



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



Provision of residential property agency services and commercial properties agency services



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



Provision of immigration consultancy services in Hong Kong and Macau



Provision of professional surveying consultancy services including valuation advisory, project and development, 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



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

A New Dynamic For the Golden 40 Years

Note From Chairman

About 40 years ago, I founded Midland Realty ("Midland") in pursuit of my career. 40 years later, Midland has turned into an invincible empire of real estate agency from just a small company. I would like to express my heartfelt gratitude to all strategic partners and staff at Midland for their continuous efforts as well as to our clients for their continuous support over the years.

In review of the 40 years, Midland went through numerous challenges and nothing came easy. Midland went through the stock market crash at the beginning, the Asian financial crisis in 1997, the outbreak of SARS in 2003 and the financial tsunami in 2008. Midland managed to sail through the storm, conquer the difficulties and grow stronger in adversity by our perseverance and toughness.

Going through the changes during these 40 years with the advancement of society, our fighting spirit remains. Looking forward, all our staff will unite as one, marching towards the next brilliant and glorious 40 years in pursuit of excellence.



Pioneering the Industry



1973 – Midland Realty was established. We were the first real estate agency promoting the virtue of "no price cheating"

1977 – the first real estate agency introducing a commission system, changing the ecology across the entire industry

1979 – the first real estate agency setting up a training department, which was subsequently renamed as "Midland University"



1988 – the first real estate agency engaged in the sale of overseas properties on behalf of clients

1989 – the immigration consultancy service division was established. We were the first real estate agency to explore such business line

1990s – the first real estate agency to launch computerization into our system

1995 – the first real estate agency listed on the Hong Kong Stock Exchange ("HKEx")



2000 – a joint venture company, mReferral Corporation Limited, was established. We were the first real estate agency company to explore mortgage referral business



2000 – the first real estate agency to acquire large-scale business entity in the same sector (through the acquisition of Hong Kong Property Services (Agency) Limited)

2005 – the first real estate agency selected as one of the most successful listed company in Hong Kong (with annual revenue under a Billion US\$) by Forbes Asia, an international prestigious magazine



2006 – the first real estate agency introducing the "Management Associate Programme"

2007 – Midland IC&I Limited, a subsidiary of the Group, was first listed on the Growth Enterprise Market of the HKEx, and transferred to list on the Main Board of the HKEx the next year, which was the first listed real estate agency engaging in the industrial and commercial properties and shops sector as its core business

In 2011, Midland IC&I Limited was the first industrial and commercial properties and shops property agency company awarded "2011 Forbes Asia – Best Under a Billion" and "The Best Return on Investment – Long Term" by Forbes magazine



"2011 Forbes Asia – Best Under a Billion" and "The Best Return on Investment – Long Term" by Forbes magazine

(The above information is to the best knowledge of the Company)

40th Anniversary Special Promotion

40th Anniversary Dinner Boosts the Spirit of “Striving to be No. 1”

- To celebrate the 40th Anniversary, the Group held an annual dinner at Hong Kong Convention and Exhibition Centre. It was a spectacular rendezvous of celebrities in town and studded with friends and guests from various sectors including real estate and finance from Hong Kong and the PRC. All joined us to witness the glory and nobility of the Group.

Mr. WONG Kin Yip, Freddie, our Founder and Chairman of the Group said at the annual dinner that Midland had made countless “No. 1” in the industry during its development throughout the 40 years. We “Midlanders” were all encouraged to strive to be No. 1 at all times in pursuit of excellence to expand our real estate empire.



40th Anniversary Lai-see for Morale and Advancement

- In order to boost staff morale, as well as to celebrate the 40th Anniversary, staff received “40th Anniversary Special Lai-see” as a token of appreciation for their contribution all along. The Group also encouraged the staff to grasp the opportunity and demonstrate Midland’s spirit of “prompt, precise, sincere, caring and professional” services in order to excel and create fabulous results in the year of Snake.

Communication Through the 40th Anniversary Booklet and Website

- To celebrate Midland’s 40th Anniversary, a special booklet “A New Dynamic For the Golden 40 Years” was compiled, as well as a feature story was published on the front page of *Hong Kong Economic Times*. The inspiring story of Midland’s development and success was presented in words. A tailor-made website – “Dedication Page of the 40th Anniversary Celebration of Midland” (www.midland.com.hk/40th/) was published to revisit the glorious moment of the 40th Anniversary annual dinner, to enable the general public to understand more about Midland and to enhance influence of our brand.



Forty Years of Companionship and Partnership

- Throughout the past 40 years, every single staff is regarded as a valuable asset by the Group. The Group has continuously enhanced staff benefits, added value to and strengthened the solidarity for its staff so as to unite all the “Midlanders” to create a better future.

Major Events and Awards for the Year



A whole new wave of advertisements Strengthening brand recognition by building "Super Agent" image

In order to manifest Midland Realty's service commitment – offering "prompt, precise, sincere, caring and professional" services in a new way, the Group launched a brand new series of TV commercial campaign titled "搵樓搵啲人 唔駛等緣份" ("To find the right home, you can't rely on luck. You must find the right agent"), in which local celebrity, Ms. Rose Chan, was invited to take part in building up Midland's "Super Agent" image. The brand's young, invigorated and daring image is ingrained in the public, fully incorporating Midland's spirit as an accommodating agent to assist customers in property purchase and emphasis on after-sale services.



Management Strategic Meetings

Strategic meeting was held unprecedentedly at a prestigious clubhouse to spark new ideas. Overall work approaches, business strategies and development plans for the new year were discussed, and new directions for corporate development were formulated.



Opinion leader

As an opinion leader in the industry, the Group proactively released its outlook on the real estate market at critical moments. Its management shared the Group's direction of development, management philosophy and its way to success in interviews with the media to strengthen the Group's influence.



Directors Leadership Summit Boost up ability to battle

Leadership summits were held one after the other to train up directors and front-line management in respect of their ability to strive during adversity, to strengthen team spirit and to enhance leadership skills, thereby injecting energy and enhancing the dynamics for sustainable development of the Group.



Major Events and Awards for the Year

Elite Club, Glorious Results

The number of members of the Elite Club hit a new record in 2012, evidencing that the Group's platform has nurtured and gathered high-calibre talents with competitive edges. Various activities and overseas trips were organized to open up opportunities of trans-regional cooperations. Members of the Elite Club have displayed their talents via the broadened platform and produced glorious results of the Group.



Distinguished Salesperson Award showed professionalism and recognition

Members of our elite salespersons won the "44th Distinguished Salesperson Award (DSA)" by virtue of their outstanding sales techniques. The DSA was won by members of our elite salespersons consecutively for a number of years, further reaffirming the Group's commitment in pursuit of excellence, building a solid foundation for their professionalism, and strengthening our recognition by the industry. Management attended the award presentation to commend and encourage the winners.



Brilliant performance with developers' recognitions

The Group maintains a long term, amiable and cooperative relationship with developers. Brilliant results were attained by our sales teams in various new residential development projects with repeatedly high recognition from developers.



New Branches Opening and Expansion of Sales Force

New branches were opened in strategic locations to boost its competitiveness. "Mobile recruitment centers" were deployed throughout the town to recruit talents so as to further strengthen the Group's talent pool.



The first estate agency responding to the government's new stamp duties policies

As a leading property agency, the Group provides updated market analysis and response to investors and public in response to market trends and changes. Even more, the Group was the first property agency who held a press conference responding to the new stamp duties policies issued by the government.



Orientation programme attracts new talents

The Group takes "pooling talents, nurturing talents" to its heart and held large-scale orientation programme at the Langham Hotel for idea exchange and gathering of freshmen so as to assist them to integrate into our platform for wealth creation.



Major Events and Awards for the Year

“TVB Weekly Brand Awards 2012 – Property Agent: Midland Realty”

Midland Realty was awarded “TVB Weekly Brand Awards 2012 – Property Agent: Midland Realty”, demonstrating recognition of the Group’s outstanding brand and leading position by the industry and society.

**Sponsoring the TV programme “Living Up” for the fifth time**

To enhance its brand’s influence, the Group sponsored the TVB’s TV programme on property “Living Up”, for the fifth time, which signified the Group’s solid leading position in marketing strategy and brand building over the years.

**First two-time winner of Ta Kung Pao’s Gold Bauhinia Award in the sector**

Backed by extensive experience and excellent performance, the Group is the only property agency which won the China Securities Daily’s “Gold Bauhinia Award” for the second year in a row.

**The only Property Agency awarded with The Sun’s Elite Brand Award**

The Group was awarded “The Sun’s Elite Brand Award 2012” for its excellent planning and marketing for its brand image, which showed that the Group’s brand was well-received by the media and public.

**Celebration for the 15th Anniversary of Hong Kong Handover****Large-scale seminars on properties and stocks in Hong Kong, China and Macau**

For the celebration of the 15th anniversary of Hong Kong handover, various members of the Group such as Midland Realty, Hong Kong Property, Midland Financial Group and mReferral jointly conducted various seminars with informative hints which were well-received by the public.

**The Best Property Market Sales Partner**

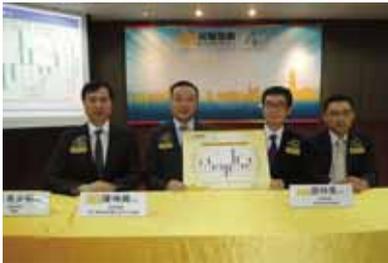
The Group achieved outstanding performance in the sale of a number of new residential projects and established good relationship with its partners and was awarded “The Best Developer Awards 2012 – The Best Property Market Sales Partner” again.



Major Events and Awards for the Year

Assist the public to understand the market through active dissemination of market outlook information

When there is new market movement, the Group immediately holds press conferences to share our insights on the property market, and assists the public to understand the market swiftly. Our insights are widely reported on various media, evidencing our leading position in the industry.



ERB Manpower Developer Award

The Group puts a high value on training talents and bringing employees' talents into full play so as to live up to the "Recruiting talents, nurturing talents and pooling talents" philosophy. The Group was awarded "Manpower Developer 1st-Grand Prize Award" in the "ERB Manpower Developer Award Scheme" by the Employees Retraining Board for the third year in a row.



Ongoing Management Associate Programme Advancing youthful professionalism

The Group is always ahead of the peers. This year, the fourth "Management Associate Programme" was successfully held by the Group and recruited the largest number of young talents, demonstrating a further step in advancing youthful professionalism.



Chairman's Statement



Committed to the Best
for 40 Years

Business Review

For the year ended 31 December 2012, turnover of Midland Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") amounted to HK\$3,910,670,000, representing an increase of 15% compared with that of 2011. Profit attributable to equity holders for the year rose by 87% to HK\$249,826,000. Despite the volatile property market and increase in operating costs, the Group recorded growth in profit in 2012. This was attributable to the solidarity of the management and staff of the Group.

Real estate policies affected the development of property market and the Group's results

In 2012, the number and value of the agreements for sale and purchase registered with the Land Registry recorded a 6% and 11% year-on-year growth respectively. During the same period, the Group's agency fee income also increased by 16%, which was in line with the market performance.

In 2012, there was growth in property transaction volume, although the market activity fluctuated. For instance, the number of the agreements for sale and purchase registered with the Land Registry in January and February 2012 reached

a low level of approximately 4,490 and 5,425 respectively. However, the number in March and April increased sharply to around 14,306 and 10,728 respectively.

In fact, residential property transactions had, to a certain extent, been affected by the Special Stamp Duty ("SSD") introduced by the government in late 2010. The impact on the volume of residential property transactions became more significant after the introduction of the Buyer's Stamp Duty ("BSD") and enhanced SSD in October 2012. Last year, the overall performance of the residential property market was relatively lacklustre. The performance of the luxurious property market was not satisfactory either. The performance of the non-residential (industrial and commercial properties and shops) ("non-residential") property market was significantly better than that of the residential property market since SSD had come into effect. According to the figures from the Land Registry, the value of the agreements for sale and purchase of non-residential property registered with the Land Registry in 2012 had reached a record-high level, whereas the value of the agreements for sale and purchase of residential property registered with the Land Registry in 2012 had only slightly increased compared with that of 2011.

Chairman's Statement

The Group's results broadly reflected the above market phenomena. Midland IC&I Limited, the listed subsidiary of the Company, in which the Company is interested in approximately 70.8% of its issued share capital, achieved record-high profit in 2012 and its contribution to the profit of the Group had increased significantly.

Regarding the business and operation in Mainland China ("Mainland"), improvements could be seen gradually following our earlier adjustment in strategies. The Group has been proactively strengthening the management of Mainland operations and intensifying the focus strategies since 2011. The resources of the Group's Mainland business had been allocated to Southern China, particularly Shenzhen. Since the second half of 2011, the business and operation in Mainland had been changed from contraction to expansion in order to seize market opportunities.

Increasing costs and fierce competition

Despite fluctuations in the trend of the number of the agreements for sale and purchase of residential property registered with the Land Registry, competitive environment becomes more fierce. The number of "statements of particulars of business" (SPoB) which reflects the number of branches within the industry slightly decreased by 0.6% in the first half of the year, but then picked up by around 3.8% in the second half of the year, reaching an all-time high. The number of individual licences as at the end of last year exceeded 36,000, which was also record-high. Although the percentage growth in the number of individual licences last year was the lowest since 2007, the competitive environment had worsened as there was no remarkable increase in the number of residential property transactions.

Amid such competitive environment, the Group continued to adopt diversified marketing strategies to seize market opportunities in an effort to increase market share. Apart from opening branches strategically, the Group also organized a number of seminars such as the "Celebration of the 15th Anniversary of the Handover". In the second half of the year, the Group had strengthened promotions under the theme of "Striding towards Golden 40th Anniversary" in order to reinforce relationship with the clients.

In addition, the Group still faced the pressure of increasing operating costs. Last year, the rental expense increased by 18%, pushing up the operating costs of the Group and in turn

lowered the profits. Last year, the Group introduced a number of business improvement initiatives to optimize management, such as a new commission scheme, with a view to boost staff morale, thereby driving the Group to deliver solid performance during difficult times for the industry.

Outlook

The Group holds a cautious view on the market outlook in 2013. From a macroeconomic perspective, there are signs of recovery in global economy. The US economy is on the mend, and the European debt crisis has stabilized gradually. In the fourth quarter last year, the GDP growth of Mainland reversed the downward trend in the previous six quarters. It is expected that Mainland economy will improve steadily. Nevertheless, the global economic recovery is still in its early stage, and its overall strength and sustainability remain uncertain.

In the past few years, the environment of ample capital due to the quantitative easing policy around the globe has not changed, and this will continue to support the economy this year. The US rate hike is expected to occur in or after 2014. As such, it is believed that the Hong Kong economy in 2013 can still benefit from the positive factor of low interest rate environment. Nevertheless, the looming rate hike, coupled with the acceleration of global economic recovery may change the expectations on the trend of interest rate. If the market has growing concern on rate hike, it may hinder the development of the market.

The local economy is expected to fare well in 2013. During the Lunar New Year, Mainland tourists' arrivals in Hong Kong increased by 27% compared with that of last year, reaching a record-high level, while there was no expansion in the number of Mainland cities implementing the Individual Visit Scheme. Mainland tourists will undoubtedly continue to drive the retail and tourism sectors and add momentum to the growth of local economy. In the recent Budget, the government proposed expansion plans for Ocean Park and Disneyland, it is believed that this will help to strengthen the local tourism sector. In addition, offshore Renminbi business and measures favorable to the development of the financial sector should, to a certain extent, provide support to the Hong Kong economy.

Chairman's Statement

A more volatile property market

Government intervention measures on the property market have become more frequent and fierce so the property market is expected to be more volatile in 2013 than 2012. It is understandable that the government needs to introduce additional measures to suppress the property market in view of the continuous rise in property prices in the past few years. Under the impact of suppressing demand measures, transaction volume for the second-hand property market will hardly return to normal level within a short period of time. With the launch of the SSD and BSD measures earlier, there are signs of remarkable drop in demand from the speculators and Mainland investors for purchasing Hong Kong properties. Also, the adjustment of Ad Valorem Stamp Duty ("AVD") rates in February 2013 may affect local buyers with genuine residential needs to purchase properties in Hong Kong.

Regarding the first-hand property market, since the Government has started to increase land supply 2 years ago and abolished the Land Application List System in February 2013, the future supply of first-hand properties is expected to increase steadily. Expectedly, the first-hand property market is likely to gain around from the second-hand property market. However, as the government may continue to launch further measures to intervene the property market and some leading developers have already adjusted their property sales targets downward, it is possible that the developers' pace of launching sale of first-hand properties may slow down. With the uncertainties about the government policies, the Group expects a price volatility of 5% to 10% and potential downward pressure on property prices this year. Nevertheless, the foundation of Hong Kong property market is still solid. It is particularly noteworthy that the integration between Hong Kong and Mainland has entered into a new phase. For example, some Mainland enterprises have acquired business in Hong Kong in recent years, and sizable Mainland property developers have acquired land in Hong Kong and participated in real estate development. This emerging trend is favourable to the growth of the Hong Kong economy as well as the property market.

Enhanced co-operation to capture opportunities

In the past 2 years, the Group constantly reviewed the network of branches and actively planning for expansion. In view of the active local non-residential property sector, the co-operation between the residential property division and the non-residential property division of the Group has been enhanced so as to broaden the sources of income. The participation of the residential division of the Group in the sale of non-residential

property projects such as "t.mark" and "The Capital" has produced desirable results. Although the new arrangement on AVD has, to a certain extent, affected the non-residential property sector, this sector still appears attractive to investors due to the lack of investment outlets for capital. In 2013, the Group will continue to bring the strength of its comprehensive platform into full play, to steer a course of steady growth and to increase its market share.

Brand new image for the 40th anniversary

To mark the 40th anniversary of Midland Realty, the Group has promoted its business with a brand new image and launched a new TV commercial which has been well received by the public. With a comprehensive promotional campaign and through building up the image of a young, dynamic and accommodating "Super Agent", the Midland spirit of offering "prompt, precise, sincere, caring and professional" services has been intensified. By doing so, there will be more recognition from customers, which will in turn bring more business opportunities to the Group and increase its market share.

Undaunted by challenges, positively moving forward

The principal subsidiary of the Group, Midland Realty, was founded in the real estate agency industry in Hong Kong for nearly 40 years. The management has experienced the ups and downs of the Hong Kong economy and property market. Government intervention, instability of the external economic environment, coupled with rising operating costs and intensified competitions are the difficulties that have been tackled in the past. Therefore, the Board and I are confident that, together with around 10,000 staff of the Group, we can overcome the challenges ahead, strike a balance between the two guiding principles of costs control and seizing market share and add value to our shareholders.

Appreciation

Finally, the Board would like to take this opportunity to express our heartfelt gratitude to our shareholders and customers for their continuous support and to the management and staff for their hard work, support and dedication throughout the year.

WONG Kin Yip, Freddie

Chairman

Hong Kong, 15 March 2013

Profile of Directors

Executive Directors

Mr. WONG Kin Yip, Freddie

aged 63, is the Founder, Chairman and Executive Director of Midland Holdings Limited (the “Company”). He is also a member of the Remuneration Committee and the Nomination Committee, and leads the Chairman’s Office.

Mr. WONG established Midland Realty in 1973 and has been the Chairman of the Company since 1993. He is responsible for formulating the overall corporate directions and corporate strategies of the Company and the subsidiaries (collectively, the “Group”), and leading the Group’s management team.

Mr. WONG has over 39 years of experience in the real estate agency business in Hong Kong, China and overseas. He is a pioneer in the mortgage brokerage business and introduced mortgage referral services to Hong Kong. Mr. WONG is the vice president of The Association of Hong Kong Professionals, and the chairman and permanent director of Midland Charitable Foundation Limited. In addition, Mr. WONG was a member of The Shenzhen Committee of the Chinese People’s Political Consultative Conference from 2005 to 2010, a member of the Estate Agents Authority in Hong Kong from 2006 to 2010, and also a part-time member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for the years of 2006 and 2007.

Mr. WONG is the director of Sunluck Services Limited and Southern Field Trading Limited which have interests in the shares in the Company. He is the spouse of Ms. TANG Mei Lai, Metty, the Executive Director of the Company, and the father of Ms. WONG Ching Yi, Angela, the Deputy Chairman, Deputy Managing Director and Executive Director of the Company.

Ms. TANG Mei Lai, Metty

aged 57, has been the Executive Director of the Company since December 2005. She acted as the Deputy Chairman of the Company from December 2005 to March 2011.

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. She is the director of various members of the Group. Ms. TANG is currently the director, president and honorary member of Midland Charitable Foundation Limited and participates in charitable activities from time to time.

Ms. TANG has also been the chairman, managing director and executive director of Midland IC&I Limited, the Company’s listed subsidiary, since 2008.

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 Deputy Chairman, Deputy Managing Director and Executive Director of the Company.

Profile of Directors

Ms. WONG Ching Yi, Angela

aged 32, has been the Executive Director of the Company since March 2008 and has been the Deputy Chairman of the Company since March 2011 and Deputy Managing Director since August 2011. She is a member of the Remuneration Committee, the Nomination Committee (with effect from 16 March 2013) and the Chairman's Office.

Ms. WONG plays a leading role in the Chairman's Office and is responsible for formulating, overseeing and implementing the Group's overall corporate strategies, enhancing the efficiencies and effectiveness of the Group as well as corporate development of the Group. She is also responsible for overseeing various functions of the Group, such as investor relations, finance and accounting, marketing, company secretarial, information technology, and overall sales and management.

Ms. WONG is the director of various members of the Group, including mReferral Corporation Limited, a joint venture company of the Group with a leading developer. She is a director and the vice president of Midland Charitable Foundation Limited. Ms. WONG has also been the executive director of Midland IC&I Limited, the Company's listed subsidiary, since December 2011 and was the executive director of Midland IC&I Limited from June 2007 to March 2008.

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 PricewaterhouseCoopers, an international accounting firm, for several years. She is the vice chairman of Youth Professionals Committee, Standing Committee member of The Association of Hong Kong Professionals and member of The Y.Elites Association. She is also a member of the Practice and Examination Committee of the Estate Agents Authority.

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 Executive Director of the Company.

Mr. WONG Tsz Wa, Pierre ("Mr. Pierre WONG")

aged 49, has been appointed as the Managing Director and Executive Director of the Company since November 2012. He joined the Group in 1993 and has been a member of the Chairman's Office of the Company since December 2011. He was appointed as the Group Sales Management Director of the Group in January 2012 and since then, he has assisted the Chairman of the Company to implement corporate strategies and directions for the Group. Mr. Pierre WONG holds a master's degree in business administration and he is a professional member of The Royal Institution of Chartered Surveyors. He has over 24 years of experience in property agency business in Hong Kong.

Mr. Pierre WONG is responsible for formulation and implementation of business strategies of the Group's estate agency business.

Mr. Pierre WONG was the executive director of Midland IC&I Limited, the Company's listed subsidiary, from June 2007 to November 2012. He was the chief executive officer and deputy chairman of Midland IC&I Limited for the period from June 2007 to December 2011 and from December 2011 to November 2012 respectively. Mr. Pierre WONG resigned as the deputy chairman and executive director of Midland IC&I Limited in November 2012.

Mr. CHAN Kwan Hing

aged 49, has been the Executive Director of the Company since September 2004. 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 Group's residential agency business. He is the president of Midland Ten Million Round Table and the honorary president of Midland Elite Club. Mr. CHAN holds a master's degree in business administration. He is the director of various members of the Group.

Ms. IP Kit Yee, Kitty

aged 53, has been the Executive Director of the Company since October 2008. She is a member of the Chairman's Office.

Ms. IP has been serving the Group since 1983 and is the director of various members of the Group. 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, real estate agency and human resources administration and management.

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, the Company's listed subsidiary, from April 2007 to October 2008. Ms. IP is also a director of mReferral Corporation Limited, a joint venture company of the Group with a leading developer.

Mr. CHEUNG Kam Shing

aged 49, has been the Executive Director of the Company since March 2011. He was the Consultant of the Group from November 2008 to March 2011. Mr. CHEUNG is responsible for the strategic development and daily operation of the Group's China division "Midland China" and the strategic development of the Group's immigration consultancy business in Hong Kong, China and Macau. He has over 27 years of solid experience in the real estate agency business. Mr. CHEUNG has served the Group for 21 years and was the Executive Director of the Company from June 1998 to November 2005. He is the director of various members of the Group.

Profile of Directors

Independent Non-executive Directors

Mr. KOO Fook Sun, Louis

aged 56, has been the Independent Non-executive Director of the Company since September 2004. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee of the Company.

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.

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.

He currently also serves as an independent non-executive director of another four companies listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), namely Good Friend International Holdings Inc., Li Ning Company Limited, Xingda International Holdings Limited and Richfield Group Holdings Limited.

Mr. KOO was the independent non-executive director of China Communications Construction Company Limited from September 2006 to December 2009 and Weichai Power Co., Ltd. from October 2003 to June 2012, both companies listed on the Main Board of the Stock Exchange. 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 Euronext, from January 2007 to October 2009.

Mr. SUN Tak Chiu

aged 49, has been the Independent Non-executive Director of the Company since September 2004. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company.

Mr. SUN has over 26 years of experience in the fields of accounting, securities industries and corporate finance. Mr. SUN holds a bachelor's degree in law 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 and Investment Institute.

Mr. WANG Ching Miao, Wilson

aged 51, has been the Independent Non-executive Director of the Company since September 2004. He is also the Chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee of the Company.

Mr. WANG has over 22 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. CHAN Nim Leung, Leon

aged 57, has been the Independent Non-executive Director of the Company and a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company since November 2012. He is the principal partner of Messrs. Y.T. Chan & Co., a legal firm in Hong Kong. He was admitted as a solicitor in Hong Kong, England and Wales as well as Victoria, Australia. Mr. CHAN acquired extensive experience in conveyancing matters in his 31 years of practice as a solicitor. Mr. CHAN holds a master's degree in business administration from Birmingham University. He was a member of the Solicitors Disciplinary Tribunal Panel from May 1993 to May 2008. He is the non-executive director of three listed companies in Hong Kong, namely Hongkong Chinese Limited, Lippo China Resources Limited and Lippo Limited and he is the independent non-executive director of a listed company in Hong Kong, PanAsialum Holdings Company Limited. He also serves as the chairman of the supervisory board of the Macau Chinese Bank, S.A., a licensed bank in Macau.

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 shareholders’ value and safeguard the shareholders’ 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 applicable code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code and Corporate Governance Report (effective from 1 April 2012) (the “Code”) as stated in Appendix 14 to 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 2012, except for the deviations as explained below:

1. The roles of chairman and chief executive of the Company were not separate under A.2.1 of the Code. Subsequent to the re-designation of Mr. WONG Kin Yip, Freddie (“Mr. WONG”) as Chairman of the Company and the appointment of Mr. WONG Tsz Wa, Pierre (“Mr. Pierre WONG”) as Managing Director of the Company with effect from 23 November 2012, the roles of chairman and managing director of the Company have been separated.

Mr. WONG is the Chairman of the Company and is also the founder of the Group. Mr. WONG oversees the overall corporate directions and corporate strategies of the Group and guides the management team.

Mr. Pierre WONG is the Managing Director and Ms. WONG Ching Yi, Angela is the Deputy Managing Director of the Company. The Managing Director of the Company carries out the function of chief executive of the Company and is responsible for formulating the corporate and business strategies and development, and the implementation of strategies and policies to achieve the overall objectives of the Group. The Managing Director shall report directly to the Board. 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.

2. Mr. KOO Fook Sun, Louis, being the Independent Non-executive Director and Chairman of Audit Committee, was unable to attend the annual general meeting of the Company held on 25 May 2012 as provided for in A.6.7 and E.1.2 of the Code as he had other business engagement.

Board of Directors

(i) Board Responsibilities and Delegation

The Board is responsible for the management of the Company, which includes, inter alia, formulating business strategies, directing and supervising the Company's affairs, approving interim and annual reports, announcements of interim and annual results, considering dividend policy, and approving the grant of share options or any 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 daily management, administration and operation of the Company are delegated to the management of the Company. The Board gives clear directions to the management as to its powers and circumstances in which the management shall report to the Board.

All the Directors have full and timely access to all relevant information and have access to the advice and services of the Company Secretary of the Company, with a view to ensuring that all proper Board procedures, applicable rules and regulations are followed. All the Directors including 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.

The Company has arranged appropriate liability insurance to indemnify the Directors for their liabilities arising out of corporate activities. The insurance coverage is reviewed regularly.

(ii) Board Composition

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

Executive Directors

Mr. WONG Kin Yip, Freddie (*Chairman*)

Ms. TANG Mei Lai, Metty

Ms. WONG Ching Yi, Angela (*Deputy Chairman and Deputy Managing Director*)

Mr. WONG Tsz Wa, Pierre (*Managing Director*) (*Appointed on 23 November 2012*)

Mr. CHAN Kwan Hing

Ms. IP Kit Yee, Kitty

Mr. CHEUNG Kam Shing

Independent Non-executive Directors

Mr. KOO Fook Sun, Louis

Mr. SUN Tak Chiu

Mr. WANG Ching Miao, Wilson

Mr. CHAN Nim Leung, Leon (*Appointed on 23 November 2012*)

Save and except Mr. WONG 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" on pages 14 to 18 of this Annual Report.

Corporate Governance Report

Board of Directors (Continued)

(iii) Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive of the Company were not separate under A.2.1 of the Code. Subsequent to the re-designation of Mr. WONG as Chairman of the Board and the appointment of Mr. Pierre WONG as Managing Director of the Company with effect from 23 November 2012, the roles of chairman and managing director of the Company have been separated.

Mr. WONG is the Chairman of the Company and is also the founder of the Group. Mr. WONG oversees the overall corporate directions and corporate strategies of the Group and guides the management team.

Mr. Pierre WONG is the Managing Director and Ms. WONG Ching Yi, Angela is the Deputy Managing Director of the Company. The Managing Director of the Company carries out the function of chief executive of the Company and is responsible for formulating the corporate and business strategies and development, and the implementation of strategies and policies to achieve the overall objectives of the Group. The Managing Director shall report directly to the Board. 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.

(iv) Board Meetings and Directors' Attendance

During the year ended 31 December 2012, the Board held nine meetings to discuss and approve, inter alia, the interim and annual results and other significant issues of the Group. At least a 14 days' notice of all regular Board meetings is given to the Directors, who are given the opportunity to include other matters in the meeting agenda. Individual attendance records of each of the Directors at the respective Board and committee meetings are set out on page 25 of this Annual Report.

(v) Non-executive Directors

All the Independent Non-executive Directors, namely, Mr. KOO Fook Sun, Louis, Mr. SUN Tak Chiu, Mr. WANG Ching Miao, Wilson and Mr. CHAN Nim Leung, Leon, have been appointed for a specific term of one and a half years, 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 2012 and up to the date of this Annual Report, the Board has 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 and the requirements under Rule 3.10A of the Listing Rules relating to the appointment of the Independent Non-executive Directors representing at least one-third of the Board. The Board has received from each Independent Non-executive Director an annual written confirmation of his independence and considered all Independent Non-executive Directors to be independent to the Company.

Board of Directors (Continued)

(vi) Nomination, Appointment and re-election of Directors

All new appointment of Directors and nomination of Directors proposed for re-election at the annual general meeting are first considered by the Nomination Committee. The Nomination Committee will assess the candidate or incumbent on criteria such as experience, skills, knowledge and time commitment to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision. Details of the role and function as well as a summary of the work performed by the Nomination Committee are set out under the heading of "Nomination Committee" below.

In accordance with the Company's bye-laws, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation but are eligible for re-election by shareholders at the annual general meeting provided that every Director is subject to retirement by rotation at least once every three years. If an Independent Non-executive Director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by the shareholders of the Company. All Directors appointed to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election at that meeting.

(vii) Directors' Training

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company would provide a comprehensive induction package comprising a summary of the responsibilities and liabilities of a director of a Hong Kong listed company, the Company's constitutional documents and a publication entitled "A Guide on Directors' Duties" issued by the Companies Registry to each newly appointed Director to ensure that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and other regulatory requirements.

The Company Secretarial Department of the Company reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the Directors and may provide them with written materials, where appropriate, as well as organizes seminars on the professional knowledge and latest development of regulatory requirements related to director's duties and responsibilities.

During the year, the Company arranged an in-house seminar covering the topic of new inside information disclosure requirements under the Listing Rules and the Securities and Futures Ordinance with training materials provided. A summary of the record of training received by the Directors during the year 2012 is as follows:

Directors	Training on corporate governance, regulatory development and other relevant topics
Executive Directors	
Mr. WONG Kin Yip, Freddie	✓
Ms. TANG Mei Lai, Metty	✓
Ms. WONG Ching Yi, Angela	✓
Mr. WONG Tsz Wa, Pierre (<i>appointed on 23 November 2012</i>)	✓
Mr. CHAN Kwan Hing	✓
Ms. IP Kit Yee, Kitty	✓
Mr. CHEUNG Kam Shing	✓
Independent Non-executive Directors	
Mr. KOO Fook Sun, Louis	✓
Mr. SUN Tak Chiu	✓
Mr. WANG Ching Miao, Wilson	✓
Mr. CHAN Nim Leung, Leon (<i>appointed on 23 November 2012</i>)	✓

Corporate Governance Report

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 Group'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 the 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 three other members namely, Mr. SUN Tak Chiu, Mr. WANG Ching Miao, Wilson and Mr. CHAN Nim Leung, Leon (appointed on 23 November 2012), all being the 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. The written terms of reference of the Audit Committee are accessible on the websites of the Company and the Stock Exchange.

During the year ended 31 December 2012, the Audit Committee held two meetings to discuss and review, inter alia, 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 of the Company.

The major duties of the Audit Committee mainly include:

- reviewing the Group's interim and annual financial statements and the interim and annual reports before submission to the Board for approval;
- reviewing the financial reporting obligations and considering any matters raised by the Group's staff responsible for the accounting and financial reporting function, compliance officer or external auditor;
- reviewing and monitoring 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; and
- 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, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

As at the date of this Annual Report, the Audit Committee has recommended to the Board and the Company has adopted a whistleblowing policy and system for employees and stakeholders to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Group.

Board Committees (Continued)

(iii) Remuneration Committee

The Remuneration Committee was established on 10 March 2005 with written terms of reference posted on the websites of the Company and the Stock Exchange. The Remuneration Committee is chaired by Mr. SUN Tak Chiu, being the Independent Non-executive Director, with five other members namely, Mr. WONG, Ms. WONG Ching Yi, Angela (appointed on 16 March 2013), Mr. KOO Fook Sun, Louis, Mr. WANG Ching Miao, Wilson and Mr. CHAN Nim Leung, Leon (appointed on 23 November 2012), majority of whom being the Independent Non-executive Directors.

The Remuneration Committee held four meetings during the year to review, inter alia, the remuneration package of the relevant Executive Directors and the Group's 2012 overall remuneration and recommend the remuneration of the relevant Non-executive Directors to the Board for approval. The principal role and responsibilities of the Remuneration Committee mainly include reviewing and determining the remuneration policy and packages of the individual Executive Directors and senior management of the Group and recommending the remuneration of the Non-executive Directors (including Independent Non-executive Directors) to the Board for approval. No Director or senior management was involved in the determination of his/her own remuneration package.

Details of Directors' emoluments of the Company are set out in note 10 to the financial statements on pages 85 to 87 of this Annual Report.

(iv) Nomination Committee

The Nomination Committee was established on 10 March 2005 with written terms of reference accessible on the websites of the Company and the Stock Exchange. The Nomination Committee is chaired by Mr. WANG Ching Miao, Wilson, being the Independent Non-executive Director, with five other members, namely Mr. WONG, Ms. WONG Ching Yi, Angela (appointed on 16 March 2013), Mr. KOO Fook Sun, Louis, Mr. SUN Tak Chiu and Mr. CHAN Nim Leung, Leon (appointed on 23 November 2012), majority of whom being the Independent Non-executive Directors.

During the year, the Nomination Committee held four meetings to nominate candidates for directorship according to their skills, knowledge and experience etc, assess the independence of the Independent Non-executive Directors, review and make recommendation to the Board on the Board composition, and to review the retirement and rotation plan of the Directors.

The principal role and responsibilities of the Nomination Committee mainly include formulating the nomination policies, assessing the independence of the Independent Non-executive Directors and making recommendations to the shareholders on Directors' standing for re-election. 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, including the skills, knowledge and experience of the Board, and advising the Board as to any changes that may be required. The Nomination Committee has the authority given by the Board to seek external professional advice in the selection and recommendation for directorship, if necessary, to fulfil the requirements for professional knowledge and industry experience of any proposed candidates.

Corporate Governance Report

Attendance Records at the Board, Committee and General Meetings

The attendance records of the individual Directors at the Board, Audit Committee, Remuneration Committee, Nomination Committee and general meetings for the year ended 31 December 2012 are set out as follows:

Directors	Board	No. of Meetings Attended/Held			General
		Audit Committee	Remuneration Committee	Nomination Committee	
Executive Directors					
Mr. WONG Kin Yip, Freddie (<i>Chairman</i>)	8/9	N/A	4/4	4/4	2/2
Ms. TANG Mei Lai, Metty	7/9	N/A	N/A	N/A	2/2
Ms. WONG Ching Yi, Angela (<i>Note 2</i>) (<i>Deputy Chairman and Deputy Managing Director</i>)	9/9	N/A	N/A	1/1	2/2
Mr. WONG Tsz Wa, Pierre (<i>Managing Director</i>) (<i>Appointed on 23 November 2012</i>)	1/1	N/A	N/A	N/A	0/0
Mr. CHAN Kwan Hing	8/9	N/A	N/A	N/A	2/2
Ms. IP Kit Yee, Kitty (<i>Note 1</i>)	9/9	N/A	4/4	3/3	2/2
Mr. CHEUNG Kam Shing	9/9	N/A	N/A	N/A	2/2
Mr. WONG Kam Hong (<i>Resigned on 3 May 2012</i>)	2/4	N/A	N/A	N/A	0/0
Independent Non-executive Directors					
Mr. KOO Fook Sun, Louis	9/9	2/2	4/4	4/4	1/2
Mr. SUN Tak Chiu	9/9	2/2	4/4	4/4	2/2
Mr. WANG Ching Miao, Wilson	9/9	2/2	4/4	4/4	2/2
Mr. CHAN Nim Leung, Leon (<i>Appointed on 23 November 2012</i>)	1/1	0/0	0/0	0/0	0/0

Notes:

- Ms. IP Kit Yee, Kitty resigned as a member of the Nomination Committee (the "NC") and the Remuneration Committee (the "RC") with effect from 16 March 2013.
- Ms. WONG Ching Yi, Angela was appointed as a member of the NC and the RC with effect from 16 March 2013.

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 to the Listing Rules.

On specific enquiries made, all the Directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions throughout the year ended 31 December 2012.

Directors' Interests

Details of Directors' interests in shares, underlying shares and debentures of the Company and the associated corporation are set out in the Report of Directors on pages 43 to 44 of this Annual Report.

Directors' Responsibility for the Financial Statements

The Directors acknowledged their responsibility for preparation of financial statements which give a true and fair view of the Group's state of affairs and of the results and cash flows for the year ended 31 December 2012. In preparing the financial statements for the year ended 31 December 2012, the Directors selected suitable accounting policies and applied them consistently, and made judgments and estimates that are prudent, fair and reasonable and prepared the accounts on a going concern basis.

The reporting responsibilities of the Company's independent auditor on the 2012 financial statements of the Group is set out in the "Independent Auditor's Report" on page 53 of this Annual Report.

Corporate Governance Function

In order to achieve enhanced corporate governance of the Company and to fulfill the requirement of the recommended best practices of the Code, the Board has undertaken constant review of the policies on corporate governance of the Company, the training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the conduct and compliance manual applicable to employees and Directors and the Company's compliance with the Code and disclosure in this Corporate Governance Report. During this year, the Board performed the duties relating to corporate governance matters as mentioned before. As at the date of this Annual Report, the Company has adopted a whistleblowing policy, and a system for employees and stakeholders to raise concerns, in confidence, with the Audit Committee about the possible improprieties in any matter related to the Group. The Company has also formulated the continuous disclosure obligation procedures as an internal policy of the Group to deal with inside information issues of the Company.

Auditor's Remuneration

During the year ended 31 December 2012, the remuneration payable or paid to the Group's independent external auditor, PricewaterhouseCoopers, in respect of audit and non-audit services provided to the Group is set out as follows:

	Fees payable or paid	
	2012 HK\$'000	2011 HK\$'000
Services rendered for the Group		
Audit Services	3,764	3,475
Interim Results Review	916	916
Non-audit Services (include taxation and other professional services)	234	395
Total Fees	<u>4,914</u>	<u>4,786</u>

Corporate Governance Report

Internal Controls

The Board has overall responsibilities for maintaining effective internal control systems of the Group. The internal audit department of the Company reports directly to the Audit Committee and is independent of the Company's daily operation. It is responsible for conducting regular audit on the major activities of the Group. Its objective is to ensure that all material controls, including financial, operational and compliance controls and risk management functions are in place and functioning effectively.

During the year ended 31 December 2012, the Board, with the assistance of the internal audit department and the Audit Committee, conducted an annual review on the effectiveness of the Group's system of internal control. The review also included the consideration of the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

Company Secretary

Mr. MOK Ka Fai ("Mr. MOK") was the Company Secretary as an employee of the Company during the year until 26 December 2012. With effect from 27 December 2012, the Company has engaged an external services provider to provide secretarial services and has appointed Ms. MUI Ngar May, Joel ("Ms. MUI") as its Company Secretary. Ms. MUI is not an employee of the Group and Mr. SZE Ka Ming, the Chief Financial Officer of the Company, is the person whom Ms. MUI can contact for the purpose of F.1.1 of the Code. Both Mr. MOK and Ms. MUI undertook over 15 hours of professional training during the year.

Communication with Shareholders and Investor Relations

The Company is committed to ensure that the Group shall comply with disclosure obligations under the Listing Rules and other applicable laws and regulations, and that all shareholders and potential investors have opportunities to receive and obtain information issued by the Company. Information regularly provided to the shareholders includes annual and interim reports, circulars and announcements in accordance with applicable laws and regulations.

Pursuant to the Listing Rules, voting by poll has become mandatory on all resolutions (except resolutions related purely to procedural and administrative matters) put forward at general meetings and the poll results will be posted on the websites of the Stock Exchange and the Company. Notice to shareholders will be sent in the case of annual general meetings at least 20 clear business days before the meeting and at least 10 clear business days in the case of all other general meetings in accordance with the Code.

The Company provides an opportunity for its shareholders to seek clarification and to obtain a better understanding of the Group's performance in the general meetings of the Company. The Company acknowledges that general meetings are good communication channels with the shareholders. The Company welcomes the attendance of shareholders at general meetings to express their views. At the general meeting, each substantial issue will be considered by a separate resolution, including the re-election of individual retiring Directors, and the poll procedures will be clearly explained. The Chairman of the Board and the Chairman of the relevant Board Committees and/or their duly appointed delegates and/or Board committee members are available to attend the annual general meeting to interact with, and answer questions from the shareholders. The external auditor is also required to be present at the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the independent auditor's report, the accounting policies and auditor's independence.

To foster effective communications with shareholders and investors, the Company maintains a website at www.midland.com.hk where the Company's announcements, circulars, notices, financial reports, business developments, corporate governance practices, latest memorandum of association and bye-laws of the Company and other information are regularly posted in due course.

During the year, there were no changes to the memorandum of association and bye-laws of the Company.

Shareholders' Rights

(1) Procedures for shareholders to convene a Special General Meeting ("SGM")

The Board shall, on the requisition in writing by the shareholder(s) to the Board or the Secretary of the Company of not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, forthwith proceed to convene a SGM in accordance with the bye-laws of the Company.

If within twenty-one days of such deposit the Board fails to proceed to convene the SGM, the requisitionist(s), or any of them representing more than one half of the total voting rights of all of them, may themselves do so but any meeting so convened shall not be held after the expiration of three months from the said date.

(2) Procedures for putting forward proposals at general meeting ("GM")

Shareholders can submit a written requisition to move a resolution at GM. The number of shareholders shall represent not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the GM, or shall not less than one hundred shareholders.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the GM. It must also be signed by all of the shareholders concerned and be deposited at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong for the attention of the Manager, the Company Secretarial Department not less than six weeks before the GM in case of a requisition requiring notice of a resolution and not less than one week before the GM in case of any other requisition.

The shareholders concerned must deposit a sum of money reasonably sufficient to meet the Company's expenses giving the notice of the resolution and circulating the statement submitted by the shareholders concerned under applicable laws and rules.

The procedures for shareholders of the Company to propose a person for election as a director is posted on the website of the Company.

(3) Shareholders' enquiries

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch share registrar, Tricor Abacus Limited. Shareholders and the investment community may during office hours make a request for the Company's information to the extent that such information is publically available. Shareholders may also send their enquiries and concerns to the Board by addressing to the Investor Relations Department at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong or by e-mail at investor@midland.com.hk.

Corporate Social Responsibility Report

Charity and Volunteer Works

Caring Company

- For the ninth year in a row, the Group was named a “Caring Company”. The Group is committed to giving back to society by proactively participating and sponsoring various charitable and corporate social responsibility activities.



Hike for the Society for the Promotion of Hospice Care

- The management and staff of the Group spared no effort by joining the Society for the Promotion of Hospice Care’s Hike for Hospice to raise funds for many years. The Midland Charitable Foundation made donations to help the people in need.

Lifeline Express “Charity Run/Walk”

- The Group sponsored Lifeline Express “Charity Run/Walk” for the second year in a row. The management and staff supported the activity by participating in the walk in order to raise funds for the cataract patients.



Race to ICC-100-SHKP Vertical Run for the Chest

- The Midland Charitable Foundation sponsored staff of the Group to participate in the Corporate Relay Race of the “Race to ICC-100-SHKP Vertical Run for the Chest”. They took the challenge to run up to the top of the highest building in Hong Kong, serving the dual purposes of charity and fitness.

ORBIS World Sight Day 2012

- Over the years, the Group has all along participated in the charitable activities run by Orbis in the hope that the vision of the visually impaired patients living in poor areas can be restored.



Fundraising Walk by The Kwong Wong Hospital Chaplaincy

- The Group participated and sponsored the annual fundraising walk by The Kwong Wong Hospital Chaplaincy, with the management and staff of the Group attending along with their families.

“Know Carbon, No Carbon”

- The Group pays attention to environmental protection issues by joining and sponsoring the annual environmental protection activity named “Love of the Earth 2012: Know Carbon, No Carbon” organized by Junior Chamber International Sha Tin. The idea of living with carbon reduction and cherishing environment was promoted through such event.



Corporate Social Responsibility Report

Leading the development of the industry

Exchanges among enterprises

- The management team of the Group shared their insights and discussed various management topics with the leaders from different industries in order to enrich their management experience, reflecting the Group's culture in pursuit of excellence.



Large-scale seminars with Bloomberg

- The Group was invited to jointly organize a large-scale seminar with Bloomberg, offering the analysis on the market trend from different perspectives to deepen the public's knowledge of the real estate market.

A talk on saleable area

- The Group together with the Estate Agents Management Association conducted an open talk named "Knowing more about saleable area, making home design easily", with a view to enhancing the industry and public's knowledge of the circulars relating to saleable area issued by the Estate Agency Authority.



Hong Kong Smoke-free Leading Company Awards

- The Group always pays attention to the health of its staff and is committed to promote smoke-free culture. The Group was awarded the Hong Kong Smoke-free Leading Company Awards by Hong Kong Council on Smoking and Health in 2012 to commend the Group for taking the lead in the promotion of smoke-free culture and its fulfillment of the spirit of good corporate citizenship.

Market Express Quarterly – Enhancing Market Transparency

- As a leading real estate agency in the industry, the Group publishes the *Market Express Quarterly* to enhance the transparency of the property market through comprehensive and latest analysis on the market.



The release of latest mobile app

- The Group launched the first on the spot searching mobile app. The general public can experience a whole new property-searching mode with myriad information and the innovative search function provided by the app.

Professional training course

- Midland University offered over 640 classes in 2012, representing an increase of nearly 20% compared with that in 2011 and at the same time offered diverse and innovative training courses to about 30,000 staff of the Group.



Licensing courses for salespersons and estate agents

- Midland University offered considerable licensing courses for salespersons and estate agents in 2012 and provided professional preparation courses for the qualifying examinations to more than 5,200 people from the general public, out of which 364 students were awarded top-graded licensees (with merit), and the average passing rate of its students was over 60%, which was 17% higher when comparing with the average passing rate in the market.

Corporate Social Responsibility Report

Facilitating the prosperity of Hong Kong and China

Exchanges between China real estate appraisers and Agents

- The Group participated in the nationwide exchange activity run by China Real Estate Appraisers and Agents, which further promoted the exchanges between Hong Kong and China and enhanced the professional standard of the industry.



Nurturing the next generation

- As the member of the Advisory Board of Business Association, Business and Economics Association, the Hong Kong University Students' Union (HKUSU), Ms Angela Wong, the Deputy Chairman of the Group has a strong tie with The University of Hong Kong. Executives of the Group with broad management experience were invited to share their knowledge on the property market and management experience with the students, making an effort to nurture the next generation.

SMART Investment & International Property Expo

- As a leading real estate agency in the industry, the Group always keeps abreast with the market information and has insightful views on the property market. Mr. Buggle Lau, the Chief Analyst, was invited to attend the SMART Investment & International Property Expo and delivered a speech on the discussion and analysis of Hong Kong's recent property market trend.



Sharing with HKUST MBA Alumni

- For the third year in a row, the Group was invited by the HKUST MBA Alumni Association to hold a talk on the property market for MBA alumni.

Report of Directors

The Directors of Midland Holdings Limited (the “Company”) are pleased to present their report together with the audited financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2012.

Principal Activities and Segment Information

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 39(i) to the financial statements.

An analysis of the Group’s performance for the year ended 31 December 2012 by operating segment is set out in note 7 to the financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2012 are set out in the consolidated income statement on page 54 of this Annual Report.

The Directors declared an interim dividend of HK\$0.1434 per ordinary share for the six months ended 30 June 2012 (2011: HK\$0.2233 per ordinary share), totalling HK\$102,968,000 (2011: HK\$160,981,000), which was paid on Thursday, 20 September 2012.

The Directors proposed a final dividend of HK\$0.10 per ordinary share for the year ended 31 December 2012 (2011: special dividend of HK\$0.0834 per ordinary share) to shareholders whose names appear on the register of members of the Company on Monday, 27 May 2013. Taking into account of the interim dividend payment, the total dividend for the year would amount to HK\$0.2434 per ordinary share, totalling HK\$174,773,000 for the year (2011: HK\$0.3067 per ordinary share, totalling HK\$220,565,000), representing a decrease of approximately 21% compared with last year. Subject to approval of the shareholders at the forthcoming annual general meeting of the Company to be held on Thursday, 16 May 2013 (the “AGM”), the final dividend will be paid on or around Friday, 31 May 2013.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 13 May 2013 to Thursday, 16 May 2013, both days inclusive, during which period no transfer of shares will be registered. To be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 10 May 2013.

The proposed final dividend is subject to the approval of the shareholders at the AGM. The record date for the proposed final dividend is at the close of business on Monday, 27 May 2013. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on Monday, 27 May 2013, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Abacus Limited, 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 24 May 2013.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in note 30 to the financial statements.

Charitable Donations

During the year, the Group made charitable donations totalling HK\$1,438,000 (2011: HK\$1,284,000).

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.

Report of Directors

Investment Properties

Details of the movements in investment properties of the Group during the year are set out in note 18 to the financial statements. Details of the properties held for investment purposes are set out on pages 114 to 115 of this Annual Report.

Share Capital

Details of the movements in share capital of the Company during the year are set out in note 29 to the financial statements.

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 2012, the reserves of the Company available for distribution, net of dividends paid and proposed, amounted to HK\$700,023,000 (2011: HK\$672,646,000).

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 116 of this Annual Report.

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

During the year ended 31 December 2012, the Company repurchased a total of 1,650,000 ordinary shares of HK\$0.10 each of the Company at an aggregate consideration of approximately HK\$6.7 million on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Details of the repurchases were as follows:

Month of repurchase	Number of ordinary shares repurchased	Purchase price per share		Aggregate consideration HK\$
		Highest HK\$	Lowest HK\$	
January 2012	1,650,000	4.09	4.00	6,684,340
		Total expenses on shares repurchased		32,788
				<u>6,717,128</u>

All the repurchased ordinary shares were cancelled during the year ended 31 December 2012. The issued share capital of the Company was accordingly reduced by the nominal value of the repurchased ordinary shares so cancelled. The repurchases were effected by the Board pursuant to the mandate from shareholders, with a view to benefit shareholders as a whole in enhancing the net asset value and earnings per share of the Company.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year.

Board of Directors

The Directors who held office during the year ended 31 December 2012 and up to the date of this Annual Report are as follows:

Executive Directors

Mr. WONG Kin Yip, Freddie (*Chairman*)

Ms. TANG Mei Lai, Metty

Ms. WONG Ching Yi, Angela (*Deputy Chairman and Deputy Managing Director*)

Mr. WONG Tsz Wa, Pierre (*Managing Director*) (*appointed on 23 November 2012*)

Mr. CHAN Kwan Hing

Ms. IP Kit Yee, Kitty

Mr. CHEUNG Kam Shing

Mr. WONG Kam Hong (*resigned on 3 May 2012*)

Independent Non-executive Directors

Mr. KOO Fook Sun, Louis

Mr. SUN Tak Chiu

Mr. WANG Ching Miao, Wilson

Mr. CHAN Nim Leung, Leon (*appointed on 23 November 2012*)

In accordance with bye-law 86(2) of the Company's bye-laws, Mr. WONG Tsz Wa, Pierre and Mr. CHAN Nim Leung, Leon shall retire at the AGM and, being eligible, will offer themselves for re-election.

In accordance with bye-law 87 of the Company's bye-laws, Mr. WONG Kin Yip, Freddie, Ms. IP Kit Yee, Kitty and Mr. CHEUNG Kam Shing shall retire by rotation at the AGM and, being eligible, will offer themselves for re-election.

Directors' Service Contracts

None of the Directors who are proposed for re-election at the AGM have service contracts with the Company or any of its subsidiaries which are not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts of Significance

Save as disclosed in this Annual Report, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a Director had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year.

Report of Directors

Share Option Schemes

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. 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 contributions 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 to give incentives to these eligible 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 time or part time and including executive director) of any member(s) of the Group or any Invested Entity;
- (ii) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity; and
- (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

The total number of shares available for issue for all outstanding options as at the date of this Annual Report is 22,077,480 shares, representing approximately 3.07% of the issued share capital of the Company. Since the Share Option Scheme had expired on 29 April 2012, no more option had been granted from that date.

(d) Maximum entitlement of each eligible person

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

Any further grant of share options in excess of the above-mentioned limit shall be subject to the separate approval by the shareholders of the Company in general meeting (with such eligible person and his or her associates abstaining from voting) and/or other requirements prescribed under the Listing Rules.

(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 scheme(s) 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 above-mentioned limit shall be separately approved by the shareholders of the Company in general meeting with all connected persons abstaining from voting and/or other requirements prescribed under the Listing Rules.

Share Option Schemes (Continued)

Share Option Scheme of the Company (Continued)

(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 Board 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 is made. The amount payable on acceptance of the offer for the grant of an option is HK\$1.

(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 Board at its absolute discretion and notified to an eligible person 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.

(i) Remaining life of the Share Option Scheme

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

Report of Directors

Share Option Schemes (Continued)

Share Option Scheme of the Company (Continued)

The particulars of movements of share options outstanding during the year under the Share Option Scheme were as follows:

Name or category of participant	Date of grant	Exercise price per share (HK\$)	Closing price per share immediately before the date of grant (HK\$)	Balance outstanding as at 1 January 2012	Number of share options			Balance outstanding as at 31 December 2012	Exercisable period
					Granted during the year	Cancelled/lapsed during the year	Exercised during the year		
Directors									
WONG Kin Yip, Freddie	21 July 2011	4.29	4.26	3,604,580	-	-	-	3,604,580	1 August 2011 to 31 July 2019
	21 July 2011	4.29	4.26	3,604,580	-	-	-	3,604,580	1 January 2012 to 31 December 2019
TANG Mei Lai, Metty	27 October 2011	3.81	3.72	3,604,580	-	-	-	3,604,580	1 January 2012 to 31 December 2019
	27 October 2011	3.81	3.72	3,604,580	-	-	-	3,604,580	1 October 2013 to 30 September 2021
WONG Ching Yi, Angela	27 October 2011	3.81	3.72	3,604,580	-	-	-	3,604,580	1 January 2012 to 31 December 2019
	27 October 2011	3.81	3.72	3,604,580	-	-	-	3,604,580	1 October 2013 to 30 September 2021
KOO Fook Sun, Louis	21 July 2011	4.29	4.26	150,000	-	-	-	150,000	1 August 2011 to 31 July 2019
SUN Tak Chiu	21 July 2011	4.29	4.26	150,000	-	-	-	150,000	1 August 2011 to 31 July 2019
WANG Ching Miao, Wilson	21 July 2011	4.29	4.26	150,000	-	-	-	150,000	1 August 2011 to 31 July 2019
Former Director									
WONG Kam Hong (resigned on 3 May 2012)	27 October 2011	3.81	3.72	3,604,580	-	-	(3,604,580)	-	1 January 2012 to 31 December 2019
	27 October 2011	3.81	3.72	3,604,580	-	(3,604,580)	-	-	1 October 2013 to 30 September 2021
Total				<u>29,286,640</u>	<u>-</u>	<u>(3,604,580)</u>	<u>(3,604,580)</u>	<u>22,077,480</u>	

Note: The weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK\$4.14.

Information on the accounting policy for share options granted and the value of share options granted under the Share Option Scheme is provided in note 3(p)(iii) and note 29(c) to the financial statements.

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

Share Option Schemes (Continued)

Share Option Scheme of Midland IC&I

At the extraordinary general meeting of Midland IC&I Limited (“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.

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

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

The principal purposes of the Midland IC&I 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 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 Share Option Scheme.

(c) Total number of shares available for issue

The total number of shares available for issue is 810,000,000, representing approximately 5.91% of the issued share capital of Midland IC&I as at the date of this Annual Report.

(d) Maximum entitlement of each eligible person

The maximum number of shares issued and to be issued upon exercise of the options granted to each eligible person under the Midland IC&I Share Option Scheme and any other share option scheme(s) of Midland IC&I (including exercised, cancelled and outstanding options) 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 above-mentioned limit shall be subject to separate approval 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 meetings with such eligible person and his or her associates abstaining from voting and/or other requirements prescribed under the Listing Rules and other applicable statutory regulations or rules must be complied with.

Report of Directors**Share Option Schemes (Continued)****Share Option Scheme of Midland IC&I (Continued)****(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 Share Option Scheme and any other share option scheme(s) 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 an 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.

Any further grant of share options in excess of the above-mentioned 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 meetings with all connected persons abstaining from voting and/or other requirements prescribed under the Listing Rules and other applicable statutory regulations or rules.

(f) Time of exercise of option

An option may be exercised in accordance with the terms of the Midland IC&I Share Option Scheme at any time during a period within which the option may be exercised, to be notified by the Midland IC&I Board to each eligible person who accepts an offer in accordance with the terms of the Midland IC&I 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 ten business days from the day on which such offer is made. The amount payable on acceptance of the offer for the grant of an option is HK\$1.

(h) Basis of determining the exercise price

The exercise price of an option to subscribe for shares granted under the Midland IC&I 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.

Share Option Schemes (Continued)

Share Option Scheme of Midland IC&I (Continued)

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

The Midland IC&I 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.

The particulars of movements of share options outstanding during the year under the Midland IC&I Share Option Scheme were as follows:

Name of Director	Date of grant	Exercise price per share (HK\$)	Closing price per share immediately before the date of grant (HK\$)	Balance outstanding as at 1 January 2012	Number of share options			Balance outstanding as at 31 December 2012	Exercisable period
					Granted during the year	Cancelled/lapsed during the year	Exercised during the year		
Mr. TSANG Link Carl, Brian	2 September 2011	0.053	0.052	5,000,000	-	-	-	5,000,000	1 October 2011 to 30 September 2016
Mr. YING Wing Cheung, William	2 September 2011	0.053	0.052	5,000,000	-	-	-	5,000,000	1 October 2011 to 30 September 2016
Mr. SHA Pau, Eric	2 September 2011	0.053	0.052	5,000,000	-	-	-	5,000,000	1 October 2011 to 30 September 2016
Mr. HO Kwan Tat, Ted	2 September 2011	0.053	0.052	5,000,000	-	-	-	5,000,000	1 October 2011 to 30 September 2016
Total				<u>20,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000,000</u>	

Information on the accounting policy for share options granted and the value of share options granted under the Midland IC&I Share Option Scheme is provided in note 3(p)(iii) and note 29(d) to the financial statements.

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

Report of Directors

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

As at 31 December 2012, 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 ("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 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) Personal interests in long positions in the shares and underlying shares of the Company

Name of Director	Number of ordinary shares			Number of underlying shares			Approximate percentage of issued share capital of the Company
	Personal interests	Corporate interests	Family interests	Personal interests	Family interests	Total	
WONG Kin Yip, Freddie	24,490,000	32,612,144 (Note 1)	–	7,209,160 (Note 2)	7,209,160 (Note 3)	71,520,464	9.96%
TANG Mei Lai, Metty	–	–	57,102,144 (Note 4)	7,209,160 (Note 5)	7,209,160 (Note 6)	71,520,464	9.96%
WONG Ching Yi, Angela	–	–	–	7,209,160 (Note 7)	–	7,209,160	1.00%
KOO Fook Sun, Louis	–	–	–	150,000 (Note 8)	–	150,000	0.02%
SUN Tak Chiu	–	–	–	150,000 (Note 9)	–	150,000	0.02%
WANG Ching Miao, Wilson	–	–	–	150,000 (Note 10)	–	150,000	0.02%

Notes:

- These shares are held by Sunluck Services Limited. Mr. WONG Kin Yip, Freddie ("Mr. WONG") indirectly owns 100% interests in Sunluck Services Limited through his wholly-owned company, namely Southern Field Trading Limited.
- These underlying shares are held by Mr. WONG by virtue of the interests in the share options of the Company granted to him.
- 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, as beneficial owner, by virtue of the interests in the share options of the Company granted to her.
- These shares represent the shares held directly or indirectly by Mr. WONG, the spouse of Ms. TANG, as beneficial owner.
- These underlying shares are held by Ms. TANG by virtue of the interests in the share options of the Company granted to her.
- These underlying shares represent the interests in the share options of the Company held by Mr. WONG, the spouse of Ms. TANG, as beneficial owner, by virtue of the interests in the share options of the Company granted to him.
- These underlying shares are held by Ms. WONG Ching Yi, Angela by virtue of the interests in the share options of the Company granted to her.
- These underlying shares are held by Mr. KOO Fook Sun, Louis by virtue of the interests in the share options of the Company granted to him.
- These underlying shares are held by Mr. SUN Tak Chiu by virtue of the interests in the share options of the Company granted to him.
- These underlying shares are held by Mr. WANG Ching Miao, Wilson by virtue of the interests in the share options of the Company granted to him.
- All the interests disclosed above represent long positions in the shares or underlying shares of the Company.

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 issued share capital of Midland IC&I
Midland IC&I	Mr. WONG Tsz Wa, Pierre	2,000,000	–	2,000,000	0.01%

Note: The Shares held by the above Director is personal interest as beneficial owner.

Save as disclosed above, as at 31 December 2012, neither the Directors nor the chief executive of the Company had or were deemed to have 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.

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 and Underlying Shares

As at 31 December 2012, the interests and short positions of the persons, other than the Directors or chief executive of the Company, in the shares or 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	Approximate percentage of issued share capital of the Company
Marathon Asset Management LLP	50,017,000 (L)	Investment manager	6.97%
JPMorgan Chase & Co.	2,001,336 (L)	Beneficial owner	0.28%
	92,260,000 (L)	Investment manager	12.85%
	2,000,000 (S)	Beneficial owner	0.28%
	12,413,764 (P)	Custodian corporation/ approved lending agent	1.73%
UBS AG	7,111,844 (L)	Beneficial owner	0.99%
	8,196,000 (L)	Security interest	1.14%
	24,770,000 (L)	Interest in controlled corporation	3.45%
	4,035,548 (S)	Beneficial owner	0.56%
	24,272,000 (S)	Interest in controlled corporation	3.38%

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

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

Sales to the Group's five largest customers accounted for less than 30% of the total turnover of the Group for the year.

The Group had no major suppliers due to the nature of the principal activities of the Group.

Related Party Transactions

The significant related party transactions entered into by the Group during the year set out in note 38 to the financial statements included transactions that constitute connected/continuing connected transactions for which the disclosure requirements under the Listing Rules have been complied with.

Connected Transactions and Continuing Connected Transactions

The following transactions between certain connected persons (as defined in the Listing Rules) and the Group were entered into and/or are ongoing for which relevant announcements, if necessary, had been made by the Company in accordance with the Listing Rules.

Connected Transactions

As disclosed in the Company's announcement dated 8 October 2012, the Group entered into a total of 7 engagements with the associates of Mr. WONG for provision of estate agency services in relation to the purchase and leasing of certain properties occurring within the period from 3 October 2011 to 22 September 2012. The aggregate amount of estate agency fees paid or payable in connection with the 7 engagements was HK\$3,234,900.

Continuing Connected Transactions

(A) Continuing Connected Transactions (Disclosed by the Company's announcement dated 31 October 2012)

1. A licence agreement was made on 31 October 2012 between Great Century (H.K.) Limited, an indirect wholly-owned subsidiary of the Company, as licensee and Moral Winner Investment Limited ("Moral Winner"), a company indirectly wholly-owned by Mr. WONG, the Chairman and an Executive Director of the Company (as at the date of the agreement, Mr. WONG was also the Managing Director of the Company), as licensor whereby the licence was created to install signage(s) to external wall facing Argyle Street of the building known as "No. 33 Argyle" at Nos. 611-617 Shanghai Street and No. 33 Argyle Street, Kowloon used for marketing and promotion of the estate agency business of the Group for a term of one year commencing from 1 November 2012 to 31 October 2013 at a monthly licence fee of HK\$65,000.
2. A licence agreement was made on 31 October 2012 between Universal Genius Limited, an indirect wholly-owned subsidiary of the Company, as licensee and Moral Winner, a company indirectly wholly-owned by Mr. WONG, as licensor whereby the licence was created to install signage(s) to the upper part of the external wall facing Shanghai Street of the building known as "No. 33 Argyle" at Nos. 611-617 Shanghai Street and No. 33 Argyle Street, Kowloon used for marketing and promotion of the estate agency business of the Group for a term of one year commencing from 1 November 2012 to 31 October 2013 at a monthly licence fee of HK\$40,000.
3. A licence agreement was made on 31 October 2012 between Crown Lucky Investment Limited, an indirect wholly-owned subsidiary of Midland IC&I, a listed subsidiary of the Company, as licensee and Moral Winner, a company indirectly wholly-owned by Mr. WONG, as licensor whereby the licence was created to install signage(s) to the lower part of the external wall facing Shanghai Street of the building known as "No. 33 Argyle" at Nos. 611-617 Shanghai Street and No. 33 Argyle Street, Kowloon used for marketing and promotion of the estate agency business of the Group for a term of one year commencing from 1 November 2012 to 31 October 2013 at a monthly licence fee of HK\$68,000.
4. A tenancy agreement was made on 18 October 2012 between World Up Limited, an indirect wholly-owned subsidiary of the Company, as tenant and Titan Speed Limited, a company wholly-owned by Mr. WONG, as landlord whereby the landlord agreed to lease the premises located at Office 910 on 9th Floor, Tower Two of Lippo Centre, No. 89 Queensway, Hong Kong as office for the immigration consultancy business of the Group for a term of two years commencing from 18 October 2012 to 17 October 2014 at a monthly rental of HK\$106,386 without rent-free period and option to renew.
5. A tenancy agreement was made on 15 October 2012 between Midland Corporate Services Limited, an indirect wholly-owned subsidiary of the Company, as tenant and Moral Winner, a company indirectly wholly-owned by Mr. WONG, as landlord whereby the landlord agreed to lease the premises located at Rooms 603-604 on 6th Floor of the building known as "No. 33 Argyle" at Nos. 611-617 Shanghai Street and No. 33 Argyle Street, Kowloon as back office of the Group for a term of two years commencing from 15 October 2012 to 14 October 2014 at a monthly rental of HK\$24,425 with rent-free period from 15 October 2012 to 21 October 2012 and without option to renew.

Report of Directors

Connected Transactions and Continuing Connected Transactions (Continued)**Continuing Connected Transactions (Continued)****(B) Continuing Connected Transactions (Disclosed by the Company's announcement dated 30 April 2012)**

6. A tenancy agreement was made on 30 April 2012 between Midland Alliance Limited, an indirect wholly-owned subsidiary of Midland IC&I, as tenant and Shun Yik International Limited, a company wholly-owned by Mr. WONG, as landlord whereby the landlord agreed to lease the premises located at Nos. 11-16, 7th Floor, Tower B, New Mandarin Plaza, No. 14 Science Museum Road, Kowloon, Hong Kong as an office of the Group for a term of two years commencing from 1 May 2012 to 30 April 2014 at a monthly rental of HK\$144,601 without rent-free period and option to renew.
7. A tenancy agreement was made on 16 April 2012 between Union Honor Limited, an indirect wholly-owned subsidiary of the Company, as tenant and Vision Dynasty Limited, a company wholly-owned by Mr. WONG, as landlord whereby the landlord agreed to lease the premises located at Shop E on the Lower Ground Floor and Utility Room at Rear of Splendid Place, No. 39 Tai Koo Shing Road, Hong Kong as a branch for the real estate agency business of the Group for a term of two years commencing from 16 April 2012 to 15 April 2014 at a monthly rental of HK\$108,900 without rent-free period and option to renew.
8. A tenancy agreement was made on 1 March 2012 between Hong Kong Property Leasing (XXII) Limited, a wholly-owned subsidiary of the Company, as tenant and Shining Era Limited, a company wholly-owned by Mr. WONG, as landlord whereby the landlord agreed to lease the premises located at Car Park Nos. P18 and P19, Basement Floor, South Seas Centre, No. 75 Mody Road, Kowloon, Hong Kong as car parks for staff of the Group for a term of one year commencing from 1 March 2012 to 28 February 2013 at a monthly rental of HK\$2,000 without rent-free period and option to renew.

(C) Continuing Connected Transactions (Disclosed by the Company's announcement dated 31 August 2011)

9. A tenancy agreement was made on 31 August 2011 between Union Honor Limited, a wholly-owned subsidiary of the Company, as tenant and Gold Sphere Limited, a company wholly-owned by Mr. WONG, as landlord whereby the landlord agreed to lease the premises located at Flat E on the Ground Floor of Sun Luen Building, Nos.29, 29A, 29B, 31, 31A and 31B Bonham Road, Hong Kong as a branch for the real estate agency business of the Group for a term of two years commencing from 1 November 2011 to 31 October 2013 at a monthly rental of HK\$57,000 without rent-free period.
10. A tenancy agreement was made on 31 August 2011 between Main Dynasty Limited, a wholly-owned subsidiary of the Company, as tenant and Goal Precise Limited, a company wholly-owned by Mr. WONG, as landlord whereby the landlord agreed to lease the premises located at Shop F on the Lower Ground Floor of Splendid Place, No.39 Tai Koo Shing Road, Hong Kong as a branch for the real estate agency business of the Group for a term of two years commencing from 1 November 2011 to 31 October 2013 at a monthly rental of HK\$110,000 for the first year and HK\$115,000 for the second year without rent-free period.
11. A tenancy agreement was made on 31 August 2011 between Hong Kong Property Leasing (XXII) Limited, a wholly-owned subsidiary of the Company, as tenant and Shining Era Limited, a company wholly-owned by Mr. WONG, as landlord whereby the landlord agreed to lease the premises located at Unit No.4 on the 7th Floor of Tower II of South Seas Centre, No.75 Mody Road, Kowloon, Hong Kong as an office of the Group for a term of two years commencing from 1 November 2011 to 31 October 2013 at a monthly rental of HK\$44,800 without rent-free period.

Connected Transactions and Continuing Connected Transactions (Continued)

Continuing Connected Transactions (Continued)

(C) Continuing Connected Transactions (Disclosed by the Company's announcement dated 31 August 2011) (Continued)

12. A tenancy agreement was made on 21 April 2011 between HKP Corporate Leasing (XVII) Limited, a wholly-owned subsidiary of the Company, as tenant and Praise World Limited, a company wholly-owned by Mr. WONG, as landlord whereby the landlord agreed to lease the premises located at Portion (New Shop 2) of Cinema II (otherwise known as Commercial Unit 6) of Tai Po Plaza, No.1 On Tai Road, Tai Po, New Territories, Hong Kong as a branch for the real estate agency business of the Group for a term of two years commencing from 11 April 2011 to 10 April 2013 at a monthly rental of HK\$120,000 with rent-free period from 11 April 2011 to 10 May 2011.
13. A tenancy agreement was made on 10 March 2011 between Hong Kong Property Leasing (XXII) Limited, a wholly-owned subsidiary of the Company, as tenant and Shining Era Limited, a company wholly-owned by Mr. WONG, as landlord whereby the landlord agreed to lease car parking spaces Nos.P18 and P19 on the Basement Floor of South Seas Centre, No.75 Mody Road, Kowloon, Hong Kong for a term of one year commencing from 1 March 2011 to 29 February 2012 at a monthly rental of HK\$2,000 without rent-free period.
14. A tenancy agreement was made on 15 February 2011 between Hong Kong Property Leasing (XXII) Limited, a wholly-owned subsidiary of the Company, as tenant and Shining Era Limited, a company wholly-owned by Mr. WONG, as landlord whereby the landlord agreed to lease the premises located at Unit No.5 on the 7th Floor of Tower II of South Seas Centre, No.75 Mody Road, Kowloon, Hong Kong as an office of the Group for a term of two years commencing from 1 April 2011 to 31 March 2013 at a monthly rental of HK\$37,500 with rent-free period from 1 April 2011 to 30 April 2011.

(D) Continuing Connected Transactions (Disclosed by the Company's announcement dated 6 January 2011)

15. A tenancy agreement was made on 6 January 2011 between Midland Leasing (XXIV) Limited, a wholly-owned subsidiary of the Company, as tenant and Gold Sphere Limited, a company wholly-owned by Mr. WONG, as landlord whereby the landlord agreed to lease the premises located at Flat D on the Ground Floor of Sun Luen Building, Nos.29, 29A, 29B, 31, 31A and 31B Bonham Road, Hong Kong as a branch for the real estate agency business of the Group for a term of two years commencing from 10 January 2011 to 9 January 2013 at a monthly rental of HK\$50,000 with rent-free period from 10 January 2011 to 9 February 2011 and option to renew for a further term of two years immediately after the expiry of the term at the prevailing market rental.
16. A tenancy agreement was made on 15 October 2010 between World Up Limited, a wholly-owned subsidiary of the Company, as tenant and Titan Speed Limited, a company wholly-owned by Mr. WONG, as landlord whereby the landlord agreed to lease the premises located at Office No.910, 9th Floor, Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong as office for the immigration consultancy business of the Group for a term of two years commencing from 18 October 2010 to 17 October 2012 at a monthly rental of HK\$80,000 with rent-free period from 18 October 2010 to 31 October 2010 and without option to renew.
17. A tenancy agreement was made on 30 April 2010 between Midland Alliance Limited, an indirect wholly-owned subsidiary of the Company, as tenant and Shun Yik International Limited, a company wholly-owned by Mr. WONG, as landlord whereby the landlord agreed to lease the premises located at Offices Nos.11-16, 7th Floor, Tower B, Mandarin Plaza (also known as New Mandarin Plaza), No. 14 Science Museum Road, Kowloon, Hong Kong as office of the Group for a term of two years commencing from 1 May 2010 to 30 April 2012 at a monthly rental of HK\$113,166 for the first year and HK\$125,740 for the second year with rent-free period from 1 May 2010 to 31 May 2010 and without option to renew.

Report of Directors**Connected Transactions and Continuing Connected Transactions (Continued)****Continuing Connected Transactions (Continued)****(E) Continuing Connected Transaction (Disclosed by the Company's announcement dated 31 March 2010)**

18. A tenancy agreement was made on 31 March 2010 between Union Honor Limited, a wholly-owned subsidiary of the Company, as tenant and Vision Dynasty Limited, a company wholly-owned by Mr. WONG, as landlord whereby the landlord agreed to lease the premises located at Shop E on the Lower Ground Floor and Utility Room at Rear of Splendid Place, No.39 Tai Koo Shing Road, Hong Kong as a branch for the real estate agency business of the Group for a term of two years commencing from 16 April 2010 to 15 April 2012 at a monthly rental of HK\$85,000 without rent-free period and option to renew.

The Independent Non-executive Directors have reviewed the continuing connected transactions mentioned above pursuant to Rule 14A.37 of the Listing Rules and confirmed that, the aforesaid continuing connected transactions have been entered into:

- i. in the ordinary and usual course of 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 shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 46 to 49 of this Annual Report in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Retirement Scheme

Details of the Group's retirement scheme are set out in note 9 to the financial statements.

Principal Subsidiaries and Jointly Controlled Entities

Details of the Company's principal subsidiaries and jointly controlled entities as at 31 December 2012 are set out in note 39 to the financial statements.

Bank Loan

Particulars of bank loan of the Group as at 31 December 2012 are set out in note 32 to the financial statements.

Emolument Policy

The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence. The emoluments of the Directors are reviewed and determined by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. No director, or any of his or her associates is involved in deciding his or her own remuneration.

Directors' Interest in Competing Business

During the year, none of the Directors had an interest in any business constituting competing business to the Group.

Sufficiency of 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 at least 25% of the issued share capital of the Company as required under the Listing Rules.

Auditor

The financial statements of the Group for the year ended 31 December 2012 have been audited by PricewaterhouseCoopers, who shall retire and, being eligible, will offer themselves for re-appointment at the AGM. A resolution will be proposed at the AGM to re-appoint them and to authorise the Board to fix their remuneration.

On behalf of the Board

Midland Holdings Limited

WONG Kin Yip, Freddie

Chairman

Hong Kong, 15 March 2013

Management Discussion and Analysis

Liquidity, Financial Resources and Funding

As at 31 December 2012, the Group had cash and bank balances of HK\$1,289,966,000 (2011: HK\$1,249,009,000), whilst bank loan amounted to HK\$10,926,000 (2011: HK\$11,800,000). The Group's bank loan was secured by certain land and buildings and investment property held by the Group of HK\$25,607,000 (2011: HK\$26,339,000) and HK\$1,070,000 (2011: HK\$840,000) respectively and with maturity profile set out as follows:

	2012 HK\$'000	2011 HK\$'000
Repayable		
Within 1 year	893	871
After 1 year but within 2 years	910	889
After 2 years but within 5 years	2,838	2,775
Over 5 years	6,285	7,265
	<u>10,926</u>	<u>11,800</u>

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

As at 31 December 2012, the Group had unutilised banking facilities amounting to HK\$184,221,000 (2011: HK\$166,433,000) from various banks. The Group's cash and bank balances are deposited in Hong Kong Dollars, United States Dollars, Renminbi and Macau Pataca and the Group's bank loan is in Hong Kong Dollars. 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 2012, the gearing ratio of the Group was 0.61% (2011: 0.72%). The gearing ratio is calculated on the basis of total bank loans over total equity of the Group. 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 1.8 (2011: 2.1).

The Directors of the Company (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 2012, the Company had repurchased 1,650,000 of its own shares on the Stock Exchange at an aggregate consideration of approximately HK\$6.7 million, details of which are outlined in the section headed "Purchase, Sale or Redemption of the Company's Listed Securities" in the Report of Directors on page 35.

In July and August 2012, share options were exercised to subscribe for 3,604,580 ordinary shares in the Company at an aggregate consideration of approximately HK\$13.7 million.

Save as disclosed above, there was no material change in the Company's capital structure during the year. 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 Dollars. 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 of the Company.

Employee Information

As at 31 December 2012, the Group employed 9,291 full time employees (2011: 7,530) of which 8,110 were sales agents, 561 were back office supportive employees and 620 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 and incentives tied in with profits 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.

Independent Auditor's Report



羅兵咸永道

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 54 to 113, which comprise the consolidated and company balance sheets as at 31 December 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of these financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of the financial statements that give a true and fair view 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 2012, 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, 15 March 2013

Consolidated Income Statement

For The Year Ended 31 December 2012

	Note	2012 HK\$'000	2011 HK\$'000 (Restated)
Revenues	6	3,910,670	3,397,723
Other income	8	23,407	7,055
Staff costs	9	(2,141,857)	(1,932,980)
Rebate incentives		(431,228)	(365,474)
Advertising and promotion expenses		(110,814)	(115,905)
Operating lease charges in respect of office and shop premises		(477,108)	(403,549)
Impairment of receivables		(116,575)	(100,433)
Depreciation and amortisation costs		(48,010)	(48,129)
Other operating costs		(269,676)	(254,991)
Operating profit	11	338,809	183,317
Finance income	12	11,937	12,527
Finance costs	12	(244)	(229)
Share of results of			
Jointly controlled entities	23	6,999	16,595
An associated company	24	–	(153)
Profit before taxation		357,501	212,057
Taxation	13	(59,779)	(52,932)
Profit for the year		<u>297,722</u>	<u>159,125</u>
Profit attributable to:			
Equity holders		249,826	133,900
Non-controlling interests		47,896	25,225
		<u>297,722</u>	<u>159,125</u>
Dividends	15	<u>174,773</u>	<u>220,565</u>
		HK cents	HK cents (Restated)
Earnings per share	16		
Basic		34.89	18.54
Diluted		<u>34.82</u>	<u>18.54</u>

Consolidated Statement of Comprehensive Income

For The Year Ended 31 December 2012

	2012 HK\$'000	2011 HK\$'000 (Restated)
Profit for the year	297,722	159,125
Other comprehensive income		
Currency translation differences	1,123	1,045
Release of currency translation difference arising from deregistration of a subsidiary	1,408	–
Change in fair value of available-for-sale financial assets	1,181	(1,256)
	<u>3,712</u>	<u>(211)</u>
Total comprehensive income for the year, net of tax	<u>301,434</u>	<u>158,914</u>
Total comprehensive income for the year attributable to:		
Equity holders	253,543	133,728
Non-controlling interests	47,891	25,186
	<u>301,434</u>	<u>158,914</u>

Consolidated Balance Sheet

As At 31 December 2012

	Note	As at 31 December 2012 HK\$'000	As at 31 December 2011 HK\$'000 (Restated)	As at 1 January 2011 HK\$'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	17	179,070	172,078	162,416
Investment properties	18	101,812	82,270	76,095
Land use rights	19	1,411	–	–
Interests in jointly controlled entities	23	53,589	58,090	58,295
Interests in an associated company	24	–	17	1,270
Available-for-sale financial assets	25	18,706	15,179	13,927
Deferred taxation assets	33	21,471	13,793	19,384
		<u>376,059</u>	<u>341,427</u>	<u>331,387</u>
Current assets				
Trade and other receivables	26	1,822,655	1,167,740	1,258,827
Financial assets at fair value through profit or loss	27	155	130	163
Taxation recoverable		–	18,367	–
Cash and bank balances	28	1,289,966	1,249,009	1,601,926
		<u>3,112,776</u>	<u>2,435,246</u>	<u>2,860,916</u>
Total assets		<u>3,488,835</u>	<u>2,776,673</u>	<u>3,192,303</u>

Consolidated Balance Sheet
As At 31 December 2012

	Note	As at 31 December 2012 HK\$'000	As at 31 December 2011 HK\$'000 (Restated)	As at 1 January 2011 HK\$'000 (Restated)
EQUITY AND LIABILITIES				
Equity holders				
Share capital	29	71,805	71,939	72,423
Share premium	29	223,505	224,354	247,484
Reserves	30	1,243,437	1,151,301	1,220,829
Proposed dividend	30	71,805	59,584	232,333
		<u>1,610,552</u>	<u>1,507,178</u>	<u>1,773,069</u>
Non-controlling interests		<u>183,717</u>	<u>135,826</u>	<u>110,476</u>
Total equity		<u>1,794,269</u>	<u>1,643,004</u>	<u>1,883,545</u>
Non-current liabilities				
Deferred taxation liabilities	33	<u>2,417</u>	<u>889</u>	<u>576</u>
Current liabilities				
Trade and other payables	31	1,658,555	1,120,980	1,256,857
Bank loan	32	10,926	11,800	12,663
Amount due to an associated company		–	–	500
Taxation payable		<u>22,668</u>	<u>–</u>	<u>38,162</u>
		<u>1,692,149</u>	<u>1,132,780</u>	<u>1,308,182</u>
Total liabilities		<u>1,694,566</u>	<u>1,133,669</u>	<u>1,308,758</u>
Total equity and liabilities		<u>3,488,835</u>	<u>2,776,673</u>	<u>3,192,303</u>
Net current assets		<u>1,420,627</u>	<u>1,302,466</u>	<u>1,552,734</u>
Total assets less current liabilities		<u>1,796,686</u>	<u>1,643,893</u>	<u>1,884,121</u>

WONG Ching Yi, Angela
Director

IP Kit Yee, Kitty
Director

Balance Sheet

As At 31 December 2012

	Note	2012 HK\$'000	2011 HK\$'000
ASSETS			
Non-current assets			
Subsidiaries	21	108,501	108,501
Current assets			
Other receivables, prepayments and deposits	26	858	677
Amounts due from subsidiaries	22	2,625,401	2,369,369
Taxation recoverable		4,198	–
Cash and bank balances	28	373	1,685
		<u>2,630,830</u>	<u>2,371,731</u>
Total assets		<u>2,739,331</u>	<u>2,480,232</u>
EQUITY AND LIABILITIES			
Equity holders			
Share capital	29	71,805	71,939
Share premium	29	223,505	224,354
Reserves	30	735,217	693,979
Proposed dividend	30	71,805	59,584
Total equity		<u>1,102,332</u>	<u>1,049,856</u>
Current liabilities			
Other payables and accruals	31	55,102	17,503
Amounts due to subsidiaries	22	1,581,897	1,407,669
Taxation payable		–	5,204
Total liabilities		<u>1,636,999</u>	<u>1,430,376</u>
Total equity and liabilities		<u>2,739,331</u>	<u>2,480,232</u>
Net current assets		<u>993,831</u>	<u>941,355</u>
Total assets less current liabilities		<u>1,102,332</u>	<u>1,049,856</u>

WONG Ching Yi, Angela
Director

IP Kit Yee, Kitty
Director

Consolidated Statement of Changes in Equity

For The Year Ended 31 December 2012

	Share capital HK\$'000	Share premium HK\$'000	Reserves HK\$'000	Equity holders HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
At 1 January 2012, as previously reported	71,939	224,354	1,209,074	1,505,367	135,826	1,641,193
Change in accounting policy – adoption of HKAS 12 amendment (Note 2 (b))	–	–	1,811	1,811	–	1,811
At 1 January 2012, as restated	<u>71,939</u>	<u>224,354</u>	<u>1,210,885</u>	<u>1,507,178</u>	<u>135,826</u>	<u>1,643,004</u>
Comprehensive income						
Profit for the year	–	–	249,826	249,826	47,896	297,722
Other comprehensive income						
Currency translation differences	–	–	1,128	1,128	(5)	1,123
Release of currency translation difference arising from deregistration of a subsidiary	–	–	1,408	1,408	–	1,408
Change in fair value of available-for-sale financial assets	–	–	1,181	1,181	–	1,181
Total comprehensive income	<u>–</u>	<u>–</u>	<u>253,543</u>	<u>253,543</u>	<u>47,891</u>	<u>301,434</u>
Transactions with owners						
Employee share option scheme						
– value of employee services (Note 29 (c)(iv))	–	–	5,366	5,366	–	5,366
– exercise of share options (Note 29 (c)(iii))	361	18,721	(5,348)	13,734	–	13,734
Repurchase of own shares (Note 29 (b))	(495)	(19,570)	13,348	(6,717)	–	(6,717)
2011 special dividend paid (Note 15)	–	–	(59,584)	(59,584)	–	(59,584)
2012 interim dividend paid (Note 15)	–	–	(102,968)	(102,968)	–	(102,968)
	<u>(134)</u>	<u>(849)</u>	<u>(149,186)</u>	<u>(150,169)</u>	<u>–</u>	<u>(150,169)</u>
At 31 December 2012	<u>71,805</u>	<u>223,505</u>	<u>1,315,242</u>	<u>1,610,552</u>	<u>183,717</u>	<u>1,794,269</u>
At 1 January 2011, as previously reported	72,423	247,484	1,451,694	1,771,601	110,476	1,882,077
Change in accounting policy – adoption of HKAS 12 amendment (Note 2 (b))	–	–	1,468	1,468	–	1,468
At 1 January 2011, as restated	<u>72,423</u>	<u>247,484</u>	<u>1,453,162</u>	<u>1,773,069</u>	<u>110,476</u>	<u>1,883,545</u>
Comprehensive income						
Profit for the year	–	–	133,900	133,900	25,225	159,125
Other comprehensive income						
Currency translation differences	–	–	1,084	1,084	(39)	1,045
Change in fair value of available-for-sale financial assets	–	–	(1,256)	(1,256)	–	(1,256)
Total comprehensive income	<u>–</u>	<u>–</u>	<u>133,728</u>	<u>133,728</u>	<u>25,186</u>	<u>158,914</u>
Transactions with owners						
Employee share option scheme						
– value of employee services (Note 29 (c)(iv) & (d))	–	–	30,657	30,657	164	30,821
Repurchase of own shares	(484)	(23,130)	(13,348)	(36,962)	–	(36,962)
2010 final dividend and “創業38周年” special cash bonus paid	–	–	(232,333)	(232,333)	–	(232,333)
2011 interim dividend paid (Note 15)	–	–	(160,981)	(160,981)	–	(160,981)
	<u>(484)</u>	<u>(23,130)</u>	<u>(376,005)</u>	<u>(399,619)</u>	<u>164</u>	<u>(399,455)</u>
At 31 December 2011, as restated	<u>71,939</u>	<u>224,354</u>	<u>1,210,885</u>	<u>1,507,178</u>	<u>135,826</u>	<u>1,643,004</u>

Consolidated Statement of Cash Flows

For The Year Ended 31 December 2012

	Note	2012 HK\$'000	2011 HK\$'000
Cash flows from operating activities			
Net cash generated from operations	34(a)	259,322	209,737
Hong Kong profits tax paid		(24,152)	(103,349)
Overseas taxation paid		(742)	(208)
Interest paid		(244)	(229)
Net cash from operating activities		<u>234,184</u>	<u>105,951</u>
Cash flows from investing activities			
Net cash inflow from disposal of subsidiaries	34(b)	–	2,075
Purchase of property, plant and equipment	17	(59,213)	(62,011)
Purchase of land use right	19	(1,463)	–
Proceeds from disposal of property, plant and equipment		–	2
Purchase of available-for-sale financial assets		(5,234)	(3,351)
Return of capital from available-for-sale financial assets		4,825	1,385
Decrease in bank deposits with maturity over three months from date of deposits		2,296	40,315
Bank interest received		11,937	12,527
Dividend received from a jointly controlled entity		11,500	16,800
Dividend received from an associated company		17	1,100
Net cash (used in)/from investing activities		<u>(35,335)</u>	<u>8,842</u>
Cash flows from financing activities			
Proceeds from issue of shares		13,734	–
Purchase of own shares		(6,717)	(36,962)
Repayment of bank loans		(874)	(863)
Dividends paid to equity holders		(162,552)	(393,314)
Net cash used in financing activities		<u>(156,409)</u>	<u>(431,139)</u>
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at 1 January		1,241,425	1,554,027
Exchange differences		813	3,744
Cash and cash equivalents at 31 December	28	<u>1,284,678</u>	<u>1,241,425</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 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong.

The principal activities of the Company and its subsidiaries (together the “Group”) are provision of property agency services in Hong Kong, the People’s Republic of China (the “PRC”) and Macau.

These financial statements have been approved by the board of directors on 15 March 2013.

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 financial statements, are disclosed in note 5 below.

(b) Standards, interpretations and amendments effective in 2012

HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Transfers of Financial Assets

In December 2010, the HKICPA amended HKAS 12, “Income taxes”, to introduce an exception to the principle for the measurement of deferred taxation assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred taxation relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

2 Basis of preparation (Continued)

(b) Standards, interpretations and amendments effective in 2012 (Continued)

As disclosed in Note 18, the Group has investment properties measured at their fair values totalling HK\$82,270,000 as of 1 January 2012. The Group has adopted the amendment to HKAS 12 for the financial period beginning on 1 January 2012 and has applied the amendment retrospectively by re-measuring the deferred taxation relating to the investment properties according to the tax consequence on the presumption that they are recovered entirely by sale. The comparative figures for 2011 have been restated to reflect the change in accounting policy, as summarised below:

Effect on consolidated balance sheet

	As at 31 December 2012 HK\$'000	As at 31 December 2011 HK\$'000	As at 1 January 2011 HK\$'000
Decrease in deferred taxation liabilities	(3,183)	(1,811)	(1,468)
Increase in retained earnings	3,183	1,811	1,468

Effect on consolidated income statement

	For the year ended 31 December	
	2012 HK\$'000	2011 HK\$'000
Decrease in deferred tax expense	(1,372)	(343)
Increase in profit attributable to equity holders	1,372	343
Increase in basic earnings per share	HK 0.192 cents	HK 0.047 cents
Increase in diluted earnings per share	HK 0.191 cents	HK 0.047 cents

There are no other amended standards and interpretations that are effective in 2012 which could be expected to have significant effect on the financial information of the Group or result in any significant changes in the Group's significant accounting policies.

Notes to the Financial Statements

2 Basis of preparation (Continued)**(c) Standards, interpretations and amendments which are not yet effective**

The following new standards and amendments to standards have been issued but are not effective for 2012 and have not been early adopted by the Group.

Effective for the year ending 31 December 2013

HKAS 19 (Revised 2011)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurements
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvements Project	Annual Improvements 2009-2011 Cycle

Effective for the year ending 31 December 2014

HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
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Effective for the year ending 31 December 2015

HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures
HKFRS 9	Financial Instruments

The Group is assessing the impact of these new or revised standards and amendments to standards. The adoption of these new or revised standards and amendments to standards will not result in a significant impact on the results and financial position of the Group.

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, unless otherwise stated.

(a) Consolidation

The 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 Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Inter-company transactions, balances and unrealised gain 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.

When the group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement.

3 Summary of significant accounting policies (Continued)

(a) Consolidation (Continued)

(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.

The Group's share of its associated company's post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to 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.

Profits and losses resulting from upstream and downstream transactions between the Group and its associated company are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associated company. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated company have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in an associated company are recognised in the income statement.

(iii) Jointly controlled entities

A jointly controlled entity is a joint venture in which 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.

Interests in jointly controlled entities in the financial statements are initially recognised at cost and are subsequently accounted for by using the equity method of accounting. The Group's share of its jointly controlled entities' post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

In the consolidated balance sheet, interests in jointly controlled entities comprise the Group's share of the net assets and its net advances made to the jointly controlled entities (where the advances are neither planned nor likely to be settled in the foreseeable future), net of accumulated impairment losses.

When the Group's share of losses of a jointly controlled entity equals or exceeds its interest therein, 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 assets transferred.

3 Summary of significant accounting policies (Continued)

(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.

(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 Dollars 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 the income statement, 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 the income statement 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.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings, 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.

Notes to the Financial Statements

3 Summary of significant accounting policies (Continued)**(d) Property, plant and equipment**

Property, plant and equipment is 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 asset's 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 item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on all other property, plant and equipment are calculated using the straight-line method to allocate their costs or revalued amounts to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Over the period of the lease
Buildings	50 years
Leasehold improvements	Over the period of the lease
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.

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

(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.

3 Summary of significant accounting policies (Continued)

(e) Investment properties (Continued)

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 arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(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.

3 Summary of significant accounting policies (Continued)

(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 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 (including derivative financial instrument) 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.

(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) 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.

3 Summary of significant accounting policies (Continued)

(h) Financial assets (Continued)

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.

Gain or loss 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 the income statement; 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 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 gain and loss from investment securities.

Interest on 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 the income statement) 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.

3 Summary of significant accounting policies (Continued)

(i) 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.

(j) 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.

(k) 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 (net of income taxes) is deducted from retained earnings.

3 Summary of significant accounting policies (Continued)

(l) 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.

(m) 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.

(n) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(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.

Deferred taxation is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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 substantively 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.

3 Summary of significant accounting policies (Continued)

(o) Taxation (Continued)

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 the assumption that 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.

(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.

3 Summary of significant accounting policies (Continued)

(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 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 the transacting parties first come into an agreement.

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.

Revenue from immigration consultancy services is recognised on a success basis, i.e. when the relevant application for immigration is approved.

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.

(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, cash flow and fair value interest rate 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 and trade and other receivables. 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 by taking into account of the market conditions, customers' profiles and completion terms 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.

The Company has no significant exposure to credit risk because the Company's assets are mainly relating to balances with subsidiaries.

(ii) Foreign exchange risk

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, the foreign exchange risk of the Group is considered to be insignificant. This is due to the Group's transactions being generally denominated in the functional currencies of the respective group entities.

(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 borrowing 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 25 basis points higher/lower with all other variables were held constant, the Group's profit before taxation would have been approximately HK\$2,248,000 (2011: HK\$2,046,000) lower/higher for the year ended 31 December 2012.

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 significant 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.

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 and money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room for the Group to meet the liquidity requirements. At 31 December 2012, the Group held cash and bank balances of HK\$1,289,966,000 (2011: HK\$1,249,009,000) that are expected to readily generate cash inflows for managing liquidity risk.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group’s financial liabilities based on undiscounted cash flows and the earliest date the Group can be required to pay. Specifically, for the bank loan which contain a repayment on demand clause which can be exercised at the banks’ sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loan with immediate effect. Balances due within 12 months equal their carrying balances (including both interest and principal) as the impact of discounting is not significant.

	On demand HK\$'000	Less than 1 year HK\$'000
At 31 December 2012		
Trade and other payables	–	1,658,555
Bank loan	12,144	–
	<u>12,144</u>	<u>1,658,555</u>
At 31 December 2011		
Trade and other payables	–	1,120,980
Bank loan	13,279	–
	<u>13,279</u>	<u>1,120,980</u>

Notes to the Financial Statements

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 macroeconomic 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 borrowing as necessary.

The Group monitors capital on the basis of the total debt to equity ratio. This ratio is calculated as total bank borrowing divided by total equity. The total debt to equity ratios at 31 December 2012 and 2011 were as follows:

	2012 HK\$'000	2011 HK\$'000 (Restated)
Bank loan	<u>10,926</u>	<u>11,800</u>
Total equity	<u>1,794,269</u>	<u>1,643,004</u>
Total debt to equity ratio	<u>0.61%</u>	<u>0.72%</u>

An entity of the Group is subject to certain loan covenants. For both 2012 and 2011, there is no non-compliance with those loan covenants.

(c) Fair value estimation

The carrying amounts of the financial assets of the Group, including cash and cash equivalents, deposits with financial institutions, and trade and other receivables; and financial liabilities including trade and other payables 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 uses 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 tables present the Group's financial instruments that are measured at fair value:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 31 December 2012				
Assets				
Available-for-sale financial assets	–	18,706	–	18,706
Financial assets at fair value through profit or loss	155	–	–	155
Total	<u>155</u>	<u>18,706</u>	<u>–</u>	<u>18,861</u>
As at 31 December 2011				
Assets				
Available-for-sale financial assets	–	15,179	–	15,179
Financial assets at fair value through profit or loss	130	–	–	130
Total	<u>130</u>	<u>15,179</u>	<u>–</u>	<u>15,309</u>

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.

Notes to the Financial Statements

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.

(a) 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.

(b) 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.

(c) 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 assessed 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.

(d) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

6 Revenues

	2012 HK\$'000	2011 HK\$'000
Turnover		
Agency fee	3,860,234	3,335,071
Rental from investment properties	3,149	2,830
Web advertising	1,698	1,810
Internet education and related services	17,332	20,338
Immigration consultancy services	26,062	36,856
Other services	2,195	818
	<u>3,910,670</u>	<u>3,397,723</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 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.

	Year ended 31 December 2012			
	Property agency			Total HK\$'000
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000	Others HK\$'000	
Total revenues	3,120,953	850,255	58,368	4,029,576
Inter-segment revenues	<u>(68,661)</u>	<u>(42,313)</u>	<u>(7,932)</u>	<u>(118,906)</u>
Revenues from external customers	<u>3,052,292</u>	<u>807,942</u>	<u>50,436</u>	<u>3,910,670</u>
Segment results	<u>211,405</u>	<u>183,385</u>	<u>35,167</u>	<u>429,957</u>
Impairment of receivables	69,659	46,916	–	116,575
Depreciation and amortisation costs	41,591	4,803	419	46,813
Share of results of jointly controlled entities	–	–	6,999	6,999
Fair value gain on investment properties	–	–	19,247	19,247
Additions to non-current assets	<u>51,624</u>	<u>7,918</u>	<u>1,134</u>	<u>60,676</u>

Notes to the Financial Statements

7 Segment information (Continued)

	Year ended 31 December 2011			
	Property agency			Total HK\$'000
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000	Others HK\$'000	
Total revenues	2,863,656	510,682	70,584	3,444,922
Inter-segment revenues	(26,607)	(12,660)	(7,932)	(47,199)
Revenues from external customers	<u>2,837,049</u>	<u>498,022</u>	<u>62,652</u>	<u>3,397,723</u>
Segment results	<u>161,363</u>	<u>99,373</u>	<u>39,632</u>	<u>300,368</u>
Impairment of receivables	72,322	28,111	–	100,433
Depreciation and amortisation costs	41,025	4,932	970	46,927
Share of results of				
– jointly controlled entities	–	–	16,595	16,595
– an associated company	–	–	(153)	(153)
Fair value gain on investment properties	–	–	5,810	5,810
Additions to non-current assets	<u>55,764</u>	<u>5,845</u>	<u>402</u>	<u>62,011</u>

The Executive Directors assess the performance of the operating segments based on a measure of operating results from each reportable segment. Corporate expenses, unrealised gain/loss on financial assets at fair value through profit or loss, 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 income statement.

7 Segment information (Continued)

A reconciliation of segment results to profit before taxation is provided as follows:

	2012 HK\$'000	2011 HK\$'000
Segment results for reportable segments	429,957	300,368
Corporate expenses	(86,111)	(101,118)
Unrealised gain/(loss) on financial assets at fair value through profit or loss	25	(33)
Realised gain on available-for-sale financial assets	1,937	542
Finance income	11,937	12,527
Finance costs	(244)	(229)
Profit before taxation per consolidated income statement	<u>357,501</u>	<u>212,057</u>

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. The following is total segment assets and liabilities by reporting segments:

	As at 31 December 2012			
	Residential properties HK\$'000	Property agency Commercial and industrial properties and shops HK\$'000	Others HK\$'000	Total HK\$'000
Segment assets	<u>1,553,034</u>	<u>971,189</u>	<u>223,870</u>	<u>2,748,093</u>
Segment assets include:				
Interests in jointly controlled entities	<u>–</u>	<u>–</u>	<u>53,589</u>	<u>53,589</u>
Segment liabilities	<u>1,222,010</u>	<u>378,686</u>	<u>22,270</u>	<u>1,622,966</u>

Notes to the Financial Statements

7 Segment information (Continued)

	As at 31 December 2011			
	Property agency			Total HK\$'000
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000	Others HK\$'000	
Segment assets	<u>1,221,611</u>	<u>566,007</u>	<u>184,793</u>	<u>1,972,411</u>
Segment assets include:				
Interests in jointly controlled entities	-	-	58,090	58,090
Interests in an associated company	<u>-</u>	<u>-</u>	<u>17</u>	<u>17</u>
Segment liabilities	<u>965,468</u>	<u>126,589</u>	<u>11,250</u>	<u>1,103,307</u>

Reportable segment assets are reconciled to total assets as follows:

	2012 HK\$'000	2011 HK\$'000
Segment assets	2,748,093	1,972,411
Corporate assets	700,410	775,160
Deferred taxation assets	21,471	13,793
Financial assets at fair value through profit or loss	155	130
Available-for-sale financial assets	<u>18,706</u>	<u>15,179</u>
Total assets per consolidated balance sheet	<u>3,488,835</u>	<u>2,776,673</u>

Reportable segment liabilities are reconciled to total liabilities as follows:

	2012 HK\$'000	2011 HK\$'000 (Restated)
Segment liabilities	1,622,966	1,103,307
Corporate liabilities	69,183	29,473
Deferred taxation liabilities	<u>2,417</u>	<u>889</u>
Total liabilities per consolidated balance sheet	<u>1,694,566</u>	<u>1,133,669</u>

8 Other income

	2012 HK\$'000	2011 HK\$'000
Fair value gain on investment properties (Note 18)	19,247	5,810
Gain on disposal of subsidiaries	–	703
Realised gain on available-for-sale financial assets	1,937	542
Unrealised gain on financial assets at fair value through profit or loss	25	–
Others	2,198	–
	<u>23,407</u>	<u>7,055</u>

9 Staff costs, including directors' emoluments

	2012 HK\$'000	2011 HK\$'000
Salaries and allowances	772,470	701,617
Commissions	1,305,653	1,146,479
Pension costs for defined contribution plans	58,368	54,063
Share-based benefits (Note 29 (c)(iv) and (d))	5,366	30,821
	<u>2,141,857</u>	<u>1,932,980</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 PRC. 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 the MPF scheme charged to the income statement represents contributions paid and payable by the Group to the fund.

Notes to the Financial Statements

10 Directors' emoluments and five highest paid individuals

(a) Directors' emoluments

The remuneration of each director for the year ended 31 December 2012 is set out below:

Name of director	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Performance incentives HK\$'000	Discretionary bonuses HK\$'000	Share-based benefits HK\$'000	Retirement benefit costs HK\$'000	Total HK\$'000
Executive Directors							
Mr. WONG Kin Yip, Freddie	-	17,081	15,878	-	-	14	32,973
Ms. TANG Mei Lai, Metty	-	4,597	307	1,067	2,892	27	8,890
Ms. WONG Ching Yi, Angela	30	1,680	4,466	-	2,892	14	9,082
Mr. Wong Tsz Wa, Pierre (Appointed on 23 November 2012)							
(Note a)	-	816	1,428	-	-	2	2,246
Mr. CHAN Kwan Hing	-	1,945	8,543	-	-	14	10,502
Ms. IP Kit Yee, Kitty	-	2,231	744	188	-	14	3,177
Mr. CHEUNG Kam Shing	-	1,734	3,457	-	-	14	5,205
Mr. WONG Kam Hong (Resigned on 3 May 2012)	-	9,964	-	-	(418)	4	9,550
	30	40,048	34,823	1,255	5,366	103	81,625
Independent							
Non-executive Directors							
Mr. KOO Fook Sun, Louis	200	-	-	-	-	-	200
Mr. SUN Tak Chiu	200	-	-	-	-	-	200
Mr. WANG Ching Miao, Wilson	200	-	-	-	-	-	200
Mr. Chan Nim Leung, Leon (Appointed on 23 November 2012)	21	-	-	-	-	-	21
	621	-	-	-	-	-	621
	651	40,048	34,823	1,255	5,366	103	82,246

Note (a): Mr. Wong Tsz Wa, Pierre was appointed as Executive Director on 23 November 2012. The emoluments from 1 January 2012 up to the date of appointment as Executive Director were HK\$19,287,000. He was one of the five highest paid individuals of the Group for the year ended 31 December 2012 with total emoluments of HK\$21,533,000.

10 Directors' emoluments and five highest paid individuals (Continued)

(a) Directors' emoluments (Continued)

The remuneration of each director for the year ended 31 December 2011 is set out below:

Name of director	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Performance incentives HK\$'000	Discretionary bonuses HK\$'000	Share-based benefits HK\$'000	Retirement benefit costs HK\$'000	Total HK\$'000
Executive Directors							
Mr. WONG Kin Yip, Freddie	–	16,802	6,351	–	12,199	12	35,364
Ms. TANG Mei Lai, Metty	–	4,305	–	708	5,767	24	10,804
Ms. WONG Ching Yi, Angela	–	1,511	2,382	–	5,767	12	9,672
Mr. CHAN Kwan Hing	–	2,468	8,293	–	–	12	10,773
Ms. IP Kit Yee, Kitty	–	2,124	397	–	–	12	2,533
Mr. CHEUNG Kam Shing (Appointed on 28 March 2011)	–	1,022	765	–	–	10	1,797
Mr. WONG Kam Hong	–	13,062	3,970	–	5,767	12	22,811
Mr. KWOK Ying Lung (Resigned on 15 March 2011)	–	255	–	–	–	3	258
	–	41,549	22,158	708	29,500	97	94,012
Independent Non-executive Directors							
Mr. KOO Fook Sun, Louis	200	–	–	–	253	–	453
Mr. SUN Tak Chiu	200	–	–	–	253	–	453
Mr. WANG Ching Miao, Wilson	200	–	–	–	253	–	453
	600	–	–	–	759	–	1,359
	600	41,549	22,158	708	30,259	97	95,371

No director waived or agreed to waive any emoluments during the year (2011: Nil). No incentive payment for joining the Group was paid or payable to any directors during the year (2011: Nil). No compensation for loss of office was paid to directors during the year ended 31 December 2012 (2011: Nil).

Notes to the Financial Statements

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 (2011: four) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one individual during the year ended 31 December 2011 are as follows:

	2012 HK\$'000	2011 HK\$'000
Basic salaries and allowances	–	660
Discretionary bonuses	–	2,055
Retirement benefit costs	–	12
	<u>–</u>	<u>2,727</u>

The emoluments fell within the following bands:

	Number of individual	
	2012	2011
HK\$2,500,001 – HK\$3,000,000	<u>–</u>	<u>1</u>

11 Operating profit

Operating profit is arrived at after charging:

	2012 HK\$'000	2011 HK\$'000
Loss on disposal of property, plant and equipment	4,564	3,929
Direct operating expenses arising from investment properties that:		
– generated rental income	281	264
– did not generate rental income	130	140
Unrealised loss on financial assets at fair value through profit or loss	–	33
Auditor's remuneration	<u>4,124</u>	<u>3,665</u>

12 Finance income and costs

	2012 HK\$'000	2011 HK\$'000
Finance income		
Bank interest income	11,937	12,527
Finance costs		
Interest on bank loans, overdrafts and others		
Wholly repayable within five years	(20)	(1)
Not wholly repayable within five years (Note)	(224)	(228)
	(244)	(229)
Finance income, net	11,693	12,298

Note: The classification by repayment period is based on the scheduled repayment dates set out in the loan agreement and ignores the effect of any repayment on demand clause.

13 Taxation

	2012 HK\$'000	2011 HK\$'000 (Restated)
Current		
Hong Kong profits tax	65,178	46,895
Overseas	751	133
Deferred (Note 33)	(6,150)	5,904
	59,779	52,932

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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 before taxation differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2012 HK\$'000	2011 HK\$'000 (Restated)
Profit before taxation	357,501	212,057
Less: share of results of jointly controlled entities	(6,999)	(16,595)
Less: share of results of an associated company	–	153
	<u>350,502</u>	<u>195,615</u>
Calculated at a taxation rate of 16.5% (2011: 16.5%)	57,833	32,276
Effect of different taxation rates in other countries	(4,646)	(9,113)
Income not subject to taxation	(5,488)	(2,743)
Expenses not deductible for taxation purposes	1,305	5,911
Utilisation of previously unrecognised tax losses	(1,075)	(657)
Tax losses not recognised	13,272	26,467
Others	(1,422)	791
Taxation charge	<u>59,779</u>	<u>52,932</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\$202,645,000 (2011: HK\$399,310,000).

15 Dividends

	2012 HK\$'000	2011 HK\$'000
Interim dividend paid of HK\$0.1434 (2011: HK\$0.2233) per share	102,968	160,981
Proposed final dividend of HK\$0.10 (2011: Nil) per share	71,805	–
Proposed special dividend of nil (2011: HK\$0.0834) per share	–	59,584
	<u>174,773</u>	<u>220,565</u>

At a board meeting held on 15 March 2013, the directors of the Company proposed a final dividend of HK\$0.10 per share. This proposed final 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 2013.

16 Earnings per share

The calculation of basic and diluted earnings per share is based on the following:

	2012 HK\$'000	2011 HK\$'000 (Restated)
Profit attributable to equity holders	<u>249,826</u>	<u>133,900</u>
Number of shares for calculation of basic earnings per share (thousands)	716,137	722,321
Effect on conversion of share options (thousands)	<u>1,394</u>	<u>–</u>
Number of shares for calculation of diluted earnings per share (thousands)	<u>717,531</u>	<u>722,321</u>
Basic earnings per share (HK cents)	34.89	18.54
Diluted earnings per share (HK cents)	<u>34.82</u>	<u>18.54</u>

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

In calculating the diluted earnings 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 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 per share for the year ended 31 December 2011 did not assume the exercise of share options since the exercise of share options would have an anti-dilutive effect.

Notes to the Financial Statements

17 Property, plant and equipment

Group

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 1 January 2012						
Cost	189,998	209,141	56,392	165,272	4,012	624,815
Accumulated depreciation and amortisation	(93,793)	(171,214)	(40,568)	(143,706)	(3,456)	(452,737)
Net book amount	<u>96,205</u>	<u>37,927</u>	<u>15,824</u>	<u>21,566</u>	<u>556</u>	<u>172,078</u>
Year ended 31 December 2012						
Opening net book amount	96,205	37,927	15,824	21,566	556	172,078
Additions	700	25,417	4,562	27,998	536	59,213
Disposals	–	(1,778)	(553)	(2,219)	(14)	(4,564)
Depreciation and amortisation costs	(1,944)	(29,048)	(5,579)	(11,031)	(338)	(47,940)
Exchange differences	8	141	132	2	–	283
Closing net book amount	<u>94,969</u>	<u>32,659</u>	<u>14,386</u>	<u>36,316</u>	<u>740</u>	<u>179,070</u>
At 31 December 2012						
Cost	190,707	220,464	57,686	185,710	4,248	658,815
Accumulated depreciation and amortisation	(95,738)	(187,805)	(43,300)	(149,394)	(3,508)	(479,745)
Net book amount	<u>94,969</u>	<u>32,659</u>	<u>14,386</u>	<u>36,316</u>	<u>740</u>	<u>179,070</u>
At 1 January 2011						
Cost	190,388	178,525	54,725	151,396	4,007	579,041
Accumulated depreciation and amortisation	(91,901)	(145,133)	(39,139)	(137,522)	(2,930)	(416,625)
Net book amount	<u>98,487</u>	<u>33,392</u>	<u>15,586</u>	<u>13,874</u>	<u>1,077</u>	<u>162,416</u>
Year ended 31 December 2011						
Opening net book amount	98,487	33,392	15,586	13,874	1,077	162,416
Additions	–	38,108	6,640	17,263	–	62,011
Transfer to investment property (Note 18)	(365)	–	–	–	–	(365)
Disposals	–	(1,856)	(1,421)	(654)	–	(3,931)
Disposal of subsidiaries	–	–	–	(866)	–	(866)
Depreciation and amortisation costs	(1,917)	(32,181)	(5,453)	(8,056)	(522)	(48,129)
Exchange differences	–	464	472	5	1	942
Closing net book amount	<u>96,205</u>	<u>37,927</u>	<u>15,824</u>	<u>21,566</u>	<u>556</u>	<u>172,078</u>
At 31 December 2011						
Cost	189,998	209,141	56,392	165,272	4,012	624,815
Accumulated depreciation and amortisation	(93,793)	(171,214)	(40,568)	(143,706)	(3,456)	(452,737)
Net book amount	<u>96,205</u>	<u>37,927</u>	<u>15,824</u>	<u>21,566</u>	<u>556</u>	<u>172,078</u>

17 Property, plant and equipment (Continued)

The carrying amounts of land are analysed as follows:

	Group	
	2012 HK\$'000	2011 HK\$'000
In Hong Kong		
Leases of over 50 years	43,766	44,180
Leases of between 10 to 50 years	24,972	25,730
	<u>68,738</u>	<u>69,910</u>

Land and buildings with net book value of HK\$25,607,000 (2011: HK\$26,339,000) are pledged as security for the Group's bank loan (Note 32).

In addition, land and buildings with net book value of HK\$24,607,000 (2011: HK\$25,301,000) are pledged to secure the general banking facilities granted to the Group.

18 Investment properties

	Group	
	2012 HK\$'000	2011 HK\$'000
Opening net book amount	82,270	76,095
Transfer from land and buildings (Note 17)	–	365
Change in fair value to income statement (Note 8)	19,247	5,810
Exchange differences	295	–
Closing net book amount	<u>101,812</u>	<u>82,270</u>

The investment properties were revalued at 31 December 2012 by Midland Surveyors Limited, a qualified surveyor under the Group, based on current prices in an active market for all properties.

Notes to the Financial Statements

18 Investment properties (Continued)

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

	Group	
	2012 HK\$'000	2011 HK\$'000
In Hong Kong		
Leases of over 50 years	24,710	19,000
Leases of between 10 to 50 years	49,840	39,590
	<u>74,550</u>	<u>58,590</u>
Outside Hong Kong		
Leases of over 50 years	13,762	12,230
Leases of between 10 to 50 years	13,500	11,450
	<u>27,262</u>	<u>23,680</u>
	<u>101,812</u>	<u>82,270</u>

Investment properties with net book values of HK\$13,360,000 (2011: HK\$9,600,000) are pledged to secure general banking facilities granted to the Group.

Investment property with net book value of HK\$1,070,000 (2011: HK\$840,000) is pledged as security for the Group's bank loan (Note 32).

19 Land use rights

	Group	
	2012 HK\$'000	2011 HK\$'000
Opening net book amount	–	–
Additions	1,463	–
Amortisation	(70)	–
Exchange differences	18	–
Closing net book amount	<u>1,411</u>	<u>–</u>

Land use rights represent prepaid operating lease payments and their net book value is analysed as follows:

	Group	
	2012 HK\$'000	2011 HK\$'000
Outside Hong Kong		
Leases of between 10 to 50 years	<u>1,411</u>	<u>–</u>

20 Intangible assets

	Goodwill HK\$'000	Group Website development cost HK\$'000	Total HK\$'000
At 1 January 2011, 31 December 2011 and 2012			
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 2012 HK\$'000	2011 HK\$'000
Unlisted shares, at cost	<u>108,501</u>	<u>108,501</u>

Details of principal subsidiaries are set out in note 39(i) to the financial statements.

22 Amounts due from/to subsidiaries

The amounts receivable and payable are unsecured, interest free and repayable on demand.

23 Interests in jointly controlled entities

	Group 2012 HK\$'000	2011 HK\$'000
Share of net assets	<u>53,589</u>	<u>58,090</u>
Unlisted shares, at costs	<u>12,044</u>	<u>12,044</u>

Details of principal jointly controlled entities are set out in note 39(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:

	Group	
	2012 HK\$'000	2011 HK\$'000
Assets		
Non-current assets	1,393	2,346
Current assets	59,709	61,944
	<u>61,102</u>	<u>64,290</u>
Liabilities		
Long-term liabilities	1,267	1,278
Current liabilities	6,246	4,922
	<u>7,513</u>	<u>6,200</u>
Net assets	<u>53,589</u>	<u>58,090</u>
Income	34,813	55,221
Expenses, including taxation	(27,814)	(38,626)
Net profit for the year	<u>6,999</u>	<u>16,595</u>

There are no significant contingent liabilities and capital commitments relating to the Group's interests in the jointly controlled entities and the jointly controlled entities do not have any significant contingent liabilities and capital commitments as at 31 December 2012 and 2011.

24 Interests in an associated company

	Group	
	2012 HK\$'000	2011 HK\$'000
Share of net assets	<u>–</u>	<u>17</u>
Unlisted shares, at cost	<u>–</u>	<u>HK\$20</u>

The associated company was deregistered during the year 2012.

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:

	Group 2011 HK\$'000
Assets	
Current assets and net assets	<u>17</u>
Income	–
Expenses, including taxation	<u>(153)</u>
Net loss for the year	<u>(153)</u>

25 Available-for-sale financial assets

	Group	
	2012 HK\$'000	2011 HK\$'000
Unlisted investments, at fair value	<u>18,706</u>	<u>15,179</u>

The Group's available-for-sale financial assets are denominated in United States Dollars.

26 Trade and other receivables

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Trade receivables	1,661,377	1,036,730	–	–
Less: impairment	<u>(131,655)</u>	<u>(128,663)</u>	<u>–</u>	<u>–</u>
Trade receivables, net	1,529,722	908,067	–	–
Other receivables, prepayments and deposits	<u>292,933</u>	<u>259,673</u>	<u>858</u>	<u>677</u>
	<u>1,822,655</u>	<u>1,167,740</u>	<u>858</u>	<u>677</u>

Notes to the Financial Statements

26 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:

	Group	
	2012 HK\$'000	2011 HK\$'000
Not yet due	1,337,933	793,157
Less than 30 days	100,082	35,934
31 to 60 days	33,581	30,139
61 to 90 days	23,840	25,011
Over 90 days	34,286	23,826
	<u>1,529,722</u>	<u>908,067</u>

Trade receivables of HK\$191,789,000 (2011: HK\$114,910,000) were past due but not impaired. Such receivables were either past due for less than six months or subsequently settled after the year end.

Trade receivables of HK\$131,655,000 (2011: HK\$128,663,000) are mainly past due for more than six months, impaired and have been fully provided. The ageing analysis of such receivables is as follows:

	Group	
	2012 HK\$'000	2011 HK\$'000
Less than 6 months	319	163
6 to 12 months	34,557	54,254
Over 12 months	96,779	74,246
	<u>131,655</u>	<u>128,663</u>

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

	Group	
	2012 HK\$'000	2011 HK\$'000
At 1 January	128,663	119,200
Provision for impairment	122,188	108,047
Write-off of uncollectible debts	(113,583)	(90,970)
Unused amounts reversed	(5,613)	(7,614)
At 31 December	<u>131,655</u>	<u>128,663</u>

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

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

27 Financial assets at fair value through profit or loss

	Group	
	2012 HK\$'000	2011 HK\$'000
Equity securities listed in Hong Kong, at market value	<u>155</u>	<u>130</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 Cash and bank balances

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Cash at bank and in hand	785,404	800,187	373	1,685
Bank deposits	<u>504,562</u>	<u>448,822</u>	<u>–</u>	<u>–</u>
Cash and bank balances	1,289,966	1,249,009	373	1,685
Less: Bank deposits with maturity over three months from date of deposits	<u>(5,288)</u>	<u>(7,584)</u>	<u>–</u>	<u>–</u>
Cash and cash equivalents	<u>1,284,678</u>	<u>1,241,425</u>	<u>373</u>	<u>1,685</u>

The bank deposits include guarantee deposits of HK\$2,500,000 (2011: HK\$1,451,000) which are placed by certain wholly-owned subsidiaries for business purposes at designated bank accounts in the PRC.

As at 31 December 2012 and 2011, the Group's cash and cash equivalents and short term bank deposits included balances of HK\$111,100,000 and HK\$65,082,000 respectively, which were deposits with banks in the PRC. The remittance of such balances out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

29 Share capital and premium

	Number of issued shares (HK\$0.10 each)	Nominal value HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 January 2012	719,389,425	71,939	224,354	296,293
Exercise of share options (Note (c)(iii))	3,604,580	361	18,721	19,082
Cancellation of shares repurchased (Note b)	<u>(4,948,000)</u>	<u>(495)</u>	<u>(19,570)</u>	<u>(20,065)</u>
At 31 December 2012	<u>718,046,005</u>	<u>71,805</u>	<u>223,505</u>	<u>295,310</u>
At 1 January 2011	724,231,425	72,423	247,484	319,907
Cancellation of shares repurchased (Note b)	<u>(4,842,000)</u>	<u>(484)</u>	<u>(23,130)</u>	<u>(23,614)</u>
At 31 December 2011	<u>719,389,425</u>	<u>71,939</u>	<u>224,354</u>	<u>296,293</u>

Notes to the Financial Statements

29 Share capital and premium (Continued)

Notes:

(a) Share capital

The total authorised number of ordinary shares is 1 billion shares (2011: 1 billion shares) with a nominal value of HK\$0.10 per share (2011: HK\$0.10 per share). All issued shares are fully paid.

(b) Repurchase of shares

During the year, the Company repurchased 1,650,000 (2011: 8,140,000) of its own shares on the Stock Exchange at an aggregate consideration of HK\$6,717,000 (including expense of HK\$33,000). The Company cancelled 4,948,000 shares (2011: 4,842,000) during the year including 3,298,000 shares repurchased in 2011.

(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 and the Share Option Scheme had been expired on 29 April 2012. Under the terms of the Share Option Scheme before its expiry, 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 the Company's shares at the subscription price not less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange on the offer date; (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 offer date; and (iii) the nominal value of a share of the Company. Upon acceptance of the offer, the grantee had to pay HK\$1 to the Company as consideration for the grant before the expiry of the Share Option Scheme. 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 Company cannot grant any options under the Share Option Scheme after its expiry on 29 April 2012.

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.

(i) Terms of unexpired and unexercised share options at balance sheet date

Share options outstanding at the end of the year have the following exercise period and exercise prices:

Exercisable period	Exercise Price HK\$	Number of options	
		2012	2011
1 August 2011 to 31 July 2019	4.29	4,054,580	4,054,580
1 January 2012 to 31 December 2019	4.29	3,604,580	3,604,580
1 January 2012 to 31 December 2019	3.81	7,209,160	10,813,740
1 October 2013 to 30 September 2021	3.81	7,209,160	10,813,740
		<u>22,077,480</u>	<u>29,286,640</u>

(ii) The number and weighted average exercise prices of share options are as follows:

	2012		2011	
	Average exercise price per option HK\$	Number of options	Average exercise price per option HK\$	Number of options
At beginning of the year	3.936	29,286,640	7.858	7,308,974
Granted	–	–	3.936	29,286,640
Exercised	3.810	(3,604,580)	–	–
Lapsed	–	–	7.858	(7,308,974)
Forfeited	3.810	(3,604,580)	–	–
At end of the year	3.977	<u>22,077,480</u>	3.936	<u>29,286,640</u>

29 Share capital and premium (Continued)

Notes: (Continued)

(c) Share options of the Company (Continued)

- (ii) During 2011, a total of 29,286,640 share options were granted to certain directors of the Company under the Share Option Scheme. The vesting period of these options ends when they become exercisable. A consideration of HK\$1 from each of the grantees was received.

The weighted average share price at the date of exercise for share options exercised during the year was HK\$4.11 (2011: N/A).

Out of the 22,077,480 outstanding options (2011: 29,286,640 options), 14,868,320 options (2011: 4,054,580 options) were exercisable in 2012.

The options outstanding as at 31 December 2012 had an exercise price of HK\$3.81 or HK\$4.29 (2011: HK\$3.81 or HK\$4.29) and a weighted average remaining contractual life of 7.25 years (2011: 7.94 years).

- (iii) Shares issued under the Share Option Scheme

In July and August 2012, share options were exercised to subscribe for 3,604,580 ordinary shares in the company at an aggregate consideration of approximately HK\$13,734,000 of which HK\$361,000 was credited to share capital and the balance of HK\$13,373,000 was credited to the share premium account. HK\$5,348,000 has been transferred from employee benefits reserve to the share premium reserve.

- (iv) Fair value of share options and assumptions

The fair value of share options granted during 2011 determined using the Trinomial Model is HK\$45,227,000. The valuation was carried out on a fair value basis.

The inputs into the model and the estimated fair value of the share options are as follows:

Share options granted in July 2011

	Share options with exercisable period from 1 August 2011 to 31 July 2019	Share options with exercisable period from 1 January 2012 to 31 December 2019
Exercise price	HK\$4.29	HK\$4.29
Share price on date of grant	HK\$4.29	HK\$4.29
Option life	8 years	8 years
Expected dividend yield	6.940%	6.940%
Risk free rate	1.936%	2.006%
Expected volatility	63.959%	63.050%
Exercise multiple	2.16X	2.16X
Fair value per share option	HK\$1.69	HK\$1.69

Share options granted in October 2011

	Share options with exercisable period from 1 January 2012 to 31 December 2019	Share options with exercisable period from 1 October 2013 to 30 September 2021
Exercise price	HK\$3.81	HK\$3.81
Share price on date of grant	HK\$3.81	HK\$3.81
Option life	8 years	8 years
Expected dividend yield	6.940%	6.940%
Risk free rate	1.278%	1.433%
Expected volatility	63.269%	60.280%
Exercise multiple	2.16X	2.16X
Fair value per share option	HK\$1.48	HK\$1.50

No share options had been granted during the year. The Group recognised a total expense of HK\$5,366,000 for the year ended 31 December 2012 (2011: HK\$30,259,000) in relation to share options granted under the Share Option Scheme.

Notes to the Financial Statements

29 Share capital and premium (Continued)

Notes: (Continued)

(d) Share options of Midland IC&I Limited ("Midland IC&I")

On 19 September 2008, Midland IC&I adopted a share option scheme (the "Scheme") by its shareholders at an extraordinary general meeting. 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 date, excluding for this purpose shares issued on the exercise of options. The exercise 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 closing price of the shares of Midland IC&I as quoted on the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer of the options; and (iii) the closing price of the shares quoted on the Stock Exchange's daily quotations sheets on the date of offer of the options, which must be a business day as defined in the Rules Governing the Listing of Securities on the Stock Exchange. The Scheme will remain in force for a period of ten years commencing from 19 September 2008.

During 2011, a total of 20,000,000 share options of HK\$0.01 each in the share capital of Midland IC&I were granted to certain directors of Midland IC&I under the Scheme. The vesting period of these options ends when they become exercisable. A consideration of HK\$1 from each of the grantees was received. All options issued were vested during 2011.

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

	2012		2011	
	Average exercise price per option HK\$	Number of options	Average exercise price per option HK\$	Number of options
At beginning of the year	0.053	20,000,000	–	–
Granted	–	–	0.053	20,000,000
Exercised	–	–	–	–
Lapsed	–	–	–	–
At end of the year	0.053	<u>20,000,000</u>	0.053	<u>20,000,000</u>

Details of share options granted during 2011 and outstanding as at the end of the years are as follows:

Exercisable period	Exercise price per option HK\$	Number of options
1 October 2011 to 30 September 2016	0.053	<u>20,000,000</u>

No share options had been granted or exercised during the year.

The fair value of share options granted during 2011 determined using the Trinomial Model is HK\$562,000. The valuation was carried out on a fair value basis.

The inputs into the model and the estimated fair value of the share options are as follows:

Exercise price	HK\$0.053
Share price on date of grant	HK\$0.053
Option life	5 years
Expected dividend yield	0%
Risk free rate	0.761%
Expected volatility	74.365%
Exercise multiple	2.80X
Fair value per share option	HK\$0.028

The Group recognised an expense of HK\$562,000 for the year ended 31 December 2011 in relation to share options granted under the Scheme. No share options had been exercised during 2011.

The options outstanding as at 31 December 2012 had an exercise price of HK\$0.053 and a weighted average remaining contractual life of 3.75 years (2011: 4.75 years).

All of the 20,000,000 share options were exercisable as at 31 December 2012 and 2011.

Notes to the Financial Statements

30 Reserves

Group

	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Legal 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 2012, as previously reported	(8,926)	(11,553)	12	30,657	21,788	(4,272)	10,100	1,171,268	1,209,074
Change in accounting policy – adoption of HKAS 12 amendment (Note 2 (b))	–	–	–	–	–	–	–	1,811	1,811
At 1 January 2012, as restated	(8,926)	(11,553)	12	30,657	21,788	(4,272)	10,100	1,173,079	1,210,885
Profit for the year	–	–	–	–	–	–	–	249,826	249,826
Currency translation differences	–	–	–	–	1,128	–	–	–	1,128
Release of currency translation difference arising from deregistration of a subsidiary	–	–	–	–	1,408	–	–	–	1,408
Change in fair value of available-for-sale financial assets	–	–	–	–	–	1,181	–	–	1,181
Share-based benefits (Note 29 (c)(iv))	–	–	–	5,366	–	–	–	–	5,366
Exercise of share options (Note 29 (c)(iii))	–	–	–	(5,348)	–	–	–	–	(5,348)
Repurchase and cancellation of own shares	13,843	–	–	–	–	–	–	(495)	13,348
2011 special dividend paid (Note 15)	–	–	–	–	–	–	–	(59,584)	(59,584)
2012 interim dividend paid (Note 15)	–	–	–	–	–	–	–	(102,968)	(102,968)
At 31 December 2012	<u>4,917</u>	<u>(11,553)</u>	<u>12</u>	<u>30,675</u>	<u>24,324</u>	<u>(3,091)</u>	<u>10,100</u>	<u>1,259,858</u>	<u>1,315,242</u>
Representing:									
Reserves	4,917	(11,553)	12	30,675	24,324	(3,091)	10,100	1,188,053	1,243,437
2012 proposed final dividend (Note 15)	–	–	–	–	–	–	–	71,805	71,805
At 31 December 2012	<u>4,917</u>	<u>(11,553)</u>	<u>12</u>	<u>30,675</u>	<u>24,324</u>	<u>(3,091)</u>	<u>10,100</u>	<u>1,259,858</u>	<u>1,315,242</u>
At 1 January 2011, as previously reported	3,938	(11,553)	12	12,580	20,704	(3,016)	10,100	1,418,929	1,451,694
Change in accounting policy – adoption of HKAS 12 amendment (Note 2 (b))	–	–	–	–	–	–	–	1,468	1,468
At 1 January 2011, as restated	3,938	(11,553)	12	12,580	20,704	(3,016)	10,100	1,420,397	1,453,162
Profit for the year	–	–	–	–	–	–	–	133,900	133,900
Currency translation differences	–	–	–	–	1,084	–	–	–	1,084
Change in fair value of available-for-sale financial assets	–	–	–	–	–	(1,256)	–	–	(1,256)
Share-based benefits (Note 29 (c)(iv) & (d))	–	–	–	30,657	–	–	–	–	30,657
Lapse of share options	–	–	–	(12,580)	–	–	–	12,580	–
Repurchase and cancellation of own shares	484	–	–	–	–	–	–	(484)	–
Repurchase of own shares not yet cancelled	(13,348)	–	–	–	–	–	–	–	(13,348)
2010 final dividend and special cash bonus paid	–	–	–	–	–	–	–	(232,333)	(232,333)
2011 interim dividend paid (Note 15)	–	–	–	–	–	–	–	(160,981)	(160,981)
At 31 December 2011, as restated	<u>(8,926)</u>	<u>(11,553)</u>	<u>12</u>	<u>30,657</u>	<u>21,788</u>	<u>(4,272)</u>	<u>10,100</u>	<u>1,173,079</u>	<u>1,210,885</u>
Representing:									
Reserves	(8,926)	(11,553)	12	30,657	21,788	(4,272)	10,100	1,113,495	1,151,301
2011 proposed special dividend (Note 15)	–	–	–	–	–	–	–	59,584	59,584
At 31 December 2011, as restated	<u>(8,926)</u>	<u>(11,553)</u>	<u>12</u>	<u>30,657</u>	<u>21,788</u>	<u>(4,272)</u>	<u>10,100</u>	<u>1,173,079</u>	<u>1,210,885</u>

Notes to the Financial Statements

30 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 2012	(8,926)	30,259	108,001	624,229	753,563
Profit for the year	–	–	–	202,645	202,645
Share-based benefits (Note 29 (c)(iv))	–	5,366	–	–	5,366
Repurchase and cancellation of own shares	13,843	–	–	(495)	13,348
Exercise of share options (Note 29 (c)(iii))	–	(5,348)	–	–	(5,348)
2011 special dividend paid (Note 15)	–	–	–	(59,584)	(59,584)
2012 interim dividend paid (Note 15)	–	–	–	(102,968)	(102,968)
At 31 December 2012	<u>4,917</u>	<u>30,277</u>	<u>108,001</u>	<u>663,827</u>	<u>807,022</u>
Representing:					
Reserves	4,917	30,277	108,001	592,022	735,217
2012 proposed final dividend (Note 15)	–	–	–	71,805	71,805
At 31 December 2012	<u>4,917</u>	<u>30,277</u>	<u>108,001</u>	<u>663,827</u>	<u>807,022</u>
At 1 January 2011	3,938	12,580	108,001	606,137	730,656
Profit for the year	–	–	–	399,310	399,310
Share-based benefits (Note 29 (c)(iv))	–	30,259	–	–	30,259
Lapse of share options	–	(12,580)	–	12,580	–
Repurchase and cancellation of own shares	484	–	–	(484)	–
Repurchase of own shares not yet cancelled	(13,348)	–	–	–	(13,348)
2010 final dividend and special cash bonus paid	–	–	–	(232,333)	(232,333)
2011 interim dividend paid (Note 15)	–	–	–	(160,981)	(160,981)
At 31 December 2011	<u>(8,926)</u>	<u>30,259</u>	<u>108,001</u>	<u>624,229</u>	<u>753,563</u>
Representing:					
Reserves	(8,926)	30,259	108,001	564,645	693,979
2011 proposed special dividend (Note 15)	–	–	–	59,584	59,584
At 31 December 2011	<u>(8,926)</u>	<u>30,259</u>	<u>108,001</u>	<u>624,229</u>	<u>753,563</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.

31 Trade and other payables

	Group		Company	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Trade payable	–	1,593	–	–
Commissions payable	1,273,290	557,285	–	–
Other payables and accruals	385,265	562,102	55,102	17,503
	<u>1,658,555</u>	<u>1,120,980</u>	<u>55,102</u>	<u>17,503</u>

Trade payables and commissions payable include mainly the commissions payable to property consultants, co-operative estate agents and clients, which are due for payment only upon the receipt of corresponding agency fees from customers. These balances include commissions payable of HK\$194,320,000 (2011: HK\$85,033,000) which are due for payment within 30 days, and all the remaining trade payables and commissions payable are not yet due.

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

32 Bank loan

As at 31 December 2012, the Group's bank loan is repayable as follows:

	Group	
	2012 HK\$'000	2011 HK\$'000
Within 1 year	893	871
After 1 year but within 2 years	910	889
After 2 years but within 5 years	2,838	2,775
Over 5 years	6,285	7,265
	<u>10,926</u>	<u>11,800</u>

The above amounts due are based on the scheduled repayment dates set out in the loan agreement and ignore the effect of any repayment on demand clause. The bank loan is wholly repayable over 5 years.

The bank loan is secured by certain land and buildings and investment property held by the Group (Notes 17 and 18).

Notes to the Financial Statements

32 Bank loan (Continued)

The effective interest rate of bank loan is 1.93% (2011: 1.98%). The carrying amount and fair value of the bank loan are as follows:

	Carrying amount		Fair value	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Bank loan	<u>10,926</u>	<u>11,800</u>	<u>10,926</u>	<u>11,800</u>

The fair value is based on cash flows discounted using a rate based on the borrowing rate of 1.93% (2011: 1.98%).

The Group has the following undrawn borrowing facilities:

	2012 HK\$'000	2011 HK\$'000
Floating rates Expiring within one year	<u>184,221</u>	<u>166,433</u>

33 Deferred taxation

	2012 HK\$'000	Group 2011 HK\$'000 (Restated)	2010 HK\$'000 (Restated)
Deferred taxation assets	(21,471)	(13,793)	(19,384)
Deferred taxation liabilities	<u>2,417</u>	<u>889</u>	<u>576</u>
	<u>(19,054)</u>	<u>(12,904)</u>	<u>(18,808)</u>

33 Deferred taxation (Continued)

The net movements on the deferred taxation are as follows:

	Group	
	2012 HK\$'000	2011 HK\$'000
At 1 January, as previously reported	(11,093)	(17,340)
Change in accounting policy – adoption of HKAS 12 amendment (Note 2 (b))	(1,811)	(1,468)
At 1 January, as restated	(12,904)	(18,808)
Recognised in the income statement (Note 13)	(6,150)	5,904
At 31 December	<u>(19,054)</u>	<u>(12,904)</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			
	Provision HK\$'000	Accelerated depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 January 2011	(15,907)	(3,575)	–	(19,482)
Recognised in the income statement	5,571	29	–	5,600
At 31 December 2011	(10,336)	(3,546)	–	(13,882)
Recognised in the income statement	(6,461)	1,316	(3,132)	(8,277)
At 31 December 2012	<u>(16,797)</u>	<u>(2,230)</u>	<u>(3,132)</u>	<u>(22,159)</u>

Notes to the Financial Statements

33 Deferred taxation (Continued)**Deferred taxation liabilities**

	Accelerated tax depreciation HK\$'000	Group	
		Fair value HK\$'000	Total HK\$'000
At 1 January 2011, as previously reported	674	1,468	2,142
Change in accounting policy – adoption of HKAS 12 amendment (Note 2 (b))	–	(1,468)	(1,468)
At 1 January 2011, as restated	674	–	674
Recognised in the income statement	304	–	304
At 31 December 2011, as restated	<u>978</u>	<u>–</u>	<u>978</u>
At 1 January 2012, as previously reported	978	1,811	2,789
Change in accounting policy – adoption of HKAS 12 amendment (Note 2 (b))	–	(1,811)	(1,811)
At 1 January 2012, as restated	978	–	978
Recognised in the income statement	2,127	–	2,127
At 31 December 2012	<u>3,105</u>	<u>–</u>	<u>3,105</u>

Deferred taxation assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred taxation assets of HK\$76,359,000 (2011: HK\$65,815,000) in respect of losses amounting to HK\$324,503,000 (2011: HK\$286,873,000) as at 31 December 2012. These tax losses can be carried forward against future taxable income. Tax losses amounting to HK\$268,426,000 (2011: HK\$244,270,000) will expire from 2013 to 2017 (2011: from 2012 to 2016).

33 Deferred taxation (Continued)

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:

	2012 HK\$'000	Group 2011 HK\$'000 (Restated)	2010 HK\$'000 (Restated)
Deferred taxation assets			
Recoverable more than twelve months	(5,206)	(3,439)	(3,401)
Recoverable within twelve months	(16,265)	(10,354)	(15,983)
	<u>(21,471)</u>	<u>(13,793)</u>	<u>(19,384)</u>
Deferred taxation liabilities			
Payable or settle after more than twelve months	2,082	631	360
Payable or settle within twelve months	335	258	216
	<u>2,417</u>	<u>889</u>	<u>576</u>

34 Notes to consolidated statement of cash flows

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

	2012 HK\$'000	2011 HK\$'000
Operating profit	338,809	183,317
Impairment of receivables	116,575	100,433
Depreciation and amortisation costs	48,010	48,129
Fair value gain on investment properties	(19,247)	(5,810)
Gain on disposal of subsidiaries	–	(703)
Realised gain on available-for-sale financial assets	(1,937)	(542)
Loss on disposal of property, plant and equipment	4,564	3,929
Unrealised (gain)/loss on financial assets at fair value through profit or loss	(25)	33
Release of currency translation difference arising from deregistration of a subsidiary	1,408	–
Share-based benefits	5,366	30,821
Operating profit before working capital changes	<u>493,523</u>	<u>359,607</u>
Change in balance with an associated company	–	(500)
Increase in trade and other receivables	(770,639)	(9,986)
Increase/(decrease) in trade and other payables	536,438	(139,384)
Net cash generated from operations	<u>259,322</u>	<u>209,737</u>

Notes to the Financial Statements

34 Notes to consolidated statement of cash flows (Continued)**(b) Disposal of subsidiaries**

	2012 HK\$'000	2011 HK\$'000
Net assets disposed:		
Property, plant and equipment	–	866
Trade and other receivables	–	3,165
Trade and other payables	–	(2,659)
Cash and bank balances	–	865
	<hr/>	<hr/>
	–	2,237
Gain on disposal of subsidiaries	–	703
	<hr/>	<hr/>
Total consideration	–	2,940
	<hr/>	<hr/>
Net cash inflow from disposal of subsidiaries:		
Cash consideration	–	2,940
Cash and bank balances disposed	–	(865)
	<hr/>	<hr/>
	–	2,075
	<hr/>	<hr/>

35 Contingent liabilities

As at 31 December 2012, the Company executed corporate guarantee as part of the securities for general banking facilities of HK\$180,200,000 granted to certain wholly-owned subsidiaries (2011: HK\$160,200,000). At 31 December 2012, HK\$11,479,000 of the banking facilities were utilised by the subsidiaries (2011: HK\$9,267,000).

36 Future lease rental receivable

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

	Group	
	2012 HK\$'000	2011 HK\$'000
Within one year	2,686	2,737
Between one year and five years	1,557	1,440
	<hr/>	<hr/>
	4,243	4,177
	<hr/>	<hr/>

37 Commitments

(a) Capital commitments

The Group and the Company did not have any significant capital commitments as at 31 December 2012 and 2011.

(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	
	2012 HK\$'000	2011 HK\$'000
Within one year	509,819	358,680
After one year but within five years	368,727	251,732
More than five years	1,262	395
	<u>879,808</u>	<u>610,807</u>

The Company did not have any significant operating lease commitments as at 31 December 2012 and 2011.

38 Significant related party transactions

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

	Note	2012 HK\$'000	2011 HK\$'000
(a) Transactions with related parties			
Agency fee income from			
– Related companies	(i)	3,567	4,344
– Directors	(ii)	50	256
Operating lease rental expenses in respect of office and shop premises			
– Related companies	(iii)	9,399	7,340
– Director	(iv)	1,391	1,294
Services income from a related company	(v)	680	–
(b) Key management compensation			
Fees, salaries, allowances and incentives	(vi)	81,522	93,915
Retirement benefit costs	(vi)	103	97
		<u>81,625</u>	<u>94,012</u>
(c) Balance with related companies			
Loan to a related company	(vii)	198	198
Agency fee receivables from related companies	(i)	3,040	–

Notes to the Financial Statements

38 Significant related party transactions (Continued)

Notes:

- (i) Agency fee income from related companies represents agency fee for property agency service receivable from certain related companies, in which directors of the Company have beneficial interests, on terms mutually agreed by both parties.
- (ii) Agency fee income from directors of the Company represents agency fee for property agency service receivable from directors of the Company on terms mutually agreed by both parties.
- (iii) 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.
- (iv) The Group entered into certain operating lease agreements with a director of the Company on terms mutually agreed by both parties.
- (v) Services income from a related company represents services income received from a related company, in which directors of the Company have beneficial interests, on terms mutually agreed by both parties.
- (vi) The amount represents emoluments paid or payable to Executive Directors for the year.
- (vii) The loan advanced to a jointly controlled entity is unsecured, interest free and has no fixed terms of repayment.

39 Particulars of principal subsidiaries and jointly controlled entities

(i) Principal subsidiaries

Company name	Place of incorporation/ establishment	Issued/registered and paid-up capital	Principal activities and places of operation	Interest held (%)	
				2012	2011
Astra Profits Limited (Note a)	British Virgin Islands	4 shares of US\$1 each	Investment holding in Hong Kong	100	100
Guangzhou Midland Property Agency Company Limited (Notes b and c)	The PRC	US\$5,606,000	Property agency in the PRC	100	100
HKP Estate Agency (Macau) Limited (Note b)	Macau	MOP\$25,000	Property agency in Macau	100	100
Hong Kong Property Services (Agency) Limited	Hong Kong	2 shares of HK\$1 each	Property agency in Hong Kong	100	100
Hong Kong Property Services (China) Limited	Hong Kong	1 share of HK\$1	Investment holding in the PRC	100	100
Hong Kong Property Services (IC&I) Limited	Hong Kong	2 shares of HK\$1 each	Property agency in Hong Kong	70.80	51.81
Jolly Grace Limited	British Virgin Islands	1 share of US\$1	Property investment in Hong Kong	100	100
Midland IC&I Limited	Cayman Islands	13,700,000,000 shares of HK\$0.01 each	Investment holding in Hong Kong	70.80	51.81
Midland CyberNet Limited	Hong Kong	39,100,000 shares of HK\$1 each	Investment holding and operation of internet website in Hong Kong	100	100

39 Particulars of principal subsidiaries and jointly controlled entities (Continued)

(i) Principal subsidiaries (Continued)

Company name	Place of incorporation/ establishment	Issued/registered and paid-up capital	Principal activities and places of operation	Interest held (%)	
				2012	2011
Midland HKP Services (Administration) Limited	Hong Kong	2 shares of HK\$1 each	Provision of management services in Hong Kong	100	100
Midland Immigration Consultancy Limited	Hong Kong	500,000 shares of HK\$1 each	Immigration consultancy services in Hong Kong	100	100
Midland Realty (Comm.) Limited	Hong Kong	500,000 shares of HK\$1 each	Property agency in Hong Kong	70.80	51.81
Midland Realty (Comm. & Ind.) Limited	Hong Kong	500,000 shares of HK\$1 each	Property agency in Hong Kong	70.80	51.81
Midland Realty (Macau) Limited (Note b)	Macau	MOP\$25,000	Property agency in Macau	100	100
Midland Realty (Shops) Limited	Hong Kong	500,000 shares of HK\$1 each	Property agency in Hong Kong	70.80	51.81
Midland Realty (Strategic) Limited	Hong Kong	10,000 shares of HK\$1 each and 2,000,000 non-voting deferred shares of HK\$1 each	Investment holding and provision of administration services in Hong Kong	100	100
Midland Realty Consultancy (Shanghai) Company Limited (Notes b and c)	The PRC	US\$6,650,000	Property agency in the PRC	100	100
Midland Realty International Limited	Hong Kong	1,000 shares of HK\$100 each	Property agency in Hong Kong	100	100
Midland Surveyors Limited	Hong Kong	1,000,000 shares of HK\$1 each	Provision of general administration services and valuation business in Hong Kong	100	100
Real Gain Limited	Hong Kong	10,000 shares of HK\$1 each	Property investment in Hong Kong	100	100
Teamway Group Limited	British Virgin Islands	1 share of US\$1	Property investment in Hong Kong	70.80	51.81
Teston Profits Limited	British Virgin Islands	1 share of US\$1	Investment holding in Hong Kong	100	100

Notes to the Financial Statements

39 Particulars of principal subsidiaries and jointly controlled entities (Continued)

(i) Principal subsidiaries (Continued)

Company name	Place of incorporation/ establishment	Issued/registered and paid-up capital	Principal activities and places of operation	Interest held (%)	
				2012	2011
Worldboss Limited	Hong Kong	2 shares of HK\$1 each	Property investment in Hong Kong	100	100
Perfect Tower Limited	Hong Kong	2 shares of HK\$1 each	Property investment in the PRC	100	100
港置地產代理(深圳)有限公司 (Notes b and c)	The PRC	HK\$32,500,000	Property agency in the PRC	100	100
縱橫擔保(深圳)有限公司 (Notes b and c)	The PRC	US\$5,400,000	Mortgage guarantee business in the PRC	100	100
美聯物業代理(深圳)有限公司 (Notes b and c)	The PRC	US\$9,510,000	Property agency in the PRC	100	100
北京美聯房地產經紀有限公司 (Notes b and c)	The PRC	US\$3,400,000	Property agency in the PRC	100	100
重慶美聯營銷策劃有限公司 (Notes b and c)	The PRC	US\$2,147,000	Property agency in the PRC	100	100
成都港美聯房地產顧問有限公司 (Notes b and c)	The PRC	US\$1,065,000	Property agency in the PRC	100	100
Hong Kong Property (Comm.) Limited	Hong Kong	1 share of HK\$1	Property agency in Hong Kong	70.80	N/A

(ii) Jointly controlled entities

Company name	Place of incorporation	Principal activities and places of operation	Percentage of interest in ownership/ voting power/profit sharing	
			2012	2011
mReferral Corporation Limited (Note b)	British Virgin Islands	Investment holding in Hong Kong	50%/50%/50%	50%/50%/50%
Vision Year Investments Limited (Note b)	British Virgin Islands	Investment holding in Hong Kong	10%/50%/10%	10%/50%/10%

Notes:

- (a) This subsidiary is directly held by the Company.
- (b) These subsidiaries and jointly controlled entities are not audited by PricewaterhouseCoopers, Hong Kong.
- (c) Registered as wholly foreign owned enterprise under the PRC law.

List of Investment Properties

Location	Lot Number	Existing use	Lease term	Group's interest
Unit 7 on 7th Floor, Fortress Tower, 250 King's Road, North Point, Hong Kong	IL8416	Commercial	Long	100%
Portion B of Shop No. 110 on the Car Park Level 1 of Podium C of Riviera Gardens, 2-12 Yi Hong Street & 7-9 Yi Lok Street, Tsuen Wan, New Territories, Hong Kong	TWTL 303	Commercial	Medium	100%
Shop No. 1 on 1st Floor, the Mall of Commercial Development, Locwood Court, Kingswood Villas, 1 Tin Wu Road, Tin Shui Wai, Yuen Long, New Territories, Hong Kong	TSWTL 1	Commercial	Medium	100%
Unit A1 on Ground Floor of the Commercial Accommodation, Well On Garden, 9 Yuk Nga Lane, Tseung Kwan O, Sai Kung, New Territories, Hong Kong	TKOTL18	Commercial	Medium	100%
Shop No. 6 on Lower Ground Floor, Franki Centre (formerly known as Kowloon Tong Centre), 320 Junction Road, Kowloon Tong, Kowloon, Hong Kong	NKIL5746	Commercial	Medium	100%
Shop Nos. 11 and 12 of Unit 3A on Level (Site 1) 26 of the Commercial Development, Sceneway Garden, 8 Sceneway Road, Lam Tin, Kowloon, Hong Kong	NKIL6046	Commercial	Medium	100%
Unit 4 on Level (Site 1) 36 (excluding Market Entrance at L36) of Commercial Development, Sceneway Garden, 8 Sceneway Road, Lam Tin, Kowloon, Hong Kong	NKIL6046	Commercial	Medium	100%

List of Investment Properties

Location	Lot Number	Existing use	Lease term	Group's interest
Shops 1 and 2 on Ground Floor, Wai Wah Court, 12R Smithfield, Kennedy Town, Hong Kong	IL4097	Commercial	Long	100%
Car park P19 2/F, Ford Glory Plaza, 37-39 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong	NKIL2828	Commercial	Medium	100%
Units 1202, 1203 and 1204 on Level 12 of Tower 1, Henderson Centre, 18 Jianguomennei Avenue, Dongcheng District, Beijing, the People's Republic of China	N/A (Note)	Commercial	Medium	100%
Shop No. 1D 128 on Level 1, Sun Asia Guo Li Building, 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, 8 Zhong Hang Road, Futian District, Shenzhen, the People's Republic of China	N/A (Note)	Commercial	Long	100%

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

Five-Year Financial Summary

	2012 HK\$'000	2011 HK\$'000 (Restated)	2010 HK\$'000 (Restated)	2009 HK\$'000 (Restated)	2008 HK\$'000 (Restated)
For the year					
Revenues	<u>3,910,670</u>	<u>3,397,723</u>	<u>3,736,952</u>	<u>3,404,856</u>	<u>2,254,620</u>
Profit/(loss) before taxation	<u>357,501</u>	<u>212,057</u>	<u>687,167</u>	<u>831,899</u>	<u>(17,362)</u>
Profit/(loss) attributable to equity holders of the Company	<u>249,826</u>	<u>133,900</u>	<u>533,813</u>	<u>691,437</u>	<u>(41,938)</u>
Cashflows					
Net cash inflow from operating activities	<u>234,184</u>	<u>105,951</u>	<u>614,292</u>	<u>786,556</u>	<u>128,970</u>
At year end					
Total assets	3,488,835	2,776,673	3,192,303	2,908,573	2,006,877
Total liabilities	1,694,566	1,133,669	1,308,758	1,093,732	631,191
Non-controlling interests	183,717	135,826	110,476	75,321	52,835
Total equity	<u>1,794,269</u>	<u>1,643,004</u>	<u>1,883,545</u>	<u>1,814,841</u>	<u>1,375,686</u>
Cash and bank balances	<u>1,289,966</u>	<u>1,249,009</u>	<u>1,601,926</u>	<u>1,477,419</u>	<u>941,977</u>
Per share data					
Earnings/(loss) per share – basic (HK cents)	<u>34.89</u>	<u>18.54</u>	<u>73.71</u>	<u>95.47</u>	<u>(5.75)</u>
Dividend per share (HK cents)					
Interim	14.34	22.33	26.80	17.60	6.50
Final	10.00	–	20.28	43.80	1.00
Special	–	8.34	11.80	20.00	–
Total	<u>24.34</u>	<u>30.67</u>	<u>58.88</u>	<u>81.40</u>	<u>7.50</u>

Note: The figures for 2008-2011 are restated for the change in accounting policy – adoption of HKAS12 (amendment) – Deferred Tax: Recovery of Underlying Assets

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