



Midland Holdings Limited

▶ Incorporated in Bermuda with limited liability ◀

(Stock Code 股份代號 : 1200)

Interim Report 2012



Evolving Strength Thriving for 40 Years

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. WONG Kin Yip, Freddie
(Chairman and Managing Director)
Ms. TANG Mei Lai, Metty
Ms. WONG Ching Yi, Angela
(Deputy Chairman and Deputy 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

AUDIT COMMITTEE

Mr. KOO Fook Sun, Louis *(Committee Chairman)*
Mr. SUN Tak Chiu
Mr. WANG Ching Miao, Wilson

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Mr. MOK Ka Fai

AUTHORISED REPRESENTATIVES

Ms. WONG Ching Yi, Angela
Mr. MOK Ka Fai

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 ADVISERS

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

BERMUDA LEGAL ADVISERS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

www.midland.com.hk

STOCK CODE

1200

Chairman's Statement

Business Review

For the half-year period ended 30 June 2012, turnover of the Group totalled HK\$1,896 million, down by 2% as compared with the corresponding period last year, while profit for the period fell by 33% to HK\$147 million. The decline in profit for the period was principally a result of the drop in transaction volume in the Hong Kong property market as compared with the corresponding period last year, as well as the rise in costs. However, when compared with the second half of the previous year, the results of the Group recovered alongside with the market in general.

Property Market Perked Up Gradually

Despite market volatility, Hong Kong property market showed signs of improvement during the first half of the year. The property market experienced a short-lived recovery in the beginning of the year, but then the property market softened. Although the transaction volume still recorded growth as compared with the second half of 2011, the level of market activities still fell short of that in the first half of last year.

Transaction volume in local property market soared during the Chinese New Year as pent-up demand was released. This was mainly reflected in the month-by-month upsurge in both the number and value of agreements for sale and purchase registered with the Land Registry in March (which is the major market indicator for February) of 177% and 164%, respectively. Unfortunately, such recovery did not sustain as the performance of the property market weakened, and the number of agreements for sale and purchase registered with the Land Registry in the following months was not able to surpass the level in March.

During the year, the overall property market will continue to face various external challenges, such as the lingering European debt crisis and the slow recovery of the US economy, which have in turn threatened the global economy and hindered the economic growth in the PRC. What is more, the Hong Kong property market is further restrained by government policies. For example, transaction volume of residential properties has been affected by the implementation of Special Stamp Duty (SSD) since November 2010. That said, the economy of Hong Kong stays sound with a low unemployment rate. Coupled with the low interest rate, the above factors will help the Hong Kong property market to stabilise.

Competition was Extremely Fierce

During the reporting period, the operating environment of the property agency industry remained challenging. Undoubtedly, the property agency market is saturated after years of rapid development. According to the Estate Agents Authority, the number of "statement of particulars of business (SPoB)", which reflects the number of branches within the industry, dropped slightly by 0.6% to 6,057 in the first half of the year. However, the number bounced back in July this year. The overall number of the Group's local branches remained stable during the period amid intensified market competition. Furthermore, keen competition for prime shops and talents was a common phenomenon. For instance, the Group's rental expense for the first half of the year increased by 20% as compared with the corresponding period last year, resulting in a rise in the share of rental expense in operating costs to 13% from 11% as compared with the same period last year.

The principal subsidiary of the Group, Midland Realty was founded nearly 40 years. Having witnessed the vicissitude of the industry, the management has already formulated and implemented cautious operation strategies. The new commission scheme for the front-line managers has been launched with a view to steady the income of the front-line managers and to bring out the potential of the front-line staff, as well as promoting corporate sustainability and development.

Chairman's Statement (continued)

Outlook

The Group remains cautiously optimistic about the market outlook. The European debt crisis and the performance of the PRC and US economies will likely cause uncertainties in the market. However, the central government has moderately expanded money supply and increased fiscal expenses in order to support growth. Therefore, it is believed that the prospect of the PRC economy will be bright. As the integration between PRC and Hong Kong has become closer and closer, Hong Kong will undoubtedly benefit from the growth of the PRC economy.

Besides, the property market was further pacified as the SAR government has indicated in several occasions that it has no intention to curb the property market. The market also responded enthusiastically to the earlier announcement made by the government that 5,000 eligible white form applicants would be allowed to purchase Home Ownership Scheme flats without premium payment in the secondary market each year.

New Home Market Focused and People Oriented

Looking forward, the Group takes the view that new property developments will drive the market. Since the government has repeatedly stated its determination to increase land supply, the supply of new flats will likely rise in the future. For example, a large-scale waterfront project atop Tsuen Wan West Station Bayside was acquired by Cheung Kong (Holdings) Ltd., a developer, at HK\$9.631 billion, or a per square foot price of HK\$4,309, which was above market expectations, has reflected that developers are actively acquiring premium sites. In view of the increase in supply and the impact of SSD on the number of listing of second-hand residential properties, the Group will devise an active plan to seize market opportunities.

The Group always adopts a people-oriented approach and treasures its staff as an invaluable asset. So, it will devote more resources to boosting the morale and enhancing the productivity of its staff in the future. The Group has implemented a new commission scheme for its front-line managers, and is hiring aggressively so as to attract more talents to join the property agency industry. Actions of the Group included a series of recruitment activities such as turning a truck into a mobile recruitment center in various districts to organizing large-scale orientation conferences that aimed at promoting team play and a sense of belonging among new staff.

In terms of customers, the Group has hosted several seminars in relation to the property market in celebration of the 15th anniversary of the handover, which were well received by the market and attended by many audiences. In the future, the Group will continue to infiltrate the market through building a closer relationship with the public.

Strengthening Management Team

The management of the Group has reorganized in February and I have taken up the position of Managing Director again. Since then, staff efficiency has improved and staff morale has strengthened. A number of reforms were made, including the review of organization structure and the implementation of new commission scheme for front-line managers. With the sharpening of the Group's competitive edge and the further development of staff potential, we hope that better return will be brought to the Group.

Chairman's Statement *(continued)*

Outlook (continued)

Strengthening Management Team (continued)

Despite the uncertainty in the property market, the Group will continue to develop steadily under the volatile operating environment. Through geographical infiltration and recruitment of talents within the industry, we strongly believe that the Group's competitiveness will be enhanced. We will continue to adhere to our prudent financial management principles, so that we are able to react to sudden change in the market promptly. Noting a persistent increase in operating costs, the Group will closely monitor the pressure of rising costs.

Note of thanks

As society ever evolves, new challenges arise everyday and competition stays fierce. The management and the staff of the Group are all dedicated to their duties. On behalf of the board of directors, I would like to express sincere gratitude to the management and all staff for their hard work and dedication, and to our shareholders and customers and the public for their continuous support.

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

Hong Kong, 24 August 2012

Management Discussion and Analysis

Financial Review

Liquidity, Financial Resources and Funding

As at 30 June 2012, the Group had cash and bank balances of HK\$1,208,572,000 (as at 31 December 2011: HK\$1,249,009,000), whilst bank loan amounted to HK\$11,365,000 (as at 31 December 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\$25,973,000 (as at 31 December 2011: HK\$26,339,000) and HK\$1,000,000 (as at 31 December 2011: HK\$840,000) respectively and with maturity profile set out as follows:

Repayable	As at 30 June 2012 HK\$'000	As at 31 December 2011 HK\$'000
Within 1 year	883	871
After 1 year but within 2 years	901	889
After 2 years but within 5 years	2,809	2,775
Over 5 years	<u>6,772</u>	<u>7,265</u>
	<u>11,365</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 30 June 2012, the Group had unutilised banking facilities amounting to HK\$183,475,000 (as at 31 December 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.

Management Discussion and Analysis (continued)

Financial Review (continued)

Liquidity, Financial Resources and Funding (continued)

As at 30 June 2012, the gearing ratio of the Group was 0.66% (as at 31 December 2011: 0.72%). The gearing ratio is calculated on the basis of total bank loan 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 1.9 (as at 31 December 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 six months ended 30 June 2012 (the "Interim Period"), the Company repurchased 1,650,000 of its own shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of approximately HK\$6.7 million, details of which are outlined in the section "Purchase, Sale or Redemption of the Company's Listed Securities".

Save as disclosed above, there was no material change in the Company's capital structure during the Interim Period. 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.

Employee Information

As at 30 June 2012, the Group employed 7,915 full time employees of which 6,898 were sales agents, 495 were back office supportive employees and 522 were frontline supportive employees.

The Group provides remuneration package to employees largely based on industry practice, individual performance, qualification and experience. In addition, discretionary bonus, incentives tied in with profits and share option may be granted to eligible staff by reference to the Group's performance and individual performance. The Group also provides other benefits to its employees such as education subsidies, medical and retirement benefits. On staff development, both in-house and external training and development programmes are conducted on a regular basis.

Other Information

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

As at 30 June 2012, the interests and short positions of each of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 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:

Name of Director	Number of ordinary shares			Number of underlying shares		Total	Approximate percentage of issued share capital of the Company
	Personal interests	Corporate interests	Family interests	Personal interests	Family interests		
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	10.01%
TANG Mei Lai, Metty	–	–	57,102,144 (Note 4)	7,209,160 (Note 5)	7,209,160 (Note 6)	71,520,464	10.01%
WONG Ching Yi, Angela	–	–	–	7,209,160 (Note 7)	–	7,209,160	1.01%
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%

Other Information (continued)

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

Notes:

1. 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.
2. These underlying shares are held by Mr. WONG by virtue of the interests in the share options granted to him.
3. These underlying shares represent the underlying shares held by Ms. TANG Mei Lai, Metty ("Ms. TANG"), the spouse of Mr. WONG, as beneficial owner.
4. These shares represent shares held directly or indirectly by Mr. WONG, the spouse of Ms. TANG, as beneficial owner.
5. These underlying shares are held by Ms. TANG by virtue of the interests in the share options granted to her.
6. These underlying shares represent the underlying shares held by Mr. WONG, the spouse of Ms. TANG, as beneficial owner.
7. These underlying shares are held by Ms. WONG Ching Yi, Angela by virtue of the interests in the share options granted to her.
8. These underlying shares are held by Mr. KOO Fook Sun, Louis by virtue of the interests in the share options granted to him.
9. These underlying shares are held by Mr. SUN Tak Chiu by virtue of the interests in the share options granted to him.
10. These underlying shares are held by Mr. WANG Ching Miao, Wilson by virtue of the interests in the share options granted to him.

All the interests disclosed above represent long positions in the shares or underlying shares of the Company.

Save as disclosed above, as at 30 June 2012, no Directors or chief executives 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 Interim Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Other Information (continued)

Substantial Shareholders' Interests in Shares, Underlying Shares and Debentures

As at 30 June 2012, the interests and short positions of the persons, other than a director or chief executive of the Company, in the shares, underlying shares and debentures of the Company as recorded in the register required to be kept under section 336 of the SFO 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	96,521,000 (L)	Investment manager	13.51%
JPMorgan Chase & Co.	1,336 (L)	Beneficial owner	0.00%
	79,694,000 (L)	Investment manager	11.15%
	13,113,764 (L)	Custodian corporation/approved lending agent	1.84%
	11,113,764 (P)	Approved lending agent	1.56%
UBS AG	7,111,844 (L)	Beneficial owner	1.00%
	8,196,000 (L)	Security interest	1.15%
	24,770,000 (L)	Interest in controlled corporation	3.47%
	4,035,548 (S)	Beneficial owner	0.56%
	24,272,000 (S)	Interest in controlled corporation	3.40%

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

Other Information (continued)

Share Option Schemes

I. Share Option Scheme of the Company

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

Details of the movement of share options during the Interim Period under the Share Option Scheme are 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\$)	Number of share options				Balance outstanding as at 30 June 2012	Exercisable period
				Balance outstanding as at 1 January 2012	Granted during the Interim Period	Cancelled/lapsed during the Interim Period	Exercised during the Interim Period		
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	27 October 2011	3.81	3.72	3,604,580	-	-	-	3,604,580 (Note 1)	1 January 2012 to 31 December 2019
	27 October 2011	3.81	3.72	3,604,580	-	-	-	3,604,580 (Note 2)	1 October 2013 to 30 September 2021
Total				29,286,640	-	-	-	29,286,640	

Other Information (continued)

Share Option Schemes (continued)

I. Share Option Scheme of the Company (continued)

Notes:

- Mr. WONG Kam Hong resigned as Deputy Chairman and Executive Director of the Company in May 2012. In accordance with the Share Option Scheme, he was entitled to exercise his share options within three months from the date of resignation. Subsequent to the Interim Period, a total of 3,604,580 share options were exercised in July and August 2012.
- These 3,604,580 share options granted to Mr. WONG Kam Hong had been lapsed as at the date of this Interim Report.

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

II. Share Option Scheme of Midland IC&I Limited

At the extraordinary general meeting of Midland IC&I Limited ("Midland IC&I") held on 19 September 2008, a share option scheme of Midland IC&I ("Midland IC&I Share Option Scheme") was adopted.

Details of the movement of share options during the Interim Period under the Midland IC&I Share Option Scheme are as follows:

Name of Director of Midland IC&I	Date of grant	Exercise price per share (HK\$)	Closing price per share immediately before the date of grant (HK\$)	Number of share options					Exercisable period
				Balance outstanding as at 1 January 2012	Granted during the Interim Period	Cancelled/ lapsed during the Interim Period	Exercised during the Interim Period	Balance outstanding as at 30 June 2012	
TSANG Link Carl, Brian	2 September 2011	0.053	0.052	5,000,000	-	-	-	5,000,000	1 October 2011 to 30 September 2016
YING Wing Cheung, William	2 September 2011	0.053	0.052	5,000,000	-	-	-	5,000,000	1 October 2011 to 30 September 2016
SHA Pau, Eric	2 September 2011	0.053	0.052	5,000,000	-	-	-	5,000,000	1 October 2011 to 30 September 2016
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>	

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

Other Information (continued)

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

During the Interim Period, 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. Details of the repurchases were as follows:

Month of repurchase	Number of ordinary shares repurchased	Repurchase 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		<u>32,788</u>
				<u>6,717,128</u>

All the repurchased ordinary shares were cancelled during the Interim Period. 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 Interim Period.

Interim Dividend

The Board has resolved to declare an interim dividend of HK\$0.1434 (2011: HK\$0.2233) per ordinary share for the Interim Period.

Closure of Register of Members

For the purpose of determining shareholders' entitlement to the interim dividend, the register of members of the Company will be closed on Tuesday, 11 September 2012, during which period no transfer of shares will be effected.

In order to qualify for the interim dividend, all properly completed transfer documents 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 not later than 4:30 p.m. on Monday, 10 September 2012. Dividend warrants will be despatched to the shareholders on or about Thursday, 20 September 2012.

Other Information (continued)

Audit Committee

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

Changes in Directors' Information

Changes in the information of Directors of the Company since the disclosure made in the 2011 annual report of the Company, that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

1. Mr. WONG Kin Yip, Freddie has been re-designated as the Chairman, Managing Director and Executive Director of the Company since February 2012. The percentage applied on the profit arising from the Group in the relevant financial year for calculating the annual bonus of Mr. WONG has been adjusted upwards.
2. Ms. TANG Mei Lai, Metty's monthly basic salary in Midland IC&I has been revised from HK\$241,900 to HK\$253,990.
3. Ms. WONG Ching Yi, Angela's monthly basic salary has been revised from HK\$133,830 to HK\$140,520.
4. Ms. IP Kit Yee, Kitty's monthly basic salary has been revised from HK\$178,810 to HK\$187,750.
5. Mr. KOO Fook Sun, Louis resigned as an independent non-executive director of Weichai Power Co., Ltd., a company listed on the Stock Exchange, in June 2012.
6. Mr. WONG Kam Hong resigned as Deputy Chairman and Executive Director of the Company in May 2012.

Other Information (continued)

Corporate Governance

The Company has complied with the requirements of all the code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and Corporate Governance Code and Corporate Governance Report (effective from 1 April 2012) as stated in Appendix 14 to the Listing Rules throughout the Interim Period, except for the deviations as explained below:

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

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

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

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

2. Mr. KOO Fook Sun, Louis, 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 code provisions A.6.7 and E.1.2 as he had other business engagement.

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted its own code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code.

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

Condensed Consolidated Income Statement (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Note	Six months ended 30 June	
		2012 HK\$'000	2011 HK\$'000 (Restated)
Revenues	3	1,895,994	1,943,572
Other income	4	9,229	3,863
Staff costs		(1,062,385)	(1,122,371)
Rebate incentives		(204,469)	(140,597)
Advertising and promotion expenses		(45,422)	(57,634)
Operating lease charges in respect of office and shop premises		(222,451)	(186,140)
Impairment of receivables		(51,036)	(50,095)
Depreciation and amortisation costs		(24,373)	(21,467)
Other operating costs		<u>(128,416)</u>	<u>(118,633)</u>
Operating profit	5	166,671	250,498
Finance income		6,146	4,244
Finance costs		(127)	(115)
Share of results of			
Jointly controlled entities		2,829	13,947
An associated company		<u>–</u>	<u>(152)</u>
Profit before taxation		175,519	268,422
Taxation	6	<u>(28,212)</u>	<u>(49,524)</u>
Profit for the period		<u>147,307</u>	<u>218,898</u>
Profit attributable to:			
Equity holders		128,004	201,614
Non-controlling interests		<u>19,303</u>	<u>17,284</u>
		<u>147,307</u>	<u>218,898</u>
Dividends	7	<u>102,968</u>	<u>160,981</u>
Earnings per share	8	HK cents	HK cents
Basic		17.91	27.86
Diluted		<u>17.87</u>	<u>27.86</u>

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000 (Restated)
Profit for the period	147,307	218,898
Other comprehensive income		
Currency translation differences	(2,207)	(2,425)
Change in fair value of available-for-sale financial assets	1,413	715
	(794)	(1,710)
Total comprehensive income for the period	146,513	217,188
Total comprehensive income for the period attributable to:		
Equity holders	127,217	199,904
Non-controlling interests	19,296	17,284
	146,513	217,188

Condensed Consolidated Balance Sheet (Unaudited)

AS AT 30 JUNE 2012

	Note	As at 30 June 2012 HK\$'000	As at 31 December 2011 HK\$'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	9	162,941	172,078
Investment properties	9	89,700	82,270
Interests in jointly controlled entities		49,418	58,090
Interests in an associated company		–	17
Available-for-sale financial assets		20,147	15,179
Deferred taxation assets		15,344	13,793
		<u>337,550</u>	<u>341,427</u>
Current assets			
Trade and other receivables	10	1,696,050	1,167,740
Financial assets at fair value through profit or loss		121	130
Taxation recoverable		–	18,367
Cash and bank balances		1,208,572	1,249,009
		<u>2,904,743</u>	<u>2,435,246</u>
Total assets		<u>3,242,293</u>	<u>2,776,673</u>

Condensed Consolidated Balance Sheet (Unaudited) (continued)

AS AT 30 JUNE 2012

	Note	As at 30 June 2012 HK\$'000	As at 31 December 2011 HK\$'000 (Restated)
EQUITY AND LIABILITIES			
Equity holders			
Share capital	11	71,444	71,939
Share premium		204,784	224,354
Reserves		1,191,372	1,151,301
Proposed dividend		102,968	59,584
		<u>1,570,568</u>	<u>1,507,178</u>
Non-controlling interests		<u>155,122</u>	<u>135,826</u>
Total equity		<u>1,725,690</u>	<u>1,643,004</u>
Non-current liabilities			
Deferred taxation liabilities		<u>2,149</u>	<u>889</u>
Current liabilities			
Trade and other payables	12	1,493,264	1,120,980
Bank loan	13	11,365	11,800
Taxation payable		9,825	–
		<u>1,514,454</u>	<u>1,132,780</u>
Total liabilities		<u>1,516,603</u>	<u>1,133,669</u>
Total equity and liabilities		<u>3,242,293</u>	<u>2,776,673</u>
Net current assets		<u>1,390,289</u>	<u>1,302,466</u>
Total assets less current liabilities		<u>1,727,839</u>	<u>1,643,893</u>

Condensed Consolidated Statement of Changes in Equity (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Share capital HK\$'000	Share premium HK\$'000	Reserves HK\$'000	Equity holders HK\$'000	Non-controlling interest 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	–	–	1,811	1,811	–	1,811
At 1 January 2012, as restated	71,939	224,354	1,210,885	1,507,178	135,826	1,643,004
Comprehensive income						
Profit for the period	–	–	128,004	128,004	19,303	147,307
Other comprehensive income						
Currency translation differences	–	–	(2,200)	(2,200)	(7)	(2,207)
Change in fair value of available-for-sale financial assets	–	–	1,413	1,413	–	1,413
Total comprehensive income	–	–	127,217	127,217	19,296	146,513
Transaction with owners						
Employee share option scheme – value of employee services	–	–	2,474	2,474	–	2,474
Repurchase of own shares	(495)	(19,570)	13,348	(6,717)	–	(6,717)
2011 special dividend paid	–	–	(59,584)	(59,584)	–	(59,584)
At 30 June 2012	71,444	204,784	1,294,340	1,570,568	155,122	1,725,690
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	–	–	1,468	1,468	–	1,468
At 1 January 2011, as restated	72,423	247,484	1,453,162	1,773,069	110,476	1,883,545
Comprehensive income						
Profit for the period	–	–	201,614	201,614	17,284	218,898
Other comprehensive income						
Currency translation differences	–	–	(2,425)	(2,425)	–	(2,425)
Change in fair value of available-for-sale financial assets	–	–	715	715	–	715
Total comprehensive income	–	–	199,904	199,904	17,284	217,188
Transaction with owners						
Repurchase of own shares	(331)	(17,187)	–	(17,518)	–	(17,518)
2010 final dividend and “創業38周年” special cash bonus paid	–	–	(232,333)	(232,333)	–	(232,333)
At 30 June 2011, as restated	72,092	230,297	1,420,733	1,723,122	127,760	1,850,882

Condensed Consolidated Cash Flow Statement (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Net cash from operating activities	31,009	174,075
Net cash from/(used in) investing activities	889	(27,087)
Net cash used in financing activities		
– Dividends paid to equity holders	(59,584)	(232,333)
– Others	<u>(10,707)</u>	<u>(17,948)</u>
Net decrease in cash and cash equivalents	(38,393)	(103,293)
Cash and cash equivalents at 1 January	1,241,425	1,601,926
Exchange differences	<u>(701)</u>	<u>490</u>
Cash and cash equivalents at 30 June	<u>1,202,331</u>	<u>1,499,123</u>

Notes to the Interim Financial Information (Unaudited)

1 General Information

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

The principal activities of the Group are provision of property agency services in Hong Kong, the PRC and Macau.

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

This unaudited condensed consolidated interim financial information was approved by the Board on 24 August 2012.

2 Basis of Preparation and Significant Accounting Policies

The condensed consolidated interim financial information for the six months ended 30 June 2012 has 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, and also prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA and the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

Except as described below, the accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2011.

(a) Standards, interpretations and amendments which are effective in 2012

In December 2010, the HKICPA amended HKAS 12, "Income taxes", to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax 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.

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

2 Basis of Preparation and Significant Accounting Policies (continued)

(a) Standards, interpretations and amendments which are effective in 2012 (continued)

As disclosed in Note 9, 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 30 June 2012 HK\$'000	As at 31 December 2011 HK\$'000
Decrease in deferred taxation liabilities	(2,116)	(1,811)
Increase in retained earnings	2,116	1,811

Effect on consolidated income statement

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Decrease in taxation	(305)	(112)
Increase in profit attributable to equity holders	305	112
Increase in basic earnings per share	HK 0.04 cents	HK 0.02 cents
Increase in diluted earnings per share	HK 0.04 cents	HK 0.02 cents

There are no other amended standards and interpretations that are effective for the first time for this Interim Period that could be expected to have a material impact on the Group.

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

2 Basis of Preparation and Significant Accounting Policies (continued)

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

The HKICPA has issued a number of new and revised standards, interpretations and amendments to standards which are not effective for accounting period beginning on 1 January 2012. The Group has not early adopted these new and revised standards, interpretations and amendments to standards.

3 Revenues and Segment Information

(a) Revenues

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Turnover		
Agency fee	1,869,454	1,918,587
Rental from investment properties	1,268	1,299
Web advertising	142	880
Internet education and related services	8,066	11,075
Immigration consultancy services	16,179	11,367
Other services	885	364
	<u>1,895,994</u>	<u>1,943,572</u>

(b) Segment information

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

Management assesses the performance based on the nature of the Group's businesses which are principally located in Hong Kong, the PRC and Macau, and comprise of property agency businesses for residential, commercial and industrial properties and shops, and other businesses mainly include property leasing and immigration consultancy services.

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

3 Revenues and Segment Information (continued)

(b) Segment information (continued)

	Six months ended 30 June 2012			
	Property agency			Total HK\$'000
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000	Others HK\$'000	
Total revenues	1,532,400	377,504	30,616	1,940,520
Inter-segment revenues	(28,854)	(11,596)	(4,076)	(44,526)
Revenues from external customers	1,503,546	365,908	26,540	1,895,994
Segment results	124,542	72,139	14,936	211,617
Impairment of receivables	27,093	23,943	–	51,036
Depreciation and amortisation costs	20,886	2,404	485	23,775
Share of results of jointly controlled entities	–	–	2,829	2,829
Fair value gain on investment properties	–	–	7,719	7,719
Additions to non-current assets	16,603	1,383	39	18,025

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

3 Revenues and Segment Information (continued)

(b) Segment information (continued)

	Six months ended 30 June 2011			
	Property agency			Total HK\$'000
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000	Others HK\$'000	
Total revenues	1,613,220	328,458	29,119	1,970,797
Inter-segment revenues	(16,982)	(6,109)	(4,134)	(27,225)
Revenues from external customers	1,596,238	322,349	24,985	1,943,572
Segment results	225,634	65,140	21,234	312,008
Impairment of receivables	39,221	10,861	13	50,095
Depreciation and amortisation costs	18,939	1,498	426	20,863
Share of results of				
– jointly controlled entities	–	–	13,947	13,947
– an associated company	–	–	(152)	(152)
Fair value gain on investment properties	–	–	2,745	2,745
Additions to non-current assets	27,536	2,681	145	30,362

The Executive Directors assess the performance of the operating segments based on a measure of operating results from each reportable segment. Corporate expenses, unrealised (loss)/gain 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 consolidated income statement.

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

3 Revenues and Segment Information (continued)

(b) Segment information (continued)

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

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Segment results for reportable segments	211,617	312,008
Corporate expenses	(42,790)	(48,026)
Unrealised (loss)/gain on financial assets at fair value through profit or loss	(9)	4
Realised gain on available-for-sale financial assets	682	307
Finance income	6,146	4,244
Finance costs	(127)	(115)
Profit before taxation per consolidated income statement	<u>175,519</u>	<u>268,422</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 30 June 2012			
	Property agency			Total HK\$'000
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000	Others HK\$'000	
Segment assets	<u>1,616,461</u>	<u>744,799</u>	<u>198,389</u>	<u>2,559,649</u>
Segment assets include:				
Interests in jointly controlled entities	<u>–</u>	<u>–</u>	<u>49,418</u>	<u>49,418</u>
Segment liabilities	<u>1,190,366</u>	<u>240,601</u>	<u>12,754</u>	<u>1,443,721</u>

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

3 Revenues and Segment Information (continued)

(b) 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:

	As at 30 June 2012 HK\$'000	As at 31 December 2011 HK\$'000
Segment assets	2,559,649	1,972,411
Corporate assets	647,032	775,160
Available-for-sale financial assets	20,147	15,179
Deferred taxation assets	15,344	13,793
Financial assets at fair value through profit or loss	<u>121</u>	<u>130</u>
Total assets per consolidated balance sheet	<u>3,242,293</u>	<u>2,776,673</u>

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

3 Revenues and Segment Information (continued)

(b) Segment information (continued)

Reportable segment liabilities are reconciled to total liabilities as follows:

	As at 30 June 2012 HK\$'000	As at 31 December 2011 HK\$'000 (Restated)
Segment liabilities	1,443,721	1,103,307
Corporate liabilities	70,733	29,473
Deferred taxation liabilities	<u>2,149</u>	<u>889</u>
Total liabilities per consolidated balance sheet	<u>1,516,603</u>	<u>1,133,669</u>

4 Other Income

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Fair value gain on investment properties	7,719	2,745
Unrealised gain on financial assets at fair value through profit or loss	–	4
Realised gain on available-for-sale financial assets	682	307
Others	<u>828</u>	<u>807</u>
	<u>9,229</u>	<u>3,863</u>

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

5 Operating Profit

Operating profit is arrived at after charging:

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Loss on disposal of property, plant and equipment	2,420	943
Unrealised loss on financial assets at fair value through profit or loss	<u>9</u>	<u>–</u>

6 Taxation

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000 (Restated)
Current		
Hong Kong profits tax	28,378	39,397
Overseas	125	–
Deferred	<u>(291)</u>	<u>10,127</u>
	<u>28,212</u>	<u>49,524</u>

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2011: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

7 Dividends

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Interim dividend declared of HK\$0.1434 (2011: HK\$0.2233) per share	<u>102,968</u>	<u>160,981</u>

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

8 Earnings Per Share

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

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000 (Restated)
Profit attributable to equity holders	128,004	201,614
Number of shares for calculation of basic earnings per share (thousands)	714,800	723,768
Effect on conversion of share options (thousands)	1,401	–
Number of shares for calculation of diluted earnings per share (thousands)	716,201	723,768
Basic earnings per share (HK cents)	17.91	27.86
Diluted earnings per share (HK cents)	17.87	27.86

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 period.

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 market share price of the shares of the Company) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options. Diluted earnings per share for the six months ended 30 June 2011 did not assume the exercise of share options since the exercise of share options would have an anti-dilutive effect.

9 Property, Plant and Equipment and Investment Properties

	Property, plant and equipment HK\$'000	Investment properties HK\$'000
Opening net book amount as at 1 January 2012	172,078	82,270
Additions	18,025	–
Disposals	(2,420)	–
Depreciation and amortisation costs	(24,373)	–
Exchange differences	(369)	(289)
Change in fair value to income statement	–	7,719
Closing net book amount as at 30 June 2012	162,941	89,700

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

9 Property, Plant and Equipment and Investment Properties (continued)

	Property, plant and equipment HK\$'000	Investment properties HK\$'000
Opening net book amount as at 1 January 2011	162,416	76,095
Additions	30,362	–
Disposals	(1,025)	–
Depreciation and amortisation costs	(21,467)	–
Exchange differences	365	–
Change in fair value to income statement	–	2,745
Closing net book amount as at 30 June 2011	170,651	78,840
Additions	31,649	–
Transfer to investment property	(365)	–
Transfer from land and buildings	–	365
Disposals	(2,906)	–
Disposal of subsidiaries	(866)	–
Depreciation and amortisation costs	(26,662)	–
Exchange differences	577	–
Change in fair value to income statement	–	3,065
Closing net book amount as at 31 December 2011	172,078	82,270

Land and buildings with net book value of HK\$25,973,000 (as at 31 December 2011: HK\$26,339,000) and investment property with net book value of HK\$1,000,000 (as at 31 December 2011: HK\$840,000) are pledged as security for the Group's bank loan (Note 13).

In addition, land and buildings with net book value of HK\$24,954,000 (as at 31 December 2011: HK\$25,301,000) and investment properties with net book value of HK\$10,870,000 (as at 31 December 2011: HK\$9,600,000) are pledged to secure general banking facilities granted to the Group.

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

10 Trade and Other Receivables

	As at 30 June 2012 HK\$'000	As at 31 December 2011 HK\$'000
Trade receivables	1,594,466	1,036,730
Less: impairment	<u>(137,200)</u>	<u>(128,663)</u>
Trade receivables, net	1,457,266	908,067
Other receivables, prepayments and deposits	<u>238,784</u>	<u>259,673</u>
	<u>1,696,050</u>	<u>1,167,740</u>

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

	As at 30 June 2012 HK\$'000	As at 31 December 2011 HK\$'000
Not yet due	1,306,161	793,157
Less than 30 days	46,346	35,934
31 to 60 days	30,087	30,139
61 to 90 days	26,605	25,011
Over 90 days	<u>48,067</u>	<u>23,826</u>
	<u>1,457,266</u>	<u>908,067</u>

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

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

11 Share Capital

	Number of shares (HK\$0.10 each)	Nominal value HK\$'000
Authorised:		
At 30 June 2011, 31 December 2011 and 30 June 2012	<u>1,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 January 2011	724,231,425	72,423
Cancellation of shares repurchased (Note)	<u>(4,842,000)</u>	<u>(484)</u>
At 31 December 2011	719,389,425	71,939
Cancellation of shares repurchased (Note)	<u>(4,948,000)</u>	<u>(495)</u>
At 30 June 2012	<u>714,441,425</u>	<u>71,444</u>

Note:

During the six months ended 30 June 2012, the Group repurchased 1,650,000 (year ended 31 December 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 (year ended 31 December 2011: 4,842,000) during the period including 3,298,000 shares repurchased in 2011.

12 Trade and Other Payables

	As at 30 June 2012 HK\$'000	As at 31 December 2011 HK\$'000
Commissions payable	903,349	557,285
Other payables and accruals	<u>589,915</u>	<u>563,695</u>
	<u>1,493,264</u>	<u>1,120,980</u>

Commissions payable include mainly the commissions payable to property consultants and co-operative estate agents, which are due for payment only upon the receipt of corresponding agency fees from customers. These balances include commissions payable of HK\$96,820,000 (as at 31 December 2011: HK\$85,033,000) which are due for payment within 30 days, and all the remaining commissions payable are not yet due.

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

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

13 Bank Loan

	As at 30 June 2012 HK\$'000	As at 31 December 2011 HK\$'000
Secured bank loan		
Current	<u>11,365</u>	<u>11,800</u>

Movement in bank loan is analysed as follows:

	HK\$'000
Balance as at 1 January 2011	12,663
Repayment of bank loan	<u>(863)</u>
Balance as at 31 December 2011	11,800
Repayment of bank loan	<u>(435)</u>
Balance as at 30 June 2012	<u>11,365</u>

14 Capital Commitment

The Group and the Company did not have any significant capital commitment as at 30 June 2012 and 31 December 2011.

15 Contingent Liabilities

At 30 June 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 (as at 31 December 2011: HK\$160,200,000). At 30 June 2012, HK\$12,225,000 of the banking facilities were utilised by the subsidiaries (as at 31 December 2011: HK\$9,267,000).

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

16 Significant Related Party Transactions

The Group had the following significant transactions with related parties during the period and balances with related parties at the end of the Interim Period:

	Note	Six months ended 30 June	
		2012 HK\$'000	2011 HK\$'000
(a) Transactions with related parties			
Agency fee income from:			
Related companies	(i)	122	3,999
Operating lease rental expenses in respect of offices and shops premises:			
Related companies	(ii)	4,382	3,312
Directors	(iii)	647	647
(b) Key management compensation			
Salaries, incentives and other benefits	(iv)	42,311	46,831

	Note	As at	As at
		30 June 2012 HK\$'000	31 December 2011 HK\$'000
(c) Balances with related parties			
Loan to a related party	(v)	198	198
Dividend receivable from a jointly controlled entity		–	16,800

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) 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.
- (iii) The Group entered into certain operating lease agreements with directors of the Company on terms mutually agreed by both parties.
- (iv) The amount represents emoluments paid or payable to Executive Directors for the period.
- (v) The loan advanced to a jointly controlled entity is unsecured, interest free and has no fixed terms of repayment.