

Ride on the tide
Stride against the odds

INTERIM REPORT 2013

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Corporate Information

BOARD OF DIRECTORS

Non-executive Director

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

Executive Directors

Ms. TANG Mei Lai, Metty

Ms. WONG Ching Yi, Angela

(*Deputy Chairman and Deputy Managing Director*)

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

Ms. IP Kit Yee, Kitty

Mr. CHEUNG Kam Shing

Independent Non-executive Directors

Mr. KOO Fook Sun, Louis

Mr. SUN Tak Chiu

Mr. 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

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Church Street

Hamilton HM 11

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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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 Hong Kong Branch

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

lu, Lai & Li

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No. 18 Harcourt Road, Hong Kong

BERMUDA LEGAL ADVISER

Conyers Dill & Pearman

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited

Rosebank Centre, 4th Floor

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Pembroke HM 08

Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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26th Floor, Tesbury Centre

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WEBSITE

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STOCK CODE

1200

Chairman's Statement

Business Review

In the first half of 2013, revenue of Midland Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") fell 9% to HK\$1,723,761,000 when compared with the corresponding period last year. During the meantime, the Group recorded a loss for the period of HK\$88,728,000. Despite the healthy economic conditions, the demand suppressing policies launched by the government and the upward pressure on costs posted serious challenges to the business operations.

Sharp Drop in Market Activity

The local property market suffered a severe blow from a series of housing policy measures and the continued tightening of the mortgage requirements. Indeed government interventions had become more and more frequent and severe. Last October, the introduction of Buyer's Stamp Duty (BSD) together with the enhanced Special Stamp Duty had already battered the development of housing sector. Few months later, the government prescribed another strong dose of medicine by increasing the tax rate of stamp duty for all types of property transactions. Furthermore, the charging of stamp duty on an agreement for sale instead of the conveyance on sale of a non-residential property also hit the commercial and industrial properties and shops sectors hard. As a result, the Group recorded less profit contribution from Midland IC&I Limited ("Midland IC&I", the listed subsidiary of the Company, in which the Company is interested in approximately 70.8% of its issued share capital) for the six months ended 30 June 2013 (the "Interim Period").

Meantime, Hong Kong Monetary Authority imposed stricter mortgage rules, making buyers difficult in getting property loan. All the above measures have affected the speculators, long-term investors, foreign buyers and upgraders.

Furthermore, schedule of new project sales was interrupted as well. Since the implementation of Residential Properties (First-hand Sales) Ordinance in late April 2013, the pace of new launches has been much slower than normal. Battered by various government measures, the property market turned extremely quiet in the past few months. According to the figures from Land Registry, property sales registrations in the second quarter of this year fell to 14,291 units, a new quarterly low in the past twenty two years. And on a yearly basis, the overall property sales transaction volume* fell 37.5% in the first six months of 2013. Against a backdrop of low unemployment rate and healthy economic growth, the property market should have performed better if the interventions had been less intense.

* Given the normal one-month time lag between property transactions and registrations at Land Registry, the total transaction volume for the first half of this year is based on number of the Agreements for Sale and Purchase of Building Units for registration in the period from February to July this year.

Fierce Competition

As expected, the property agency industry has started consolidating. Both the number of "statements of particulars of business (SPOB)" which reflects the number of branches within the industry and the number of individual licences peaked off in the second quarter. However, the pace of the industry consolidation has been slow in relation to the contraction of the market activity. Hence the level of competition has become even more intense, in turn reducing the room for the Group to make adjustment in scale. The fierce competitive environment together with the upward pressure on cost led to the increase in operating costs during the reporting period.

Chairman's Statement (continued)

Mainland Operations

Our operations on the Mainland showed significant improvement in the first half of 2013. Since 2011, the Group has stepped up its focus strategy and allocated more resources to the southern part of Mainland China. Despite the slowdown of Mainland China's GDP growth, the Mainland property market, especially the new home segment, showed solid performance. During the reporting period, the Group strengthened its presence on the Mainland, and the revenue contribution from our Mainland operations grew significantly in both absolute and percentage terms.

Outlook

The Group holds an even more cautious view than before on the business environment. Undoubtedly, the macroeconomic environment has improved. The US economy recovered steadily in the first half of the year while the economic conditions in Europe did not show signs of further deterioration. Moreover the Central Government is expected to support the China's GDP growth through its prudent monetary policy and proactive fiscal policy. Against such a backdrop, the local economy is likely to grow moderately in 2013. However the property market is not likely to revive as long as those demand suppressing measures are in place.

Unfavorable Housing Policies

Under the influence of the current housing policies, the overall market sales activity is expected to remain subdued in the second half of the year. Convention wisdom suggests that significant decrease in transaction volume will trigger a drop in property prices which may revive the market activity. This self-adjustment process, however, has not taken place. One major reason is that property prices still have not corrected substantially as most of the individual home owners do not have the needs to sell their properties under the current low interest rate environment. Despite the sharp drop in sales activity, the government officials still have not softened their rhetoric on the policies of curbing market demand. The general market consensus is that the government is not likely to lower the dose of medicine, which has been prescribed for the market property anytime soon.

Primary home sales, however, is expected to report growth in the second half of the year when compared with that of the first half of the year. For a start, developers will speed up the pace of new launches because the residential supply is on the rise. According to a report published by Transport and Housing Bureau in June 2013, the number of new units which are available for sale in next three to four years amounted to 70,000 units, more than quintuple the number of the new home sales registrations in 2012. Furthermore, the backlog of new housing projects resulted from the implementation of Residential Properties (First-hand Sales) Ordinance is likely to be released in the second half of the year. Having said that, the Group expects the number of new home sales in the second half of this year to fall short of that in the corresponding period in last year.

Chairman's Statement *(continued)*

Embracing Challenges, Overcoming Difficulties

Year 2013 marks the 40th anniversary of Midland Realty, and throughout all these years, the Group has developed well-adopted and effective approaches of riding the market volatility. The Group will continue to keep monitoring the market situation and the competitive environment and will endeavour to carry out suitable approaches in strengthening market position and controlling cost. The board of directors of the Company (the "Board") and I are confident that the Group can be well-positioned in this policy-driven market. Admittedly, the government policies may have already brought the golden decade of the property market which began after SARS to an end. In response, the growth of our local branch network has been tapering off rapidly. Meantime, the Group has strived to expand its revenue source. For instance, the Group has continued to foster co-operation between the residential property division and the non-residential property division of the Group. Indeed, the participation of the residential division in the sale of stratified commercial units has achieved desirable results. Also, our China division has shown improvements in operating efficiencies in recent years. As a matter of fact, the scale of our Mainland operations outgrew that of our local operations in the reporting period. This year, the Group has made one step forward in setting up new business initiative in marketing the overseas properties. Amid this challenging period, the Group has formed "Midland Motivational Motion" – MMM, a special task force to keep inspiring the fighting spirits of our staff through motivations, encouragements and incentives.

Appreciation

On behalf of the Board, I would like to express heartfelt gratitude to our shareholders and customers for their continuous support and to the management and staff for their hard work, support and dedication in the challenging first half of the year.

WONG Kin Yip, Freddie
Chairman

Hong Kong, 23 August 2013

Management Discussion and Analysis

Financial Review

Liquidity, Financial Resources and Funding

As at 30 June 2013, the Group had cash and bank balances of HK\$1,081,670,000 (as at 31 December 2012: HK\$1,289,966,000), whilst bank loan amounted to HK\$10,480,000 (as at 31 December 2012: HK\$10,926,000). The Group's bank loan was secured by certain land and buildings and investment property held by the Group of HK\$25,241,000 (as at 31 December 2012: HK\$25,607,000) and HK\$1,100,000 (as at 31 December 2012: HK\$1,070,000) respectively and with maturity profile set out as follows:

Repayable	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000
Within 1 year	908	893
After 1 year but within 2 years	925	910
After 2 years but within 5 years	2,882	2,838
Over 5 years	5,765	6,285
	10,480	10,926

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 2013, the Group had unutilised banking facilities amounting to HK\$144,171,000 (as at 31 December 2012: HK\$184,221,000) 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 30 June 2013, the gearing ratio of the Group was 0.64% (as at 31 December 2012: 0.61%). 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 1.9 (as at 31 December 2012: 1.8).

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.

Management Discussion and Analysis (continued)

Financial Review (continued)

Capital Structure and Foreign Exchange Exposure

During the Interim Period, there was no material change in the Company's capital structure. The Group generally finances its operations and investing activities with equity holders' funds.

The Group's income and monetary assets and liabilities are mainly denominated in Hong Kong 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 30 June 2013, the Group employed 9,576 full time employees of which 8,306 were sales agents, 580 were back office supportive employees and 690 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 Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

The interests and short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded as of 30 June 2013 in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

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

Name of Director	Number of 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		
Mr. WONG Kin Yip, Freddie	24,490,000	46,570,144 (Note 1)	-	7,209,160 (Note 2)	7,209,160 (Note 3)	85,478,464	11.90%
Ms. TANG Mei Lai, Metty	-	-	71,060,144 (Note 4)	7,209,160 (Note 5)	7,209,160 (Note 6)	85,478,464	11.90%
Ms. WONG Ching Yi, Angela	-	-	-	7,209,160 (Note 7)	-	7,209,160	1.00%
Mr. KOO Fook Sun, Louis	-	-	-	150,000 (Note 8)	-	150,000	0.02%
Mr. SUN Tak Chiu	-	-	-	150,000 (Note 9)	-	150,000	0.02%
Mr. WANG Ching Miao, Wilson	-	-	-	150,000 (Note 10)	-	150,000	0.02%

Other Information (continued)

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

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

Notes:

1. These shares are held by Sunluck Services Limited. Mr. WONG Kin Yip, Freddie ("Mr. Freddie 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. Freddie WONG by virtue of the interests in the share options of the Company granted to him.
3. These underlying shares represent the interests in the share options of the Company held by Ms. TANG Mei Lai, Metty ("Ms. Metty TANG"), the spouse of Mr. Freddie WONG, as beneficial owner, by virtue of the interests in the share options of the Company granted to her.
4. These shares represent the shares held directly or indirectly by Mr. Freddie WONG, the spouse of Ms. Metty TANG, as beneficial owner.
5. These underlying shares are held by Ms. Metty TANG by virtue of the interests in the share options of the Company granted to her.
6. These underlying shares represent the interests in the share options of the Company held by Mr. Freddie WONG, the spouse of Ms. Metty TANG, as beneficial owner, by virtue of the interests in the share options of the Company granted to him.
7. 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.
8. 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.
9. 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.
10. 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.
11. Details of the share options granted to the above Directors are set out in the section headed "Share Option Schemes".

Other Information (continued)

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

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

Name of associated corporation	Name of Director	Number of shares		Total	Approximate percentage of issued share capital of Midland IC&I
		Personal interests	Family interests		
Midland IC&I	Mr. WONG Tsz Wa, Pierre	2,000,000 (Note 12)	1,320,000 (Note 13)	3,320,000	0.02%

Notes:

12. These shares are held by Mr. WONG Tsz Wa, Pierre ("Mr. Pierre WONG") as beneficial owner.
13. These shares represent the shares held by Ms. LAM Mee Yuk, the spouse of Mr. Pierre WONG, as beneficial owner.

Save as disclosed above, as at 30 June 2013, neither the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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 and Underlying Shares

As at 30 June 2013, the interests and short positions of the persons, other than the Directors or chief executive of the Company as disclosed above, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of substantial shareholder	Number of ordinary shares	Holding capacity	Approximate percentage of issued share capital of the Company
JPMorgan Chase & Co.	6,871,336 (L)	Beneficial owner	0.96%
	82,682,000 (L)	Investment manager	11.51%
	10,786,714 (P)	Custodian corporation/ approved lending agent	1.50%
Massachusetts Financial Services Company (Note 1)	35,934,000 (L)	Investment manager	5.00%
Sun Life Financial, Inc. (Note 1)	35,934,000 (L)	Investment manager	5.00%
UBS AG (Note 2)	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			

Notes:

1. Massachusetts Financial Services Company ("MFS") is a subsidiary of Sun Life Financial, Inc. ("SLF"). Accordingly, MFS's interest in 35,934,000 shares is duplicated in the interest of SLF.
2. The interest of UBS AG includes derivative interest in 530,000 shares of the Company (being long position and unlisted physically settled derivatives).

Save as disclosed above, as at 30 June 2013, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under section 336 of the SFO.

Other Information (continued)

Share Option Schemes

I. Share Option Scheme of the Company

Pursuant to an ordinary resolution passed by the shareholders of the Company at the special general meeting held on 30 April 2002, the Company adopted the 2002 share option scheme (the "Share Option Scheme"). The Share Option Scheme had expired on 29 April 2012. No further share options shall thereafter be offered or granted under the Share Option Scheme. The terms of the Share Option Scheme for those outstanding share options already granted under the Share Option Scheme remain in force.

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

Name of Director	Date of grant	Exercise price per share (HK\$)	Number of share options of the Company				Exercisable period
			Balance as at 1 January 2013	Cancelled/ lapsed during the Interim Period	Exercised during the Interim Period	Balance as at 30 June 2013	
Mr. Freddie WONG	21 July 2011	4.29	3,604,580	–	–	3,604,580	1 August 2011 to 31 July 2019
	21 July 2011	4.29	3,604,580	–	–	3,604,580	1 January 2012 to 31 December 2019
Ms. Metty TANG	27 October 2011	3.81	3,604,580	–	–	3,604,580	1 January 2012 to 31 December 2019
	27 October 2011	3.81	3,604,580	–	–	3,604,580	1 October 2013 to 30 September 2021
Ms. WONG Ching Yi, Angela	27 October 2011	3.81	3,604,580	–	–	3,604,580	1 January 2012 to 31 December 2019
	27 October 2011	3.81	3,604,580	–	–	3,604,580	1 October 2013 to 30 September 2021
Mr. KOO Fook Sun, Louis	21 July 2011	4.29	150,000	–	–	150,000	1 August 2011 to 31 July 2019
Mr. SUN Tak Chiu	21 July 2011	4.29	150,000	–	–	150,000	1 August 2011 to 31 July 2019
Mr. WANG Ching Miao, Wilson	21 July 2011	4.29	150,000	–	–	150,000	1 August 2011 to 31 July 2019
Total			22,077,480	–	–	22,077,480	

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

Other Information (continued)

Share Option Schemes (continued)

II. Share Option Scheme of Midland IC&I

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

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

Name of Director of Midland IC&I	Date of grant	Exercise price per share (HK\$)	Number of share options of Midland IC&I				Balance as at 30 June 2013	Exercisable period
			Balance as at 1 January 2013	Granted during the Interim Period	Cancelled/lapsed during the Interim Period	Exercised during the Interim Period		
Mr. TSANG Link Carl, Brian	2 September 2011	0.053	5,000,000	-	-	-	5,000,000	1 October 2011 to 30 September 2016
Mr. YING Wing Cheung, William	2 September 2011	0.053	5,000,000	-	-	-	5,000,000	1 October 2011 to 30 September 2016
Mr. SHA Pau, Eric	2 September 2011	0.053	5,000,000	-	-	-	5,000,000	1 October 2011 to 30 September 2016
Mr. HO Kwan Tat, Ted	2 September 2011	0.053	5,000,000	-	-	-	5,000,000	1 October 2011 to 30 September 2016
Total			20,000,000	-	-	-	20,000,000	

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

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

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

Interim Dividend

The Board does not declare an interim dividend for the Interim Period (2012: HK\$0.1434 per ordinary share).

Other Information (continued)

Audit Committee

The audit committee of the Company (the "Audit Committee") comprises four 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 and the interim report 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.

Change in Directors' Information

Changes in the information of Directors of the Company since the disclosure made in the 2012 annual report of the Company, that are required to be disclosed pursuant to Rule 13.51(B)(1) of the Listing Rules, are set out below:

1. Mr. Freddie WONG has been re-designated as the Non-executive Director with effect from 26 August 2013. He has been appointed for a term of two years commencing from 26 August 2013 and will be entitled to a director's fee of HK\$200,000 per annum.
2. The remuneration of Ms. Metty TANG has been reduced to HK\$280,000 per annum with effect from 26 August 2013.
3. Mr. Pierre WONG has resigned as strategic director of Midland IC&I with effect from 21 August 2013.

Change in the Composition of the Board

Mr. CHAN Kwan Hing has resigned as the Executive Director with effect from 24 August 2013.

Corporate Governance

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

Code of Conduct Regarding Securities Transactions by Directors

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

Specific enquiries had been made to all Directors, they 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 Interim Period.

Condensed Consolidated Income Statement (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Note	Six months ended 30 June	
		2013 HK\$'000	2012 HK\$'000
Revenues	3	1,723,761	1,895,994
Other income	4	5,767	9,229
Staff costs		(1,026,631)	(1,062,385)
Rebate incentives		(170,671)	(204,469)
Advertising and promotion expenses		(60,838)	(45,422)
Operating lease charges in respect of office and shop premises		(304,338)	(222,451)
Impairment of receivables		(93,968)	(51,036)
Depreciation and amortisation costs		(27,847)	(24,373)
Other operating costs		(155,761)	(128,416)
Operating (loss)/profit	5	(110,526)	166,671
Finance income		3,189	6,146
Finance costs		(106)	(127)
Share of results of jointly controlled entities		2,817	2,829
(Loss)/profit before taxation		(104,626)	175,519
Taxation	6	15,898	(28,212)
(Loss)/profit for the period		(88,728)	147,307
(Loss)/profit attributable to:			
Equity holders		(95,175)	128,004
Non-controlling interests		6,447	19,303
		(88,728)	147,307
Dividends	7	–	102,968
(Loss)/earnings per share	8	HK cents	HK cents
Basic		(13.25)	17.91
Diluted		(13.25)	17.87

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
(Loss)/profit for the period	(88,728)	147,307
Other comprehensive income		
Items that may be reclassified to profit or loss		
Currency translation differences	(662)	(2,207)
Change in fair value of available-for-sale financial assets	(551)	1,413
	(1,213)	(794)
Total comprehensive (loss)/income for the period, net of tax	(89,941)	146,513
Total comprehensive (loss)/income for the period attributable to:		
Equity holders	(96,393)	127,217
Non-controlling interests	6,452	19,296
	(89,941)	146,513

Condensed Consolidated Balance Sheet (Unaudited)

AS AT 30 JUNE 2013

	Note	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	198,822	179,070
Investment properties	9	93,813	101,812
Land use rights	9	1,409	1,411
Interests in jointly controlled entities		51,756	53,589
Available-for-sale financial assets		15,544	18,706
Deferred taxation assets		44,048	21,471
		<u>405,392</u>	<u>376,059</u>
Current assets			
Trade and other receivables	10	1,576,602	1,822,655
Financial assets at fair value through profit or loss		138	155
Taxation recoverable		4,610	–
Cash and bank balances		1,081,670	1,289,966
		<u>2,663,020</u>	<u>3,112,776</u>
Total assets		<u>3,068,412</u>	<u>3,488,835</u>

Condensed Consolidated Balance Sheet (Unaudited) (continued)

AS AT 30 JUNE 2013

	Note	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000
EQUITY AND LIABILITIES			
Equity holders			
Share capital	11	71,805	71,805
Share premium		223,505	223,505
Reserves		1,149,840	1,243,437
Proposed dividend		–	71,805
		<u>1,445,150</u>	<u>1,610,552</u>
Non-controlling interests		<u>190,169</u>	<u>183,717</u>
Total equity		<u>1,635,319</u>	<u>1,794,269</u>
Non-current liabilities			
Deferred taxation liabilities		<u>2,457</u>	<u>2,417</u>
Current liabilities			
Trade and other payables	12	1,386,381	1,658,555
Bank loan		10,480	10,926
Taxation payable		33,775	22,668
		<u>1,430,636</u>	<u>1,692,149</u>
Total liabilities		<u>1,433,093</u>	<u>1,694,566</u>
Total equity and liabilities		<u>3,068,412</u>	<u>3,488,835</u>
Net current assets		<u>1,232,384</u>	<u>1,420,627</u>
Total assets less current liabilities		<u>1,637,776</u>	<u>1,796,686</u>

Condensed Consolidated Statement of Changes in Equity (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	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 2013	71,805	223,505	1,315,242	1,610,552	183,717	1,794,269
Comprehensive income						
Loss for the period	–	–	(95,175)	(95,175)	6,447	(88,728)
Other comprehensive income						
Currency translation differences	–	–	(667)	(667)	5	(662)
Change in fair value of available-for-sale financial assets	–	–	(551)	(551)	–	(551)
Total comprehensive (loss)/income	–	–	(96,393)	(96,393)	6,452	(89,941)
Transaction with owners						
Employee share option scheme – value of employee services	–	–	2,796	2,796	–	2,796
2012 final dividend paid	–	–	(71,805)	(71,805)	–	(71,805)
At 30 June 2013	71,805	223,505	1,149,840	1,445,150	190,169	1,635,319
At 1 January 2012 (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

Condensed Consolidated Cash Flow Statement (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Net cash (used in)/from operating activities	(113,392)	31,009
Net cash (used in)/from investing activities	(24,140)	889
Net cash used in financing activities		
– Dividends paid to equity holders	(71,805)	(59,584)
– Others	(446)	(10,707)
Net decrease in cash and cash equivalents	(209,783)	(38,393)
Cash and cash equivalents at 1 January	1,284,678	1,241,425
Exchange differences	1,406	(701)
Cash and cash equivalents at 30 June	1,076,301	1,202,331

Notes to the Interim Financial Information (Unaudited)

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 head office and principal place of business in Hong Kong is Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong.

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

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

This unaudited condensed consolidated interim financial information was approved by the board of directors on 23 August 2013.

2 Basis of Preparation and Significant Accounting Policies

The condensed consolidated interim financial information for the six months ended 30 June 2013 (the “Interim Period”) 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 Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

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 2012 except that the Group has adopted the following revised standards and amendments to standards issued by the HKICPA which are relevant to its operations and mandatory for the financial year ending 31 December 2013.

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

2 Basis of Preparation and Significant Accounting Policies (continued)

Effect of adopting amendments to standards

The following amendments to standards are mandatory for annual periods beginning on or after 1 January 2013. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group, except for certain changes in presentation and disclosures.

		Effective for annual periods beginning on or after
HKFRS 1 (Amendment)	Government Loans	1 January 2013
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosures of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurements	1 January 2013
HKFRS(s) (Amendment)	Improvements to HKFRSs 2009-2011	1 January 2013
HKAS 19 (Amendment)	Employee Benefits	1 January 2013
HKAS 27 (Revised 2011)	Separate Financial Statements	1 January 2013
HKAS 28 (Revised 2011)	Investment in Associates and Joint Ventures	1 January 2013
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

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

2 Basis of Preparation and Significant Accounting Policies (continued)

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

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the annual period beginning on 1 January 2013 and have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 32 (Amendment)	Financial Instruments Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKAS 36 (Amendment)	Impairment of Assets	1 January 2014
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures	1 January 2015
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment Entities	1 January 2014
HK(IFRIC) – Int 21	Levies	1 January 2014

3 Revenues and Segment Information

(a) Revenues

	Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Turnover		
Agency fee	1,693,018	1,869,454
Rental from investment properties	1,730	1,268
Web advertising	118	142
Internet education and related services	9,970	8,066
Immigration consultancy services	17,890	16,179
Other services	1,035	885
	1,723,761	1,895,994

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

3 Revenues and Segment Information (continued)

(b) Segment information

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

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

	Six months ended 30 June 2013			
	Property agency			Total HK\$'000
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000	Others HK\$'000	
Total revenues	1,342,768	409,258	34,709	1,786,735
Inter-segment revenues	(52,070)	(6,938)	(3,966)	(62,974)
Revenues from external customers	1,290,698	402,320	30,743	1,723,761
Segment results	(121,668)	23,716	10,864	(87,088)
Impairment of receivables	57,014	36,954	–	93,968
Depreciation and amortisation costs	23,392	3,289	568	27,249
Share of results of jointly controlled entities	–	–	2,817	2,817
Fair value gain on investment properties	–	–	1,655	1,655
Additions to non-current assets	41,699	5,627	116	47,442

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

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 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 (loss)/profit before taxation is provided as follows:

	Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Segment results for reportable segments	(87,088)	211,617
Corporate expenses	(22,970)	(42,790)
Unrealised loss on financial assets at fair value through profit or loss	(17)	(9)
Realised gain on available-for-sale financial assets	2,366	682
Finance income	3,189	6,146
Finance costs	(106)	(127)
(Loss)/profit before taxation per consolidated income statement	<u>(104,626)</u>	<u>175,519</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 2013			
	Property agency			Total HK\$'000
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000	Others HK\$'000	
Segment assets	<u>1,431,903</u>	<u>960,760</u>	<u>208,052</u>	<u>2,600,715</u>
Segment assets include:				
Interests in jointly controlled entities	<u>–</u>	<u>–</u>	<u>51,756</u>	<u>51,756</u>
Segment liabilities	<u>1,011,631</u>	<u>347,178</u>	<u>33,077</u>	<u>1,391,886</u>

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

3 Revenues and Segment Information (continued)

(b) Segment information (continued)

	As at 31 December 2012			
	Property agency			Total HK\$'000
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000	Others HK\$'000	
Segment assets	<u>1,553,034</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>

Reportable segment assets are reconciled to total assets as follows:

	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000
Segment assets	2,600,715	2,748,093
Corporate assets	407,967	700,410
Available-for-sale financial assets	15,544	18,706
Financial assets at fair value through profit or loss	138	155
Deferred taxation assets	<u>44,048</u>	<u>21,471</u>
Total assets per consolidated balance sheet	<u>3,068,412</u>	<u>3,488,835</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 2013 HK\$'000	As at 31 December 2012 HK\$'000
Segment liabilities	1,391,886	1,622,966
Corporate liabilities	38,750	69,183
Deferred taxation liabilities	<u>2,457</u>	<u>2,417</u>
Total liabilities per consolidated balance sheet	<u>1,433,093</u>	<u>1,694,566</u>

Geographical information:

	Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Hong Kong and Macau	1,384,764	1,713,562
PRC	<u>338,997</u>	<u>182,432</u>
Revenues from external customers	<u>1,723,761</u>	<u>1,895,994</u>

Revenues are attributed to locations on the basis of the transactions taken place.

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

4 Other Income

	Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Fair value gain on investment properties	1,655	7,719
Gain on disposal of investment properties	567	–
Realised gain on available-for-sale financial assets	2,366	682
Others	1,179	828
	<u>5,767</u>	<u>9,229</u>

5 Operating (Loss)/Profit

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

	Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Loss on disposal of property, plant and equipment	271	2,420
Unrealised loss on financial assets at fair value through profit or loss	17	9
	<u>288</u>	<u>2,429</u>

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

6 Taxation

	Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Current		
Hong Kong profits tax	5,943	28,378
Overseas	696	125
Deferred	<u>(22,537)</u>	<u>(291)</u>
	<u>(15,898)</u>	<u>28,212</u>

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2012: 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	
	2013 HK\$'000	2012 HK\$'000
Interim dividend declared of nil (2012: HK\$0.1434) per share	<u>–</u>	<u>102,968</u>

The board of directors does not declare an interim dividend for the Interim Period.

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

8 (Loss)/Earnings Per Share

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

	Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
(Loss)/profit attributable to equity holders	(95,175)	128,004
Number of shares for calculation of basic earnings per share (thousands)	718,046	714,800
Effect on conversion of share options (thousands)	–	1,401
Number of shares for calculation of diluted earnings per share (thousands)	718,046	716,201
Basic (loss)/earnings per share (HK cents)	(13.25)	17.91
Diluted (loss)/earnings per share (HK cents)	(13.25)	17.87

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

In calculating the diluted (loss)/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 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 loss per share for the six months ended 30 June 2013 did not assume the exercise of share options since the exercise of share options would have an anti-dilutive effect.

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

9 Property, Plant and Equipment, Investment Properties and Land Use Rights

	Property, plant and equipment HK\$'000	Investment properties HK\$'000	Land use rights HK\$'000
Opening net book amount as at 1 January 2013	179,070	101,812	1,411
Additions	47,442	–	–
Disposals	(271)	(10,000)	–
Depreciation and amortisation costs	(27,828)	–	(19)
Exchange differences	409	346	17
Change in fair value to income statement	–	1,655	–
Closing net book amount as at 30 June 2013	198,822	93,813	1,409
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	–
Additions	41,188	–	1,463
Disposals	(2,144)	–	–
Depreciation and amortisation costs	(23,567)	–	(70)
Exchange differences	652	584	18
Change in fair value to income statement	–	11,528	–
Closing net book amount as at 31 December 2012	179,070	101,812	1,411

Land and buildings with net book value of HK\$25,241,000 (as at 31 December 2012: HK\$25,607,000) and investment property with net book value of HK\$1,100,000 (as at 31 December 2012: HK\$1,070,000) are pledged as security for the Group's bank loan.

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

9 Property, Plant and Equipment, Investment Properties and Land Use Rights (continued)

In addition, land and buildings with net book value of HK\$4,035,000 (as at 31 December 2012: HK\$24,607,000) are pledged to secure general banking facilities granted to the Group. None of the investment properties were pledged to secure general banking facilities granted to the Group (as at 31 December 2012: HK\$13,360,000).

The valuations of the investment properties at 30 June 2013, 31 December 2012 and 30 June 2012 were carried out by Midland Surveyors Limited, a qualified surveyor under the Group.

10 Trade and Other Receivables

	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000
Trade receivables	1,393,058	1,661,377
Less: impairment	<u>(150,910)</u>	<u>(131,655)</u>
Trade receivables, net	1,242,148	1,529,722
Other receivables, prepayments and deposits	<u>334,454</u>	<u>292,933</u>
	<u>1,576,602</u>	<u>1,822,655</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 2013 HK\$'000	As at 31 December 2012 HK\$'000
Not yet due	1,011,159	1,337,933
Less than 30 days	83,430	100,082
31 to 60 days	43,244	33,581
61 to 90 days	30,910	23,840
Over 90 days	<u>73,405</u>	<u>34,286</u>
	<u>1,242,148</u>	<u>1,529,722</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 2012, 31 December 2012 and 30 June 2013	<u>1,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 January 2012	719,389,425	71,939
Exercise of share options (Note a)	3,604,580	361
Cancellation of shares repurchased (Note b)	<u>(4,948,000)</u>	<u>(495)</u>
At 31 December 2012 and 30 June 2013	<u>718,046,005</u>	<u>71,805</u>

Notes:

(a) Exercise of share options

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.

(b) Repurchase of shares

During the Interim Period, the Company did not repurchase any shares. During the year ended 31 December 2012, the Company repurchased 1,650,000 of its own shares on the Stock Exchange at an aggregate consideration of HK\$6,717,000 (including expense of HK\$33,000) and cancelled 4,948,000 shares during the year including 3,298,000 shares repurchased in 2011.

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

12 Trade and Other Payables

	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000
Commissions payable	1,027,944	1,273,290
Other payables and accruals	<u>358,437</u>	<u>385,265</u>
	<u>1,386,381</u>	<u>1,658,555</u>

Commissions payable include mainly 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\$110,044,000 (as at 31 December 2012: HK\$194,320,000) 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.

13 Capital Commitment

The Group and the Company did not have any significant capital commitment as at 30 June 2013 and 31 December 2012.

14 Contingent Liabilities

At 30 June 2013, the Company executed corporate guarantee as part of the securities for general banking facilities of HK\$142,700,000 granted to certain wholly-owned subsidiaries (as at 31 December 2012: HK\$180,200,000). At 30 June 2013, HK\$14,029,000 of the banking facilities were utilised by the subsidiaries (as at 31 December 2012: HK\$11,479,000).

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

15 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	
		2013 HK\$'000	2012 HK\$'000
(a) Transactions with related parties			
Agency fee income from related companies	(i)	235	122
Operating lease rental expenses in respect of office and shops premises			
– Related companies	(ii)	5,698	4,382
– Director	(iii)	744	647
(b) Key management compensation			
Fees, salaries, allowances and incentives	(iv)	21,965	42,263
Retirement benefit costs	(iv)	66	48
		<u>22,031</u>	<u>42,311</u>

	Note	As at	As at
		30 June 2013 HK\$'000	31 December 2012 HK\$'000
(c) Balances with related companies			
Loan to a related company	(v)	198	198
Agency fee receivables from related companies	(i)	35	3,040
		<u>198</u>	<u>3,040</u>

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 an operating lease agreement with a director 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.