



Midland Holdings Limited
Incorporated in Bermuda with limited liability
(Stock Code 股份代號: 1200)

Annual Report 2024 年報

蛻變展風采 睿智贏未來

Transformation Achieves Excellence
Innovation for a Prosperous Future

www.midland.com.hk

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. WONG Kin Yip, Freddie (*Chairman*)
 Ms. WONG Ching Yi, Angela
 (*Deputy Chairman and
 Managing Director*)
 Mr. SZE Ka Ming
 (*Chief Financial Officer*)

Independent Non-Executive Directors

Mr. HO Kwan Tat, Ted
 Mr. SUN Tak Chiu
 Mr. CHAN Nim Leung Leon

AUDIT COMMITTEE

Mr. HO Kwan Tat, Ted
 (*Committee Chairman*)
 Mr. SUN Tak Chiu
 Mr. CHAN Nim Leung Leon

REMUNERATION COMMITTEE

Mr. SUN Tak Chiu
 (*Committee Chairman*)
 Mr. WONG Kin Yip, Freddie
 Ms. WONG Ching Yi, Angela
 Mr. HO Kwan Tat, Ted
 Mr. CHAN Nim Leung Leon

NOMINATION COMMITTEE

Mr. HO Kwan Tat, Ted
 (*Committee Chairman*)
 Mr. WONG Kin Yip, Freddie
 Ms. WONG Ching Yi, Angela
 Mr. SUN Tak Chiu
 Mr. CHAN Nim Leung Leon

COMPANY SECRETARY

Ms. MUI Ngar May, Joel

AUTHORISED REPRESENTATIVES

Ms. WONG Ching Yi, Angela
 Mr. SZE Ka Ming

REGISTERED OFFICE

Clarendon House
 2 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
Registered Public Interest Entity Auditor
 22nd Floor
 Prince's Building
 Central
 Hong Kong

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
 Clarendon House
 2 Church Street
 Hamilton HM11
 Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
 17/F, Far East Finance Centre
 16 Harcourt Road
 Hong Kong

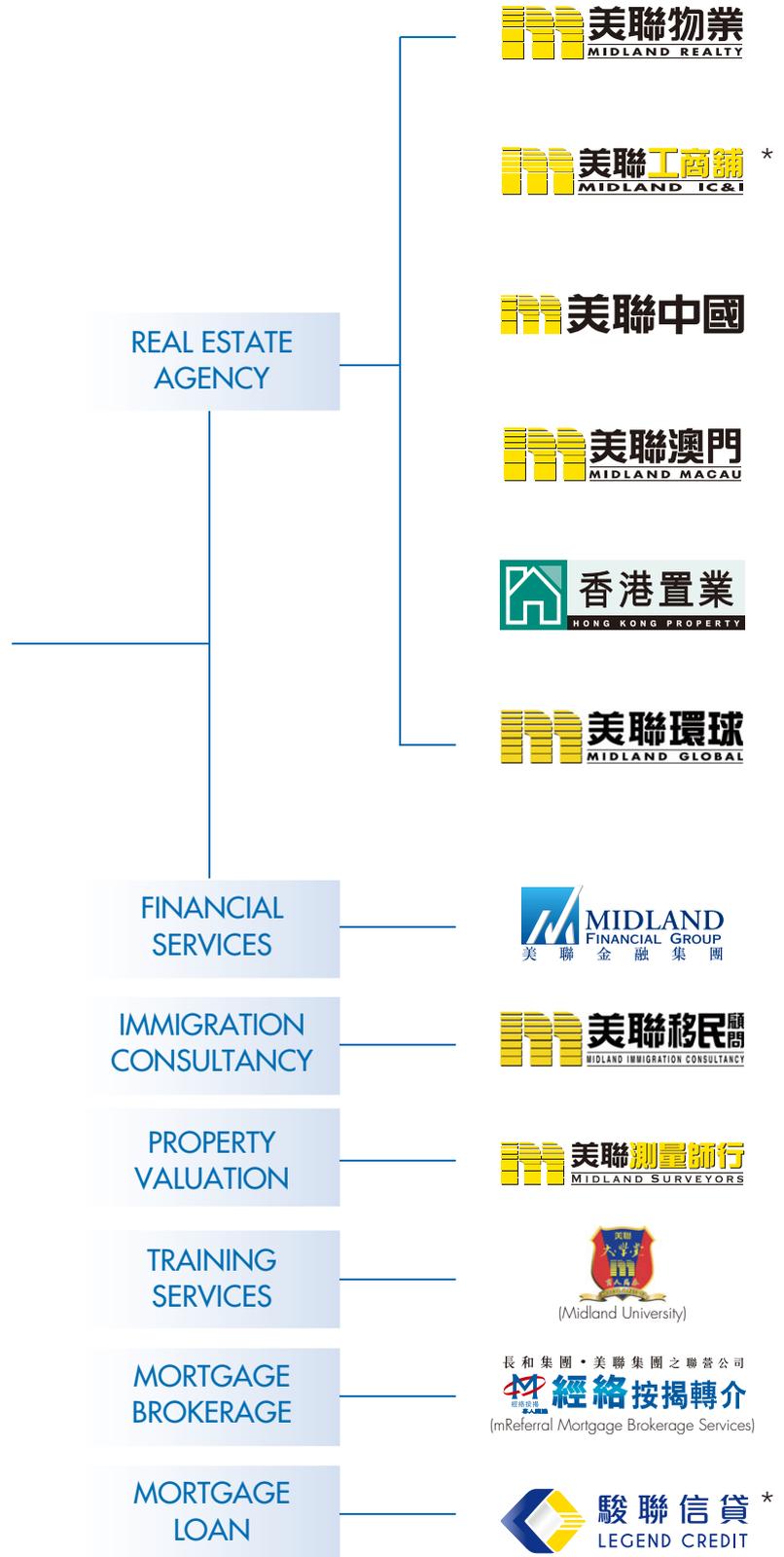
WEBSITE

www.midland.com.hk

STOCK CODE

1200

Strategic Business Units



* Related Company

Strategic Business Units

Strategic Business Units

Business Description



Midland Realty



Provision of residential property agency services in Hong Kong



Midland IC&I



A related company of the Company, providing non-residential property agency services in respect of industrial, commercial and shop properties in Hong Kong



Midland China



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



Midland Macau



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



Hong Kong Property



Provision of residential property agency services in Hong Kong



Midland Global



Provision of overseas property projects' marketing and referral services in the PRC, Hong Kong and Macau



Midland Financial Group



A joint venture of the Company, providing independent financial planning consultancy services, insurance brokerage and wealth management services



Midland Immigration Consultancy



Provision of immigration consultancy services in Hong Kong and Macau



Midland Surveyors



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



Midland University



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



mReferral Mortgage Brokerage Services



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



Legend Credit



A related company of the Company, providing mortgage loan services in Hong Kong

* Related Company

Major Events and Awards for the Year

Redefining innovation: Anniversary Gala infused with cutting-edge technology

Midland has driven transformative change through “disruptive” innovation, achieving remarkable results and steady business growth in recent years. To motivate the team, boost morale, and reinforce the Group’s image as an industry pioneer, we hosted the “United • Shining New Milestone” Anniversary Gala, marking the beginning of an exciting new chapter. The gala embodied the Group’s “boundary-breaking • innovative” culture in every aspect. It featured a record number of interactive photo zones, integrated with the latest digital technology to deliver a fresh and immersive experience for attendees. The performances also broke from tradition, featuring a live band that energized the crowd with timeless hits, alongside a popular cheerleading squad that pumped up the team spirit with dynamic dance moves. The event was a burst of creativity, fully showcasing Midland’s unity and innovative drive.

The grand finale, the “Real Estate Agency Awards Ceremony”, brought the excitement to its peak. Midland Realty Residential Division clinched the “Highest Profit Contribution Award for the Group”, while the Kowloon District secured the “Highest Profit Contribution Award for the Residential Division”. The gala concluded amid thunderous applause, underscoring Midland’s commitment to leading the industry through innovation.



“GO PARK” carnival: deep dive into the new residential project & showcasing team vitality

With the upcoming launch of the brand-new Sai Sha Residential Project, the Group organized a unique, large-scale carnival at “GO PARK” Sports Ground to enrich frontline colleagues, understanding of the project’s strengths while promoting a healthy lifestyle. Spanning an impressive 1.3 million square feet, the sports ground offers a diverse range of integrated athletic facilities. The carnival fully leveraged the venue’s amenities, featuring professional coaches who guide participants through engaging sports experiences. Our colleagues also worked together to set up 11 interactive game booths, along with exciting team activities like tug-of-war and football matches, all in anticipation of Midland’s continued sales success. The event attracted over 500 attendees, including the Group’s management, developer representatives and business partners, creating a lively and energetic atmosphere. Many colleagues captured the highlights and shared them on social media platforms like Xiaohongshu, allowing clients to experience the project’s advantages firsthand and feel the youthful, dynamic spirit of the Midland brand.



Major Events and Awards for the Year

Winning developers' awards and commendation for remarkable sales performance

Midland received commendation from developers for its outstanding performance in new property projects and won a number of annual awards at Wheelock's annual agent awards ceremony, including "The Highest Gross Sales" Award, "The Highest Sales Amount of MONACO MARINE" Award, "The Highest Sales Amount of WHEELLOCK COLLECTION" Award, "The Highest Sales Amount of MIAMI QUAY" Award, "Top Sales of SEASONS Series" Award, "Top Sales of DOUBLE COAST" Award, "Top Sales of Outlying Area", demonstrating its exceptional capabilities. In addition, Midland's impressive and encouraging performance was highly praised by Mr. Victor Tin Sio Un and Mr. Yang Wen, the Executive Director and an Associate Director of Sino Land, respectively, at the annual awards ceremony of Sino Land, and has received a number of awards. Midland will continue to exert our extraordinary capability to achieve further success.



Consecutive successes in new property projects

The Group achieved a series of outstanding sales performances in new property projects, earning extensive trust from developers. We won the top spot in the sales of numerous new property projects, including The Highline, The Grands, ONE JARDINE'S LOOKOUT, No.15 Shouson, SOLACE, Cullinan Sky Phase 1, Cullinan Harbour Phase 1, The Pavilia Forest I, IN ONE ABOVE, ECHO HOUSE, Topside Residences, BELGRAVIA PLACE – BELGRAVIA PLACE Phase 1, MIDTOWN SOUTH – BAKER CIRCLE • GREENWICH, MIDTOWN SOUTH – THE HADDON and many more, gaining continuous approval and recognition from developers for our outstanding achievements.



'Midland Luxuria Guild' established – assembling industry elite

The Group has earned industry-wide acclaim for its exceptional performance in the luxury property market. To inspire more frontline elites to capture greater market share in this segment, we officially established the "Midland Luxuria Guild". Comprising only the most elite real estate professionals meticulously selected from across the industry, the Guild strengthens teamwork through various activities to build the ultimate luxury sales force and boost morale. Coinciding with the 25th anniversary of Macau Special Administrative Region's establishment, approximately 40 distinguished Guild members conducted an exclusive inspection tour of premium properties in Macau. This initiative facilitated valuable market intelligence sharing and experience exchange, empowering participants to capitalize on real estate opportunities across both Hong Kong and Macau markets. Additionally, a thematic tea gathering and lecture on "Family Offices" was held, providing an elite team with a high-end platform for exchange and in-depth discussions on the latest trends in family wealth management and inheritance.



Major Events and Awards for the Year

Establishment of Marketing and Innovation Technology Center to accelerate digital transformation

Midland demonstrated its technological foresight by establishing the Information Technology Department in the 1990s, achieving complete computerization across all branches. Building on this foundation, we responded to growing market demands on online platform by creating the Digital Development Department in 2016 to enhance our website and mobile applications under the Marketing Division's leadership. These digital initiatives earned us over 40 technology awards and recognition as a top 10 company in the Chinese University's Corporate Innovation Index. Our technological leadership became particularly evident in 2023 when the Midland App achieved the industry's largest user base, significantly outperforming competitors. To embrace the AI revolution, the Group consolidated its Digital Development Department and Information Technology Department into the new Innovation Technology Department, maintaining strategic coordination through our Marketing Division. This evolution culminated in establishing the new Marketing and Innovation Technology Center. The Center serves multiple strategic purposes: it concentrates our talent to maximize innovation efficiency, enhances our digital platform capabilities, optimizes internal systems through automation, identifies new business opportunities, and empowers frontline growth, through which Midland has firmly established itself as the industry's technology pioneer.



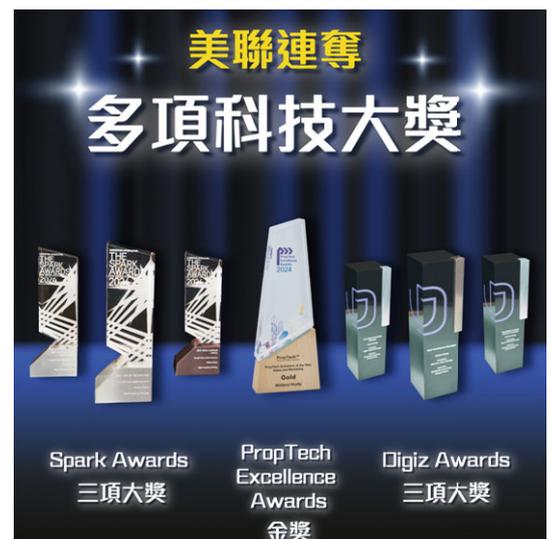
Building the industry's premier online platform with multiple digital awards

Midland's online platform has achieved outstanding results, leading the industry across multiple areas while continuously introducing innovative property search features for customers. Our efforts have been consistently recognized with prestigious awards. In 2024, we won several major honors for our AI and VR-powered innovations, including:

- Gold Award for "PropTech Solutions of the Year (Sales and Marketing)" at the inaugural PropTech Excellence Awards hosted by the Hong Kong PropTech Association
- Won three prestigious awards at the "Spark Awards 2024" – two Silver awards and one Bronze award for the first time
- Three key awards at the Digiz Awards 2024, making us the only agency group to achieve this recognition:

Silver Award for "Best Digital Targeted Audience Campaign"
 Silver Award for "Best Digital Advertising Strategies"
 Bronze Award for "Best Omnichannel Strategies"

Midland has built the industry's leading online platform by integrating cutting-edge technologies, making significant contributions to the sector. These awards stand as strong recognition of the Group's achievements and commitment to innovation.



Major Events and Awards for the Year

Lion dance performance for elites in recognition of the best branches of the year

Midland has consistently achieved remarkable success. To reward our frontline elites, Midland arranged “Lion Dance for the Elites” performance during the New Year celebrations to honour the best branches in Hong Kong Island, Kowloon and the New Territories, as a motivation for them to keep up the good work and reach new heights in the new year with a lively lion dance performance. A symbol of congratulations and encouragement, the lion dance expressed our respect to the outstanding teams and showed each staff the Company’s care and support.



Winning “CPD Mark” awards from the EAA by 144 shops, marking the highest number of awards in the industry for four consecutive years

Under the principle of “people-oriented and nurturing talents”, Midland keeps improving the professionalism of its agents, thus winning the award of “CPD Mark for Estate Agencies” from the Estate Agents Authority (EAA) and receiving the highest number of awards in the industry for four consecutive years. It is also worth noting that the Group and its affiliates have received all 100 available Silver CPD Mark presented by EAA this year, representing 100% of the total numbers of Silver CPD Mark in the market. Midland has topped the industry in terms of number of awards for two consecutive years, which further demonstrated its leading position in the industry.



Nurturing talents and exploring recruitment platforms

The Group actively recruits talents from all over the world and brings new entrants to the industry with development opportunities through participation in large-scale recruitment events. As the official partner of the Talents Service Unit of the Hong Kong SAR Government, the Group participated in the “CareerConnect Expo” earlier and provided professional consultancy services in collaboration with two renowned international schools, receiving almost a hundred of job enquiries and applications within two days. The Group also participated in the “Innovating Hong Kong – Global Talent Carnival 2024 (Spring)”, which attracted over 400 enquiries with numerous of individuals expressing their interest in joining the Group. Midland’s team addressed inquiries on-site, introduced the Group’s diversified development advantages and conducted immediate interviews to actively recruit more talents.



Major Events and Awards for the Year

Holding CPU annual dinner on the theme of Synergizing for Innovative Success

Back-office team has played an integral role to the success of Midland in seizing the opportunity for the recovery in property market transactions and achieving outstanding results. To reward the staff, an annual dinner was held for the Central Professional Units (CPU) themed on “Synergizing for Innovative Success”, with more than 300 staff in attendance. At the dinner, the Group’s management shared business insights and future vision with the staff and reviewed the various improvement measures implemented through the “Operation Meeting” led by Deputy Chairman Ms. Wong Ching Yi, Angela, and their effectiveness. The event also featured prize giveaways through games and a lucky draw. Both the number of winners and the total prize money set new records, and the attendees returned home with rewards.



Announcing new benefits at the Annual Town Hall Meeting

Midland regards its employees as the most valuable asset and holds the opinions and needs of its staff in high esteem. The “Central Professional Units (CPU) Annual Town Hall Meeting” was held, at which the management presented awards to staff, shared the latest business and technology developments, delineate the future vision, and collected and responded to staff’s questions on the spot and listened to their voices. In addition, a number of new staff benefits were announced, in particular, Midland pioneered the industry to allow “Business Smart” and “Business Casual” attire for the back-office staff at all times at work in response to the changing era and trends. Besides, a half-day off is offered for the Mid-Autumn Festival and Chinese New Year’s Eve, enabling staff to leave work early at lunch time to celebrate the festivals with their families.



Major Events and Awards for the Year

Presenting a number of awards at the elite award presentation of the mid-year announcing the latest “Business Smart” dress code policy

Midland has achieved remarkable success for years. In recognition of the outstanding performance of the elite agents, Midland held the first-half award presentation at a hotel, with the theme of “Forging ahead with Original Aspiration in Mind”. The event featured an award presentation by the management and gathered the top elites in the industry. A number of major awards were presented, among which the “Highest Profit Contribution Award for the Group” went to Midland Realty residential division. The “Highest Profit Contribution Award (by Profit) for the Residential Division” and the “Highest Profit Contribution Award (by Profit Margin) for the Residential Division” were both won by the Kowloon District. As part of refreshing the Group’s image, new dress code was also announced at the presentation to allow its agents dress in “Business Smart” style when they provide professional services to customers.



Diverse Elite Club activities to enhance team cohesion

Midland’s Elite Club brings together the industry’s most outstanding talents. To increase cohesion, the club regularly holds large-scale activities, such as the “Star Tour” to Lijiang, Yunnan to enjoy picturesqueness of the ancient city. Additionally, the club organized the “Elite Arrow Battle” activity, featuring intense laser arrow competitions at an indoor entertainment center to demonstrate teamwork. Through the activities, the elites enhanced their understanding and learned the importance of proactivity, perseverance, and collaboration. After that, the “Elite Club” travelled to the Greater Bay Area via Shenzhen-Zhongshan Bridge to study the latest developments and highlights of the property market and conducted property visits.



Chairman's Statement

BUSINESS REVIEW

Midland Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") announce that for the year ended 31 December 2024, it recorded a revenue of approximately HK\$6,084 million, representing an increase of 49% as compared with the year ended 31 December 2023. Profit attributable to equity holders amounted to approximately HK\$320 million for the year ended 31 December 2024 as compared to the loss attributable to equity holders of approximately HK\$42 million for the year ended 31 December 2023.

The sharp turnaround of the Group's results is mainly attributable to:

- (1) the significant improvement in operating results of the Group's business units "Midland Realty 美聯物業" and "Hong Kong Property 香港置業" for the year ended 31 December 2024 as compared with that for 2023. Such improvement was attributable to (i) the successful capture of the rebound in the Hong Kong residential property market in 2024; (ii) the Group's stable market share in Hong Kong; and (iii) optimisation of the Group's operational efficiencies; and
- (2) the turnaround of the Group's operations in Mainland China following the implementation of a series of strategic initiatives, including the promotion of a new sales management team and a series of new measures (such as repositioning of business model and streamlining of operations) since the final quarter of 2023.

A point worth noting is that revenue of the Group increased by 49% year-on-year, outperforming the increment of the total value of the local residential property sales registrations in Hong Kong during the year 2024. The outperformance can be mainly attributed to a series of high-quality and effective management initiatives taken by the Group in recent years.

Relaxation of Tightening Measures and Mortgage Policies

The year 2024 started on a positive note for the Hong Kong property market, largely driven by the Hong Kong government's decision in late February 2024 to completely remove the tightening measures introduced in previous years, revitalizing the sales activity of the residential property market. This policy relaxation, combined with the strong response to various talent schemes, helped stimulate buying demand across both the primary and secondary residential property markets.

In 2024, property sales registrations increased by 17.1% and reached a new 3-year high, with the residential property market being the primary driver, posting a 22.8% rise. Furthermore, attracted by factors such as the Top Talent Pass Scheme ("TTPS") and Hong Kong's education opportunities, an influx of Mainland Chinese talents further drove up rental levels and boosted investment-driven demand.

Market Slowed Down in the Middle of the Year

However, the market's positive momentum was not sustained throughout the year. As geopolitical uncertainties and concerns over an escalation of the U.S.–China trade war dampened market sentiment, signs of a slowdown of property market sales activity emerged in mid-2024. The number of property sales registrations fell materially in the third quarter. This was mainly because housing demand from Mainlanders took time to regain strength after the initial surge following the removal of tightening measures.

Despite the slowdown of property market, rents continued to rise and outperform property prices. This divergence in rents and property prices was partly attributed to the growth of underlying housing demand, boosted by the influx of talents and non-local students admitted to schools in Hong Kong.

Chairman's Statement

Influx of Talents and Cuts in Interest Rate

The market resumed moderate growth in the second half of 2024 after the central government announced a new round of stimulus programmes to bolster the economy. In November 2024, property sales registrations increased substantially and reached a new high since April 2024. Developers, however, maintained a volume-driven strategy, leading to a slight dip in property prices. But, the robust performance was further supported by reductions in interest rate. The two rounds of rate cuts brought the mortgage rate down to 3.625%, more or less the same as the rental yields of 3.6% for small-sized units. This helped tip the balance, as potential homebuyers found it financially sensible to buy rather than rent.

Another key factor contributing to the Hong Kong property market's resilience was the influx of Mainland Chinese investors and talents. According to the official data, the Hong Kong government approved approximately 92,000 applications for the TTPS in 2023 and 2024. As the education of offspring is one of the primary reasons Mainland buyers invest in property in Hong Kong, this inflow of talents helped sustain underlying housing demand.

Moreover, the number of multiple property buyers, believed to be mostly Mainland investors, increased in 2024. These investors were keen to purchase investment properties in Hong Kong due to the relatively high rental returns compared to that in tier-one Mainland cities.

Outlook

Boldly Deal with Economic Headwinds Turn Crisis into Opportunities

Looking ahead to 2025, the Hong Kong economic outlook remains fraught with challenges. For a start, the Hong Kong government is facing a significant budget deficit in the 2024-25 financial year. To mitigate the deficit, the Hong Kong government has proposed a fiscal consolidation programme to contain expenditures, increase revenue, and issue government bonds to achieve a balanced budget. Moreover, the government has set GDP forecast for 2025 at a moderate range of 2 to 3% due to the prolonged high-interest-rate environment and geopolitical uncertainties.

It is surely encouraging that Mainland China's economy grew by 5% in 2024, meeting the central government's target for the year. Economic growth accelerated in the fourth quarter of 2024, with GDP expanding by 5.4% year-on-year, up from 4.6% in the previous quarter. This positive momentum came from the central government's stimulus measures designed to boost economic activities.

However, the outlook is not without challenges. Geopolitical tensions and the threat of potential tariffs imposed by the U.S. government could pose risks to China's economic outlook. To maintain the current development momentum while navigating these external uncertainties, the central government is expected to stay vigilant and provide further policy support if necessary.

Chairman's Statement

Bright Spots: Buoyant Stock Market Benefiting the Property Market

Despite the tensions between China and the U.S. posing challenges for Hong Kong's economy, there are signs of improvement and new growth drivers on the horizon. Firstly, the tariffs the U.S. imposed on Chinese goods are much lower-than-expected, raising hopes in the market that a broader trade war could be averted.

Additionally, the Hong Kong stock market performed well in 2024, setting the stage for potentially as much as 80 new listings in 2025, which are expected to raise up to HK\$130 to 150 billion in total in Hong Kong, according to Deloitte China. Active IPO market together with the optimisation of the thresholds for dual primary listing and secondary listing and the establishment of a dedicated "technology enterprises channel" to facilitate the relevant companies in preparing for listing applications could reinvigorate the city's status as a leading financial hub. Furthermore, the Hong Kong government is actively promoting mega events and attractions to draw in Mainland Chinese tourists and boost local consumer spending. The new Kai Tak Sports Park, which has opened in March 2025, is the city's largest sports and entertainment infrastructure project to date. The "concert economy" generated by high-profile concerts by renowned artists at the new venue will have the potential to revitalise Hong Kong's tourism sector.

The Worst is Over for the Property Market

As Hong Kong's property market navigated through the challenges in recent years, the outlook for 2025 appears to be cautiously optimistic. The government has announced in the Budget to slash the stamp duty for property transactions valued at HK\$4 million or below to HK\$100, hence, sales transactions for small-sized units are expected to rise.

Notably, the underlying housing supply in Hong Kong peaked in the first quarter of 2024 and has continued to decline in subsequent quarters. The drop in housing supply, though mild, has helped further stabilise the property market, contributing to an overall positive sentiment. The number of completed unsold units has continued to climb. Since such leftover inventory incurs higher holding costs, developers may maintain a volume-driven strategy in the near term in an attempt to offload these units. With new units offered at a discount, overall property prices are not likely to stage any significant rally, but transaction volume is likely to rise.

Recent developments in the Chinese technology industry may also prove favourable for the Hong Kong property market. The meeting between Chinese President Xi Jinping and Chinese business leaders in February 2025, including technology industry entrepreneurs, was seen to be a supportive sign for the tech industry. Coupled with DeepSeek positioning itself as a key player in the global artificial intelligence sector and achieving instant and widespread success, the technology industry in Mainland China could experience renewed growth and attract more investments. This potential resurgence could have a positive spillover effect on Hong Kong's residential property market, such as attracting high-earning professionals and tech entrepreneurs to seek investment properties in Hong Kong, providing an additional boost to Hong Kong's residential property market.

Chairman's Statement

On the whole, the combination of the promising factors of favourable housing policies, gradually declining housing supply, and the inflow of Mainland talents could usher in an opportunity of encouraging recovery for the Hong Kong property market in 2025. Both rents and property prices are anticipated to stabilize. However, it will be essential for us to closely monitor external economic conditions and their potential impact on the property market to ensure a sustainable and balanced recovery.

APPRECIATION

I would like to sincerely thank our staff for their steadfast commitment and diligence, and to express my deep gratitude to our clients and partners for their unwavering support. The Group firmly believes that we will usher in a brighter future in the same way we have overcome challenges – by working together and supporting each other.

WONG Kin Yip, Freddie*Chairman*

Hong Kong, 28 March 2025

Strategic Review and Planning

Navigating Challenging Market Dynamics and Breaking the Mold

The Hong Kong property market was on a rollercoaster ride in the year 2024, marked by periods of optimism and resurgence, as well as phases of uncertainty and slowdown. Despite the increase in market transaction activities during the year, the overall conditions remained extremely difficult, with ups and downs throughout the year. Amidst this volatile landscape, the Group remained steadfast in its commitment to adapting to the evolving market dynamics and implementing strategic initiatives to capture emerging opportunities.

Sales Management Reshuffle and Operational Structure Streamlining

One of the key strategic moves undertaken by the Group in 2024 was a comprehensive reshuffle and enhancement of the sales management teams across Hong Kong, Macau and Mainland China. The young management team has injected vitality and mobility into the Group, leading to remarkable business results. Under the leadership of the newly appointed Group Chief Executive Officer (Residential), this restructuring effort successfully led to improved cross-border sales cooperation, enhanced operational efficiencies, and a turnaround of financial results in the Group's Hong Kong and Mainland property agency operations. The positive impacts were evident in the Group's sales productivity, and reached a new high in more than a decade, outpacing the market's overall performance.

Embracing Digital Transformation and Optimising Physical Footprint

Recognising the evolving consumer preferences and the growing importance of digital platforms, the Group intensified its efforts to embrace digital transformation. Significant investments were made to enhance the Group's digital marketing capabilities and internal online sales platforms. In a strategic move to further improve operational efficiency and foster innovation, the Group established the Marketing and Innovation Technology Centre which oversees the introduction of cutting-edge real estate technologies and shoulders the onerous responsibility of driving the innovation technology process. The setting up of this unit would unleash more innovative ideas and enable the seamless integration of cutting-edge technologies across all of the Group's digital platforms. These initiatives empowered the Group's frontline staff with greater work mobility, flexibility, and access to property information across all districts and market intelligence at any time and from anywhere.

Concurrently, the Group optimised its physical footprint by strategically reducing the size of its branches, while maintaining a strong presence in key markets. This dual approach of embracing digital platforms and optimising branch network enabled the Group to achieve operational efficiencies and continue delivering exceptional service to its clients.

Strategic Review and Planning

Strategic Priorities

As the Group looks ahead, its strategic priorities are firmly centred on capitalising on the recovery of the Hong Kong property market while proactively adapting to evolving industry dynamics. The Group remains cautiously optimistic about the outlook, closely monitoring five key developments that may shape the market landscape:

- 1. Pace of Market Recovery:** The Group will closely monitor the pace of the property market's recovery in Hong Kong, as a sustained rebound is crucial for the Group to maintain a positive trajectory. In 2024, interest rates were cut twice and mortgage rate is now lower than rental yield. However, the prospective trajectory of interest rates is uncertain as the economic policies of the current U.S. President is highly unpredictable. If tariff imposition rekindles the inflation scare, the impacts of forthcoming interest rate trend on the market will be hard to ascertain.
- 2. Developers' Sales Strategies:** Despite the peaking of private housing supply, the Group anticipates that developers will continue to speed up the pace of offloading inventories, pursuing a volume-driven strategy in the near term, creating a relatively favourable environment for the business of estate agents. However, the Group will remain vigilant for any shifts in developers' sales strategy.
- 3. Industry Dynamics:** The number of estate agents and "statements of particulars of business" continued to decline throughout 2024, registering a mild overall decrease for the full year. Against a backdrop of increase in transaction activity, this downward trend may indicate a shift in the relative importance of physical branches and digital platforms for the estate agency industry.
- 4. Customers' Preference:** The Group remains committed to embracing digital innovation, optimising its operational efficiency, and delivering exceptional service to its clients. By staying attuned to market dynamics and proactively adapting its strategies, the Group is well-positioned to capitalise on emerging opportunities and navigate the ever-changing landscape of the Hong Kong property market.
- 5. Integration of Services:** With Mainland buyers emerging as a major force in the Hong Kong property market, the Group recognises the importance of further integrating its sales operations with newly established units such as Midland Education Consultancy. This strategic move aims to provide comprehensive services tailored to the unique needs of Mainland clients, fostering long-term client relationships and driving sustained growth. In 2025, the Group will establish the family office services unit for providing a comprehensive suite of well-rounded services to Mainland clients.

Building the Midland Ecosystem

One of the Group's advantages is that the first stage of transformation was completed in 2024. Built on a solid foundation, a long history, and 52 years of loyal customers, the Group possesses competitive advantages in the industry and maintains a cautiously optimistic outlook for the market and operating environment in 2025. We are firmly committed to our strategic initiatives and prepared to navigate changes and seize opportunities.

The Group will continue to push forward with the transformation of our frontline staff into "smart agents". Indeed, some of them are already able to leverage new technologies, online platforms, and social media to attract customers, while also optimising the online property transaction experience to cater to evolving market demands.

At the same time, the Group is building a more diversified "Midland Ecosystem", a horizontal development, where increased collaboration across different business units will unlock greater profit opportunities.

WONG Ching Yi, Angela

Deputy Chairman and Managing Director

Hong Kong, 28 March 2025

Profile of Directors



Board of Directors: Front row: Mr. WONG Kin Yip, Freddie
Back row from left to right: Mr. HO Kwan Tat, Ted, Mr. CHAN Nim Leung Leon, Ms. WONG Ching Yi, Angela, Mr. SUN Tak Chiu, Mr. SZE Ka Ming

Executive Directors

Mr. WONG Kin Yip, Freddie

aged 75, is the Founder, Chairman and Executive Director of the Company. He is also a member of the Remuneration Committee and the Nomination Committee of the Company.

Mr. WONG established Midland Realty in 1973 and has been the Chairman of the Company since 1993. He is responsible for the leadership of the Board, formulating and overseeing the overall corporate directions and corporate strategies of the Group, and driving the Board and the individual directors to perform to the best of their ability.

Mr. WONG has over 51 years of experience in the real estate agency business in Hong Kong, China and overseas. He is a pioneer in the mortgage brokerage business and introduced mortgage referral services to Hong Kong. Mr. WONG is also the Chairman and Executive Director of Legend Upstar Holdings Limited ("Legend Upstar") (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")). Mr. WONG is the Honorary Adviser of The Association of Hong Kong Professionals, and the chairman and permanent director of Midland Charitable Foundation Limited. In addition, Mr. WONG was a member of The Shenzhen Committee of the Chinese People's Political Consultative Conference, a member of the Estate Agents Authority in Hong Kong, a part-time member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region, and a vice president of The Association of Hong Kong Professionals.

Mr. WONG is also a director of various members of the Group. He is a director of Sunluck Services Limited and Southern Field Trading Limited which are substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He is the father of Ms. WONG Ching Yi, Angela, the Deputy Chairman, Managing Director and Executive Director of the Company.

Profile of Directors

Ms. WONG Ching Yi, Angela

aged 44, has been an Executive Director of the Company since 2008 and was appointed as the Deputy Chairman and the Managing Director of the Company since 2011 and 2014 respectively. Ms. WONG joined the Group in 2005. She is also a member of the Remuneration Committee, the Nomination Committee and the Chairman's Office of the Company, and the chairman of the Risk Committee of the Company (with effect from 1 April 2025).

Ms. WONG is responsible for formulation and implementation of strategic directions and planning of the business units and the Group, day-to-day management and delivery of the operational performance of the Group with the support of the other Executive Directors, the executive teams and the business units heads of the Group. She attends to the enhancement of the Group's policies and corporate governance practices and procedures. She works with the Board to develop strategic initiatives to drive the Group forward, and assists the Board in the performance evaluation of the other Executive Directors, the executive teams and the business units heads of the Group.

Ms. WONG is also a director of various members of the Group and a director of mReferral Corporation Limited, a joint venture company of the Group with a leading developer. She is a director and the president of Midland Charitable Foundation Limited. Ms. WONG is also an Executive Director of Legend Upstar.

Ms. WONG is a fellow member of the Hong Kong Institute of Certified Public Accountants. She obtained a bachelor's degree in Business Administration (Accounting and Finance) from The University of Hong Kong and a Master of Business Administration degree from the HKUST Business School. She is the vice chairman of the Executive Committee of The Association of Hong Kong Professionals.

Ms. WONG is the daughter of Mr. WONG Kin Yip, Freddie, the Chairman, Executive Director and controlling shareholder of the Company.

Mr. SZE Ka Ming

aged 51, has been an Executive Director of the Company since December 2023. He is also the Chief Financial Officer and a member of the Risk Committee of the Company. He joined the Group in November 2012. Mr. SZE is responsible for the finance, human resources and administration functions of the Group, and assists in the formulation of the business strategies and the daily sales operation of the Group. He has over 28 years of professional experience in auditing, accounting and finance, and over 21 years of solid experience in the real estate industry. Mr. SZE is a director of various members of the Group and a director of mReferral Corporation Limited (a joint venture company of the Group with a leading developer). Mr. SZE is also the Chief Financial Officer of Legend Upstar.

Mr. SZE is a member of the Hong Kong Institute of Certified Public Accountants. He obtained a bachelor's degree in professional accountancy from The Hong Kong Polytechnic University. Prior to joining the Group, Mr. SZE last served as the financial controller of Lai Sun Development Company Limited and as the deputy financial controller of Lai Sun Garment (International) Limited (both companies listed on the Main Board of the Stock Exchange) and had held various positions throughout his tenure of service for over 8 years in the said group companies.

Profile of Directors

Independent Non-Executive Directors

Mr. HO Kwan Tat, Ted

aged 60, has been an Independent Non-Executive Director, the chairman of the Audit Committee and the Nomination Committee, and a member of the Remuneration Committee of the Company since June 2017. Mr. HO is a practising Certified Public Accountant in Hong Kong and is a partner of World Link CPA Limited. He is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He has extensive experience in audit and taxation.

Mr. HO was an Independent Non-Executive Director of two companies listed on the Main Board of the Stock Exchange, namely, Legend Upstar from December 2007 to June 2023 and SunCorp Technologies Limited from March 2008 to May 2012.

Mr. SUN Tak Chiu

aged 61, has been an Independent Non-Executive Director of the Company since September 2004. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Mr. SUN has over 38 years of experience in the fields of accounting, securities industries and corporate finance. Mr. SUN holds a bachelor's degree in law and a master's degree in business administration. He is a fellow member of the Hong Kong Institute of Certified Public Accountants as well as the Association of Chartered Certified Accountants, and a member of the Hong Kong Securities and Investment Institute.

Mr. CHAN Nim Leung Leon

aged 69, has been an Independent Non-Executive Director and a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company since December 2023. He was an Independent Non-Executive Director of the Company from November 2012 to November 2016. He is a practicing lawyer and presently the principal partner of Messrs. Y.T. Chan & Co. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1980 and was also admitted as a solicitor in England and Wales in 1984 and in Victoria, Australia in 1985. He was a member of the Solicitors Disciplinary Tribunal Panel from May 1993 to May 2008. He is currently a non-executive director of three companies listed on the Main Board of the Stock Exchange, namely Hongkong Chinese Limited, Lippo China Resources Limited and Lippo Limited.

Corporate Governance Report

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

Corporate Governance Practices

The Company has complied with all the code provisions as set out in the Corporate Governance Code (the “Code”) stated in Appendix C1 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the year ended 31 December 2024.

Board of Directors

(i) Board Responsibilities and Delegation

The Board is responsible for the management of the Company, which includes, inter alia, formulating business strategies, directing and supervising the Company’s affairs, approving interim and annual reports, announcements of interim and annual results, considering dividend policy, and approving the grant of share options or any change in the capital structure or notifiable transactions of the Company. The Board makes broad policy decisions and has delegated the responsibility for detailed considerations to the Executive Committee of the Company.

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

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

The Company recognises the importance of Board independence in upholding good corporate governance and has in place a written mechanism for ensuring independent views and input are available to the Board. Such mechanism aims to ensure that the Directors may seek independent legal, financial or other professional advice from advisors independent of those advising the Company as and when necessary in appropriate circumstances so as to enable them to discharge their responsibilities, either on the Company’s affairs or in respect of their fiduciary duties or other duties, at the Company’s expense. The Company has established channels through formal and informal means whereby Independent Non-Executive Directors could express their views in an open, candid and confidential manner, should circumstances require. These include dedicated meeting sessions between the Chairman of the Board and the Independent Non-Executive Directors, and interaction between management and other Board members including the Chairman of the Board outside the boardroom. The Board has reviewed and is satisfied with the implementation and effectiveness of such mechanism.

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

Corporate Governance Report

Board of Directors (Continued)

(ii) Board Composition

During the year ended 31 December 2024, the Board comprised seven Directors with four Executive Directors and three Independent Non-Executive Directors. As at the date of this Annual Report, the composition of the Board is set out as follows:

Executive Directors

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

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

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

Mr. SZE Ka Ming (*Chief Financial Officer*)

Independent Non-Executive Directors

Mr. HO Kwan Tat, Ted

Mr. SUN Tak Chiu

Mr. CHAN Nim Leung Leon

Save and except Mr. WONG Kin Yip, Freddie is the father of Ms. WONG Ching Yi, Angela, none of the members of the Board are related to one another. The biographical details of the Directors are set out in the section “Profile of Directors” on pages 17 to 19 of this Annual Report.

Taking into account the knowledge, expertise and experience of the Directors, the Board considers that the Directors have balanced skills, experience and diversity of perspectives appropriate to the business and development of the Group.

(iii) Chairman and Chief Executive Officer

The roles of Chairman and Managing Director of the Company are separated.

Mr. WONG Kin Yip, Freddie is the Chairman of the Company and is also the founder of the Group. The Chairman of the Company is responsible for the leadership of the Board, formulating and overseeing the overall corporate directions and corporate strategies of the Group, and driving the Board and the individual directors to perform to the best of their ability.

During the year ended 31 December 2024, Ms. WONG Ching Yi, Angela and Mr. WONG Tsz Wa, Pierre^(Note) were the Managing Directors of the Company. The Managing Directors of the Company carry out the function of chief executive officer of the Company and the role and responsibilities are set out on page 18 of this Annual Report. The Managing Directors report directly to the Board. The senior executives of the respective strategic business units of the Group are responsible for performing and overseeing the business operation of their business units.

(iv) Board Meetings and Directors' Attendance

During the year ended 31 December 2024, the Board held five meetings to discuss and approve, inter alia, the interim and annual results and other significant issues of the Group. At least 14 days' notice of regular Board meetings is given to the Directors who are given the opportunity to include other matters in the agenda of meetings. Individual attendance records of each of the Directors at the respective meetings of the Board and Board committees and general meetings are set out on page 27 of this Annual Report.

Note: Mr. WONG Tsz Wa, Pierre has tendered his resignation as an Executive Director and the Managing Director of the Company with effect from 1 April 2025.

Corporate Governance Report**Board of Directors (Continued)****(v) Non-Executive Directors**

The current Independent Non-Executive Directors, namely Mr. HO Kwan Tat, Ted, Mr. SUN Tak Chiu and Mr. CHAN Nim Leung Leon, have been appointed for a specific term of one and a half years, one year, and one year respectively. They are subject to retirement by rotation and shall be eligible for re-election at the Company's annual general meeting at least once every three years in accordance with the bye-laws of the Company.

Throughout the year ended 31 December 2024 and up to the date of this Annual Report, the Board has at all times met the requirements under Rule 3.10 of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise and the requirements under Rule 3.10A of the Listing Rules relating to the appointment of the independent non-executive directors representing at least one-third of the board. The Board has received from each Independent Non-Executive Director an annual written confirmation of his independence and considered that all the Independent Non-Executive Directors are independent in accordance with Rule 3.13 of the Listing Rules.

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

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

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

Corporate Governance Report

Board of Directors (Continued)

(vii) Directors' Training

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

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

During the year, the Directors received reading materials covering corporate governance and regulatory development. A summary of the record of training received by the Directors during the year is as follows:

Directors	Training on corporate governance, regulatory development and/or other relevant topics
Executive Directors	
Mr. WONG Kin Yip, Freddie	✓
Ms. WONG Ching Yi, Angela	✓
Mr. WONG Tsz Wa, Pierre	✓
Mr. SZE Ka Ming	✓
Independent Non-Executive Directors	
Mr. HO Kwan Tat, Ted	✓
Mr. SUN Tak Chiu	✓
Mr. CHAN Nim Leung Leon	✓

Board Committees

The Board has established Board committees, including the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Committee, for overseeing the respective aspects of the Group's affairs.

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

(i) Executive Committee

The Executive Committee was established on 21 September 1999. The Executive Committee has the authority delegated by the Board to approve matters relating to the daily operations and management and business affairs of the Group, and also the approval of certain corporate actions of the Company. The Board reserves the power to make broad policy decisions and approve important corporate actions. As at the date of this Annual Report, the Executive Committee comprises four Executive Directors as members, namely Mr. WONG Kin Yip, Freddie, Ms. WONG Ching Yi, Angela, Mr. WONG Tsz Wa, Pierre and Mr. SZE Ka Ming. Mr. WONG Tsz Wa, Pierre has tendered his resignation as an Executive Director and the Managing Director of the Company with effect from 1 April 2025.

Corporate Governance Report

Board Committees (Continued)**(ii) Audit Committee**

The Audit Committee was established on 4 August 1998. The written terms of reference of the Audit Committee are published on the websites of the Company and the Stock Exchange. The Audit Committee is chaired by Mr. HO Kwan Tat, Ted, being an Independent Non-Executive Director, with two other members, namely Mr. SUN Tak Chiu and Mr. CHAN Nim Leung Leon, as at the date of this Annual Report. All Audit Committee members are Independent Non-Executive Directors. In compliance with Rule 3.10(2) of the Listing Rules, two of the members of the Audit Committee possess the appropriate professional qualifications or accounting or related financial management expertise.

The Audit Committee held two meetings in 2024. During the year, the Audit Committee reviewed the interim and annual reports with relevant announcements and financial statements, considered the report from PricewaterhouseCoopers on the annual audit of the financial statements, reviewed the audit strategy, work scope, quality, fees and terms of engagement for audit and non-audit services from the external auditor and assessed its independence, recommended to the Board the re-appointment of PricewaterhouseCoopers as the auditor based on its review and assessment, reviewed the internal audit report and the report on risk management and monitored the implementation of the recommended actions as well as the effectiveness of the internal control and risk management systems, approved the internal audit plan, and reviewed the continuing connected transactions and the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions as well as those relating to the environmental, social and governance of the Group. External auditor of the Company was invited to attend and discuss at the Audit Committee meetings. There was no disagreement between the Board and the Audit Committee regarding the re-appointment of the external auditor of the Company.

The principal role and responsibilities of the Audit Committee include:

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

For the year ended 31 December 2024, the Company had in place arrangement for stakeholders of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters and the whistleblowing policy.

Corporate Governance Report

Board Committees (Continued)**(iii) Remuneration Committee**

The Remuneration Committee was established on 10 March 2005 with written terms of reference published on the websites of the Company and the Stock Exchange. The Remuneration Committee is chaired by Mr. SUN Tak Chiu, being an Independent Non-Executive Director, with four other members, namely Mr. WONG Kin Yip, Freddie, Ms. WONG Ching Yi, Angela, Mr. HO Kwan Tat, Ted and Mr. CHAN Nim Leung Leon, as at the date of this Annual Report. Majority of the Remuneration Committee members are Independent Non-Executive Directors.

The Remuneration Committee held two meetings in 2024. During the year, the Remuneration Committee reviewed and recommended the remuneration of the Directors to the Board for approval, and reviewed the Group's overall remuneration. The principal role and responsibilities of the Remuneration Committee include reviewing and recommending the remuneration packages of individual Executive Directors and senior management of the Company and recommending the remuneration of the Non-Executive Directors (including Independent Non-Executive Directors) to the Board for approval, and reviewing the remuneration policy for Directors from time to time.

There was no matter relating to the share scheme of the Company that was reviewed and/or recommended to the Board by the Remuneration Committee during the year ended 31 December 2024.

The remuneration of the members of the senior management, being the Executive Directors, by band for the year ended 31 December 2024 is set out below:

Remuneration bands	Number of individuals
HK\$3,000,001 – HK\$3,500,000	1
HK\$7,000,001 – HK\$7,500,000	1
HK\$9,000,001 – HK\$9,500,000	1
HK\$23,500,001 – HK\$24,000,000	1

Details of Directors' emoluments and other remuneration related matters and five highest paid individuals during the year are set out in note 10 to the consolidated financial statements on pages 116 to 119 of this Annual Report.

Board Committees (Continued)

(iv) Nomination Committee

The Nomination Committee was established on 10 March 2005 with written terms of reference published on the websites of the Company and the Stock Exchange. The Nomination Committee is chaired by Mr. HO Kwan Tat, Ted, being an Independent Non-Executive Director, with four other members, namely Mr. WONG Kin Yip, Freddie, Ms. WONG Ching Yi, Angela, Mr. SUN Tak Chiu and Mr. CHAN Nim Leung Leon, as at the date of this Annual Report. Majority of the Nomination Committee members are Independent Non-Executive Directors.

The Nomination Committee held one meeting in 2024. During the year, the Nomination Committee assessed the independence of the Independent Non-Executive Directors, reviewed the structure, size and composition of the Board, made recommendation to the Board on the re-election of the retiring Directors, reviewed the implementation and effectiveness of the board diversity policy, and made recommendation to the Board for approval on the renewal of terms of appointment of Directors.

The principal role and responsibilities of the Nomination Committee include formulating and reviewing the nomination policy, making recommendations to the Board on the nomination, appointment and re-appointment of Directors and Board succession, assessing the independence of the Independent Non-Executive Directors and making recommendations to the shareholders on Directors' standing for re-election. In order to achieve a balanced and appropriately qualified Board, the Nomination Committee is also responsible for reviewing the structure, size and composition, including the skills, knowledge, diversity and experience, of the Board, and advising the Board as to any changes that may be required. The Nomination Committee has the authority given by the Board to seek external professional advice in the selection and recommendation for directorship, if necessary, to fulfil the requirements for professional knowledge and industry experience of any proposed candidates.

The Company has adopted a nomination policy which sets out the nomination procedures and process and selection criteria when the Nomination Committee considers candidates to be appointed or re-elected as Directors. The nomination procedures include identification of desirable candidates by the Nomination Committee, and review and approval of such nominations by the Board. The Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorship: character and integrity; qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy; willingness to devote adequate time to discharge duties as a member of the Board; the Company's board diversity policy and any measurable objectives adopted for achieving diversity on the Board; requirement for the Board to have independent Directors in accordance with the Listing Rules; and such other perspectives appropriate to the Company's business or as suggested by the Board.

The Company recognises and embraces the benefits of having a diverse Board, and sees diversity at Board level as an essential element in maintaining a competitive advantage. As such, the Company adopted a board diversity policy in August 2013 and revised in December 2022. A diverse Board will include differences in the talents, skills, knowledge, regional, industry and professional experience, cultural and educational background, race, age, gender and other qualities of the members of the Board. Selection of candidates is based on a range of diversity perspectives and the Company's nomination policy. The ultimate decision is based on merit and contribution which would be brought by the candidates to the Board if he/she were selected as a Director. The Company maintained, and is committed to maintaining, a gender diversity with at least one female representative at Board level. During the year, the Company has six male directors and one female director. Mr. WONG Tsz Wa, Pierre has tendered his resignation as an Executive Director and the Managing Director of the Company with effect from 1 April 2025. The Nomination Committee is of the view that the current composition of the Board has achieved the objectives set in the board diversity policy. The Board is satisfied with the review on the implementation and effectiveness of the board diversity policy.

Details on the gender ratio in the workforce (including senior management) of the Group, together with relevant data, are set out in the section "Environmental, Social and Governance Report" on page 38 of this Annual Report. The Company will continue to monitor and evaluate the diversity policy from time to time to ensure its continued effectiveness.

Corporate Governance Report

Board Committees (Continued)

(v) Risk Committee

The Risk Committee was established on 1 January 2016 with written terms of reference published on the website of the Company. As at the date of this Annual Report, the Risk Committee was chaired by Mr. WONG Tsz Wa, Pierre, being the then Managing Director and Executive Director of the Company until 31 March 2025, with three other members, being Mr. SZE Ka Ming (an Executive Director and the Chief Financial Officer), the Chief Legal Counsel and the head of the Internal Audit Department. With effect from 1 April 2025, Mr. WONG Tsz Wa, Pierre ceased to be the chairman of the Risk Committee, and Ms. WONG Ching Yi, Angela, being the Deputy Chairman, the Managing Director and Executive Director of the Company, has been appointed as the chairman of the Risk Committee.

The Risk Committee held two meetings in 2024. During the year, the Risk Committee received reports on the results of the review of the risk management system and framework, discussed the measures to manage those identified risks which may have significant impact to the Group, and reviewed the effectiveness of the risk management system and framework.

The principal role and responsibilities of the Risk Committee include reviewing the Group's risk management system and framework, advising the Board on the current risk exposures of the Group and future risk strategies and considering emerging risks relating to the Group's business and strategies.

Attendance Records at the Meetings of the Board and Board Committees and General Meetings

The attendance records of the individual Directors at the meetings of the Board, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Committee and the general meetings for the year ended 31 December 2024 are set out as follows:

Directors	Number of Meetings Attended/Eligible to Attend						
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Risk Committee (Note 1)	Annual General Meeting	Special General Meetings
Executive Directors							
Mr. WONG Kin Yip, Freddie (Chairman)	5/5	N/A	2/2	1/1	N/A	1/1	2/2
Ms. WONG Ching Yi, Angela (Note 2) (Deputy Chairman and Managing Director)	5/5	N/A	2/2	1/1	N/A	1/1	2/2
Mr. WONG Tsz Wa, Pierre (Note 3) (Managing Director)	5/5	N/A	N/A	N/A	2/2	1/1	2/2
Mr. SZE Ka Ming (Chief Financial Officer)	5/5	N/A	N/A	N/A	2/2	1/1	2/2
Independent Non-Executive Directors							
Mr. HO Kwan Tat, Ted	5/5	2/2	2/2	1/1	N/A	1/1	2/2
Mr. SUN Tak Chiu	5/5	2/2	2/2	1/1	N/A	1/1	2/2
Mr. CHAN Nim Leung Leon	5/5	2/2	2/2	1/1	N/A	1/1	2/2

Notes:

- Other members of the Risk Committee are not Directors.
- Ms. WONG Ching Yi, Angela has been appointed as the chairman of the Risk Committee with effect from 1 April 2025.
- Mr. WONG Tsz Wa, Pierre has tendered his resignation as an Executive Director, the Managing Director and the chairman of the Risk Committee with effect from 1 April 2025.

Corporate Governance Report

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted its own code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules.

On specific enquiries made, all the Directors confirmed that they had complied with the required standard set out in the Model Code and the Company’s code of conduct regarding Directors’ securities transactions at all applicable times during the year ended 31 December 2024.

Directors’ Interests

Details of Directors’ interests in the shares, underlying shares and debentures of the Company and its associated corporations are set out in the “Report of the Directors” on page 68 of this Annual Report.

Directors’ Responsibility for the Financial Statements

The Directors acknowledged their responsibility for preparation of consolidated financial statements which give a true and fair view of the Group’s state of affairs as at 31 December 2024 and of the Group’s results and cash flows for the year ended 31 December 2024. In preparing the consolidated financial statements for the year ended 31 December 2024, the Directors selected suitable accounting policies and applied them consistently, and made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

The reporting responsibilities of the Company’s independent auditor on the consolidated financial statements of the Group for the year ended 31 December 2024 are set out in the “Independent Auditor’s Report” on pages 77 to 81 of this Annual Report.

Corporate Governance Function

In order to achieve enhanced corporate governance of the Company, the Board has undertaken and delegated to the Executive Committee to constantly review the Company’s policies (including the board diversity policy, mechanism to ensure independent view and input are available to the Board and the shareholders communication policy) and practices on corporate governance, the training and continuous professional development of Directors and senior management, the Company’s policies and practices on compliance with legal and regulatory requirements, the code of conduct and compliance manual applicable to employees and the Directors, and the Company’s compliance with the Code and disclosure in this Corporate Governance Report. During the year, the Executive Committee performed the duties relating to corporate governance matters as aforementioned.

Corporate Governance Report

Auditor's Remuneration

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

	Fees payable or paid	
	2024	2023
	HK\$'000	HK\$'000
Services rendered for the Group		
Audit services	2,013	1,675
Interim results review	–	573
Other non-audit services (tax and other professional services)	223	343
Total fees	<u>2,236</u>	<u>2,591</u>

Save as the audit services disclosed above, the auditor's remuneration set out in note 11 to the consolidated financial statements also included the remuneration payable or paid to other independent external auditors for issuing audited financial statements of the subsidiaries of the Company.

Risk Management and Internal Controls

The Board has overall responsibilities for maintaining effective risk management and internal control systems of the Group and determining the nature and extent of the risks it is willing to take in achieving the Group's objectives, and such systems are designed to manage rather than eliminate those risks, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Risk Committee assists the Board in deciding the Group's risk level and risk appetite, considering the Group's risk management strategies and giving guidelines where appropriate, and ensuring the soundness and effectiveness of the Group's risk management system. The risk management process involves identification, analysis, evaluation, mitigation, reporting and monitoring of risks.

The Group's internal control system comprises, among others, a well-defined governance structure with clearly defined lines of responsibility and authority and relevant financial, operational and compliance controls, and risk management procedures are in place. The Executive Directors review monthly management reports and hold periodical meetings with senior operational and finance management to discuss business performance and market outlooks.

The Internal Audit Department of the Company reports directly to the Audit Committee and is independent of the Company's daily operation. It is responsible for conducting regular audit on the major activities of the Group. Its objective is to ensure that all material controls, including financial, operational and compliance controls and risk management functions are in place and functioning effectively.

Corporate Governance Report

Risk Management and Internal Controls (Continued)

The risks which may have significant impact to the Group were identified from internal and external environments and were managed properly. An annual review of the internal control and risk management systems of the Group for the year ended 31 December 2024 was conducted, and report on the results of the review and opinion were submitted to the Audit Committee and the Risk Committee. The Audit Committee and the Risk Committee reviewed the reports and followed up on the implementation of the action plan, and reported to the Board.

Based on the reports from the Audit Committee and the Risk Committee, the Board is satisfied with the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2024 as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions, as well as those relating to the Group's ESG performance and reporting.

Inside Information

The Company has established the Inside Information Team to identify, assess and escalate potentially inside information for the attention of the Board and monitor the Group's disclosure obligations in respect of inside information. Policy and Procedures on Disclosure of Inside Information are adopted which set out the guidelines and controls to ensure the inside information can be disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations.

Company Secretary

The Company engages an external service provider to provide company secretarial services and has appointed Ms. MUI Ngar May, Joel ("Ms. MUI") as its Company Secretary. Ms. MUI is not an employee of the Group and Mr. SZE Ka Ming, an Executive Director and the Chief Financial Officer of the Company, is the person whom Ms. MUI can contact for the purpose of code provision C.6.1 of the Code. Ms. MUI undertook over 15 hours of professional training during the year.

Communication with Shareholders and Investor Relations

The Company is committed to ensuring that the Group comply with disclosure obligations under the Listing Rules and other applicable laws and regulations, and that shareholders of the Company and other stakeholders (including potential investors) are provided with balanced and relevant information about the Company. The shareholders' communication policy of the Company is reviewed by the Board annually. It aims to promote effective communication with the shareholders and other stakeholders of the Company, encourage shareholders to engage actively with the Company, and enable shareholders to exercise their rights as shareholders effectively.

The Company shall publish its corporate communication which includes annual and interim reports, circulars, announcements and other documents, on the Stock Exchange's designated website in a timely manner as required by the Listing Rules. To foster effective communications with shareholders and investors, the Company maintains a website at www.midland.com.hk where any information or documents of the Company posted on the Stock Exchange's designated website shall also be published on the Company's website. Other corporate information of the Company is also available on the Company's website.

Corporate Governance Report

Communication with Shareholders and Investor Relations (Continued)

The Company provides an opportunity for its shareholders to seek clarification and to obtain a better understanding of the Group's performance in the general meetings of the Company. The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its shareholders. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend, speak and vote at the meetings for and on their behalf if they are unable to attend the meetings. The Chairman of the Board, other Board members, the chairmen of the Board committees and/or their delegates attend the annual general meeting and special general meeting (if any) to answer shareholders' questions. The external auditor of the Company is also required to attend the annual general meeting to answer questions about the conduct of audit, the preparation and content of the auditor's report, the accounting policies and auditor independence. The Company shall provide shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable shareholders to make an informed decision on the proposed resolution(s). At the general meeting, each substantial issue will be considered by a separate resolution, including the re-election of individual retiring Directors, and the poll procedures will be clearly explained.

Pursuant to the Listing Rules, voting by poll is mandatory on all resolutions (except resolutions relate purely to procedural or administrative matters) put forward at general meetings and the poll results will be posted on the websites of the Stock Exchange and the Company. The Company would ensure that shareholders will be given sufficient notice of the general meetings, at least 21 clear days' notice in the case of an annual general meeting and any special general meeting at which the passing of a special resolution is to be considered and at least 14 clear days' notice in the case of all other special general meetings in accordance with the bye-laws of the Company.

The 2024 annual general meeting of the Company was held on 21 June 2024. At the meeting, separate resolution was proposed by the chairman of the meeting in respect of each separate issue, including the re-election of individual retiring Directors, and voted by way of poll. The Company announced the results of the poll in the manner prescribed under the Listing Rules. The Chairman of the Board and other Board members as well as the representative of PricewaterhouseCoopers attended the 2024 annual general meeting and had effective communication with shareholders of the Company.

The Company has held two special general meetings on 17 January 2024 and 16 August 2024 respectively. At the meeting held on 17 January 2024, an ordinary resolution was proposed by the chairman of the meeting to approve the Cross Referral Services Framework Agreement (2023), the transactions and the proposed annual caps contemplated thereunder (details of which were set out in the notice of the meeting and the circular of the Company dated 22 December 2023). At the meeting held on 16 August 2024, an ordinary resolution was proposed by the chairman of the meeting to approve the revised annual caps for the relevant transactions contemplated under the Cross Referral Services Framework Agreement (2023) (details of which were set out in the notice of the meeting and the circular of the Company dated 23 July 2024). All the resolutions proposed at the above meetings were voted by way of poll by the independent shareholders of the Company. The Company announced the poll results in the manner prescribed under the Listing Rules. The Chairman of the Board and all Board members attended the aforementioned meetings and had effective communication with shareholders of the Company.

Having considered the multiple channels of communication and engagement in place, the Board conducted a review of the implementation and effectiveness of the shareholders' communication policy and is satisfied that such policy has been properly implemented during the year and is effective.

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

Shareholders' Rights

(i) Procedures for Shareholders to Convene a Special General Meeting

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

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

(ii) Procedures for Putting Forward Proposals at General Meeting

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

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

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

Provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company in Bermuda and the above-mentioned address in Hong Kong, an annual general meeting is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the above-mentioned time shall be deemed to have been properly deposited for the purposes thereof.

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

(iii) Shareholders' Enquiries

Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited. Shareholders and investors may during office hours make a request for the Company's information to the extent that such information is publicly available. Shareholders may also send to the Company written enquiries and their views on various matters affecting the Company for the attention of the Company Secretary or the Investors Relations Department by post at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong or by email at investor@midland.com.hk.

Corporate Social Responsibility Report

Leading public opinion by outlining market trend

As an authority in the industry, the Group, at all times, closely monitors the property market in a fluctuating market. Through press conferences, in-depth interviews, feature stories, instant responses and accurate analyses, the Group outlined trends in the property market. It offered professional and valuable information to the market, helping the public to keep abreast of the property market.



Producing quality programs and seminars on property market to educate the public

With the principle of "Understand Before Investing", the Group, in response to the public's demand for property market and wealth management information, produced a large number of programmes about the property market on its own channel, and worked with various business organizations to conduct different kinds of free seminars on market trend analysis and home-buying assistance, thereby actively fulfilling its corporate social responsibility.



Participation in "Standard Chartered Hong Kong Marathon" underscoring the spirit of "Physically Fit"

Midland Group encourages its staff to participate in sports events and maintain physical fitness. To promote the Group's "3-Fit Spirit", we sent numerous runners to take part in the full-marathon, half-marathon and 10km races of the "Standard Chartered Hong Kong Marathon". The Group also organized the "Motivational Campaign Support Team" to cheer for the runners on-site, who provided plenty of hot food, drinks, and other supplies at the finish line, offering immediate warmth and care to each runner.



Receiving the "Partner Employer Award" for ten consecutive years

Adhering to the corporate spirit of caring and upholding the principle of "Nurturing Talents", Midland actively provides students with internship and employment opportunities help them accumulate work experience, offering comprehensive training and courses were provided to boost students' competitiveness in the job market. Hence, Midland has received the "Partner Employer Award" from The Hong Kong General Chamber of Small and Medium Business for ten consecutive years, recognizing its continuous commitment to nurturing talents in the industry.



Corporate Social Responsibility Report

Clinching the “Caring Company” recognition for twenty-one consecutive years

The Group is dedicated to giving back to the community. Apart from donating and mobilising our colleagues to participate in various volunteer activities to assist underprivileged groups such as the elderly, grassroots youth, and the chronically ill, the Group also actively expresses its solicitude for staff through different activities. Therefore, it has been awarded the “Caring Company” logo by the Hong Kong Council of Social Service for twenty-one consecutive years in recognition of its unremitting effort in fulfilling its social responsibilities.



Supporting “Project WeCan” to help students plan their lives

Midland has been supporting “Project WeCan” since 2014 with the aim of providing a wealth of resources and information to students in need. It was once again invited to attend the “Young Innovators’ Bazaar” professional training workshop to share the insight on practical marketing strategies and entrepreneurship with students from 43 secondary schools, as well as to teach them the “keys to success in sales”. We also assigned our staff as judges for the preliminary round of the “3-Minute Sales Challenge”, which attracted participation from 41 secondary schools. To compete for high scores, participants sold their creative products to the judges and the live audience in just 3 minutes.



Supporting “Hike for Hospice” of the Society for the promotion of Hospice Care (SPHC)

Midland Group fulfills its corporate social responsibility by actively participating in various public welfare activities. The Group once again joined forces to participate in the “Hike for Hospice”, an annual event held by the SPHC. In addition to making donations via the Midland Charitable Foundation, the Group also deployed elite frontline staff to participate in the event to help people in need.



Supporting “Walk for Hope” HOHCS Charity Walk

Midland is enthusiastic about public welfare. We contributed money and effort to support the “Walk for Hope” HOHCS Charity Walk, in which a number of elites formed a hiking team to attend the event at the Clearwater Bay Golf and Country Club for fund raising. The donations raised will be used to support the “Extension Project” of SASHCC, which aims to provide holistic care for the frail elders, chronically ill and patients with late-stage cancer.



Corporate Social Responsibility Report

Received a certificate of appreciation from The Lok Sin Tong Benevolent Society, Kowloon for donating nearly 1,000 mooncakes

Upholding the spirit of “Midland We Share”, the Group donated nearly 1,000 mooncakes to social welfare organizations and shared the joy of festivals with people from all walks of life during the Mid-Autumn Festival. Ms. Alice Lau Oi Sze, Chief Executive of The Lok Sin Tong Benevolent Society, Kowloon, therefore presented a certificate of appreciation to Ms. Wong Ching Yi, Angela, Deputy Chairman of the Group, in recognition of Midland’s mooncake donation to the kindergarten pupils for sharing with their families, with the aim of continuing to work together for the benefit of the community in future.



Winning the Happiness at Work title for nine consecutive years

Midland has always adhered to the “people-oriented” principle, taking care of its employees and striving to create a pleasant working environment for them. It has won the Happiness at Work title organised by the Promoting Happiness Index Foundation for nine consecutive years, and received the Happy Company Logo again in recognition of Midland’s active promotion of a harmonious and inclusive work culture.



Elite Club supporting the “Children’s Heart Foundation”

Midland actively gives back to the community. Its “Elite Club” volunteer team participated in the “Heart to Heart Charity Walk” organized by the Children’s Heart Foundation, and successfully raised HKD100,000 for the organization in just 20 hours through a 3km-charity walk at Victoria Peak. The event featured a variety of interactive sessions to raise participants’ awareness of congenital heart disease and promote a healthy lifestyle through exercise.



Supporting Kai Tak “The Pavilia Forest” charity run

Midland’s elites from the Kai Tak branch participated in the “The Pavilia Forest” charity run – “Kai Tak ‘Forest’ Happy Run”, which was guided by the voice of the runners from the Kai Tak Sports Initiative. Along the way, the runners introduced the world-class development of Kai Tak and the low-density waterfront metropolitan living space, which is rare in an urban core. While giving back to the community, they also learnt about the advantages of the waterfront project and made full efforts in its sales planning.



Corporate Social Responsibility Report

Caring for the elderly and sharing property market trends with the elderly affected by renewal

Midland plays an active role in serving the community. At the invitation of St. James' Settlement Urban Renewal Social Service Team, it dispatched professional agents to provide the elderly owners affected by renewal in the district with the latest property market updates. Such initiative helped them better understand the property transaction trends in nearby districts and offered up-to-date information about the property market and relocation. It also assisted the elderly in finding the most suitable homes.



Providing summer internship programme and leading the industry in talent cultivation

Adhering to the principle of "Nurturing Talents", Midland has been actively organising summer internship programs over the years. Eight university students were selected from over a hundred applicants to participate in an 8-week summer internship. The interns were from different institutions, including overseas, Mainland China and local universities. They were assigned to departments such as Marketing Communications, Corporate Communications and Human Resources based on their interests and majors, so as to experience the most realistic working environment, have an in-depth understanding of the operation of the real estate agency industry, and gain valuable working experience.



Collaborating with Emperor International for "Family Movie Fest in Summer"

Bringing together top professionals from the agency industry, Midland's "Elite Club" is committed to giving back to society. Together with Emperor International and Against Child Abuse, we organized the "Family Movie Fest in Summer" movie showcase event, inviting underprivileged children and their parents to enjoy a movie. Nearly a hundred people participated in the event, and the children were offered with gift packs, sodas and popcorn, ensuring that they were filled with joy.



Hosting environmental workshops to create a green future with students

Midland actively participates in various public welfare activities and fully supports St. James' Settlement "Grant-in-aid Brightens Children's Lives Service". In addition to sponsoring the purchase of learning supplies, we formed a volunteer team to participate in the "Eco-Craft Workshop", teaching students how to make soap and mosquito repellents with coffee grounds. It demonstrated how environmental protection concepts can be implemented in daily life and encouraged students to cherish resources.



Corporate Social Responsibility Report

Participating in the “Lifeline Express” charity event for twelve consecutive years

Midland is passionate about public welfare and has supported events organized by the “Lifeline Express Hong Kong Foundation” for twelve consecutive years through various means, including sending participants to compete in the 10km charity run and the 3.5km walk at the “Lifeline Express Charity Run/Walk”, giving back to society through funds and actions. The event was held at The Clearwater Bay Golf & Country Club, where Midland continued to be a “Silver Sponsor”. A team of Midland elites participated in the event, walking around the club and golf course, and competing in the “10km charity run”, completing the race with their full effort.



Receiving more recognition for its efforts in environmental protection and energy conservation

The Group places great importance on environmental protection and has spared no effort in promoting sustainable development. As a result, the Group has consistently won multiple awards, including being certified as a Hong Kong Green Organisation and receiving the Wastewi\$e Certificate – Excellent Level and the Energywi\$e Certificate – Good Level from the Environmental Campaign Committee, and was issued the “ISO 14064-1:2018” Greenhouse Gases Inventory Certificate by the International Organisation for Standardisation in recognition of its contribution to environmental protection.



Promoting the physical and mental health of employees and receiving the “SportsHour Company Recognition”

Midland always pays attention to the physical and mental health of its employees, and has been actively establishing a favorable working environment and atmosphere to balance work and life. Therefore, it was granted the “SportsHour Company Recognition” by InspiringHK Sports Foundation in recognition of Midland’s contribution to the scheme.



Awarded “Business-School Partnership Program” certificate of commendation

The Group has always been committed to fulfilling social responsibilities, setting an exemplary model for the industry, and nurturing industry pillars. As a result, it was presented with a Certificate of Commendation under the “Business-School Partnership Program” organized by the Education Bureau, in recognition of the Group’s efforts to assist secondary school students in career planning and establishing life goals through business-school collaboration. This achievement reflects the industry’s affirmation of Midland’s philosophy.



Environmental, Social and Governance Report

About this report

Reporting Standards

The Company is pleased to publish its Environmental, Social and Governance (“ESG”) Report which is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) set out in Appendix C2 to the Listing Rules.

Reporting Principles

This report is prepared in accordance with the four reporting principles stated in the Guide:

- **Materiality:** Stakeholder engagement and materiality review is conducted to ensure that the ESG issues identified remain relevant and material to our business operations and stakeholders.
- **Quantitative:** Quantitative metrics are collected and regularly monitored to review the progress of our ESG initiatives.
- **Balance:** This report highlights both the achievement and improvement areas of our ESG management to show an unbiased picture of our ESG performance.
- **Consistency:** Consistent methodologies are adopted for meaningful comparison of our ESG performance. Remarks are provided in case of any change in data compilation methodologies and scope.

Reporting Scope and Boundary

Unless otherwise specified, this report covers the period from 1 January 2024 to 31 December 2024. It encapsulates the ESG performance and initiatives of our residential property agency services in Hong Kong, including Midland Realty and Hong Kong Property.

There were no significant changes from the previous reporting year in the reporting scope and boundary of this report.

Feedback Mechanism

We welcome and value the feedback from our stakeholders to continuously improve our ESG management and performance. Please feel free to share your views and thoughts with us at esg@midland.com.hk.

Our ESG Management

ESG Management

As a responsible corporate citizen, the Group recognises the importance of establishing a robust governance structure to ensure our business operations are operating in an ethical and sustainable manner.

We continue to optimise our corporate governance strategies and policies to increasingly incorporate sustainability considerations in the way we grow and develop. We have established a set of policies to embed ESG management into our daily operations. These policies cover ESG aspects including environmental management, green procurement practice and service responsibility, reinforcing our commitment to integrating ESG factors in our business operations.

Environmental, Social and Governance Report

Our ESG Management (Continued)

Board Statement

The Board acknowledges the significance of effective sustainability practices and are actively integrating ESG systems in key business decisions. The Board is ultimately responsible for formulating and overseeing our ESG strategy, reporting and management approach to monitor ESG issues.

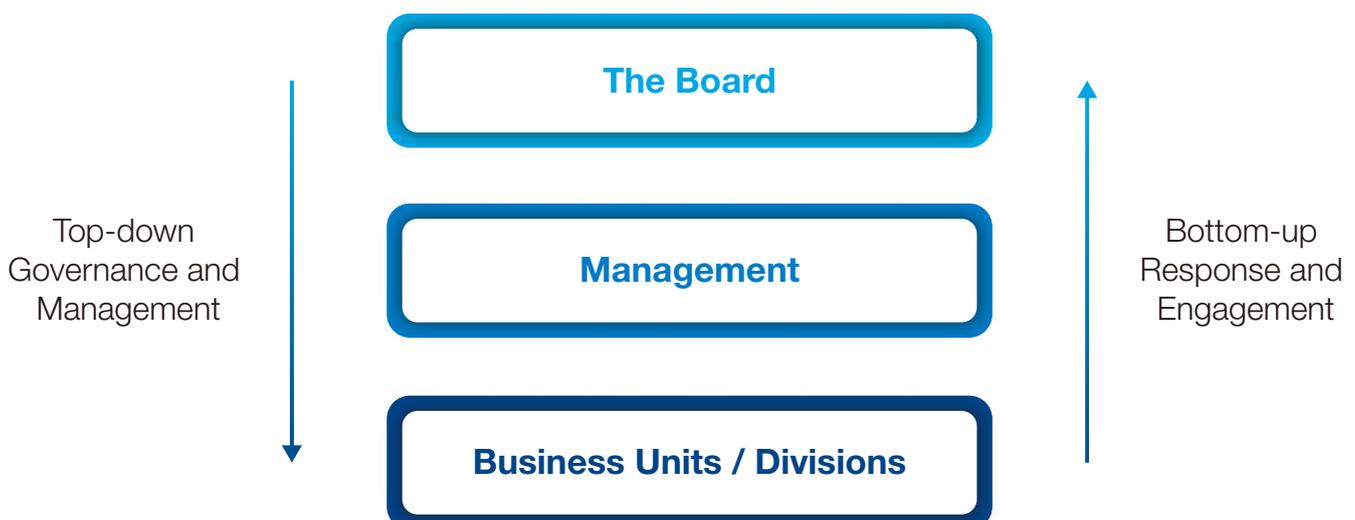
The Board regularly evaluates and determines our ESG related risks and ensures that appropriate and effective ESG risk management and internal control systems are in place. The Board has regular meetings and discussions on the effectiveness of these systems as well as progress made against relevant ESG-related goals and targets during the reporting year. Management is taking steps to review and monitor the Group's greenhouse gas emissions and setting sustainability targets to ensure that we operate our business in an environmentally and socially responsible model while generating strong returns for our shareholders.

Sustainability Governance

To systematically consolidate the sustainability concept of the Group, the Group establishes a governance structure on sustainable development in order to promote the implementation of ESG governance works in an orderly manner. The Board, as stewards of ESG management of the Group, is ultimately accountable for the performance of ESG-related issues through establishing goals and targets and reviewing the performance on a regular basis. The Board provides oversight of the risk management framework and sustainability strategy in achieving long-term sustainability goals and promoting a sustainable development culture at all levels.

Management directly reports to the Board and is responsible for initiating, driving, and monitoring sustainability policies and practices. Management strives to maintain effective communication with the Board to provide constructive recommendations regarding the emerging ESG trend and industrial best practices, improving the Group's resilience in addressing ESG issues. In alignment with the Group's ESG dedication, our management level ensures that sustainability elements are considered when proposing, designing and implementing new protocols and overseeing the implementation process through reviewing policies and gathering feedback from stakeholders.

ESG Governance Structure



Environmental, Social and Governance Report

Our ESG Management (Continued)

Ethical Business Operation

We strive to uphold the highest level of business ethics and strictly prohibit and stand against any form of bribery, extortion, fraud, or corruption in our business operations. The Group adheres to applicable laws and regulations, including the Prevention of Bribery Ordinance (Cap. 201). Internal policies and control mechanisms are in place to strengthen our management practices and prevent improper conduct and unethical behaviour. The Group has communicated our preventive measures on bribery and corruption to our employees, including guidelines regarding the acceptance and offer of advantages. Such anti-corruption materials are also available to the directors. Employees are also required to provide a conflict of interest declaration as one of our preventive measures. Detailed policies and guidance relating to anti-corruption and conflict of interest are stipulated in our Staff Handbook.

The Group is committed to providing training for our frontline and back-office staff to ensure a thorough understanding of the code of ethics and compliance requirements in the property agency industry. As a responsible and ethical business, we recognise the importance of upholding high standards of conduct and compliance. Our training programme is designed to equip our employees with the knowledge and skills necessary to adhere to the standards, maintain our reputation as a trustworthy organisation and benefit our customers. We provide training covering business ethics issues, such as code of ethics, anti-money laundering, discrimination ordinances and protection of personal data. In addition, to enhance employees' awareness on anti-corruption practices, we have arranged training for our frontline and back-office staff. The training course covers topics ranging from understanding anti-corruption laws and regulations to avoiding legal violations in our operation practices.

The Group strictly prohibits all employees, either directly or indirectly, from soliciting or receiving any gifts, rewards, or advantages from any business associates. The Group has established a Whistleblowing Policy and mechanism to allow our employees and stakeholders to raise concerns on any potential business misconduct and malpractice confidentially. The Whistleblowing Team was also set up to handle matters arising from whistleblower reports in an effective manner and further report to the Audit Committee. Depending on the nature and circumstance of the allegation, investigation procedures are followed accordingly.

The Group conforms to the Competition Ordinance (Cap. 619) and supports fair competition with our peer companies. We strictly prohibit our employees from engaging in anti-competitive behaviour, including cartels, market segregation, bid-rigging and output restriction, as stated in the Staff Handbook. We also have guidelines on communication with competitors and customers to avoid involvement in any suspicious anti-competitive behaviour.

During the reporting year, the Group was not aware of any conviction against any member of the Group arising from violation of laws or regulations against corruption, bribery, fraud, and money laundering.

Environmental, Social and Governance Report

Our ESG Management (Continued)

Stakeholder Engagement and Materiality Assessment

To enhance our understanding of stakeholder's expectations and needs, as well as identifying material ESG issues and performance, we engaged in ongoing dialogues with our external and internal stakeholders through various channels throughout the reporting year:

Stakeholder Group	Engagement Channel
Management and Employees	<ul style="list-style-type: none"> • Townhall meeting • Monthly meetings • Intranet forum • Internal circulars • Grievance channels stated in Staff Handbook • Questionnaire
Investors	<ul style="list-style-type: none"> • Annual general meeting • Annual and interim reports • Corporate website • Investor circulars • Questionnaire
Suppliers	<ul style="list-style-type: none"> • Regular supplier review • Meetings
Customers	<ul style="list-style-type: none"> • Social media • Corporate website • Questionnaire • Customer service hotline • Live chat services
Community Partners/ Non-governmental Organisations (NGOs)	<ul style="list-style-type: none"> • Community programme collaboration • Voluntary services • Ad hoc sponsorship projects
Media	<ul style="list-style-type: none"> • Press release • Interview • Press conference • Mobile application for communication • Leisure engagement events

Environmental, Social and Governance Report

Our ESG Management (Continued)

Stakeholder Engagement and Materiality Assessment (Continued)

To effectively manage ESG issues, we cautiously identify, analyse and review the relevance of ESG issues to our business operations and stakeholders on a regular basis. The assessment helps to build the foundation for our ESG strategy and management approach. Through the step-by-step approach below, we identify and review the material ESG issues to our business operations:



According to the stakeholder-based materiality assessment results, we conducted industry research and peer benchmarking during the reporting year to ensure that the list of ESG issues is material and relevant to our business and is in line with the industry's development and changes in the external environment. During the reporting year, we have reviewed the list of material ESG issues and confirmed that the material ESG issues identified last year remained relevant and applicable to us.

Environmental, Social and Governance Report

Our ESG Management (Continued)

Stakeholder Engagement and Materiality Assessment (Continued)

The following table lists the 16 material ESG issues and their corresponding sections in this report.

List of material issues	Corresponding section in this report
Anti-corruption and Ethical Business Operation	
• Anti-corruption	Ethical Business Operation
• Anti-competition	Ethical Business Operation
• Ethical business compliance	Ethical Business Operation
Product and Service Responsibility	
• Customer service and satisfaction	Product and Service Responsibility; Feedback Handling
• Advertising and labelling	Product and Service Responsibility
• Intellectual property rights	Product and Service Responsibility
• Customer data privacy and protection	Privacy and Data Protection
• Product responsibility compliance	Product and Service Responsibility
Employment and Labour Standards	
• Employee relationship	Employment Policy and Labour Standards
• Non-discrimination and diversity	Employment Policy and Labour Standards
• Occupational health and safety	Occupational Health and Safety
• Training and development	Training and Development
• Employment compliance	Employment Policy and Labour Standards
The Environment	
• Employee environmental awareness	Employee Environmental Awareness
• Environmental compliance	Environmental Management
Our Community	
• Community investment	Our Community

Environmental, Social and Governance Report

Our Customers

Product and Service Responsibility

The Group's customers mainly consist of property developers, property owners, property purchasers, landlords and tenants. As stipulated in our Product Responsibility Policy, we strive to provide the finest services to our customers in adherence with applicable laws and regulations including the Trade Descriptions Ordinance (Cap. 362), Residential Properties (First-hand Sales) Ordinance (Cap. 621) and Estate Agents Ordinance (Cap. 511). During the reporting year, there were no material non-compliance cases concluded relating to the aforementioned laws and regulations. We have a Product Responsibility Policy in place, which clearly stipulates our commitment to promoting customer experience, service reliability, customer health and safety and data privacy.

Through leveraging technological innovations and digital applications, we continuously make use of digital platforms including online live chat, mobile applications, and social media to enhance our customers' experience.

The Group has scaled up our efforts in digitising our services by launching the "Property Tour with KOL" and "AI.VR Property Visit", which allow customers to view their ideal properties through property introduction videos and to visualise how the property would look like with different décor styles through the deployment of virtual reality technology.

Meanwhile, we have enhanced the flexibility of our different services with technological innovations to ensure our business continuity. The Group has signed a strategic partnership with an all-in-One VR service provider, Matterport, Inc. ("Matterport"). With Matterport's new "digital twin" technology, our customers can view their ideal properties and access room dimensions at any time through interactive 3D virtual tours on our digital platforms. We believe our partnership will accelerate the introduction of leading technology and enhance customers' online experience.

Moreover, irregular branch inspections are conducted to monitor service quality and identify any potential improvement areas. To provide customers with accurate and complete information, the Group has adopted standardised procedures for advertising and labelling of products and services that align with the regulatory requirements of the target markets. We also strive to protect intellectual property ("IP") rights by maintaining relevant standards and protocols when producing marketing materials and ensuring that we have the IP rights for the material that we use.

Privacy and Data Protection

We strongly emphasise data privacy protection and adhere to applicable laws and regulations relating to data privacy and protection, including the Personal Data (Privacy) Ordinance (Cap. 486), when handling customer information. To safeguard our customer's data privacy, we have established the Customer Privacy and Data Protection Policy (the "Policy") that addresses the handling of our customer's data which are mainly stored in the form of contractual documents. The Policy is uploaded to the Company's intranet for staff's reference. During the reporting year, there were no material non-compliance cases concluded relating to the aforementioned laws and regulations.

Guided by the Policy, the Group adopts a wide array of measures to protect the personal data of our customers. Only authorised personnel are granted access to documents with personal information. Frontline staff are required to fill in a record form when they obtain and archive contractual documents for client's service. Documents containing customers' personal information are organised and locked in designated locations to avoid information leakage. Sample checking on document storage is conducted annually to ensure that we are compliant with the Policy.

We also have strict control over the disposal of expired contractual documents. We appoint certified recyclers for appropriate handling of the disposed documents on a regular basis. Internal training is provided to our frontline staff to communicate our requirements and raise their awareness on data privacy protection.

Environmental, Social and Governance Report

Our Customers (Continued)

Feedback Handling

We endeavour to continuously improve our customer's experience and satisfaction through communicating with them on a regular basis and listening to their concerns and feedback. The Group has formed a designated customer relationship team to handle customer feedback who are well-trained and skilled in handling customer enquiries and complaints. Customers can lodge their enquiries or complaints through various communication channels, including our customer hotline, email, mail and visitations. Once the complaint is received, the customer relationship team further investigates the feedback and works with relevant departments in a timely manner. A feasible solution is then developed for further discussion and agreement with the complainants. The results and follow-up actions taken are documented accordingly. During the reporting year, 45 service-related complaints were received and handled.

Our Employees

Employment Policy and Labour Standards

We believe that our employees are the key to our long-term business success. The Group adheres to the laws and regulations relating to employment and labour standards including the Employment Ordinance (Cap. 57), Employment of Children Regulations (Cap. 57B), Employment of Young Persons (Industry) Regulations (Cap. 57C), Employees' Compensation Ordinance (Cap. 282), Mandatory Provident Fund Schemes Ordinance (Cap. 485), Minimum Wage Ordinance (Cap. 608), Occupational Safety and Health Ordinance (Cap. 509) and the discrimination ordinances¹. During the reporting year, we observed no material non-compliance cases concluded regarding the aforementioned laws and regulations.

Going beyond legal compliance, we adopt a people-centric philosophy in our human resources strategy and policies to create a respectful, productive and rewarding working environment for our employees. The Group's human resources policies have thus been established to stipulate relevant practices in recruitment, dismissal, promotion, working hours, holidays, equal opportunities and compensation benefits. We also invest in our employees and aim to provide them with rewarding career paths so as to develop a diverse, industry-leading team. Fair recruitment and promotion processes are implemented based on factors such as experience and performance. Moreover, we provided our employees with competitive and rewarding remuneration package.

With businesses that highly depend on people, the Group is committed to embracing diversity as well as providing equal opportunity and a collaborative workplace. The Group strictly enforces an anti-discrimination policy and has zero tolerance for any form of harassment.

¹ Discrimination ordinances include Sex Discrimination Ordinance (Cap. 480), Disability Discrimination Ordinance (Cap. 487), Family Status Discrimination Ordinance (Cap. 527) and Race Discrimination Ordinance (Cap. 602).

Environmental, Social and Governance Report**Our Employees (Continued)****Employment Policy and Labour Standards (Continued)**

The Group endeavours to meet the needs of our employees by listening to their suggestions and feedback. Various platforms and mechanisms are available to facilitate open communication between management and employees. For instance, we have organised a Central Professional Units (CPU) townhall meeting regularly, and arranged a Q&A session for employees to interact with the management and further develop potential solutions in tackling the issues raised. Other communication channels are also available for our employees to voice their opinions, including monthly meetings for frontline and back-office staff of different ranks and positions via electronic means or otherwise. We also put in place internal grievance channels which are outlined in the Staff Handbook.

To create a harmonious workplace and extend our care to our employees, we set up the “Motivational Campaign” to organise employee activities and provide benefits to employees from time to time. During the reporting year, the Group organised a variety of events and festive activities for our employees to strengthen their sense of belonging and foster workplace collaboration. We also encourage our employees to participate in various sports events, which can enhance their physical well-being and strengthen team spirit. For instance, we supported our staff to participate in the Standard Chartered Hong Kong Marathon and other charity races/matches to encourage them to live a healthy lifestyle.

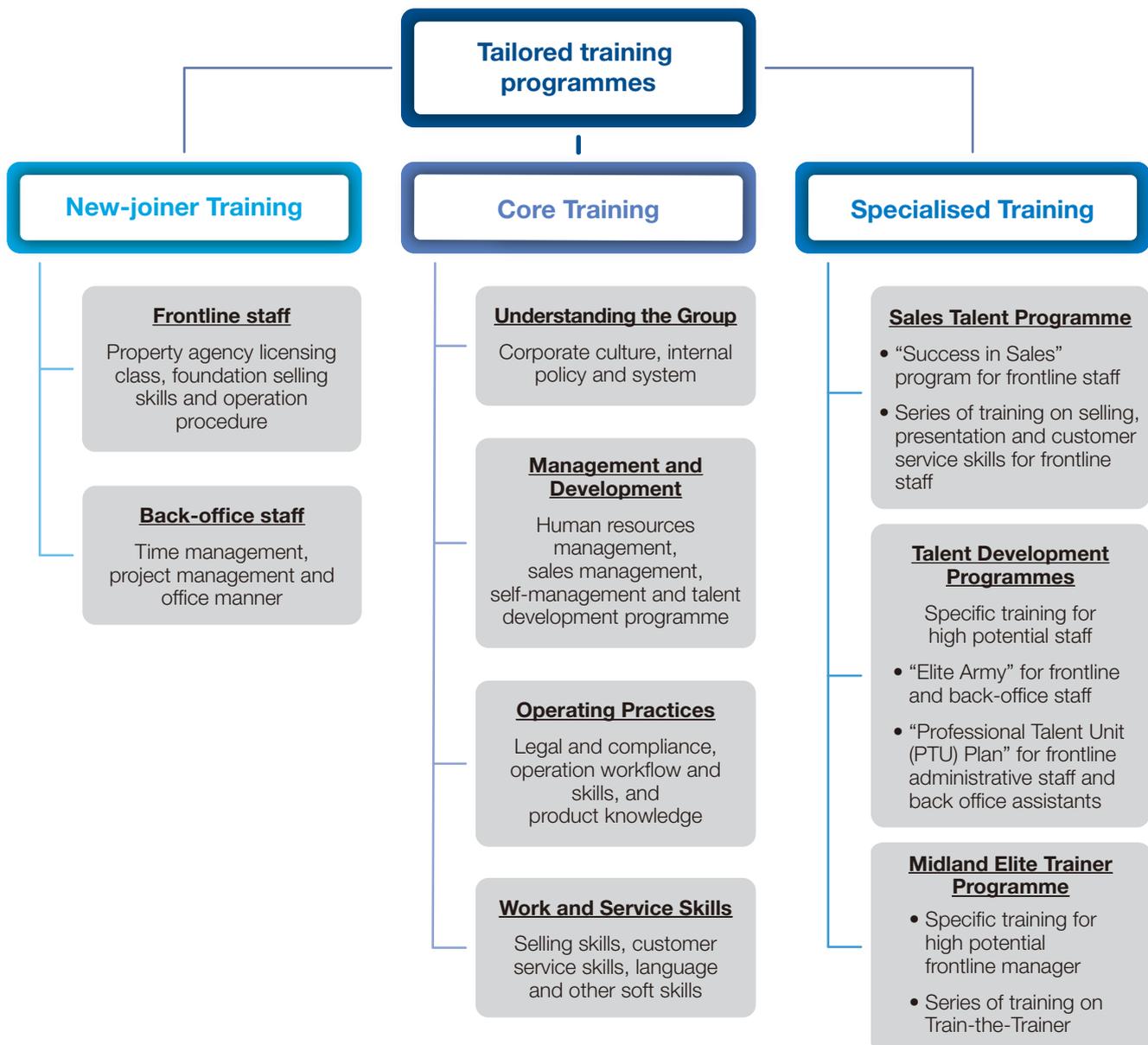
The Group commits to upholding human rights and strictly prohibits the use of child labour and forced labour as stated in our guidelines for employing new hires. In 2024, we did not discover such practices in our operations.

Environmental, Social and Governance Report

Our Employees (Continued)

Training and Development

As our employees are the Group's greatest human capital, we make a significant effort to nurture them while also offering opportunities for professional and personal advancement. We set up Midland University to deliver specific training that equip our employees with the skills and knowledge required in carrying out their daily operations. Based on the job nature and the rank of the employees, different training modules are built. For instance, we have tailored training programmes for both frontline and back-office staff respectively.



Environmental, Social and Governance Report

Our Employees (Continued)

Training and Development (Continued)

A digital learning management system was developed to give our employees the flexibility to receive training anytime and anywhere through a computer or electronic device. To facilitate better learning engagement, the system supports bite-sized learning as online courses are divided into shorter clips, which can be digested more effectively. Additionally, the system includes a live broadcasting function, allowing trainers to conduct real-time training sessions, engage with participants and address questions instantly. This feature enhances interactivity and fosters a collaborative learning environment. The system also supports a hybrid mode, enabling a blend of in-person and online training experiences, catering to diverse learning preferences. Overall, this digital learning management system allows the learning process to be easier, more effective, and easily accessible.

Our effort in providing training to frontline staff is also externally recognised. The Group has been granted the accolade of Manpower Developer for more than 10 consecutive years and was acknowledged as a “Super MD” by the Employees Retraining Board. Meanwhile, a total of 135 branches of the Group have obtained the “CPD Mark for Estate Agencies” issued by the Estate Agents Authority in 2024, ranking first among property agency companies. We encourage our employees to enhance their knowledge through keen participation in CPD activities, a total of 94 branches of the Group have obtained the “Silver CPD Mark for Estate Agencies” in 2024.

Apart from internal training programmes, we subsidise our staff to join external training courses, obtain professional certificates and attend examinations. As such, our employees could keep pace with the market benchmark and pursue professional development courses of their choice. This helps encourage employees to pursue new expertise and undertake life-long learning. Moreover, we tailor-made the professional estate agent certification programme for our frontline staff to enhance their capability in conveyancing, tax and mortgage, digital marketing and customer services. Staff who complete the specific series of training courses and fulfil relevant KPIs will be certified as a specialist. Such certifications obtained by our frontline staff are listed on their profiles in our Agent Blog, which provides a platform to exhibit their credentials.

To encourage our staff in search of excellence, we establish a clear career advancement path. Promotion criteria are clearly outlined in our Staff Handbook. The mid-year and annual appraisals are conducted to evaluate the employees’ job performance based on various rating factors, including functional competencies, job quality and skills and behavioural competencies, based on their responsibility and job nature. Employees can discuss with their supervisor regarding the appraisal result and establish targets for the upcoming year. We also prioritise internal promotion of staff when there is a vacancy in a job position based on qualifications, job performance, competency and recommendations from the supervisor or management.

Occupational Health and Safety

The Group cares about employees’ health and safety at work. We conform to the relevant occupational health and safety laws and regulations including the Occupational Safety and Health Ordinance (Cap. 509) and the Factories and Industrial Undertakings Ordinance (Cap. 59) in our operations. During the reporting year, we observed no material non-compliance cases concluded regarding the aforementioned laws and regulations.

The employees of the Group mainly comprise frontline and back-office staff, and various measures are carried out to enhance our employees’ awareness of occupational health and safety issues that may arise from their job nature and working environment. For instance, we have disseminated occupational health and safety information on the Company’s intranet. Information regarding the proper procedures of using various equipment in our offices and branches is provided to further educate our employees and prevent the occurrence of workplace injuries.

Environmental, Social and Governance Report

Our Employees (Continued)

Occupational Health and Safety (Continued)

We place great emphasis on enhancing the indoor air quality of our branches and offices as it directly affects the health of our employees and the comfort level in the working environment. We have formulated the Indoor Air Quality Policy which includes a set of measures to promote indoor air quality in our workspace. We installed dust filters to reduce suspended particles from entering the ventilation systems. Moreover, we also clean and conduct regular inspection and maintenance of ventilation system equipment including fans, dust filters, ventilation ducts and air hoods.

During the three years ended 31 December 2024, there were no work-related fatality cases.

Our Environment

Environmental Management

We recognise our role in minimising the adverse impacts that our operations may have on the environment. The Group strictly adheres to all applicable environmental laws and regulations including the Air Pollution Control Ordinance (Cap. 311), Water Pollution Control Ordinance (Cap. 358) and Waste Disposal Ordinance (Cap. 354). As stipulated in our Environmental Policy, we are committed to better managing our environmental impacts and continuously incorporating environmental considerations into our decision-making process. We strive to protect the environment and lower our carbon footprint by conserving natural resources, reducing energy consumption, minimising and recycling waste, but without compromising the quality of our products and services.

During the reporting year, we observed no material non-compliance cases concluded regarding air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Climate Change and Energy Conservation

The Group is mindful of the adverse impacts caused by climate change on our business operations, the business community and overall society. The Group recognises our contribution to greenhouse gas emissions and strives to lower our carbon footprint by identifying opportunities to decarbonise our daily operations. We are taking steps in setting our sustainability targets. Committed to reducing air emissions, we have introduced and actively applied emission control measures in our operations. For example, we encourage our employees to replace business trips with alternative options, including telephone calls, video conferences and other online communication tools, where possible, to reduce air pollution and greenhouse gas emissions. We cautiously monitor our greenhouse gas emissions in our head office by compiling annual greenhouse gas report in accordance with ISO 14064-1:2018 standard. The report offers insights on potential improvement area to further reduce our emissions. It was also externally verified to ensure data accuracy.

The majority of the greenhouse gas emissions of the Group are arisen from energy consumption. As such, we have enhanced our energy efficiency and reduced energy consumption by setting energy use efficiency targets and initiating various improvement measures. To enhance the energy efficiency of our offices and branches, we have installed energy-efficient equipment including air conditioning systems and LED light bulbs and tubes, and heat-insulating window film. The reduction in energy consumption is estimated to be 20%–30%. We also installed energy-saving systems and timers on the equipment in all our offices and branches to switch off equipment outside operating hours.

Environmental, Social and Governance Report

Our Environment (Continued)

Climate Change and Energy Conservation (Continued)

As a considerable amount of electricity is consumed from the signage at our branches, we have also installed timers on the external lighting to control the operating time. Moreover, the new 3D signage at our branches uses LED light strips, reducing the amount of electricity consumed by around 30%. For the reporting year, the Group was granted the Energywi\$e Certificate (Good Level) by the Hong Kong Green Organisation Certification to recognise our continuous efforts on energy conservation.

The threats of climate change is imminent. The occurrence of extreme weather events, such as severe typhoons, seasonal storms and abnormal precipitations, are likely to become more frequent with human-induced climate change. The Group continues to assess impacts on our operations and make respective enhancements to ensure and maintain our business operation under these extreme weather events or disruptions. The Board will monitor the risks and opportunities that arise from climate change on an ongoing basis and enhance our precautionary measures to strengthen our business climate resilience and get prepared for any potential climate impact.

Waste Management

Despite utilising online and digital platforms, paper waste remains the major type of wastes generated in our operations. To further reduce waste disposal, we established clear guidelines on reducing paper consumption and recycling waste paper. Also, we encourage the reuse of single-sided used paper and brown envelopes for the internal circulation of documents. Frontline staff are also encouraged to proactively contact certified recyclers to collect waste paper for recycling. In recognition of our efforts, the Group was granted the Wastewi\$e Certificate (Excellent Level) by the Hong Kong Green Organisation Certification for the reporting year.

Moreover, a wide array of measures is adopted in our daily operations to scale up our waste management efforts. In addition to placing recycling facilities at specified locations to encourage waste sorting, we appoint a designated company for handling paper recycling. We also engage with our suppliers to recycle toner cartridges and encourage them to deliver fluorescent tubes to the designated collection points under the Environmental Protection Department's "Fluorescent Lamp Recycling Programme". A waste management control procedure has been adopted across the Group's businesses to enable effective identification, segregation, and handling of hazardous and non-hazardous waste.

Employee Environmental Awareness

The Group recognises the importance of behavioural change in enhancing our environmental performance. We place considerable efforts to enhance the environmental awareness of our employees, hoping to shift their mindset to incorporate sustainable practices in our day-to-day operations.

We have dedicated a page for environmental protection on the Company's intranet to effectively disseminate information on sustainable practices to our employees. This online platform also provides a communication channel to receive enquiries and suggestions on the Company's environmental issues from our employees. Through the intranet page, we have communicated the Group's stance on promoting environmental protection and proactively encourage our employees to practice the 4Rs – Reduce, Reuse, Recycle and Replace in their daily operations. For instance, our employees are encouraged to recycle promotional materials. Moreover, we have also placed labels of environmental protection messages eminently in the office and our branches to provide a constant reminder to our employees on the importance of operating in a sustainable manner.

Environmental, Social and Governance Report

Our Environment (Continued)

Environmental Performance Data Summary

	Unit	Performance in 2024	Performance in 2023
Energy consumption			
Total electricity consumption ³	kWh	5,565,634	6,468,111
Energy intensity	GJ/employee	4.60	5.20
Greenhouse gas (GHG) emissions¹			
Direct emissions (Scope 1) ²	tonnes of CO ₂ equivalent (tCO ₂ e)	0	0
Energy indirect emissions (Scope 2) ³	tCO ₂ e	2,555	3,012
GHG emission intensity	tCO ₂ e/employee	0.59	0.67
Water consumption⁴			
Total water consumption	cubic meter (m ³)	3,165	7,926
Water intensity	m ³ /employee	0.73	1.77
Waste management⁵			
Fluorescent tube disposed	pieces	1,269	1,204
Electrical appliances/components disposed ⁶	pieces	0	1,268
Electrical appliances/components recycled ⁶	pieces	220	931
Paper recycled	kg	5,851	5,781

Notes:

- ¹ GHG emissions are calculated in accordance with the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition) published by the Environmental Protection Department, HKSAR. We also took reference from global warming potential values from the IPCC Fifth Assessment Report and the emission factors from CLP Power Hong Kong Limited, The Hongkong Electric Company Limited and The Hong Kong and China Gas Company Limited respectively, for the calculation of GHG emissions.
- ² Direct GHG emission (Scope 1) is generated from refrigerant consumption by water dispensers in our head offices. Refrigerant consumption is insignificant in our offices and branches, thus data is not collected for disclosure.
- ³ Indirect GHG emission (Scope 2) is generated from electricity consumption by our head offices and branches. Due to the decrease in the number of branches of the Group, the Group had reduced electricity consumption.
- ⁴ Water consumption covers branch operation only. Water consumption in our head offices is insignificant, thus data is not collected for disclosure. The increase in water consumption in 2023 was due to concealed water pipe leakage at one of the branches.
- ⁵ Non-hazardous waste disposed is insignificant in our offices and branches, thus data is not collected for disclosure.
- ⁶ Due to improvement of systems and regular repairs and maintenance of equipment, the Group had reduced hardware disposal and recycling.

Environmental, Social and Governance Report

Our Supply Chain

Overview of Our Supply Chain

To support our daily operations, the Group worked with 136 suppliers during the reporting year. Our main suppliers consist of companies that provide cleaning, insurance, security and transportation services, office equipment and printing products. To further promote local business development and reduce our carbon footprint, we also give priority to local suppliers when possible. In 2024, all our suppliers operate in Hong Kong.

Supplier Selection and Monitoring

We adhere to all applicable laws and regulations when procuring products and services. We also maintain a fair and reasonable procurement process for all our suppliers and service providers. During the tendering process, the Group communicates our high standards on conducting business in a responsible manner to our suppliers through our Vendor Code of Conduct. Regular assessments are also conducted to monitor and evaluate the performance of our suppliers, ensuring compliance and continuous improvement.

The Group recognises the importance of addressing the social, environmental, and ethical issues in our supply chain. We strive to promote environmentally sound procurement practices. The Group has established the Green Procurement Policy and revamped our tender document to reinforce our commitment. We adopt a comprehensive supply management mechanism to ensure appropriate management of environmental and social risks. Suppliers' ESG performance is one of the prime consideration factors in our selection process. We give priority to suppliers who can provide sustainable and socially responsible products and services. Some of our existing suppliers obtained various international certifications relating to environmental management and social responsibility. Selected suppliers are subject to ongoing monitoring and annual evaluation for quality assurance.

As we strive to minimise our environmental impact in our daily operations, we procure environmentally preferable products and services with a view to minimising adverse impacts on environmental and human health when possible. For instance, we prioritise the use of environmentally-certified paper where possible, including paper certified by the Forest Stewardship Council (FSC). Moreover, we use soy-based ink for our printers to reduce environmental detriments as opposed to conventional petroleum-based ink. The Group is also taking steps in purchasing bio-degradable trash bags which are designed to decompose quickly and tackle plastic pollution.

Our Community

Our Community Investment

Our communities are inseparable from us, the Group has continuously invested considerable efforts in giving back to the communities in which we operate. By enriching our communities, we help them to thrive. We are also passionate about improving the wellness of the community, especially in challenging times. We distributed resources to serve different social groups in the community. In collaboration with various organisations, we strive to create long-term value for our community, and we grow with the community together for a better shared future.

Midland Charitable Foundation was established in 2004. 0.1% of the commission income from every second-hand property transaction of the relevant subsidiaries of the Company in a month will be donated to the Midland Charitable Foundation to support charitable organisations for local community development.

Environmental, Social and Governance Report

Our Community (Continued)

Our Community Investment (Continued)

We create inclusive engagement for the community and foster the city's development through community investment. We also have guidelines on community engagement to understand the needs of the communities and to ensure that our activities have taken into consideration the communities' interests. To optimise our effort in community investment, we conduct a thorough evaluation after the completion of each community event prior to determining the community event plan for the upcoming year. Our review covers activity objectives, number of beneficiaries, participation frequencies and hours, and the number of employees who participated.

During the reporting year, the Group donated HK\$807,000 and provided approximately 400 hours of volunteer services to help the people in need. Thus, we are honoured to have our devotion towards supporting and caring for our community being recognised with the Caring Company Logo by The Hong Kong Council of Social Service for more than 20 consecutive years.

Caring for the Local Elderly

The local elderly are one of the major target beneficiaries within the breadth of our community engagement. The Group sponsored and supported various volunteer activities, including elderly centre visits and festive celebrations organised by the Pentecostal Church of Hong Kong, and supported the St. James' Settlement's social work team to help the elderly affected by urban renewal projects. We are always looking to create great and memorable moments for our seniors.

Nurturing the Youth

Younger generations are the future leaders and innovators. Therefore, we are passionate about inspiring the youth and unleashing their potential through different exposure opportunities and development programs. The Group is committed to providing internship and employment opportunities to local students and graduates every year to help the new generation accumulate workplace experience and prepare for their future career development.

The Group has supported the "Project WeCan" campaign since 2014 to provide comprehensive support to schools. We engaged in the "Shape Our Future: WeCan! Career Exploration Day" programme which helped over 500 secondary students to explore their career interests, develop interview skills and gain a better understanding of the real estate agency industry, and the "Young Innovators' Bazaar" which offered students hands-on experience on business planning.

Caring for Patients

The Group has always been passionate about philanthropy and has supported the Lifeline Express Hong Kong Foundation for 12 consecutive years to raise funds for the treatment of poor cataract patients in Mainland China. This year, Midland Charitable Foundation sponsored our staff to participate in the "Lifeline Express Charity Run/Walk 2024", with the aim of encouraging them to stay "Physically Fit" while doing good deeds. The Group also participated in "2024 Heart to Heart Charity Walk" held by the Children's Heart Foundation to raise funds for children suffering from congenital heart disease and to raise public awareness on heart health.

Environmental, Social and Governance Report

Social Performance Data Table

	Unit	Performance in 2024	Performance in 2023
Employee Profile¹			
Total workforce ²	No. of people	4,351	4,480
<i>Total workforce by employment type</i>			
Full-time	No. of people	4,144	4,223
Part-time	No. of people	207	257
<i>Total workforce by gender³</i>			
Male	No. of people	2,250	2,303
Female	No. of people	1,894	1,920
<i>Total workforce by age group³</i>			
18–29	No. of people	396	445
30–50	No. of people	2,245	2,325
Above 50	No. of people	1,503	1,453
<i>Total workforce by geographic location³</i>			
Hong Kong	No. of people	4,144	4,223
Employee Turnover			
Total employee turnover rate ⁴	%	30%	39%
		(Frontline: 31%)	(Frontline: 40%)
		(Back office: 17%)	(Back office: 31%)
<i>Employee turnover rate by gender⁴</i>			
Male	%	27%	39%
Female	%	34%	40%
<i>Employee turnover rate by age group⁴</i>			
18–29	%	47%	65%
30–50	%	27%	35%
Above 50	%	31%	37%
<i>Employee turnover rate by geographic location⁴</i>			
Hong Kong	%	30%	39%

Notes:

- ¹ The number of employees only covers the in-scope business operations as described under the section headed "Reporting Scope and Boundary".
- ² The total workforce includes senior management of the Company.
- ³ Only full-time employees are calculated in the breakdown by gender, age group and geographic location.
- ⁴ Turnover rate = number of full-time employees who left the Group during the reporting year in the specified category/average number of full-time employees in the specified category at the beginning and at the end of the reporting year * 100%.

Environmental, Social and Governance Report

Social Performance Data Table (Continued)

	Unit	Performance in 2024	Performance in 2023
Development and Training			
Total workforce trained ⁵	No. of people	4,879	5,224
<i>Percentage of employees trained by gender</i>			
Male	%	52%	54%
Female	%	48%	46%
<i>Percentage of employees trained by employee category</i>			
General staff	%	88%	88%
Managers	%	10%	10%
Management	%	2%	2%
<i>Average training hours per employee by gender</i>			
Male	Hours/employee	12.25	12.97
Female	Hours/employee	13.86	14.21
<i>Average training hours per employee by employee category</i>			
General staff	Hours/employee	12.95	13.58
Managers	Hours/employee	13.91	13.95
Management	Hours/employee	11.85	10.34
Occupational Health and Safety			
Lost day due to work injury ⁶	No. of days	457	1,242
Work-related fatalities	No. of people	Nil – there were no work-related fatalities occurred in each of the past three years including the reporting year (2024).	
Supply Chain Management			
Number of suppliers by geographic location			
Hong Kong China	No. of suppliers	136	136

Notes:

⁵ The total of workforce trained includes employees who left the Group during the reporting year.

⁶ The lost day is calculated based on sum of the number of days that the employee cannot attend to work due to work injuries. The increase in number of lost days in 2023 was mainly due to two cases in 2023 of which each case each reported over 200 days.

Our ESG Awards

Awards for Environmental Performance

Organiser	Award and Recognition
Hong Kong Green Organisation Certification	Hong Kong Green Organisation Energywi\$e Certificate – Good Level Wastewi\$e Certificate – Excellent Level
The Environment and Ecology Bureau	Charter on External Lighting <ul style="list-style-type: none"> – 179 Branches Received the Diamond Award – 9 Branches Received the Platinum Award
CLP Power	Smart Energy Award 2024 <ul style="list-style-type: none"> – Joint Energy Saving Award

Business Related Awards

Organiser	Award and Recognition
Hong Kong Investor Relations Association	Certificate of Excellence
MARKETING-INTERACTIVE Magazine	Marketing Excellence Awards 2024 <ul style="list-style-type: none"> – Bronze Award for Excellence in Performance Marketing – Bronze Award for Excellence in Use of Technology DigiZ Awards 2024 <ul style="list-style-type: none"> – Silver Award for Best Digital Targeted Audience Campaign – Silver Award for Best Digital Advertising Strategies – Bronze Award for Best Omnichannel Strategies The Spark Awards 2024 <ul style="list-style-type: none"> – Silver Award for Best Media Campaign – Omnichannel – Silver Award for Best Use of Technology – Bronze Award for Best Media Campaign – Digital
Hong Kong PropTech Association	PropTech Excellence Awards 2024 <ul style="list-style-type: none"> – Gold Award (Corporate) for PropTech Solutions of the Year (Sales and Marketing)

Environmental, Social and Governance Report

Our ESG Awards (Continued)**Awards for Corporate Social Responsibility**

Organiser	Award and Recognition
Education Bureau	Business-School Partnership Programme – Certificate of Commendation
Promoting Happiness Index Foundation	Happiness at Work Promotional Scheme 2024 – Happy Company
The Hong Kong Council of Social Service	20 Years Plus Caring Company Logo
The Hong Kong General Chamber of Small and Medium Business	2024 Partner Employer Award – Partner Employer Award
InspiringHK Sports Foundation	SportsHour Company Recognition
Labour Department	Good Employer Charter 2024 “Supportive Family-friendly Good Employer” Logo

Appendix: Content Index

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KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	Environmental Performance Data Summary	51
KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Environmental Performance Data Summary	51
KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Environmental Performance Data Summary	51
KPI A1.5 Description of emissions target(s) set and steps taken to achieve them.	Climate Change and Energy Conservation	49-50
KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management	50
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KPI A2.1 Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	Environmental Performance Data Summary	51
KPI A2.2 Water consumption in total and intensity.	Environmental Performance Data Summary	51
KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Climate Change and Energy Conservation	49-50
KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water consumption is not material in the Group's business operation.	N/A
KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The use of packaging material for finished products is not applicable to the Group's business.	N/A
Aspect A3 The Environment and Natural Resources		
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KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Employee Environmental Awareness	50
Aspect A4 Climate Change		
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KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change and Energy Conservation	49-50

Environmental, Social and Governance Report

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KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Social Performance Data Table 54-55
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Social Performance Data Table 54-55
Aspect B2 Health and Safety		
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KPI B.2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety 48-49
Aspect B3 Development and Training		
General Disclosure	Training and Development	47-48
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social Performance Data Table 54-55
KPI B3.2	The average training hours completed per employee by gender and employee category.	Social Performance Data Table 54-55
Aspect B4 Labour Standards		
General Disclosure	Employment Policy and Labour Standards	45-46
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment Policy and Labour Standards 45-46
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Environmental, Social and Governance Report

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KPI B5.1 Number of suppliers by geographical region.	Social Performance Data Table	54-55
KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supplier Selection and Monitoring	52
KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supplier Selection and Monitoring	52
KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supplier Selection and Monitoring	52
Aspect B6 Product Responsibility		
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KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	This is not applicable to the Group's business.	N/A
KPI B6.2 Number of products and service related complaints received and how they are dealt with.	Feedback Handling	45
KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	Product and Service Responsibility	44
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Report of the Directors

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

Principal Activities and Segment Information

The principal activity of the Company is investment holding. The activities of its principal subsidiaries and joint ventures are set out in note 36 to the consolidated financial statements.

An analysis of the Group's performance for the year ended 31 December 2024 by operating segments is set out in note 7 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2024 are set out in the consolidated income statement on page 82 of this Annual Report.

The Board does not recommend the payment of final dividend for the year ended 31 December 2024 (2023: nil).

Dividend Policy

The Company has adopted a dividend policy which is to provide relatively steady dividend payout ratio, linked to the Group's earnings performance and cash flow position as well as the business environment.

In view of its growth potentials, it is also the intention of the Group to maintain a position of financial stability and solid cash holdings to take advantage of any expansion or investment opportunities that may arise from time to time.

Business Review

A fair review of the business of the Group and particulars of important events affecting the Group that have occurred since the end of the financial year as well as discussion on the future business development of the Group are provided in the Chairman's Statement on pages 11 to 14, the Strategic Review and Planning on pages 15 to 16 and the Management Discussion and Analysis on pages 74 to 76 of this Annual Report. Description of the principal risks and uncertainties facing by the Group can be found in the Chairman's Statement on pages 11 to 14 and note 4 to the consolidated financial statements on pages 99 to 108 of this Annual Report. An analysis using financial key performance indicators can be found in the Management Discussion and Analysis on pages 74 to 76 of this Annual Report. A discussion of the Group's environmental policies and performance is provided in the Environmental, Social and Governance Report on pages 38 to 60 of this Annual Report. The above sections form part of this report.

In addition, discussions on the relationships with its key stakeholders and compliance with the relevant laws and regulations which have a significant impact on the Group are provided in the paragraphs below.

Report of the Directors

Business Review (Continued)

Relationships with key stakeholders

The Group maintains good relationship with its key stakeholders, which include employees, customers and shareholders.

Employees

The Group considers its employees as important and valuable assets, and is committed to providing a pleasant working environment and promoting work-life balance. In this regard, the Group has implemented various policies, ranging from casual wear day, birthday and family-care holiday, to organising various leisure activities for its employees from time to time.

The Group believes that communication is important in building up good relationship between management and employees. The management issues regular newsletters which are circulated to the employees through intranet. The Group also encourages employees to provide suggestions to the Group through various platforms.

Customers

The Group's main customers are purchasers, vendors, landlords and tenants of properties. The Group considers customers as a major stakeholder and is committed to providing comprehensive and high quality customer services.

Shareholders

The Group is committed to enhancing the shareholders' value and safeguarding the shareholders' interest through sound and effective corporate governance practices and procedures. Further discussion of the corporate governance practices and procedures is set out in the Corporate Governance Report on pages 20 to 32 of this Annual Report.

Compliance with the relevant laws and regulations

As one of the principal activities of the Group is provision of estate agency services, the Group takes particular care to comply with the requirements of the Estate Agents Ordinance and the Residential Properties (First-hand Sales) Ordinance. The Group is committed to complying with the requirements of the Personal Data (Privacy) Ordinance and the guidelines issued by the Office of the Privacy Commissioner for Personal Data. To ensure the compliance with the applicable laws and regulations, the Group conducts regular training sessions for its staff, sets out guidelines and issues internal circulars to its staff from time to time.

In relation to human resources, the Group is committed to complying with the employment related ordinances such as the Employment Ordinance, the Minimum Wage Ordinance, the Personal Data (Privacy) Ordinance, the ordinances relating to disability, sex, family status and race discrimination as well as the ordinance relating to occupational safety and health.

On the corporate level, the Company is committed to complying with the requirements under the Listing Rules and the Securities and Futures Ordinance (the "SFO"), such as disclosure of information and corporate governance. The Company has complied with the code provisions set out in the Code throughout the year ended 31 December 2024. 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.

Report of the Directors

Reserves

Details of the movements in the reserves of the Group and the Company during the year are set out in note 26 and note 35 to the consolidated financial statements respectively.

Charitable Donations

During the year, the Group made charitable donations totalling HK\$807,000 (2023: HK\$724,000).

Property and Equipment

Details of the movements in property and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

Investment Properties

Details of the movements in investment properties of the Group during the year are set out in note 18 to the consolidated financial statements. Details of the properties held for investment purposes are set out on page 151 of this Annual Report.

Share Capital

Details of the share capital of the Company during the year are set out in note 25 to the consolidated financial statements.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Company's bye-laws and there are no restrictions against such rights under the applicable laws of Bermuda.

Distributable Reserves

As at 31 December 2024, the reserves of the Company available for distribution amounted to HK\$288,595,000 (2023: HK\$287,199,000).

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 152 of this Annual Report.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

Report of the Directors

Board of Directors

The Directors who held office during the year ended 31 December 2024 and up to the date of this Annual Report are as follows:

Executive Directors

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

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

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

Mr. SZE Ka Ming (*Chief Financial Officer*)

Independent Non-Executive Directors

Mr. HO Kwan Tat, Ted

Mr. SUN Tak Chiu

Mr. CHAN Nim Leung Leon

Note: Mr. WONG Tsz Wa, Pierre has tendered his resignation as an Executive Director and the Managing Director of the Company with effect from 1 April 2025.

In accordance with bye-law 87 of the Company's bye-laws, Mr. WONG Kin Yip, Freddie and Mr. SUN Tak Chiu shall retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, shall offer themselves for re-election.

The Company received from all Independent Non-Executive Directors annual confirmation of their independence and considered all the Independent Non-Executive Directors to be independent pursuant to Rule 3.13 of the Listing Rules.

Directors' Service Contracts

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Transactions, Arrangements and Contracts of Significance

Save as disclosed in this Annual Report, no transactions, arrangements and contracts that are significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Permitted Indemnity Provision

Pursuant to the bye-laws of the Company, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of his or her duty, or supposed duty, in his or her office provided that this indemnity shall not extend to any matter in respect of any wilful negligence, wilful default, fraud or dishonesty which may attach to him or her. The Company has arranged directors and officers liability insurance for the directors of the Group.

Report of the Directors

Equity-linked Agreements

Other than the share option scheme of the Company, no equity-linked agreements that will or may result in the Company issuing shares nor requiring the Company to enter into an agreement that will or may result in the Company issuing shares was entered into by the Company during the year or subsisted at the end of the year.

Details of the share option scheme of the Company are set out in the section headed "Share Option Scheme" in this Annual Report.

Share Option Scheme

Pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 23 June 2016, the Company adopted the share option scheme (the "Share Option Scheme"). A summary of the Share Option Scheme is as follows:

(a) Purpose

The principal purposes of the Share Option Scheme are to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to, the selected participants, to attract and retain the best quality personnel for the development of the business of the Company and each of its direct or indirect subsidiary, associated company, jointly controlled entity or joint venture (collectively, the "Eligible Group"), to recognise the contributions of the selected participants to the growth of the Eligible Group by rewarding them with opportunities to obtain ownership interest in the Company, and/or to promote the long term success of the Eligible Group by aligning the interests of the selected participants to the shareholders of the Company.

(b) Participants

The participants of the Share Option Scheme are any director (including any executive director of the Company), executive, officer or employee (whether full-time or part-time) of each member of the Eligible Group (but excluding each member of the committee appointed by the Board from time to time for the purpose of administration of the Share Option Scheme), as absolutely determined by the Board in accordance with the terms of the Share Option Scheme.

(c) Total number of shares available for issue

The maximum number of shares which might be issued upon exercise of all options granted or to be granted under the Share Option Scheme should not in aggregate exceed 5% of the total number of shares in issue (i.e. 35,902,300 shares) as at the date of the adoption of the Share Option Scheme.

The total number of shares available for issue under the Share Option Scheme was 35,902,300 shares (representing approximately 5% of the issued shares of the Company as the date of this Annual Report), The Company had granted options under the Share Option Scheme to subscribe for a total of 9,174,300 shares (representing approximately 1.28% of the issued shares of the Company as at the date of this Annual Report).

(d) Maximum entitlement of each participant

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

Any further grant of share options in excess of the above-mentioned limit shall be subject to the separate approval by the shareholders of the Company in general meeting with such participant and his or her close associates, or his or her associates if the participant is a connected person (all within the meaning as ascribed under the Listing Rules) of the Company, abstaining from voting, and all other requirements prescribed under the Listing Rules.

Share Option Scheme (Continued)

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

The maximum number of shares issued and to be issued upon exercise of all options granted under the Share Option Scheme and any other share option scheme(s) of the Company to each participant who is an Independent Non-Executive Director or a substantial shareholder of the Company, or any of their respective associates, in any 12-month period shall not exceed 0.1% of the total number of shares of the Company in issue and the aggregate value based on the closing price of the shares of the Company at the date of each grant shall not exceed HK\$5,000,000.

Any further grant of share options in excess of the above-mentioned limit shall be approved by the shareholders of the Company with all core connected persons (within the meaning as ascribed under the Listing Rules) of the Company abstaining from voting in favour at such general meeting.

(f) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period within which the option may be exercised, to be notified by the Board to each participant who accepts an offer in accordance with the terms of the Share Option Scheme subject to such terms and conditions (including vesting period) as determined by the Board, provided that it shall commence on a date not later than ten years from the date of grant.

(g) Acceptance of offer

An offer for the grant of an option made by the Company must be accepted within ten business days from the day on which such offer is made. The amount payable to the Company on acceptance of the offer for the grant of an option is HK\$1.

(h) Basis of determining the exercise price

The exercise price of an option to subscribe for shares granted under the Share Option Scheme shall be a price solely determined by the Board at its absolute discretion and shall not be less than the highest of:

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

(i) Remaining life of the Share Option Scheme

The Share Option Scheme became effective on 23 June 2016 and will remain in force for a period of ten years from that date.

The Company should comply with the requirements under Chapter 17 of the Listing Rules in respect of the matters of share options.

Report of the Directors

Share Option Scheme (Continued)

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

Name	Date of grant (Note 1)	Exercise price per share HK\$	Number of share options					Balance outstanding as at 31 December 2024	Exercisable period
			Balance outstanding as at 1 January 2024	Granted during the year	Lapsed during the year	Cancelled during the year	Exercised during the year		
Directors									
Mr. WONG Kin Yip, Freddie	17 January 2020	1.09	4,587,150	-	-	-	-	4,587,150	17 January 2021 to 16 January 2028
Ms. WONG Ching Yi, Angela	17 January 2020	1.09	4,587,150	-	-	-	-	4,587,150	17 January 2021 to 16 January 2028
			<u>9,174,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,174,300</u>	

Notes:

- The vesting period of the share options is from the date of grant until the commencement of the exercisable period.
- The number and/or exercise price of the share options may be subject to adjustment in the case of rights or bonus issues, or other changes in the Company's share capital.
- The total number of options available for grant under the scheme mandate of the Share Option Scheme as at 1 January 2024 and 31 December 2024 was 26,728,000 shares.

Details of the above share options are also set out in note 25 to the consolidated financial statements.

Report of the Directors

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

As at 31 December 2024, 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 SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or notified to the Company and the Stock Exchange pursuant to the Model Code or otherwise, were as follows:

Long positions in the shares and underlying shares of the Company

Name of Directors	Number of ordinary shares	Number of underlying shares	Total	Approximate percentage of the issued voting shares of the Company
	Corporate interest/ Interest of controlled corporations	Personal interest/ Beneficial owner (Note 1)		
Mr. WONG Kin Yip, Freddie	265,525,824 (Note 2)	4,587,150	270,112,974	37.67%
Ms. WONG Ching Yi, Angela	–	4,587,150	4,587,150	0.64%

Notes:

- These underlying shares (being physically settled unlisted derivatives) were held by the Director(s) by virtue of the interests in the share options of the Company granted to him/her. Details of the share options granted by the Company to the above Directors are set out in the section headed "Share Option Scheme" in this Annual Report.
- These shares were held by Sunluck Services Limited which was indirectly wholly-owned by Mr. WONG Kin Yip, Freddie through his wholly-owned company, namely Southern Field Trading Limited.

Save as disclosed above, as at 31 December 2024, 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 by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of the Directors

Directors' Rights to Acquire Shares or Debentures

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

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

As at 31 December 2024, the interests and short positions of the substantial shareholders and other persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of substantial shareholders	Number of ordinary shares/ underlying shares	Holding capacity/ Nature of interest	Approximate percentage of the issued voting shares of the Company
Ms. TANG Mei Lai, Metty (Note 1)	270,112,974 (L)	Interest of spouse/Family interest	37.67%
Southern Field Trading Limited (Note 2)	265,525,824 (L)	Interest of controlled corporation/ Corporate interest	37.03%
Sunluck Services Limited (Note 2)	265,525,824 (L)	Beneficial owner/Beneficial interest	37.03%
Sun Life Financial, Inc. (Note 3)	93,144,100 (L)	Interest of controlled corporations/ Corporate interest	12.99%
Sun Life of Canada (U.S.) Financial Services Holdings, Inc. (Note 3)	93,144,100 (L)	Interest of controlled corporations/ Corporate interest	12.99%
Massachusetts Financial Services Company (Note 3)	90,426,100 (L) 2,718,000 (L)	Investment manager/Other interest Interest of controlled corporations/ Corporate interest	12.61% 0.38%
LAM Yuen Hing (Note 4)	32,040,000 (L) 19,140,000 (L)	Beneficial owner/Beneficial interest Interest of spouse/Family interest	4.47% 2.67%

Remark: (L) – Long Position

Report of the Directors**Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares (Continued)***Notes:*

- Such interests comprise (i) 265,525,824 ordinary shares held indirectly by Mr. WONG Kin Yip, Freddie, the spouse of Ms. TANG Mei Lai, Metty; and (ii) 4,587,150 underlying shares (being physically settled unlisted derivatives) held by Mr. WONG Kin Yip, Freddie by virtue of the interests in the share options of the Company granted to him, as disclosed in the sections headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Scheme" in this Annual Report. Accordingly, Ms. TANG Mei Lai, Metty was deemed to be interested in the same block of ordinary shares and underlying shares of the Company in which Mr. WONG Kin Yip, Freddie was deemed to be interested.
- The two references to 265,525,824 ordinary shares relate to the same block of ordinary shares of the Company deemed to be interested by Mr. WONG Kin Yip, Freddie as disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" in this Annual Report. Southern Field Trading Limited was deemed to be interested in such ordinary shares of the Company held by Sunluck Services Limited.
- Details of the interest in long position of the 93,144,100 ordinary shares in which Sun Life Financial, Inc. ("SLF") was deemed to be interested were as follows:

Massachusetts Financial Services Company ("MFS") was interested in (through itself and its 100% controlled corporations) an aggregate of 93,144,100 ordinary shares. MFS was a 95.22% owned subsidiary of Sun Life of Canada (U.S.) Financial Services Holdings, Inc. ("SLCFS") which was a 99.92% owned subsidiary of Sun Life Financial (U.S.) Investments LLC ("SLF(US)I"). SLF(US)I was an indirect wholly-owned subsidiary of SLF.

MFS was a subsidiary of SLCFS and SLF. Accordingly, SLCFS and SLF were deemed to be interested in the same number of ordinary shares deemed to be interested by MFS.
- Such long position includes interests in ordinary shares only.

Save as disclosed above, as at 31 December 2024, no other substantial shareholders or persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major Customers and Suppliers

Sales to the Group's five largest customers accounted for less than 30% of the total revenues of the Group during the year ended 31 December 2024. The Group had no major suppliers due to the nature of the principal activities of the Group.

Related Party Transactions

The Group entered into certain transactions with parties regarded as "Related Parties" under applicable accounting principles. The significant related party transactions entered into by the Group during the year set out in note 34 to the consolidated financial statements which constitute non-exempt connected/continuing connected transactions are disclosed in the paragraphs below, in respect of which the relevant disclosure requirements under Chapter 14A of the Listing Rules have been complied with. Save as disclosed in the paragraphs below, the significant related party transactions entered into by the Group during the year set out in note 34 to the consolidated financial statements constitute exempt connected/continuing connected transactions.

Report of the Directors

Continuing Connected Transactions

The following transactions between certain connected persons (as defined in the Listing Rules) of the Company and the Group were entered into and ongoing during the year for which relevant announcements had been made by the Company in accordance with the Listing Rules.

1. A cross referral services framework agreement (the “Cross Referral Services Framework Agreement (2023)”) was made on 6 December 2023 between the Company and Legend Upstar, an associate of Mr. WONG Kin Yip, Freddie (the Chairman, Executive Director and controlling shareholder of the Company), pursuant to which members of the Group and members of Legend Upstar and its subsidiaries (the “Legend Upstar Group”) may carry on cross referral services transactions in relation to estate agency businesses (the “Cross Referral Transactions”) with each other for a period of three years from 1 January 2024 to 31 December 2026 in compliance with the Listing Rules. The continuing connected transactions as contemplated under the Cross Referral Services Framework Agreement (2023) are essentially referrals of business opportunities in property transactions between members of the Group and the Legend Upstar Group for estate agency services. Each Cross Referral Transaction is conducted on a case-by-case basis and is customer-driven. The Cross Referral Services Framework Agreement (2023), the Cross Referral Transactions and the annual caps were approved at the special general meeting of the Company held on 17 January 2024. On 11 July 2024, the Board proposed to revise the annual caps in respect of the referral fees from the Group to the Legend Upstar Group under the Cross Referral Services Framework Agreement (2023) for the year ended 31 December 2024 and for the two years ending 31 December 2025 and 2026. The revised annual caps were approved by the independent shareholders of the Company at the special general meeting of the Company held on 16 August 2024.

Under the Cross Referral Services Framework Agreement (2023), the revised annual caps in respect of the referral fees to the Legend Upstar Group for the year ended 31 December 2024 and for the two years ending 31 December 2025 and 2026 is HK\$52.0 million each, while the existing annual caps in respect of the referral fees from the Legend Upstar Group for the year ended 31 December 2024 and for the two years ending 31 December 2025 and 2026 is HK\$82.0 million each.

Details relating to the Cross Referral Services Framework Agreement (2023) and the annual caps were set out in the announcements of the Company dated 6 December 2023 and 11 July 2024, and the circulars of the Company dated 22 December 2023 and 23 July 2024.

The aggregate values of the referral fees to and from the Legend Upstar Group under the Cross Referral Services Framework Agreement (2023) for the year ended 31 December 2024 was approximately HK\$30.6 million and HK\$31.8 million respectively, which had not exceeded the respective cap value for the said year.

2. A tenancy and licence framework agreement (the “Tenancy and Licence Framework Agreement (2022)”) was made on 19 September 2022 between the Company and Mr. WONG Kin Yip, Freddie (the Chairman, Executive Director and controlling shareholder of the Company). The Tenancy and Licence Framework Agreement (2022) sets out a framework of the terms and conditions governing the tenancy agreements/licence agreements under which relevant members of the landlord entities (being Mr. WONG Kin Yip, Freddie and his associates but excluding the Group and, for the avoidance of doubt, the Legend Upstar Group, as landlords) (the “Landlord Entities”) may let and/or grant licence of, and relevant members of the Group may take up the tenancy and/or licence of, the property(ies) legally and beneficially owned by members of the Landlord Entities from time to time, for a term of three years from 19 September 2022 to 18 September 2025 (both days inclusive). The properties leased/licensed are used as branches and offices of the Group, car parks for staff of the Group, or for marketing and promotion of the property agency business of the Group, in each case in the ordinary and usual course of business of the Group. The annual caps for the period from 19 September 2022 to 31 December 2022, for the two years ended 31 December 2023 and 2024, and for the period from 1 January 2025 to 18 September 2025 are HK\$9.0 million, HK\$18.0 million, HK\$18.0 million and HK\$14.0 million, respectively. Details relating to the Tenancy and Licence Framework Agreement (2022) and the annual caps were set out in the announcement of the Company dated 19 September 2022. The total value of right-of-use assets relating to the tenancy agreements/licence agreements entered into by the Group for the year ended 31 December 2024 was approximately HK\$0.7 million, which had not exceeded the annual cap for the said year.

Report of the Directors

Continuing Connected Transactions (Continued)

The Independent Non-Executive Directors have reviewed the continuing connected transactions mentioned above (the “Continuing Connected Transactions”) pursuant to Rule 14A.55 of the Listing Rules and confirmed that, the Continuing Connected Transactions have been entered into:

- i. in the ordinary and usual course of business of the Group;
- ii. on normal commercial terms or better; and
- iii. according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company’s auditor was engaged to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”, and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified report containing its findings and conclusions in respect of the Continuing Connected Transactions disclosed on pages 71 to 72 of this Annual Report in accordance with Rule 14A.56 of the Listing Rules.

Retirement Scheme

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

Principal Subsidiaries and Joint Ventures

Details of the Company’s principal subsidiaries and joint ventures as at 31 December 2024 are set out in note 36 to the consolidated financial statements.

Borrowings

Particulars of borrowings of the Group as at 31 December 2024 are set out in note 29 to the consolidated financial statements.

Directors’ Emolument Policy

The Company recognises the importance of a formal and transparent policy on determining the remuneration packages of Directors and other remuneration related matters, and adopted a remuneration policy for Directors which aims to ensure that remuneration packages of Directors are appropriate and sufficient to attract and retain high caliber Directors to run the Company successfully and that it aligns with the strategic business goals of the Company. To ensure that the Directors are appropriately remunerated, salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group would be considered. The emoluments of the Executive Directors are reviewed by the Remuneration Committee and determined by the Board, having regard to the Group’s operating results, individual performance and prevailing market condition. The emoluments of the Independent Non-Executive Directors are reviewed by the Remuneration Committee and determined by the Board. No Director or any of his or her associates was involved in deciding his or her own remuneration. The Company has a share option scheme as an incentive to the Directors and eligible employees, details of the scheme are set out in the section headed “Share Option Scheme” and in note 25 to the consolidated financial statements.

Report of the Directors

Directors' Interest in Competing Business

The interests of the Directors in businesses which compete or are likely to compete, directly or indirectly with the businesses of the Group during the year were as follows:

Mr. WONG Kin Yip, Freddie has been appointed as executive director and Chairman of Legend Upstar since October 2019 and is a controlling shareholder of Legend Upstar, and Ms. WONG Ching Yi, Angela held executive directorships in the Legend Upstar Group. Mr. SZE Ka Ming held directorships in the Legend Upstar Group. The Legend Upstar Group is principally engaged in the provision of property agency services in respect of commercial and industrial properties and shops, properties investment, credit business and securities investment in Hong Kong.

As the Board of the Company is independent of the board of directors of Legend Upstar and none of the above Directors can control the Board of the Company, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of the Legend Upstar Group.

Save as disclosed above, none of the Directors had an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group during the year.

Sufficiency of Public Float

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

Auditor

The consolidated financial statements of the Group for the year ended 31 December 2024 have been audited by PricewaterhouseCoopers, auditor of the Company, who shall retire and, being eligible, will offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board

Midland Holdings Limited

WONG Kin Yip, Freddie

Chairman

Hong Kong, 28 March 2025

Management Discussion and Analysis

FINANCIAL REVIEW

Liquidity and financial resources

The Group mainly finances its business operations with its internal resources and various borrowing facilities.

As at 31 December 2024, the Group had cash and bank balances of HK\$711,127,000 (2023: HK\$532,147,000).

As at 31 December 2024, the Group did not have any interest-bearing borrowings. As at 31 December 2023, the interest-bearing borrowings of the Group amounted to HK\$169,890,000 and with maturity profile set out as follows:

	2024 HK\$'000	2023 HK\$'000
Loans from related parties repayable within 1 year	–	169,890

During the year ended 31 December 2022, the Group entered into loan agreements with Mr. WONG Kin Yip, Freddie (“Mr. WONG”), a director and the controlling shareholder of the Company, and a company of which Mr. WONG is the ultimate beneficial owner, to obtain financing. These loans were not secured by any assets of the Group and had been fully repaid during the year.

As at 31 December 2024, the net gearing ratio of the Group, which is calculated on the basis of net borrowings¹ (total borrowings less cash and bank balances) over the total equity of the Group, maintained at zero per cent (2023: zero per cent). The gross gearing ratio, which is calculated on the basis of total borrowings over the total equity, was also zero per cent (2023: 25.9%). The liquidity ratio, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 1.2 (2023: 1.1). The return on equity, which is the ratio of profit/(loss) for the year over the total equity of the Group, was 32.23% (2023: -6.38%).

As at 31 December 2024, the Group had unutilised borrowing facilities amounting to HK\$1,168,000,000 (2023: HK\$1,405,000,000) from various banks. The borrowing facilities were granted to the Group on a floating rate basis. The directors of the Company (the “Directors”) will continue to adopt an appropriate financial policy so as to sustain an optimal level of borrowings to meet the Group’s funding requirements.

As at 31 December 2024, borrowing facilities granted to the Group were secured, inter alia, by floating charge over certain receivables of the Group with carrying value of approximately HK\$3,286,341,000 (2023: HK\$2,238,916,000).

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

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

¹ Net borrowings is zero when the amount of cash and bank balances is more than total borrowings.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Information on the Group's loan portfolio and money lending business

As at 31 December 2024, the outstanding loan receivable was HK\$413,000 (2023: HK\$1,173,000) represented loans to employees. The outstanding loan balance involved 5 cases (2023: 13 cases) with different borrowers.

As at 31 December 2024, the largest outstanding loan receivable was HK\$145,000 (representing approximately 35% of the outstanding loan portfolio as a whole). Impairment loss on loan amounted to HK\$368,000 was made during the year (2023: nil).

As at 31 December 2023, the amount of loan receivables from the five largest borrowers was HK\$1,034,000, representing approximately 88% of the outstanding loan portfolio as a whole.

The credit business of the Group is operated by Midland Credit Limited ("Midland Credit"), the Group's money lending unit.

All loans advanced by Midland Credit are subject to approval on a case-by-case basis by a credit committee, which comprises members of the senior management who possess expertise in the property and financing fields.

In general, each loan application must go through three stages before granting to the borrower, namely (i) document collection and verification; (ii) credit risk assessment; and (iii) approval of the credit committee.

The credit risk assessment is based on the financial strength and repayment ability of the borrower, the collateral provided, prevailing market and competitive conditions and interest rate environment.

Interest rates on loans are offered based on the assessed degree of credit risks, loan period, loan amount, availability of funds, and any other relevant business relationships with the borrower.

The Group manages its loan portfolio to minimise concentration by the relationship between borrowers to maintain a diversified client base and lessen credit risk exposures. Midland Credit's collection team will conduct periodic review of its portfolio to monitor risks of default.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Contingent liabilities

In November 2023, the Competition Commission (the “Commission”) commenced proceedings at the Competition Tribunal (the “Tribunal Proceedings”) against the Company and certain subsidiaries and officers of the Group (the “Respondents”) alleging their contravention and/or involvement in contravention of the First Conduct Rule of the Competition Ordinance (Cap. 619 of the Laws of Hong Kong) during the period allegedly from late 2022 to early 2023.

As advised by the legal advisors of the Group, the Tribunal Proceedings are currently subject to judicial challenge due to two parallel applications of Judicial Review (the “JR Application”) and Permanent Stay of Proceedings (the “Stay Application”) lodged by the Company and its two subsidiaries against the Competition Commission on 18 March 2024. Leave for the JR Application was granted by the High Court on 20 March 2024 after the application.

The substantive hearing for both the JR Application and the Stay Application took place on 8 and 9 August 2024, and the outcome of these two applications would have a significant impact on the Tribunal Proceedings, including permanent stay or dismissal of the whole case. The High Court previously indicated that the judgment of the JR Application and the Stay Application (the “Judgment”) would be handed down by 31 March 2025. Recently, the High Court has informed the parties that the Judgment will only be available by 29 May 2025. It should also be noted that this date is also subject to a potential extension depending on the workload of the Court and other factors.

On the other hand, the Tribunal Proceedings are still at an early stage, and the Respondents are not required to file their defence documents or any other pleadings pending the outcome of the JR Application and the Stay Application. Further, due to the uncertain impact of the Judgment, the Competition Tribunal has recently approved to vacate the trial dates of the Tribunal Proceedings (originally scheduled in third quarter of 2025) upon joint application of the parties. If the trial is eventually required, it shall be refixed upon seeking further directions from the Competition Tribunal after receiving the Judgment.

In addition to pursuing the JR Application and the Stay Application, the Company shall continue to defend the Tribunal Proceedings (if any) vigorously. As such, it is not practicable to make a sufficiently reliable estimation of the potential liability (if any) due to the high degree of uncertainty of the whole case. Taking into account all relevant circumstances, no provision is made in the consolidated financial statements of the Group as at 31 December 2024.

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

Employee information

As at 31 December 2024, the Group employed 4,593 full time employees (2023: 4,731) of which 3,962 were sales agents, 411 were back office supportive employees and 220 were frontline supportive employees.

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

Independent Auditor's Report



羅兵咸永道

To the Shareholders of Midland Holdings Limited

(incorporated in Bermuda with limited liability)

Opinion

What we have audited

The consolidated financial statements of Midland Holdings Limited (the “Company”) and its subsidiaries (the “Group”), which are set out on pages 82 to 150, comprise:

- the consolidated balance sheet as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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Independent Auditor's Report

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition for property agency fees
- Expected credit loss allowance for trade receivables

Key Audit Matters	How our audit addressed the Key Audit Matters
<p><i>Revenue recognition for property agency fees</i></p> <p>Refer to notes 3(l), 5(a) and 6 to the consolidated financial statements.</p> <p>The Group recognised revenue from property agency business of HK\$6,070.6 million during the year ended 31 December 2024, representing 99.8% of the total revenues reported by the Group.</p> <p>Property agency fees includes an element of consideration that is variable or contingent on the occurrence or non-occurrence of future events, including the risk of fallen through, price concession based on customary industry practice and different payment plans chosen by property buyers, which give rise to discounts and price concession. Management estimated the amount of variable consideration included in the transaction price only to the extent that it is highly probable, that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.</p> <p>We focused on this area because the estimation of the variable consideration is inherently subjective and requires significant judgement, which increase the risk or potential management bias.</p>	<p>Our procedures in relation to the revenue recognition for property agency fees included:</p> <ul style="list-style-type: none"> • We obtained an understanding of management's internal control and process of revenue recognition for property agency fees and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. • We evaluated and tested the key controls over revenue recognition for property agency fees. • We evaluated management's assessment on the determination of variable consideration, and the outcome of prior period assessment of revenue recognition to assess the effectiveness of management's estimation process. • We assessed the reasonableness of management's estimates used to determine variable consideration by considering various factors such as past experience on similar transaction and other relevant market information. • We tested, on a sample basis, the data used in the calculation of the variable consideration to supporting evidence. <p>Based on the procedures performed, we considered that the estimations made by management on the revenue recognition for property agency fees were supported in light of available evidence.</p>

Independent Auditor's Report

Key Audit Matters (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p><i>Expected credit loss allowance for trade receivables</i></p> <p>Refer to notes 3(e), 4(a)(i), 5(b) and 23 to the consolidated financial statements.</p> <p>As at 31 December 2024, the Group had gross trade receivables of approximately HK\$3,581.8 million, against which an expected credit loss ("ECL") allowance of HK\$151.2 million was made.</p> <p>Management applied the HKFRS 9 simplified approach to measure lifetime ECL allowance for all trade receivables. Management identified trade receivables with impairment indicators with reference to their knowledge about the customers, the completion status of related property transactions and the market conditions, and made ECL allowance for these trade receivables accordingly. Management grouped the remaining trade receivables with similar credit risk characteristics, and applied ECL rates to the respective trade receivables. ECL rates are determined based on external default data of the customers or customers of similar characteristics or are derived based on latest completed historical payment profile of sales over 12 months and the corresponding historical credit losses experience within that period. The ECL rates are adjusted to reflect the current and forward-looking information on macroeconomic factors when they are considered relevant to determine the ability of customers to settle the receivables in the future.</p> <p>We focused on this area because the estimation of ECL allowance involved a significant level of judgement by management to determine the use of internal and external data from various sources to establish the historical credit loss experience and to adjust this experience for expected future changes, recognising that these factors are all subject to a certain level of uncertainty.</p>	<p>Our procedures in relation to management's assessment of ECL allowance for trade receivables included:</p> <ul style="list-style-type: none"> • We obtained an understanding of management's internal control and process for the estimation of ECL allowance for trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors. • We evaluated and tested the key controls performed by management over the estimation of ECL allowance for trade receivables. • We assessed the appropriateness of the expected loss provisioning methodology in determining the ECL allowance. • We assessed the estimates used to determine the ECL allowance by considering the completion status of the transactions, historical payment pattern, general market conditions and management's knowledge about credit worthiness of contracted parties. • We assessed the appropriateness of the grouping of the trade receivables based on their market segments and locations, the credit risk characteristic assessed by reference to the available market information. • We tested, on a sample basis, of accuracy of the trade receivables ageing report to invoices and other relevant documents. • We challenged the inputs, assumptions and estimation techniques, including independent research on credit information, historical credit loss rates and forward-looking information, used in determining the ECL allowance. <p>Based on the results of the procedures performed, we considered that management's judgement and assumptions applied in assessing the ECL allowance for trade receivables were supported by available evidence.</p>

Independent Auditor's Report

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chan Tak Wai, Daniel.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 28 March 2025

Consolidated Income Statement

For the year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Revenues	6	6,084,239	4,082,694
Other (loss)/income, net	8	(2,572)	5,264
Rebates		(2,697,600)	(1,432,983)
Staff costs	9	(2,273,433)	(1,867,059)
Advertising and promotion expenses		(94,919)	(103,107)
Operating lease charges in respect of office and shop premises	17(b)	(29,663)	(33,388)
Depreciation of right-of-use assets	17(b)	(285,606)	(430,413)
Depreciation of property and equipment	16	(33,334)	(46,195)
Net impairment losses on financial assets		(69,186)	(9,250)
Other operating costs	11	(213,340)	(183,466)
Operating profit/(loss)		384,586	(17,903)
Bank interest income	12	5,647	3,835
Interest on bank borrowings, overdrafts and other borrowings	12	(13,749)	(12,988)
Interest on lease liabilities	12	(13,816)	(15,993)
Share of results of joint ventures	19	8,268	13,840
Profit/(loss) before income tax		370,936	(29,209)
Income tax expense	13	(50,613)	(12,707)
Profit/(loss) for the year attributable to equity holders of the Company		320,323	(41,916)
Earnings/(loss) per share		HK cents	HK cents
Basic and diluted	15	44.67	(5.85)

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
Profit/(loss) for the year	320,323	(41,916)
Other comprehensive income/(loss)		
<i>Items that will not be reclassified to profit or loss</i>		
Change in fair value of financial assets at fair value through other comprehensive income	46	(7)
Remeasurement of post-employment benefit obligation	7,716	1,026
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	8,438	13,840
Other comprehensive income for the year, net of tax	16,200	14,859
Total comprehensive income/(loss) for the year attributable to equity holders of the Company, net of tax	336,523	(27,057)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
ASSETS			
Non-current assets			
Property and equipment	16	93,635	119,990
Right-of-use assets	17(a)	205,097	263,342
Investment properties	18	25,436	30,284
Interests in joint ventures	19	19,938	11,670
Financial assets at fair value through other comprehensive income	20	512	668
Deferred tax assets	27	25,390	69,749
Loan receivables	22	220	989
Other non-current asset	21	10,110	10,110
		380,338	506,802
Current assets			
Trade and other receivables	23	3,616,173	2,529,671
Tax recoverable		478	383
Loan receivables	22	193	184
Cash and cash equivalents	24	711,127	532,147
		4,327,971	3,062,385
Total assets		4,708,309	3,569,187
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	25	71,709	71,709
Share premium	25	222,235	222,235
Reserves	26	699,770	363,247
Total equity		993,714	657,191
LIABILITIES			
Non-current liabilities			
Other payables and accruals	28	37,683	41,966
Deferred tax liabilities	27	6,153	8,241
Lease liabilities	17(a)	58,708	65,001
		102,544	115,208
Current liabilities			
Trade and other payables	28	3,443,571	2,400,700
Borrowings	29	–	169,890
Lease liabilities	17(a)	164,034	221,948
Tax payable		4,446	4,250
		3,612,051	2,796,788
Total liabilities		3,714,595	2,911,996
Total equity and liabilities		4,708,309	3,569,187

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 82 to 150 were approved by the Board of Directors on 28 March 2025 and were signed on its behalf.

WONG Ching Yi, Angela
Director

SZE Ka Ming
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Share capital HK\$'000	Share premium HK\$'000	Reserves HK\$'000 (note 26)	Total HK\$'000
At 1 January 2024	71,709	222,235	363,247	657,191
Comprehensive income				
Profit for the year	–	–	320,323	320,323
Other comprehensive income				
Change in fair value of financial assets at fair value through other comprehensive income	–	–	46	46
Remeasurement of post-employment benefit obligation	–	–	7,716	7,716
Currency translation differences	–	–	8,438	8,438
Total comprehensive income	–	–	336,523	336,523
At 31 December 2024	71,709	222,235	699,770	993,714
At 1 January 2023	71,709	222,235	390,304	684,248
Comprehensive loss				
Loss for the year	–	–	(41,916)	(41,916)
Other comprehensive (loss)/income				
Change in fair value of financial assets at fair value through other comprehensive income	–	–	(7)	(7)
Remeasurement of post-employment benefit obligation	–	–	1,026	1,026
Currency translation differences	–	–	13,840	13,840
Total comprehensive loss	–	–	(27,057)	(27,057)
At 31 December 2023	71,709	222,235	363,247	657,191

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities			
Net cash generated from operations	30(a)	681,615	581,965
Hong Kong and overseas profits tax paid		(9,455)	(9,381)
Borrowings and overdrafts interest paid	12	(13,749)	(12,988)
Interest element of lease payments	12	(13,816)	(15,993)
Net cash inflow from operating activities		644,595	543,603
Cash flows from investing activities			
Purchase of property and equipment	16	(8,392)	(20,389)
Net proceeds from disposal of property and equipment		30	22,535
Net proceeds from disposal of assets held for sales		–	14,374
Proceeds from disposal of investment properties	18	–	17,494
Return of capital from financial assets at fair value through other comprehensive income		202	313
Bank interest received	12	5,647	3,835
Dividends received from joint ventures	19	–	16,500
Net cash (outflow)/ inflow from investing activities		(2,513)	54,662
Cash flows from financing activities			
Principal element of lease payments	30(b)	(295,917)	(457,898)
Repayment of borrowings	30(b)	(1,225,883)	(664,600)
Proceeds from borrowings	30(b)	1,059,500	610,000
Net cash outflow from financing activities		(462,300)	(512,498)
Net increase in cash and cash equivalents			
Cash and cash equivalents at 1 January		532,147	450,666
Exchange differences		(802)	(4,286)
Cash and cash equivalents at 31 December	24	711,127	532,147

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1 General information

Midland Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, 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 (together, the “Group”) are the provision of property agency services in Hong Kong, Mainland China and Macau, property leasing, immigration consultancy services and money lending services.

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

These consolidated financial statements have been approved by the board of directors (the “Board”) on 28 March 2025.

2 Basis of preparation

2.1 Compliance with HKFRS and Hong Kong Companies Ordinance

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

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

2.2 Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through other comprehensive income, which are carried at fair values.

2.3 Amended standards and interpretations effective in 2024

The adoption of the amended standards and interpretations does not have a material impact on the Group’s results of operations or financial position.

2.4 New and amended standards and interpretations which are not yet effective

The Group has not early applied the new and amended standards and interpretations that have been issued but not yet effective. The adoption of these new and amended standards and interpretations is not expected to have a material impact on the Group’s results of operations or financial position.

Notes to the Consolidated Financial Statements

3 Summary of material accounting policy information

The material accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Property and equipment

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

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

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

Leasehold land	Over the period of the lease
Buildings	50 years
Leasehold improvements	Over the period of the lease
Furniture and fixtures	4 years
Office equipment	4 years
Motor vehicles	4 years

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

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

(b) Investment properties

Properties that are held for long-term rental yield or for capital appreciation or both, and that are not occupied by the Group, are classified as investment properties. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met.

Investment properties are measured initially at its cost, including related transaction costs. After initial recognition, investment properties are carried at fair value, representing estimated open market value determined at each reporting date by qualified valuers. The market value of each property is calculated on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuer's interpretation of prevailing investor requirements or expectations. Changes in fair values are recognised in the consolidated income statement as part of other income or other loss.

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

3 Summary of material accounting policy information (Continued)

(c) Impairment of investments in joint ventures and non-financial assets

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

Impairment testing of the investments in joint ventures is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the joint venture in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(d) Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

3 Summary of material accounting policy information (Continued)

(d) Financial assets (Continued)

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- amortised cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.
- FVOCI: assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses and impairment expenses are presented as separate line item in the consolidated income statement.
- FVPL: assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Notes to the Consolidated Financial Statements

3 Summary of material accounting policy information (Continued)

(d) Financial assets (Continued)

(iii) Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income or other loss in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses ("ECLs") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Refer to note 4(a)(i) for further details.

(e) Trade and other receivables

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

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 4(a)(i).

(f) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits held at call with financial institutions, cashier orders and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3 Summary of material accounting policy information (Continued)

(g) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the financial year. They are recognised initially at their fair values and subsequently measured at amortised cost using the effective interest method.

(h) Borrowings

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

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

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated income statement as finance cost.

(i) Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company, its subsidiaries and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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

3 Summary of material accounting policy information (Continued)

(i) Current and deferred income tax (Continued)

Deferred tax assets are recognised only if it is probable that future taxable profit amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(j) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Post-employment obligations

The Group operates various post-employment schemes, including defined contribution retirement scheme and defined benefit scheme.

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

For defined benefit scheme, the Group's net obligation in respect of long service payment ("LSP") to its employees in Hong Kong upon cessation of their employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefits that the employees have earned in return for their services in the current and prior periods.

3 Summary of material accounting policy information (Continued)

(j) Employee benefits (Continued)

(ii) Post-employment obligations (Continued)

The obligation is calculated using the projected unit credit cost method, discounted to its present value and reduced by entitlements accrued under the Group's retirement schemes that are attributed to contributions made by the Group. The discount rate is the yield at each balance sheet date of Hong Kong Government's Exchange Fund Notes which have terms to maturity approximating the terms of the related liability. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans.

The current service cost of the defined benefit plan, recognised in the consolidated income statement in employee benefit expense reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past service costs are recognised immediately in the consolidated income statement.

The interest expenses are calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated income statement.

Actuarial gains and losses arising from experience adjustment and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Change in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised in profit or loss.

In June 2022, the Government of the Hong Kong Special Administrative Region enacted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which will be effective from 1 May 2025 (the "Transition Date"). Under the Amendment Ordinance, any accrued benefits attributable to the employer's mandatory contributions under mandatory provident fund scheme of an entity would no longer be eligible to offset against its obligations on LSP for the portion of the LSP accrued on or after the Transition Date. There is also a change in the calculation basis of last monthly wages for the portion of the LSP accrued before the Transition Date. The Group has adopted the abovementioned change in accounting policy during the year ended 31 December 2022.

The liabilities for LSP that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service.

3 Summary of material accounting policy information (Continued)

(j) Employee benefits (Continued)

(iii) Share-based payment

Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss account, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

Share-based payment transactions among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

3 Summary of material accounting policy information (Continued)

(k) Provisions

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

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

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

(l) Revenue recognition

Income is classified by the Group as revenue when it arises from the provision of property agency services, immigration consultancy services, money lending services or the use by others of the Group's assets under leases in the ordinary course of the activities of the Group.

Revenue excludes value added taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Agency fee from property agency business

Agency fee from property agency business is recognised when the services are rendered which is generally the time when the transacting parties first come into an agreement. At that time, the Group recognises revenue after taking into account the variable consideration arising from discounts and price concession as mentioned below.

Revenue from agency business include an element of consideration that is variable or contingent on the outcome of future events, including the risk of fallen through, price concession based on customary industry practice and payment plans chosen by the buyers, which give rise to discounts and price concession.

The Group uses an expected value approach to estimate variable consideration. In order to assess the variable consideration, the Group based on the past experience on similar transactions and all reasonably available information to determine the expected consideration that the Group will be entitled.

This estimated amount of variable consideration will be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(ii) Revenue from immigration consultancy services

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

Notes to the Consolidated Financial Statements

3 Summary of material accounting policy information (Continued)

(l) Revenue recognition (Continued)

- (iii) Income from operating leases

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

- (iv) Income from web advertising and other services income

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

- (v) Interest income from loan receivables and bank interest income

Interest income from loan receivables and bank interest income are recognised on a time proportion basis using the effective interest method.

(m) Leases

The Group leases various properties including offices and shop premises. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and the corresponding liabilities at the dates at which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for lease of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

3 Summary of material accounting policy information (Continued)

(m) Leases (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- any restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

Lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of its original terms and conditions. After the commencement date, the Group remeasures the lease liability to reflect any lease modification using the interest rate implicit in the lease for the remainder of the lease term. If that rate cannot be determined, the lessee's incremental borrowing rate at the effective date of the lease modification is used. The Group adjusts the carrying amount of the right-of-use asset for the remeasurement of the lease liability. If the carrying amount of the right-of-use asset has already been reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

3 Summary of material accounting policy information (Continued)

(n) Contingent liabilities

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

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

4 Financial risk management

(a) Financial risk factors

The Group's activities expose it to credit risk, foreign exchange risk, cash flow and fair value interest rate risk and liquidity risk. The overall risk management programme of the Group focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group has not used derivative financial instruments to hedge its risk exposures to changes in foreign exchange risk and interest rate risks.

(i) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, loan receivables, trade and other receivables and financial assets at fair value through other comprehensive income. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets.

Risk management

To mitigate the risk arising from banks, the Group has adopted the diversification of bank deposits and places its deposits to certain reputable banks (diversification of bank deposits). Management therefore considers that the Group has limited credit risk with its cash and cash equivalents.

Management has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, management reviews regularly the recoverable amount of each individual loan receivable and trade receivable by taking into account of the market conditions, customers' profiles, value of the collaterals and contractual terms to ensure that adequate impairment is made for the irrecoverable amounts.

For loan receivables, the Group mitigates credit risk by credit protection provided by collaterals.

Notes to the Consolidated Financial Statements

4 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(i) Credit risk (Continued)

Impairment of financial assets

The Group's loan receivables and trade and other receivables are subject to the expected credit loss model ("ECL model"). While cash and cash equivalents and other financial assets at amortised cost are also subject to the impairment requirements of HKFRS 9 "Financial Instruments", the identified impairment loss was immaterial.

ECLs are measured on lifetime basis that these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loan receivables

The Group applies the HKFRS 9 general approach to measure ECLs for loan receivables.

To measure the ECLs, the Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- actual or expected significant changes in the employment status of the borrower
- significant changes in the value of the collateral supporting the obligation
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers

As at 31 December 2024 and 31 December 2023, the loan receivables consisted of loans to employees only.

The Group considered the probability of default and fair value of the collateral less cost of disposal. Accordingly, as at 31 December 2024, the Group recognised loss allowances of HK\$368,000 (2023: nil).

Notes to the Consolidated Financial Statements

4 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(i) Credit risk (Continued)

Trade receivables

The Group applied the HKFRS 9 simplified approach to measure ECLs which uses a lifetime ECLs for trade receivables. To measure the ECLs, the trade receivables have been grouped into categories for shared credit risk characteristics:

- primary properties market transactions
- other transactions

For trade receivables from primary properties market transactions, the counterparties are primarily property developers. The management assesses the ECLs with reference to the background and liquidity of the property developers as well as the forecast market condition as of the reporting date.

When there is an impairment indicator identified for property developers of primary properties market transactions with reference to management knowledge about the customers and the market conditions, the loss allowances for these trade receivables are assessed based on the relevant trade receivable balance and the expected loss rates that derived by reference to various factors including property developers' fulfillment on payment terms, liquidity of property developers, credit rating analysis and external default data with appropriate forward-looking adjustment, if any. Accordingly, as at 31 December 2024, the Group recognised loss allowances of HK\$100,389,000 (2023: HK\$56,728,000) for such receivables.

For trade receivables from other transactions, the counterparties are primarily individuals. When there is an objective evidence, individual assessment on ECLs is performed by considering the completion status of related transactions and measured at an amount equal to lifetime ECLs. Accordingly, as at 31 December 2024, the Group recognised loss allowances of HK\$35,542,000 (2023: HK\$39,388,000) for such receivables.

For the remaining trade receivables with no objective evidence available without undue cost to measure the lifetime ECLs, they have been grouped based on the ageing profile or geographical region. The expected loss rates are based on external default data of the customers or customers of similar characteristics; or the latest completed historical payment profile of sales over a period of 12 months and the corresponding historical credit losses experienced within that period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, if any.

Notes to the Consolidated Financial Statements

4 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(i) Credit risk (Continued)

Trade receivables (Continued)

On these bases, the loss allowances for these trade receivables as at the end of the reporting periods were determined as follows:

As at 31 December 2024

	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowances		
			Individually assessed HK\$'000	Collectively assessed HK\$'000	Total HK\$'000
Current (not yet due)	0.5%-25.1%	3,377,879	(32,400)	(6,289)	(38,689)
Less than 31 days past due	0.8%-8.5%	44,334	(286)	(215)	(501)
31-60 days past due	1.5%-15.4%	22,421	(444)	(611)	(1,055)
61-90 days past due	17.3%-31.3%	8,464	(333)	(564)	(897)
More than 90 days past due	2.2%-100.0%	128,671	(102,468)	(7,624)	(110,092)
		3,581,769	(135,931)	(15,303)	(151,234)

As at 31 December 2023

	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowances		
			Individually assessed HK\$'000	Collectively assessed HK\$'000	Total HK\$'000
Current (not yet due)	0.5%-27.3%	2,224,103	(32,775)	(3,341)	(36,116)
Less than 31 days past due	0.1%-5.3%	27,638	(1,636)	(91)	(1,727)
31-60 days past due	0.2%-6.5%	28,942	(101)	(194)	(295)
61-90 days past due	0.6%-35.6%	6,314	(137)	(817)	(954)
More than 90 days past due	35.2%-99.5%	126,616	(61,467)	(7,976)	(69,443)
		2,413,613	(96,116)	(12,419)	(108,535)

Note: The customers are obliged to settle the amounts due upon the completion of transactions or pursuant to the terms and conditions of the relevant agreements.

The loss allowances provided for trade receivables not yet due includes the credit risk arising from bad debts and fallen through transactions.

The loss allowances provided for overdue trade receivables includes only the credit risk arising from bad debts.

Notes to the Consolidated Financial Statements

4 Financial risk management (Continued)**(a) Financial risk factors (Continued)**

- (i) Credit risk (Continued)

Trade receivables (Continued)

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

	2024 HK\$'000	2023 HK\$'000
At 1 January	108,535	122,028
Provision for impairment	68,818	9,250
Receivables written off during the year as uncollectible	(24,051)	(20,530)
Exchange differences	(2,068)	(2,213)
At 31 December	151,234	108,535

Trade receivables are written off when there is no reasonable expectation of recovery.

Impairment losses on trade receivables are included in net impairment losses on financial assets in the consolidated income statement. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

For other financial assets at amortised cost, including deposits and other receivables, management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month ECLs which is close to zero.

Impairment losses on other financial assets are included in net impairment losses on financial assets within consolidated income statement. Subsequent recoveries of amounts previously written off are credited against the same line item.

Notes to the Consolidated Financial Statements

4 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(ii) Foreign exchange risk

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

The Group's transactions mainly denominated in HK\$ and Renminbi ("RMB") which may be different from the functional currency of the transacting entity, and the Group's assets and liabilities in Mainland China are primarily denominated in RMB. Accordingly, the Group is exposed to foreign currency exchange risk.

At at 31 December 2024, if HK\$ had weakened or strengthened by 5% (2023: 5%) against RMB with all other variables held constant, the Group's profit after income tax (2023: the Group's loss after income tax) would have been approximately HK\$20,000 higher or lower (2023: HK\$12,240,000 lower or higher) and other comprehensive income would have been approximately HK\$4,492,000 lower or higher (2023: HK\$20,454,000 lower or higher).

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by bank deposits held at variable rates. The Group's loan receivables were at fixed rates and expose the Group to fair value interest rate risk.

As 31 December 2023, if interest rates on borrowings had been 25 basis points higher/lower with all other variables held constant, the Group's loss after tax and total comprehensive loss would have been approximately HK\$425,000 higher/lower (2024: nil). The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to cash flow interest rate risk for borrowings in existence at the balance sheet date.

(iv) Liquidity risk

The Group maintains its own treasury function (the "Group Finance") to monitor the current and expected liquidity requirements and aims to maintain flexibility by keeping sufficient cash and cash equivalents generated from operations and draw down of borrowings. Cash flow forecast is performed in the operating entities of the Group and aggregated by the Group Finance. The Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient head-room on its undrawn facilities (note 29) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

Notes to the Consolidated Financial Statements

4 Financial risk management (Continued)**(a) Financial risk factors (Continued)**

(iv) Liquidity risk (Continued)

Surplus cash held by the operating entities over and above the balance required for working capital management are transferred to the treasury centre of the Group. The Group Finance invests surplus cash in interest bearing time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room for the Group to meet the liquidity requirements. At 31 December 2024, the Group held cash and bank balances of HK\$711,127,000 (2023: HK\$532,147,000).

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities based on undiscounted cash flows and the earliest date the Group can be required to pay. Balances due within twelve months equal their carrying balances (including both interest and principal) as the impact of discounting is not significant.

	On demand HK\$'000	Less than 1 year HK\$'000	1-5 years HK\$'000	Total contractual undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
At 31 December 2024					
Trade and other payables	–	2,768,575	685,712	3,454,287	3,454,269
Lease liabilities and interest payments	–	170,824	60,337	231,161	222,742
	–	2,939,399	746,049	3,685,448	3,677,011
At 31 December 2023					
Trade and other payables	–	1,739,618	672,497	2,412,115	2,412,003
Borrowings and interest payments	–	174,025	–	174,025	169,890
Lease liabilities and interest payments	–	230,089	66,395	296,484	286,949
	–	2,143,732	738,892	2,882,624	2,868,842

Notes to the Consolidated Financial Statements

4 Financial risk management (Continued)**(b) Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of equity attributable to the equity holders and borrowings. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, repurchase of shares from shareholders or raise funding through borrowings as necessary.

The Group monitors capital on the basis of the gearing ratio and the current ratio.

The gross gearing ratio is calculated as total borrowings divided by total equity. The gross gearing ratios at 31 December 2024 and 2023 were as follows:

	2024 HK\$'000	2023 HK\$'000
Total borrowings	–	169,890
Total equity	993,714	657,191
Gross gearing ratio	0%	25.9%

The net gearing ratio is calculated as net borrowings, total borrowings less cash and bank balances, divided by total equity. Net borrowings is zero when the cash and bank balances is more than total borrowings.

	2024	2023
Net gearing ratio	0%	0%

The current ratio of the Group, which represents a ratio of current assets over current liabilities, at 31 December 2024 and 2023 were as follows:

	2024 HK\$'000	2023 HK\$'000
Current assets	4,327,971	3,062,385
Current liabilities	3,612,051	2,796,788
Current ratio	1.2	1.1

The current ratio of the Group is maintained at a stable level.

Notes to the Consolidated Financial Statements

4 Financial risk management (Continued)**(c) Fair value estimation**

The carrying amounts of the financial assets of the Group, including cash and cash equivalents, trade and other receivables, loan receivables and financial assets at fair value through other comprehensive income; and financial liabilities including trade and other payables, borrowings and lease liabilities approximate their fair values due to their short-term maturities. Other payables and lease liabilities that are expected to be settled more than 12 months after reporting date are initially measured on a present value basis by discounting the balance to net present value using the Group's incremental borrowing rate.

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

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

The following tables present the Group's financial instruments that are measured at fair value:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 31 December 2024				
Assets				
Financial assets at fair value through other comprehensive income	–	512	–	512
As at 31 December 2023				
Assets				
Financial assets at fair value through other comprehensive income	–	668	–	668

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

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

Notes to the Consolidated Financial Statements

4 Financial risk management (Continued)

(c) Fair value estimation (Continued)

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

There were no transfers between levels 1, 2 and 3 during the year.

The fair value estimation of investment properties is disclosed in note 18 to the consolidated financial statements.

5 Critical accounting estimates and judgements

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

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

(a) Revenue recognition

Management reviews sales transactions to determine whether it is probable that future economic benefits arising from the sales transactions would flow to the Group taking into account the variable consideration in the transaction price.

Agency fee from property agency business is recognised as revenue when the services are rendered which is generally the time when the transacting parties first enter into an agreement. However, such revenue will be subject to variations as a result of, for example, trade discounts and price concessions which are common in the industry, resulting in variable consideration.

Variable consideration arises in revenue of agency business due to price variables and uncertainties of the outcome of future events, which affect the Group's determination of the amount of the revenue. Common examples of such price variables and uncertainties include the risk of transactions fallen through, price concessions made by the Group based on customary industry practice and different payment plans chosen by the buyers, which give rise to discounts and price concessions.

Pursuant to the HKFRS 15, the Group adopts an expected value approach to estimate variable consideration for inclusion in the transaction price. In order to assess the variable consideration, the Group takes into account the past experience on similar transactions and all reasonably available information to determine estimated recoverable rates in assessing the expected consideration to which the Group will be entitled.

This estimated amount of variable consideration will be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved in the future.

5 Critical accounting estimates and judgements (Continued)

(b) Impairment of trade receivables

Management reviews regularly the recoverable amount of each individually significant trade receivable to ensure that adequate impairment is made for the irrecoverable amounts. The measurement of impairment losses under HKFRS 9 requires judgement, in particular, management assesses the recoverable amount of each individually significant trade receivable whether there is objective evidence that the receivable is impaired. This evidence may include observable data indicating that there has been an adverse change in the payment status of the debtors and the local economic conditions that correlate with the potential risk of impairment on the transactions. For the remaining trade receivables which no objective evidence is available, the impairment is determined based on external default data of the customers or customers of similar characteristics, or are derived based on the latest completed historical payment profile of sales over a period of 12 months and the corresponding historical credit losses experience within that period.

Management reassesses the provision for impairment at each balance sheet date.

(c) Fair value of investment properties

The fair value of investment properties is determined by using valuation techniques. Details of the judgement and assumptions used in the valuation have been disclosed in note 18 to the consolidated financial statements.

(d) Income taxes

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

Deferred taxation relating to temporary differences and tax losses are recognised as management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and liabilities and income tax charges in the periods in which such estimate is changed.

(e) Impairment of right-of-use assets and property and equipment

Internal and external sources of information are reviewed at the end of each reporting period to assess whether there is any indication that right-of-use assets and property and equipment may be impaired. If any such indication exists, the recoverable amount of the right-of-use assets and other property, plant and equipment is estimated. Changes in facts and circumstances may result in revisions to the conclusion of whether an indication of impairment exists and may revise estimates of recoverable amounts, which would affect profit or loss in future years.

Notes to the Consolidated Financial Statements

6 Revenues

	2024 HK\$'000	2023 HK\$'000
Revenues from contracts with customers within the scope of HKFRS 15		
Disaggregated by major service lines		
– Agency fee	6,070,571	4,063,351
– Immigration consultancy services	6,900	10,739
– Web advertising	980	1,358
– Other services	4,176	4,236
	6,082,627	4,079,684
Revenues from other sources		
– Rental income	1,511	1,810
– Interest income from loan receivables	101	1,200
Total revenues	6,084,239	4,082,694

Revenues and results of property agency business are further analysed as follows:

	2024 HK\$'000	2023 HK\$'000
Revenues from property agency business	6,070,571	4,063,351
Rebates (note)	(2,697,600)	(1,432,983)
Revenues less rebates	3,372,971	2,630,368
Net segment operating costs and income	(2,939,837)	(2,660,261)
Segment results of property agency business (note 7)	433,134	(29,893)

Note: The amount represents the committed liability to individual buyers or co-operative agents arising directly from the relevant transactions.

Notes to the Consolidated Financial Statements

7 Segment information

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

The Executive Directors assess the performance based on the nature of the Group’s businesses comprising the property agency businesses for residential, commercial and industrial properties and shops, and other businesses which mainly include property leasing, immigration consultancy services, money lending services and mortgage referral services. The Group’s businesses are principally located in Hong Kong, Mainland China and Macau.

	Year ended 31 December 2024				
	Property agency			Others HK\$'000	Total HK\$'000
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000	Subtotal HK\$'000		
Segment revenues	6,023,997	46,574	6,070,571	21,521	6,092,092
Inter-segment revenues	–	–	–	(7,853)	(7,853)
Revenues from external customers	6,023,997	46,574	6,070,571	13,668	6,084,239
Timing of revenue recognition					
– At a point in time	6,023,997	46,574	6,070,571	4,176	6,074,747
– Over time	–	–	–	7,880	7,880
Rental income	–	–	–	1,511	1,511
Interest income from loan receivables	–	–	–	101	101
	6,023,997	46,574	6,070,571	13,668	6,084,239
Revenues	6,023,997	46,574	6,070,571	13,668	6,084,239
Rebates	(2,690,140)	(7,460)	(2,697,600)	–	(2,697,600)
Revenues less rebates	3,333,857	39,114	3,372,971	13,668	3,386,639
Segment results	431,576	1,558	433,134	44	433,178
Depreciation of right-of-use assets	(284,824)	(562)	(285,386)	(220)	(285,606)
Depreciation of property and equipment	(31,555)	(824)	(32,379)	(490)	(32,869)
Net impairment losses on financial assets	(66,992)	(1,826)	(68,818)	(368)	(69,186)
Share of results of joint ventures	–	–	–	8,268	8,268
Fair value losses on investment properties	–	–	–	(4,706)	(4,706)
Impairment losses on right-of-use assets, net of reversals	(5,024)	(1,706)	(6,730)	–	(6,730)
Impairment losses on property and equipment	(598)	(203)	(801)	–	(801)
Net loss on disposal of property and equipment	(159)	(39)	(198)	–	(198)
Additions to property and equipment	7,937	436	8,373	19	8,392

For the purpose of segmental information analysis, expenditures incurred for leases are not regarded as capital expenditures.

Notes to the Consolidated Financial Statements

7 Segment information (Continued)

	Year ended 31 December 2023				
	Property agency			Others HK\$'000	Total HK\$'000
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000	Subtotal HK\$'000		
Segment revenues	4,022,117	41,234	4,063,351	26,260	4,089,611
Inter-segment revenues	–	–	–	(6,917)	(6,917)
Revenues from external customers	4,022,117	41,234	4,063,351	19,343	4,082,694
Timing of revenue recognition					
– At a point in time	4,022,117	41,234	4,063,351	4,236	4,067,587
– Over time	–	–	–	12,097	12,097
Rental income	–	–	–	1,810	1,810
Interest income from loan receivables	–	–	–	1,200	1,200
	4,022,117	41,234	4,063,351	19,343	4,082,694
Revenues	4,022,117	41,234	4,063,351	19,343	4,082,694
Rebates	(1,420,295)	(12,688)	(1,432,983)	–	(1,432,983)
Revenues less rebates	2,601,822	28,546	2,630,368	19,343	2,649,711
Segment results	(20,310)	(9,583)	(29,893)	43,572	13,679
Depreciation of right-of-use assets	(429,016)	(1,360)	(430,376)	(37)	(430,413)
Depreciation of property and equipment	(44,123)	(1,032)	(45,155)	(575)	(45,730)
Net impairment losses on financial assets	(8,478)	(772)	(9,250)	–	(9,250)
Share of results of joint ventures	–	–	–	13,840	13,840
Net fair value losses on investment properties	–	–	–	(2,456)	(2,456)
Impairment losses on right-of-use assets, net of reversals	(7,824)	(2,019)	(9,843)	–	(9,843)
Impairment losses on property and equipment	(2,244)	(476)	(2,720)	–	(2,720)
Gain on disposal of land and building	–	–	–	19,465	19,465
Net loss on disposal of other property and equipment	(2,209)	(242)	(2,451)	–	(2,451)
Gain on disposal of assets held for sales	–	–	–	10,512	10,512
Additions to property and equipment	19,982	112	20,094	295	20,389

Note: The share of results and interests in joint ventures mainly represent the financial information of mReferral Corporation Limited and its subsidiaries ("mReferral Group") that are material to the Group. Please refer to note 19 for the summarised financial information.

Notes to the Consolidated Financial Statements

7 Segment information (Continued)

The Executive Directors assess the performance of the operating segments based on a measure of operating results from each reportable segment. Corporate expenses, bank interest income, interest on bank borrowings, overdrafts and other borrowings and income tax expense are not included in the segment results.

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

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

	2024 HK\$'000	2023 HK\$'000
Segment results for reporting segments	433,178	13,679
Corporate expenses	(54,140)	(33,735)
Bank interest income	5,647	3,835
Interest on bank borrowings, overdrafts and other borrowings	(13,749)	(12,988)
Profit/(loss) before income tax	<u>370,936</u>	<u>(29,209)</u>

Segment assets and liabilities exclude corporate assets and liabilities, deferred taxation, other non-current asset and financial assets at fair value through other comprehensive income, all of which are managed on a central basis. Set out below is an analysis of assets and liabilities by reporting segments:

	As at 31 December 2024				
	Property agency				Total HK\$'000
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000	Subtotal HK\$'000	Others HK\$'000	
Segment assets	4,118,224	26,389	4,144,613	57,182	4,201,795
Segment assets include:					
Interests in joint ventures	–	–	–	19,938	19,938
Segment liabilities	3,648,554	24,284	3,672,838	9,223	3,682,061

Notes to the Consolidated Financial Statements

7 Segment information (Continued)

	As at 31 December 2023				
	Property agency			Others HK\$'000	Total HK\$'000
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000	Subtotal HK\$'000		
Segment assets	2,983,489	14,497	2,997,986	56,162	3,054,148
Segment assets include: Interests in joint ventures	–	–	–	11,670	11,670
Segment liabilities	2,688,055	23,141	2,711,196	13,716	2,724,912

Reportable segment assets are reconciled to total assets as follows:

	2024 HK\$'000	2023 HK\$'000
Segment assets	4,201,795	3,054,148
Corporate assets	470,502	434,512
Deferred tax assets	25,390	69,749
Other non-current asset	10,110	10,110
Financial assets at fair value through other comprehensive income	512	668
Total assets	4,708,309	3,569,187

Reportable segment liabilities are reconciled to total liabilities as follows:

	2024 HK\$'000	2023 HK\$'000
Segment liabilities	3,682,061	2,724,912
Corporate liabilities	26,381	178,843
Deferred tax liabilities	6,153	8,241
Total liabilities	3,714,595	2,911,996

Notes to the Consolidated Financial Statements

7 Segment information (Continued)

Geographical information:

	2024 HK\$'000	2023 HK\$'000
Revenues from external customers		
Hong Kong and Macau	5,745,377	3,786,954
Mainland China	338,862	295,740
	6,084,239	4,082,694

Revenues are attributed to locations where the transactions took place.

8 Other (loss)/income, net

	2024 HK\$'000	2023 HK\$'000
Net fair value losses on investment properties (note 18)	(4,706)	(2,456)
License fee income (note 34(a))	1,203	1,325
Others	931	6,395
	(2,572)	5,264

9 Staff costs, including directors' emoluments

	2024 HK\$'000	2023 HK\$'000
Salaries and allowances	707,010	714,144
Commissions	1,518,267	1,103,394
Pension costs for defined contribution plans	42,296	43,622
Pension costs for defined benefit plans	5,860	5,899
	2,273,433	1,867,059

The Group participates in a mandatory provident fund ("MPF") scheme which is available to eligible employees of the Group, including the Executive Directors. Contributions to the MPF scheme by the Group and the employees are calculated at rates specified in the rules of the MPF scheme. The assets of the MPF scheme are held separately from those of the Group in an independently administered fund.

The cost of the MPF scheme charged to the consolidated income statement represents contributions paid and payable by the Group to the fund.

The Group's contributions to the MPF scheme for its employees are fully and immediately vested in the employees once the contributions are made. Accordingly, there are no forfeited contributions under the MPF scheme that may be used by the Group to reduce the existing level of contributions.

Notes to the Consolidated Financial Statements

9 Staff costs, including directors' emoluments (Continued)

The Group also contributes to employee retirement schemes established by municipal governments in respect of certain subsidiaries in Mainland China. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group. Contributions to these schemes are charged to the consolidated income statement as incurred.

10 Benefit and interest of directors and five highest paid individuals**(a) Benefit and interest of directors**

The remuneration of each director for the year ended 31 December 2024 is set out below:

Name of director	Fees HK\$'000	Salaries and allowances HK\$'000	Performance incentive* HK\$'000	Retirement benefit costs HK\$'000	Total HK\$'000
Executive Directors					
Mr. WONG Kin Yip, Freddie (Chairman)	200	9,229	–	–	9,429
Ms. WONG Ching Yi, Angela	200	8,603	14,837	18	23,658
Mr. SZE Ka Ming	200	3,329	3,709	18	7,256
Mr. WONG Tsz Wa, Pierre (resigned with effect from 1 April 2025)	200	2,167	801	18	3,186
	800	23,328	19,347	54	43,529
Independent Non-Executive Directors					
Mr. HO Kwan Tat, Ted	260	–	–	–	260
Mr. SUN Tak Chiu	260	–	–	–	260
Mr. CHAN Nim Leung Leon	260	–	–	–	260
	780	–	–	–	780
	1,580	23,328	19,347	54	44,309

Notes to the Consolidated Financial Statements

10 Benefit and interest of directors and five highest paid individuals (Continued)**(a) Benefit and interest of directors (Continued)**

The remuneration of each director for the year ended 31 December 2023 is set out below:

Name of director	Fees HK\$'000	Salaries and allowances HK\$'000	Termination benefit HK\$'000	Performance incentive* HK\$'000	Retirement benefit costs HK\$'000	Total HK\$'000
Executive Directors						
Mr. WONG Kin Yip, Freddie (Chairman)	200	8,780	–	–	–	8,980
Ms. WONG Ching Yi, Angela	200	8,023	–	–	18	8,241
Mr. WONG Tsz Wa, Pierre	200	3,868	–	–	18	4,086
Mr. SZE Ka Ming (appointed with effect from 1 December 2023)	17	268	–	–	2	287
Mr. CHEUNG Kam Shing (resigned with effect from 28 December 2023)	200	1,924	400	–	18	2,542
	817	22,863	400	–	56	24,136
Independent Non-Executive Directors						
Mr. HO Kwan Tat, Ted	260	–	–	–	–	260
Mr. SUN Tak Chiu	260	–	–	–	–	260
Mr. CHAN Nim Leung Leon (appointed with effect from 1 December 2023)	22	–	–	–	–	22
Mr. WONG San (resigned with effect from 1 December 2023)	238	–	–	–	–	238
	780	–	–	–	–	780
	1,597	22,863	400	–	56	24,916

Note: Mr. SZE Ka Ming has been the Chief Financial Officer of the Group prior to his appointment as the Executive Director of the Company. His total remuneration for the year ended 31 December 2023 was HK\$3,358,000 (including discretionary bonus of HK\$214,000 and retirement benefit costs of HK\$18,000).

* Performance incentive is determined based on performance of profit targets.

Notes to the Consolidated Financial Statements

10 Benefit and interest of directors and five highest paid individuals (Continued)**(a) Benefit and interest of directors (Continued)**

(i) Directors' emoluments

During the years ended 31 December 2024 and 2023, certain executive directors of the Company waived part of their emoluments. The emoluments waived by these directors were set out below:

	2024 HK\$'000	2023 HK\$'000
Mr. WONG Kin Yip, Freddie (Chairman)	1,227	1,841
Ms. WONG Ching Yi, Angela	698	1,279
Mr. WONG Tsz Wa, Pierre	1,795	539
	3,720	3,659

No other director waived or agreed to waive any emoluments during the year ended 31 December 2024 (2023: nil).

No incentive payment for joining the Group was paid or payable to any director during the year ended 31 December 2024 (2023: nil).

(ii) Directors' retirement benefits and termination benefits

Apart from disclosed above, no other directors received or will receive any retirement benefits or termination benefits during the year ended 31 December 2023 (2024: nil).

(iii) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2024, the Group did not pay consideration to any third parties for making available directors' services (2023: nil).

(iv) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by and entities connected with such directors

As at 31 December 2024, there are no loans, quasi-loans and other dealing arrangements in favour of directors, bodies corporate controlled by and entities connected with such directors (2023: nil).

(v) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in note 34, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Notes to the Consolidated Financial Statements

10 Benefit and interest of directors and five highest paid individuals (Continued)**(b) Five highest paid individuals**

The five individuals whose emoluments were the highest for the year include three (2023: four) directors whose emoluments are reflected in the analysis shown in note 10(a). The emoluments payable to the remaining two (2023: one) individual during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and allowances	1,598	494
Performance related incentives/discretionary bonus	20,147	2,214
Retirement benefit costs	36	18
	21,781	2,726

The emoluments fell within the following bands:

	Number of individuals	
	2024	2023
HK\$2,500,001 – HK\$3,000,000	–	1
HK\$7,000,001 – HK\$7,500,000	1	–
HK\$14,000,001 – HK\$14,500,000	1	–
	2	1

Notes to the Consolidated Financial Statements

11 Other operating costs

The major other operating costs are as follows:

	2024 HK\$'000	2023 HK\$'000
Direct operating expenses arising from investment properties that:		
– generated rental income	208	183
– did not generate rental income	–	31
Office and branch operating expenses (remark)	86,406	98,451
Government rent and rates, building management fee of leased properties	40,779	44,056
Legal and professional fees	22,541	18,550
Staff recruitment, training and welfare	6,212	7,196
Insurance expenses	16,035	10,170
Bank charges	15,700	13,281
Impairment losses on right-of-use assets, net of reversals (note 17(b))	6,730	9,843
Impairment losses on property and equipment (note 17(b))	801	2,720
Net loss/(gain) on disposal of property and equipment	198	(17,014)
Gain on disposal of assets held for sales	–	(10,512)
Net foreign exchange loss	3,910	3,046
Donations	807	724
Motor car expenses	1,256	1,416
Auditor's remuneration		
– audit services	2,332	1,900
– interim results review	–	573

Remark: Office and branch operating expenses include utilities expenses, communication expenses, printing and stationery, transportation, licence fee and repair and maintenance.

12 Finance income and costs

	2024 HK\$'000	2023 HK\$'000
Finance income		
Bank interest income	5,647	3,835
Finance costs		
Interest on bank borrowings, overdrafts and other borrowings	(13,749)	(12,988)
Interest on lease liabilities (note 17(b))	(13,816)	(15,993)
	(27,565)	(28,981)
Finance costs, net	(21,918)	(25,146)

Notes to the Consolidated Financial Statements

13 Income tax expense

	2024 HK\$'000	2023 HK\$'000
Current income tax		
Hong Kong profits tax	9,556	10,507
Overseas	–	65
Deferred income tax (note 27)	41,057	2,135
	50,613	12,707

Hong Kong profits tax has been calculated at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the year, except for one subsidiary of the Company which is a qualifying corporation under the two-tiered profits tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong profits tax for this subsidiary was calculated at the same basis in 2023.

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates.

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

	2024 HK\$'000	2023 HK\$'000
Profit/(loss) before income tax	370,936	(29,209)
Less: share of results of joint ventures	(8,268)	(13,840)
	362,668	(43,049)
Calculated at a taxation rate of 16.5% (2023: 16.5%)	59,840	(7,103)
Effect of different taxation rates in other jurisdictions	143	(5,057)
Income not subject to taxation	(1,143)	(6,557)
Expenses not deductible for taxation purposes	2,579	3,370
Utilisation of previously unrecognised tax losses	(6,619)	–
Tax losses not recognised	786	27,103
Other temporary differences not recognised	60	20
Recognition of previously unrecognised deductible temporary differences	(4,991)	–
Others	(42)	931
Income tax expense	50,613	12,707

Notes to the Consolidated Financial Statements

14 Dividend

The Board does not recommend the payment of any dividend for the year ended 31 December 2024 (2023: nil).

15 Earnings/(loss) per share

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

	2024	2023
Profit/(loss) attributable to equity holders for the calculation of basic and diluted earnings/(loss) per share (HK\$'000)	320,323	(41,916)
Weighted average number of shares for the calculation of basic and diluted earnings/(loss) per share (thousands)	717,086	717,086
Basic earnings/(loss) per share (HK cents)	44.67	(5.85)
Diluted earnings/(loss) per share (HK cents)	44.67	(5.85)

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

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings/(loss) per share to take into account the weighted average number of additional shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

For the years ended 31 December 2024 and 2023, the diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as the exercise of share options of the Company would have an anti-dilutive effect.

Notes to the Consolidated Financial Statements

16 Property and equipment

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 1 January 2024						
Cost	128,736	139,925	65,148	231,349	5,447	570,605
Accumulated depreciation and impairment	(80,946)	(129,268)	(50,188)	(185,441)	(4,772)	(450,615)
Net book amount	47,790	10,657	14,960	45,908	675	119,990
Year ended 31 December 2024						
Opening net book amount	47,790	10,657	14,960	45,908	675	119,990
Additions	-	5,722	247	2,147	276	8,392
Disposals	-	(72)	(154)	(2)	-	(228)
Depreciation	(869)	(10,564)	(4,025)	(17,609)	(267)	(33,334)
Impairment (note 17(b))	-	(801)	-	-	-	(801)
Exchange differences	(13)	(26)	(345)	-	-	(384)
Closing net book amount	46,908	4,916	10,683	30,444	684	93,635
At 31 December 2024						
Cost	128,716	133,835	60,565	232,964	5,130	561,210
Accumulated depreciation and impairment	(81,808)	(128,919)	(49,882)	(202,520)	(4,446)	(467,575)
Net book amount	46,908	4,916	10,683	30,444	684	93,635
At 1 January 2023						
Cost	141,989	169,045	78,636	238,063	5,561	633,294
Accumulated depreciation and impairment	(90,261)	(145,023)	(57,340)	(180,974)	(5,064)	(478,662)
Net book amount	51,728	24,022	21,296	57,089	497	154,632
Year ended 31 December 2023						
Opening net book amount	51,728	24,022	21,296	57,089	497	154,632
Additions	-	11,721	908	7,439	321	20,389
Disposals	(2,979)	(952)	(1,476)	(114)	-	(5,521)
Depreciation	(943)	(21,367)	(5,237)	(18,505)	(143)	(46,195)
Impairment (note 17(b))	-	(2,720)	-	-	-	(2,720)
Exchange differences	(16)	(47)	(531)	(1)	-	(595)
Closing net book amount	47,790	10,657	14,960	45,908	675	119,990
At 31 December 2023						
Cost	128,736	139,925	65,148	231,349	5,447	570,605
Accumulated depreciation and impairment	(80,946)	(129,268)	(50,188)	(185,441)	(4,772)	(450,615)
Net book amount	47,790	10,657	14,960	45,908	675	119,990

17 Right-of-use assets and lease liabilities

(a) Amounts recognised in the consolidated balance sheet

(i) Right-of-use assets

	2024 HK\$'000	2023 HK\$'000
Properties	204,284	262,271
Motor vehicles	7	205
Land use rights	806	866
	205,097	263,342

Additions to the right-of-use assets during the year were HK\$238,078,000 (2023: HK\$221,170,000).

(ii) Lease liabilities

	2024 HK\$'000	2023 HK\$'000
Non-current	58,708	65,001
Current	164,034	221,948
	222,742	286,949

During the years ended 31 December 2024 and 2023, the Group received rent concessions from landlords for certain leased properties, which have been accounted for as lease modifications.

Notes to the Consolidated Financial Statements

17 Right-of-use assets and lease liabilities (Continued)**(b) Amounts recognised in the consolidated income statement**

	2024 HK\$'000	2023 HK\$'000
Depreciation of right-of-use assets		
Properties	285,374	430,077
Motor vehicles	198	302
Land use rights	34	34
	285,606	430,413
Expenses relating to short-term leases (included in operating lease charges in respect of office and shop premises)	29,663	33,388
	13,816	15,993
Interest on lease liabilities (included in finance costs) (note 12)	13,816	15,993

The Group regards each business unit in each city as a separately identifiable cash-generating unit. Management carries out an impairment assessment on cash-generating units when an impairment indicator exists and the carrying amounts may not be recoverable. The carrying amount of the related assets is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

During the year ended 31 December 2024, certain leased properties were written down to its recoverable amount, which was determined by reference to the value in use of the leased properties. Losses of HK\$6,730,000 and HK\$801,000 (2023: HK\$9,843,000 and HK\$2,720,000) for the impairment of right-of-use assets and leasehold improvements, respectively, in the property agency businesses are included in other operating costs in the consolidated income statement.

(c) Amounts recognised in the consolidated statement of cash flows

The total cash outflow for leases during the year was HK\$339,396,000 (2023: HK\$507,279,000).

Notes to the Consolidated Financial Statements

18 Investment properties

	2024 HK\$'000	2023 HK\$'000
Opening net book amount	30,284	50,718
Change in fair value to consolidated income statement (note 8)	(4,706)	(2,456)
Disposals	–	(17,494)
Exchange differences	(142)	(484)
Closing net book amount	25,436	30,284

Change in fair value of investment properties is included in “Other (loss)/income, net” in the consolidated income statement (note 8).

The Group engaged qualified professional valuer to determine the fair value of Group’s investment properties at least once every six months, in line with the Group’s interim and annual reporting dates. Valuation assumptions, major inputs to valuation report and valuation result are discussed with valuer.

As at 31 December 2024, valuations were undertaken by Midland Surveyors Limited (2023: Midland Surveyors Limited), a qualified professional valuer with appropriate professional qualifications and recent experience in the valuation of similar properties in the relevant locations. Fair values of investment properties in Hong Kong and the Mainland China are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuer’s interpretation of prevailing investor requirements or expectations.

Information about fair value measurements using significant unobservable inputs:

Location of investment properties	Fair value		Range of significant unobservable inputs	
	2024 HK\$'000	2023 HK\$'000	Prevailing market rent per month	Capitalisation rate
Hong Kong	21,340	25,350	HK\$47 to HK\$102 per sq. ft. (saleable) (2023: HK\$48 to HK\$109 per sq. ft. (saleable))	3.60% to 4.60% (2023: 3.20% to 4.00%)
Mainland China	4,096	4,934	RMB1,160 per sq. m. (gross) (2023: RMB1,260 per sq. m. (gross))	6.80% (2023: 6.20%)
Total	25,436	30,284		

Notes to the Consolidated Financial Statements

18 Investment properties (Continued)

Prevailing market rents are estimated based on qualified professional valuer's view of recent lettings, within the subject properties and other comparable properties. The higher the rents, the higher the fair value. Capitalisation rates are estimated by qualified professional valuer based on the risk profile of the properties being valued. The lower the rates, the higher the fair value.

As at 31 December 2024 and 2023, all investment properties are included in level 3 in fair value hierarchy. There were no transfer between levels 1, 2 and 3 during the year (2023: nil).

19 Interests in joint ventures

	2024 HK\$'000	2023 HK\$'000
Share of net assets	19,938	11,670

Details of the principal joint ventures are set out in note 36(b) to the consolidated financial statements.

The summarised financial information below represents the aggregate amount of the Group's share of its interests in joint ventures:

	2024 HK\$'000	2023 HK\$'000
At 1 January	11,670	14,330
Share of profit	8,268	13,840
Dividend received	–	(16,500)
At 31 December	19,938	11,670

Notes to the Consolidated Financial Statements

19 Interests in joint ventures (Continued)

The table below provides summarised financial information of joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not the Group's share of these amounts:

mReferral Group

	2024 HK\$'000	2023 HK\$'000
Non-current assets	1,138	2,886
Current assets		
Cash and cash equivalents	50,036	37,549
Other current assets	12,399	11,399
	62,435	48,948
Non-current liabilities	(657)	–
Current liabilities		
Current financial liabilities (excluding trade and other payables and provisions)	(348)	(2,392)
Other current liabilities	(24,262)	(27,505)
	(24,610)	(29,897)
Net assets	38,306	21,937
Group's share of net assets	19,153	10,969
Revenues	83,190	108,799
Depreciation and amortisation	(2,300)	(2,574)
Interest income	934	1,247
Interest expenses	(51)	(97)
Income tax expenses	(2,443)	(4,784)
Others	(62,961)	(75,323)
Profit and total comprehensive income for the year attributable to equity holders	16,369	27,268
Group's share of the profit and total comprehensive income for the year	8,185	13,634

During the year ended 31 December 2024, the Group did not receive any dividend from mReferral Group (2023: HK\$16,500,000).

There are no significant contingent liabilities and capital commitments relating to the Group's interests in joint ventures and the joint ventures do not have any significant contingent liabilities and capital commitments as at 31 December 2024 and 2023.

Notes to the Consolidated Financial Statements

20 Financial assets at fair value through other comprehensive income

	2024 HK\$'000	2023 HK\$'000
Unlisted equity investments, at fair value	512	668

The Group's financial assets at fair value through other comprehensive income are denominated in United States dollars.

21 Other non-current asset

	2024 HK\$'000	2023 HK\$'000
Club membership	10,110	10,110

22 Loan receivables

	2024 HK\$'000	2023 HK\$'000
Loan receivables – loans to employees	413	1,173
Less: non-current portion	(220)	(989)
Current portion	193	184

Loan receivables represent loans to employees in Hong Kong. Loan receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Details on the Group's credit policy and credit risk arising from loan receivables, and impairment losses for loan receivables are set out in note 4(a)(i).

A maturity profile of the loan receivables as at the end of the reporting periods, based on the maturity date and net of provision, is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 year	193	184
Over 1 year but less than 2 years	220	582
Over 2 years but less than 3 years	–	27
Over 3 years	–	380
	413	1,173

The Group's loan receivables are denominated in Hong Kong dollars.

Notes to the Consolidated Financial Statements

23 Trade and other receivables

	2024 HK\$'000	2023 HK\$'000
Trade receivables	3,581,769	2,413,613
Less: loss allowances	(151,234)	(108,535)
Trade receivables, net	3,430,535	2,305,078
Other receivables, prepayments and deposits	185,638	224,593
	3,616,173	2,529,671

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

	2024 HK\$'000	2023 HK\$'000
Current (not yet due)	3,339,190	2,187,987
Less than 31 days past due	43,833	25,911
31 to 60 days past due	21,366	28,647
61 to 90 days past due	7,567	5,360
More than 90 days past due	18,579	57,173
	3,430,535	2,305,078

Trade receivables of HK\$91,345,000 (2023: HK\$117,091,000) were past due but not impaired.

Details on the Group's credit policy and credit risk arising from trade receivables are set out in note 4(a)(i).

The Group's maximum exposure to credit risk is the carrying amount of trade and other receivables.

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

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

Borrowing facilities granted to the Group were secured, inter alia, by floating charge over certain receivables of the Group, with carrying value of approximately HK\$3,286,341,000 as at 31 December 2024 (2023: HK\$2,238,916,000).

Trade and other receivables expected to be recovered after more than one year is HK\$861,940,000 (2023: HK\$924,132,000). The remaining balance is expected to be recovered within one year.

Notes to the Consolidated Financial Statements

24 Cash and cash equivalents

As at 31 December 2024, the Group's cash and cash equivalents included balances of HK\$10,964,000 (2023: HK\$25,049,000), which were deposits with banks in Mainland China. The remittance of such balances out of the Mainland China is subject to the rules and regulations of foreign exchange control promulgated by the People's Republic of China government.

25 Share capital and share premium

	Number of issued shares (HK\$0.10 each)	Nominal value HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	717,086,005	71,709	222,235	293,944

Notes:

(a) Share capital

The total authorised number of ordinary shares is 1 billion shares (2023: 1 billion shares) with a nominal value of HK\$0.10 per share (2023: HK\$0.10 per share). All issued shares are fully paid.

(b) Share options

On 23 June 2016, the Company adopted a share option scheme (the "Share Option Scheme"). The Share Option Scheme became effective on 23 June 2016 and remains in force for a period of ten years from that date and will expire on 22 June 2026. The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to, the selected participants, to attract and retain the best quality personnel for the development of the business of the Company and each of its direct or indirect subsidiary, associated company, jointly controlled entity or joint venture (collectively, the "Eligible Group"), to recognise the contributions of the selected participants to the growth of the Eligible Group by rewarding them with opportunities to obtain ownership interest in the Company, and/or to promote the long term success of the Eligible Group by aligning the interests of the selected participants to the shareholders of the Company.

Pursuant to the Share Option Scheme, the Board may, on or before 22 June 2026, at its discretion, offer to grant share options to any director (including any executive director of the Company), executive, officer or employee (whether full-time or part-time) of each member of the Eligible Group (but excluding each member of the committee appointed by the Board from time to time for the purpose of administration of the Share Option Scheme), as absolutely determined by the Board in accordance with the terms of the 2016 Share Option Scheme.

The maximum number of shares issued and to be issued upon exercise of all options granted to each participant under the Share Option Scheme and any other share option schemes of the Company (including those exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue. The maximum number of shares issued and to be issued upon exercise of all options granted under the Share Option Scheme and any other share option scheme(s) of the Company to each participant who is an Independent Non-Executive Director or a substantial shareholder of the Company, or any of their respective associates, in any 12-month period shall not exceed 0.1% of the total number of shares of the Company in issue and the aggregate value based on the closing price of the shares of the Company at the date of each grant shall not exceed HK\$5,000,000. Any further grant of share options in excess of the above-mentioned limit shall be approved by the shareholders of the Company with all core connected persons, within the meaning as ascribed under the Rules Governing the Listing Rules of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), of the Company abstaining from voting in favour at such general meeting.

The exercise price shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option which must be a business day; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five consecutive business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share of the Company on the date of grant of the option.

Notes to the Consolidated Financial Statements

25 Share capital and share premium (Continued)

Notes: (Continued)

(b) Share options (Continued)

In January 2020, 9,174,300 share options were granted to certain directors of the Company under the Share Option Scheme (no share options were granted during the years ended 31 December 2024 and 2023). Each option gives the holder the right to subscribe for one ordinary share of the Company. The share options granted will be vested 1 year after the date of grant. The vesting period of these options ends when they become exercisable. A consideration of HK\$1 from each of the grantees was received.

The fair value of each share option granted was estimated on the date of grant using the Binomial Model with the following assumptions:

Share price at date of grant	:	HK\$1.09
Exercise price	:	HK\$1.09
Option life	:	8 years
Expected volatility	:	33.77%
Expected dividend yield	:	0.48%
Risk-free rate	:	1.544%
Exercise multiple	:	2.8x

The expected volatility measured by using the historical volatility of the Company over the most recent period commensurate with the expected life of the share options.

Based on the above assumptions, the estimated fair value of each share option was HK\$0.2512. Any changes in the parameters may materially affect the estimation of the fair value of a share option.

For the years ended 31 December 2024 and 2023, no share-based payment expenses had recognised in the consolidated income statement.

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

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

Exercisable period	Exercise price per share HK\$	Number of options	
		2024	2023
17 January 2021 to 16 January 2028	1.09	9,174,300	9,174,300

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

	2024		2023	
	Weighted average exercise price per share HK\$	Number of options	Weighted average exercise price per share HK\$	Number of options
At beginning and the end of the year	1.09	9,174,300	1.09	9,174,300

No share options of the Company were granted, exercised, cancelled or lapsed during the year ended 31 December 2024 (2023: nil).

As at 31 December 2024, 9,174,300 options were exercisable (2023: 9,174,300 options).

The options outstanding as at 31 December 2024 had a weighted average remaining contractual life of 3.05 years (2023: 4.05 years).

Notes to the Consolidated Financial Statements

26 Reserves

	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Legal reserve HK\$'000	Employee benefits reserve HK\$'000	Exchange reserve HK\$'000	Financial assets at FVOCI reserve HK\$'000	Property revaluation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2024	5,013	2,086	190	2,304	38,035	1,375	15,312	298,932	363,247
Profit for the year	-	-	-	-	-	-	-	320,323	320,323
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	46	-	-	46
Remeasurement of post-employment benefit obligation	-	-	-	-	-	-	-	7,716	7,716
Currency translation differences	-	-	-	-	8,438	-	-	-	8,438
Transfer of gain on disposal of financial assets at fair value through other comprehensive income to retained earnings	-	-	-	-	-	(181)	-	181	-
At 31 December 2024	5,013	2,086	190	2,304	46,473	1,240	15,312	627,152	699,770
At 1 January 2023	5,013	2,086	190	2,304	24,195	1,403	15,674	339,439	390,304
Loss for the year	-	-	-	-	-	-	-	(41,916)	(41,916)
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	(7)	-	-	(7)
Remeasurement of post-employment benefit obligation	-	-	-	-	-	-	-	1,026	1,026
Currency translation differences	-	-	-	-	13,840	-	-	-	13,840
Transfer of gain on disposal of financial assets at fair value through other comprehensive income to retained earnings	-	-	-	-	-	(21)	-	21	-
Release of reserve upon disposal of investment properties	-	-	-	-	-	-	(362)	362	-
At 31 December 2023	5,013	2,086	190	2,304	38,035	1,375	15,312	298,932	363,247

Notes to the Consolidated Financial Statements

27 Deferred taxation

	2024 HK\$'000	2023 HK\$'000
Deferred tax assets	25,390	69,749
Deferred tax liabilities	(6,153)	(8,241)
	19,237	61,508

The net movements on the deferred tax assets/(liabilities) are as follows:

	2024 HK\$'000	2023 HK\$'000
At 1 January	61,508	63,643
Recognised in the consolidated income statement (note 13)	(41,057)	(2,135)
Recognised in the consolidated statement of comprehensive income	(1,231)	–
Exchange difference	17	–
At 31 December	19,237	61,508

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

Deferred tax assets

	Provision HK\$'000	Decelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 January 2023	6,925	1,825	64,096	72,846
Recognised in the consolidated income statement	(1,899)	1,956	(2,240)	(2,183)
At 31 December 2023	5,026	3,781	61,856	70,663
Recognised in the consolidated income statement	11,839	1,374	(57,096)	(43,883)
Recognised in the consolidated statement of comprehensive income	–	–	(1,231)	(1,231)
At 31 December 2024	16,865	5,155	3,529	25,549

Notes to the Consolidated Financial Statements

27 Deferred taxation (Continued)**Deferred tax liabilities**

	Accelerated tax depreciation HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2023	(9,071)	(132)	(9,203)
Recognised in the consolidated income statement	830	(782)	48
At 31 December 2023	(8,241)	(914)	(9,155)
Recognised in the consolidated income statement	2,713	113	2,826
Exchange difference	–	17	17
At 31 December 2024	(5,528)	(784)	(6,312)

Deferred tax assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of HK\$217,772,000 (2023: HK\$235,136,000) in respect of losses amounting to HK\$1,087,854,000 (2023: HK\$1,177,811,000) as at 31 December 2024. These tax losses are subject to the agreement with the tax authorities and can be carried forward against future taxable income. Tax losses have no expiry date except for tax losses amounting to HK\$436,858,000 (2023: HK\$489,235,000) which will expire from 2025 to 2029 (2023: from 2024 to 2028).

In addition, the Group did not recognise deferred tax assets of HK\$2,079,000 (2023: HK\$2,180,000) and HK\$2,312,000 (2023: HK\$847,000) in respect of decelerated tax depreciation and provision respectively.

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2024 HK\$'000	2023 HK\$'000
Deferred tax assets		
Recoverable after more than twelve months	7,520	3,781
Recoverable within twelve months	17,870	65,968
	25,390	69,749
Deferred tax liabilities		
Payable or settle after more than twelve months	(6,153)	(8,241)

Notes to the Consolidated Financial Statements

28 Trade and other payables

	2024 HK\$'000	2023 HK\$'000
Commissions and rebate payables	3,246,201	2,210,775
Other payables and accruals	208,068	201,228
Defined benefit obligation	26,985	30,663
	3,481,254	2,442,666
Categorised as		
Current portion	3,443,571	2,400,700
Non-current portion	37,683	41,966
	3,481,254	2,442,666

Commissions and rebate payables to property consultants, co-operative estate agents and property buyers are due for payment only upon the receipt of corresponding agency fees from customers. These balances include commissions and rebate payables of HK\$495,273,000 (2023: HK\$295,165,000) in respect of which the corresponding agency fees have been received, and are due for payment within 30 days after year end. All the remaining commissions and rebate payables are not yet due.

Trade and other payables expected to be settled after more than one year is HK\$712,697,000 (2023: HK\$703,142,000). The remaining balance is expected to be settled within one year.

As at 31 December 2024 and 2023, the Group's defined benefit obligation are determined based on the actuarial valuation prepared by an independent qualified professional actuary, using the Projected Unit Credit method.

Movements in the present value of the defined benefit obligation are as follows:

	2024 HK\$'000	2023 HK\$'000
At 1 January	30,663	26,445
Service costs	4,765	4,898
Interest costs	1,095	1,001
Actuarial gain	(8,947)	(1,026)
Benefit paid	(591)	(655)
At 31 December	26,985	30,663

The significant actuarial assumptions used are as follows:

	2024	2023
Discount rate	4.1%	3.7%
Expected rate of salary increase	2.5%	2.5%

Notes to the Consolidated Financial Statements

28 Trade and other payables (Continued)

The sensitivity analysis of the defined benefit obligation to changes in the significant actuarial assumptions are as follows:

	2024	
	Change to adopted rate	Effect on defined benefit obligation
Discount rate	+0.5%/-0.5%	-5.7%/+6.2%
Expected rate of salary increase	+0.5%/-0.5%	+3.5%/-3.7%

	2023	
	Change to adopted rate	Effect on defined benefit obligation
Discount rate	+0.5%/-0.5%	-5.4%/+5.9%
Expected rate of salary increase	+0.5%/-0.5%	+1.1%/-1.3%

The above sensitivity analysis are based on a change in assumption while holding all other assumptions constant.

The management considers the balance of contract liabilities arising from immigration consultancy services is not material to the Group and hence not presented as a separate line item in the financial statements.

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

Notes to the Consolidated Financial Statements

29 Borrowings

The analysis of the carrying amount of interest-bearing borrowings is as follows:

	2024 HK\$'000	2023 HK\$'000
Unsecured borrowings from related parties	–	169,890

The analysis of the repayment schedule of borrowings is as follows:

	2024 HK\$'000	2023 HK\$'000
Repayable within 1 year	–	169,890

As at 31 December 2023, effective interest rates of the Group's borrowings range from 5.39% to 7.88%.

For the borrowings, the fair values are not materially different to their carrying amounts, since the interest payables on the borrowings are close to current market rates.

Borrowings are denominated in Hong Kong dollars and Renminbi.

The Group has the following undrawn borrowing facilities:

	2024 HK\$'000	2023 HK\$'000
Floating rates Expiring within one year	1,168,000	1,405,000

As at 31 December 2024 and 2023, these borrowing facilities are secured by certain trade receivables (note 23) and guarantees provided by the Company.

Notes to the Consolidated Financial Statements

30 Notes to consolidated statement of cash flows**(a) Reconciliation of operating profit/(loss) to net cash generated from operations**

	2024 HK\$'000	2023 HK\$'000
Operating profit/(loss)	384,586	(17,903)
Depreciation of right-of-use assets	285,606	430,413
Depreciation of property and equipment	33,334	46,195
Net impairment losses on financial assets	69,186	9,250
Net fair value losses on investment properties (note 8)	4,706	2,456
Impairment losses on right-of-use assets, net of reversals (note 11)	6,730	9,843
Impairment losses on property and equipment (note 11)	801	2,720
Net loss/(gain) on disposal of property and equipment (note 11)	198	(17,014)
Gain on disposal of assets held for sales (note 11)	–	(10,512)
Net exchange differences	23	(484)
Operating profit before working capital changes	785,170	454,964
Changes in loan receivables	392	18,509
Changes in trade and other receivables	(1,157,981)	6,357
Changes in trade and other payables	1,054,034	102,135
Net cash generated from operations	681,615	581,965

(b) Reconciliation of liabilities from financing activities

Movements in liabilities from financing activities are as follows:

	Borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2023	228,236	540,025	768,261
Cash flows	(54,600)	(457,898)	(512,498)
Other non-cash movements	(3,746)	204,822	201,076
At 31 December 2023	169,890	286,949	456,839
Cash flows	(166,383)	(295,917)	(462,300)
Other non-cash movements	(3,507)	231,710	228,203
At 31 December 2024	–	222,742	222,742

Notes to the Consolidated Financial Statements

31 Contingent liabilities

In November 2023, the Competition Commission (the “Commission”) commenced proceedings at the Competition Tribunal (the “Tribunal Proceedings”) against the Company and certain subsidiaries and officers of the Group (the “Respondents”) alleging their contravention and/or involvement in contravention of the First Conduct Rule of the Competition Ordinance (Cap. 619 of the Laws of Hong Kong) during the period allegedly from late 2022 to early 2023.

As advised by the legal advisors of the Group, the Tribunal Proceedings are currently subject to judicial challenge due to two parallel applications of Judicial Review (the “JR Application”) and Permanent Stay of Proceedings (the “Stay Application”) lodged by the Company and its two subsidiaries against the Competition Commission on 18 March 2024. Leave for the JR Application was granted by the High Court on 20 March 2024 after the application.

The substantive hearing for both the JR Application and the Stay Application took place on 8 and 9 August 2024, and the outcome of these two applications would have a significant impact on the Tribunal Proceedings, including permanent stay or dismissal of the whole case. The High Court previously indicated that the judgment of the JR Application and the Stay Application (the “Judgment”) would be handed down by 31 March 2025. Recently, the High Court has informed the parties that the Judgment will only be available by 29 May 2025. It should also be noted that this date is also subject to a potential extension depending on the workload of the Court and other factors.

On the other hand, the Tribunal Proceedings are still at an early stage, and the Respondents are not required to file their defence documents or any other pleadings pending the outcome of the JR Application and the Stay Application. Further, due to the uncertain impact of the Judgment, the Competition Tribunal has recently approved to vacate the trial dates of the Tribunal Proceedings (originally scheduled in third quarter of 2025) upon joint application of the parties. If the trial is eventually required, it shall be refixed upon seeking further directions from the Competition Tribunal after receiving the Judgment.

In addition to pursuing the JR Application and the Stay Application, the Company shall continue to defend the Tribunal Proceedings (if any) vigorously. As such, it is not practicable to make a sufficiently reliable estimation of the potential liability (if any) due to the high degree of uncertainty of the whole case. Taking into account all relevant circumstances, no provision is made in the consolidated financial statements of the Group as at 31 December 2024.

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

32 Future lease rental receivable

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

	2024 HK\$'000	2023 HK\$'000
Within one year	1,525	1,441
After one year but within five years	1,434	1,084
	2,959	2,525

Notes to the Consolidated Financial Statements

33 Commitments**(a) Capital commitments**

The Group did not have any significant capital commitments as at 31 December 2024 and 2023.

(b) Operating lease commitments

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

	2024 HK\$'000	2023 HK\$'000
Within one year	1,935	2,650

34 Significant related party transactions

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

(a) Transactions with related parties

	Note	2024 HK\$'000	2023 HK\$'000
Agency fee income from related companies	(i)	31,797	38,452
Rebates to related companies	(ii)	(30,604)	(13,531)
License fee income from related companies	(iii)	1,203	1,325
Agency fee to a related company	(iv)	(45)	(676)
Interest expenses to a director	(v)	(4,360)	(4,650)
Interest expenses to other related company	(v)	(2,103)	(6,038)

Notes:

- (i) Agency fee income from related companies represents agency fee from referral of property agency transactions to related companies on terms mutually agreed by both parties.
- (ii) Rebates to related companies represents rebate for property agency transactions referred by related companies on terms mutually agreed by both parties.
- (iii) License fee income from related companies represents license fee for the use of trademark by related companies on terms mutually agreed by both parties.
- (iv) Agency fee to a related company represents agency fee for provision of property agency services by a related company on terms mutually agreed by both parties.
- (v) Interest expenses to a director/other related company represents interest expenses for borrowings provided by a director/other related company (note 34(d)) on terms mutually agreed by both parties.

34 Significant related party transactions (Continued)

(a) Transactions with related parties (Continued)

The related companies referred in notes (i), (ii), (iii) and (iv) above represent subsidiaries of Legend Upstar Holdings Limited ("Legend Upstar"). Mr. WONG Kin Yip, Freddie ("Mr. WONG"), a director and controlling shareholder (as defined under the Listing Rules) of the Company, is also a director and controlling shareholder (as defined under the Listing Rules) of Legend Upstar.

During the year ended 31 December 2024, the Group shared administrative and corporate services fee on a cost basis with an aggregate amount of HK\$21,608,000 (2023: HK\$19,506,000) with subsidiaries of Legend Upstar.

- (b) During the year ended 31 December 2024, the Group entered into a lease with a subsidiary of Legend Upstar on terms mutually agreed by both parties. The Group recognised right-of-use assets of HK\$2,278,000 at the commencement date of the lease (2023: HK\$2,332,000).

During the year ended 31 December 2024, lease payments to certain subsidiaries of Legend Upstar under certain leases amounted to HK\$2,362,000 (2023: HK\$2,814,000).

- (c) During the year ended 31 December 2024, the Group entered into a lease with a company, of which Mr. WONG is the beneficial owner, on terms mutually agreed by both parties. The Group recognised right-of-use assets of HK\$684,000 at the commencement date of the lease (2023: HK\$4,350,000).

During the year ended 31 December 2024, lease payments to certain companies, of which Mr. WONG is the beneficial owner, under certain leases amounted to HK\$2,749,000 (2023: HK\$3,577,000).

- (d) During the year ended 31 December 2022, the Group entered into loan agreements with Mr. WONG and a company, of which Mr. WONG is the ultimate beneficial owner, to obtain financing on arm's length terms with reference to prevailing market conditions and not secured by the assets of the Group, which were fully exempt connected transactions under Listing Rules.

Notes to the Consolidated Financial Statements

34 Significant related party transactions (Continued)

(e) The balances with related parties included in trade and other receivables, trade and other payables, lease liabilities and borrowings are as follows:

	2024 HK\$'000	2023 HK\$'000
Trade and other receivables		
Amounts due from related companies (note 34(a))	29,477	26,205
Trade and other payables		
Amounts due to related companies (note 34(a))	(18,066)	(7,908)
Amount due to a director (note 34(d))	–	(401)
Amount due to other related company (note 34(d))	–	(503)
Lease liabilities		
Amount due to related companies (note 34(b))	(503)	(514)
Amount due to other related companies (note 34(c))	(2,307)	(3,758)
Borrowings		
Amount due to a director (note 34(d))	–	(60,000)
Amount due to other related company (note 34(d))	–	(109,890)

(f) **Key management compensation**

	2024 HK\$'000	2023 HK\$'000
Fees, salaries, allowances and incentives	43,475	23,680
Termination benefits	–	400
Retirement benefit costs	54	56
	43,529	24,136

The amount represents emoluments paid or payable to the Executive Directors for the year.

The significant related party transactions under this note constitute connected transactions or continuing connected transactions under the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section “Continuing Connected Transactions” of the Report of the Directors.

35 Balance sheet and reserves movement of the Company

Balance sheet of the Company

	Note	As at 31 December	
		2024	2023
		HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Investments in subsidiaries		108,501	108,501
Current assets			
Other receivables, prepayments and deposits		4,059	3,812
Amounts due from subsidiaries		502,172	544,076
Cash and cash equivalents		1,052	873
		507,283	548,761
Total assets		615,784	657,262
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		71,709	71,709
Share premium		222,235	222,235
Reserves	(a)	295,912	294,516
Total equity		589,856	588,460
LIABILITIES			
Non-current liabilities			
Other payables and accruals		460	450
Current liabilities			
Other payables and accruals		24,504	6,913
Borrowings		–	60,000
Amounts due to subsidiaries		607	607
Tax payable		357	832
		25,468	68,352
Total liabilities		25,928	68,802
Total equity and liabilities		615,784	657,262

The balance sheet of the Company was approved by the Board of Directors on 28 March 2025 and was signed on its behalf.

WONG Ching Yi, Angela
Director

SZE Ka Ming
Director

Notes to the Consolidated Financial Statements

35 Balance sheet and reserves movement of the Company (Continued)**Note (a) Reserves movement of the Company**

	Capital redemption reserve HK\$'000	Employee benefits reserve HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2024	5,013	2,304	108,001	179,198	294,516
Profit for the year	–	–	–	1,393	1,393
Remeasurement of post-employment benefit obligation	–	–	–	3	3
At 31 December 2024	5,013	2,304	108,001	180,594	295,912
At 1 January 2023	5,013	2,304	108,001	178,582	293,900
Profit for the year	–	–	–	616	616
At 31 December 2023	5,013	2,304	108,001	179,198	294,516

The contributed surplus of the Company represents the difference between the nominal value of the Company's shares issued in exchange for the issued ordinary shares of Astra Profits Limited and the value of the net assets of the underlying subsidiaries acquired as at 12 May 1995. The contributed surplus is distributable to the equity holders. In the Group's consolidated financial statements, the contributed surplus is reclassified into its components of reserves of the underlying subsidiaries.

36 Particulars of principal subsidiaries and joint ventures**(a) Principal subsidiaries**

Company name	Place of incorporation/ establishment	Issued/registered and paid-up capital	Principal activities and places of operation	Percentage of ownership interest	
				2024 %	2023 %
Astra Profits Limited (note a)	British Virgin Islands	4 shares of US\$1 each	Investment holding in Hong Kong	100	100
Hong Kong Property Services (Agency) Limited	Hong Kong	2 shares	Property agency in Hong Kong	100	100
Hong Kong Property Services (China) Limited	Hong Kong	1 share	Investment holding in the PRC	100	100
Midland Credit Limited	Hong Kong	1 share	Money lending business in Hong Kong	100	100
Midland CyberNet Limited	Hong Kong	39,100,000 shares	Investment holding and operation of internet website in Hong Kong	100	100
Midland HKP Services (Administration) Limited	Hong Kong	2 shares	Provision of management services in Hong Kong	100	100

Notes to the Consolidated Financial Statements

36 Particulars of principal subsidiaries and joint ventures (Continued)

(a) Principal subsidiaries (Continued)

Company name	Place of incorporation/ establishment	Issued/registered and paid-up capital	Principal activities and places of operation	Percentage of ownership interest	
				2024 %	2023 %
Midland Immigration Consultancy Limited	Hong Kong	500,000 shares	Immigration consultancy services in Hong Kong	100	100
Midland Realty (Global) Limited	Hong Kong	1 share	Promotion of overseas properties in Hong Kong	100	100
Midland Realty (Macau) Agency Limited	Macau	MOP\$25,000	Property agency in Macau	100	100
Midland Realty (Macau) Limited	Macau	MOP\$25,000	Property agency in Macau	100	100
Midland Realty (Strategic) Limited	Hong Kong	10,000 shares and 2,000,000 non-voting deferred shares	Investment holding and provision of administration and treasury services to group companies in Hong Kong	100	100
Midland Realty International Limited	Hong Kong	1,000 shares	Property agency in Hong Kong	100	100
Midland Surveyors Limited	Hong Kong	1,000,000 shares	Provision of professional surveying consultancy and valuation services in Hong Kong	100	100
Perfect Tower Limited	Hong Kong	2 shares	Property investment in the PRC	100	100
Real Gain Limited	Hong Kong	10,000 shares	Property investment in Hong Kong	100	100
Teston Profits Limited	British Virgin Islands	1 share of US\$1	Investment holding in Hong Kong	100	100
Worldboss Limited	Hong Kong	2 shares	Property investment in Hong Kong	100	100
港置地產代理(深圳)有限公司 (note b)	The PRC	HK\$45,000,000	Property agency in the PRC	100	100
美聯物業代理(深圳)有限公司 (note b)	The PRC	US\$62,310,000	Property agency in the PRC	100	100

Notes to the Consolidated Financial Statements

36 Particulars of principal subsidiaries and joint ventures (Continued)**(a) Principal subsidiaries (Continued)**

Company name	Place of incorporation/ establishment	Issued/registered and paid-up capital	Principal activities and places of operation	Percentage of ownership interest	
				2024 %	2023 %
重慶美聯營銷策劃有限公司 (note b)	The PRC	US\$2,147,000	Property agency in the PRC	100	100
成都港美聯房地產顧問有限公司 (note b)	The PRC	US\$1,065,000	Property agency in the PRC	100	100
縱橫擔保(深圳)有限公司 (note b)	The PRC	US\$5,400,000	Property investment in the PRC	100	100
北京美聯房地產經紀有限公司 (note b)	The PRC	US\$12,800,000	Property agency in the PRC	100	100
珠海橫琴港置美聯房地產代理 有限公司 (note b)	The PRC	RMB100,000	Property agency in the PRC	100	100

Notes:

- (a) This subsidiary is directly held by the Company.
- (b) Registered as wholly foreign owned enterprise under the PRC law.

(b) Principal joint ventures

Company name	Place of incorporation	Principal activities and places of operation	Percentage of interest in ownership/voting power/profit sharing	
			2024	2023
mReferral Corporation Limited	British Virgin Islands	Investment holding in Hong Kong	50%/50%/50%	50%/50%/50%
mReferral Corporation (HK) Limited	British Virgin Islands	Provision of mortgage referral services in Hong Kong	50%/50%/50%	50%/50%/50%
Vision Year Investments Limited	British Virgin Islands	Investment holding in Hong Kong	10%/50%/10%	10%/50%/10%

Notes to the Consolidated Financial Statements

37 Summary of other potentially material accounting policies

The list of other potentially material accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Consolidation

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

(i) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

(ii) Separate financial statements

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

(iii) Joint ventures

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Notes to the Consolidated Financial Statements

37 Summary of other potentially material accounting policies (Continued)

(a) Consolidation (Continued)

(iii) Joint ventures (Continued)

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

(b) Segment reporting

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

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

37 Summary of other potentially material accounting policies (Continued)

(c) Foreign currency translation (Continued)

(iii) Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

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

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

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(e) Loan receivables

Loan receivables are loans to employees. If collection of loan receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Loan receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(f) Share capital

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

(g) Dividend distribution

Dividend distribution is recognised as a liability in the consolidated financial statements in the financial period in which the dividends are approved by the shareholders or directors, as appropriate and no longer at the discretion of the entity.

For distribution of non-cash assets to the owner, the Company measures a liability at the fair value of the non-cash assets to be distributed. In the settlement of the liability, the difference between the fair value of the non-cash assets and their carrying amounts is recognised in profit or loss.

List of Investment Properties

Location	Lot number	Existing use	Lease term	Group's interest
Unit 4 on Level (Site 1) 36 (excluding Market Entrance at L36) of Commercial Development, Sceneway Garden, 8 Sceneway Road, Lam Tin, Kowloon, Hong Kong	NKIL6046	Commercial	Medium	100%
Shop No. 80, Harmony Garden, No. 9 Siu Sai Wan Road, Hong Kong	CWIL154	Commercial	Medium	100%
Shop No. 1D 128 on Level 1, Sun Asia Guo Li Building, 8 Zhong Hang Road, Futian District, Shenzhen, the People's Republic of China	N/A (note)	Commercial	Long	100%

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

Five-Year Financial Summary

	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
For the year					
Revenues	6,084,239	4,082,694	3,115,143	6,001,432	4,981,920
Profit/(loss) before income tax	370,936	(29,209)	(588,801)	144,006	150,022
Profit/(loss) attributable to equity holders of the Company	320,323	(41,916)	(533,971)	100,213	131,854
Cash flows					
Net cash inflow from operating activities	644,595	543,603	59,369	749,906	666,365
At year end					
Total assets	4,708,309	3,569,187	3,825,416	6,352,727	5,028,538
Total liabilities	3,714,595	2,911,996	3,141,168	5,166,531	3,939,133
Total equity	993,714	657,191	684,248	1,186,196	1,089,405
Cash and cash equivalents (include short-term bank deposits)	711,127	532,147	450,666	1,505,527	940,608
	HK cents				
Per share data					
Basic earnings/(loss) per share	44.67	(5.85)	(74.46)	13.96	18.36
Diluted earnings/(loss) per share	44.67	(5.85)	(74.46)	13.95	18.36
Dividend per share					
Interim	–	–	–	–	50.56
Final	–	–	–	–	–
Total	–	–	–	–	50.56



Midland Holdings Limited
Incorporated in Bermuda with limited liability
(Stock Code 股份代號: 1200)

Annual Report 2024 年報

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