MIDLAND HOLDINGS LIMITED
美 聯 集 團 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1200)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009

The Board of Directors (the "Board" or the "Directors") of Midland Holdings Limited ("Midland" or the "Company") is pleased to present the interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2009 (the "Interim Period") together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2009

		Six months ended 30 June	
		2009	2008
	Note	HK$'000	HK$'000
Revenues	3(a)	1,543,661	1,627,670
Other income	4	15,078	21,669
Staff costs		(838,584)	(914,057)
Rebate commissions		(27,097)	(17,412)
Advertising and promotion expenses		(90,565)	(144,798)
Operating lease charges in respect of office and shop premises		(125,327)	(153,649)
Impairment of trade receivables		(38,368)	(70,011)
Depreciation and amortisation costs		(17,555)	(20,706)
Other operating costs		(92,631)	(151,855)
Operating profit	5	328,612	176,851
Finance income	6	1,319	9,859
Finance costs	6	(685)	(1,644)
Share of results of			
Jointly controlled entities		5,109	9,361
An associated company		1,386	–
Profit before taxation		335,741	194,427
Taxation	7	(58,164)	(34,154)
Profit for the period		277,577	160,273

* *For identification purposes only*

	Note	Six months ended 30 June 2009 HK$'000	2008 HK$'000
Profit attributable to:			
Equity holders		272,428	152,210
Minority interests		5,149	8,063
		277,577	160,273
Earnings per share	8		
Basic		HK37.62 cents	HK20.83 cents
Diluted		HK37.62 cents	HK20.79 cents
Dividends	9	272,311	47,445

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June	
	2009	**2008**
	HK$'000	**HK$'000**
Profit for the period	277,577	160,273
Other comprehensive income		
Currency translation differences	(3,379)	6,196
Revaluation surplus on land and building transferred to investment properties	2,774	–
Fair value losses on available-for-sale financial assets, net of tax	(885)	–
Total comprehensive income for the period	276,087	166,469
Total comprehensive income attributable to:		
Equity holders	270,938	158,406
Minority interests	5,149	8,063
	276,087	166,469

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS AT 30 JUNE 2009

	Note	As at 30 June 2009 HK$'000	As at 31 December 2008 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		76,993	72,412
Investment properties		78,950	71,400
Leasehold land and land use rights		102,400	99,222
Interests in jointly controlled entities		39,052	30,212
Interests in an associated company		1,617	231
Available-for-sale financial assets		8,485	11,949
Deferred taxation assets		19,806	13,629
		327,303	299,055
Current assets			
Trade and other receivables	10	1,101,852	698,430
Financial assets at fair value through profit or loss		8,711	5,278
Assets held for sale		–	27,137
Amount due from an associated company		4,059	9,720
Tax recoverable		–	25,280
Cash and bank balances		1,235,218	941,977
		2,349,840	1,707,822
Total assets		2,677,143	2,006,877

	Note	As at 30 June 2009 HK$'000	As at 31 December 2008 HK$'000
EQUITY AND LIABILITIES			
Equity holders			
Share capital		72,423	72,423
Share premium		247,484	247,484
Other reserves		993,975	995,348
Proposed dividend and special cash bonus		272,311	7,242
		1,586,193	1,322,497
Minority interests		57,984	52,835
Total equity		1,644,177	1,375,332
Non-current liabilities			
Borrowings		28,876	16,956
Deferred taxation liabilities		1,858	1,471
		30,734	18,427
Current liabilities			
Trade and other payables	11	962,485	602,510
Borrowings		2,856	1,722
Taxation payable		36,891	–
Liabilities associated with assets held for sale		–	8,886
		1,002,232	613,118
Total liabilities		1,032,966	631,545
Total equity and liabilities		2,677,143	2,006,877
Net current assets		1,347,608	1,094,704
Total assets less current liabilities		1,674,911	1,393,759

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. General information

The Company is a limited liability company incorporated in Bermuda and listed on the Main Board at The Stock Exchange of Hong Kong Limited ("the Stock Exchange"). The address of its registered office is Clarendon House, Church Street, Hamilton HM11, Bermuda and its principal office in Hong Kong is Rooms 2505-8, 25th Floor, World-wide House, 19 Des Voeux Road Central, Hong Kong.

The Group is principally engaged in provision of property agency services in Hong Kong, Mainland China and Macau.

2. Basis of preparation and significant accounting policies

The interim financial information has been prepared under the historical cost convention as modified by the revaluation of investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair value, and also presented in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Main Board (the "Listing Rules") of the Stock Exchange.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies adopted in the preparation of the interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2008 except that the Group has adopted the following new or revised standards and amendments to standards issued by the HKICPA which are relevant to its operations and mandatory for the financial year ending 31 December 2009.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 1 Amendment	Presentation of Financial Statements
HKAS 16 Amendment	Property, Plant and Equipment
HKAS 19 Amendment	Employee Benefits
HKAS 23 Amendment	Borrowing Costs
HKAS 27 Amendment	Consolidated and Separate Financial Statements
HKAS 36 Amendment	Impairment of Assets
HKAS 38 Amendment	Intangible Assets
HKAS 39 Amendment	Financial Instruments: Recognition and Measurement
HKFRS 2 Amendment	Share-based Payment Vesting Conditions and Cancellation
HKFRS 8	Operating Segments

The adoption of the above new or revised standards and amendments did not have significant effect on the unaudited interim financial information or result in any significant changes in the Group's significant accounting policies except as described below.

(a) HKFRS 8, "Operating Segments". It replaces HKAS 14, "Segment reporting" and requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

(b) HKAS 1 (Revised), "Presentation of Financial Statements". The revised standard prohibits the presentation of items of income and expenses (relating to non-owner changes in equity) in the statement of changes in equity, requiring non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement.

The HKICPA has issued a number of new standards, interpretations and amendments to standards which are not effective for accounting period beginning 1 January 2009. The Group has not early adopted these new and revised HKFRS.

3. Revenues and segment information

(a) Revenues

	Six months ended 30 June	
	2009	**2008**
	HK$'000	**HK$'000**
Turnover		
Agency fee	1,519,599	1,610,743
Rental from investment properties	2,937	1,918
Internet education services	9,846	9,393
Immigration consultancy fee	10,499	4,284
Other services	780	1,332
	1,543,661	1,627,670

(b) Segment information

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

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

	Six months ended 30 June 2009			
	Property agency			
	Residential property agency HK$'000	Industrial and commercial property and shop agency HK$'000	Others HK$'000	Total HK$'000
Total revenues	1,379,767	159,868	29,695	1,569,330
Inter-segment revenues	(13,619)	(6,417)	(5,633)	(25,669)
Revenues from external customers	1,366,148	153,451	24,062	1,543,661
Segment results	308,155	38,704	32,583	379,442
Impairment of trade receivables	(33,553)	(4,815)	–	(38,368)
Depreciation and amortisation costs	(15,329)	(1,006)	(1,220)	(17,555)
Share of results of				
– jointly controlled entities	(82)	–	5,191	5,109
– an associated company	–	–	1,386	1,386
Fair value gains on investment properties	–	–	5,120	5,120
Additions to non-current assets	3,683	30,410	–	34,093

	Six months ended 30 June 2008			
	Property agency			
	Residential property agency HK$'000	Industrial and commercial property and shop agency HK$'000	Others HK$'000	Total HK$'000
Total revenues	1,410,660	232,095	24,786	1,667,541
Inter-segment revenues	(16,231)	(15,781)	(7,859)	(39,871)
Revenues from external customers	1,394,429	216,314	16,927	1,627,670
Segment results	192,648	35,763	35,586	263,997
Impairment of trade receivables	(54,933)	(15,078)	–	(70,011)
Depreciation and amortisation costs	(16,685)	(2,013)	(2,008)	(20,706)
Share of results of jointly controlled entities	(52)	–	9,413	9,361
Fair value gains on investment properties and assets held for sale	–	–	8,468	8,468
Additions to non-current assets	26,689	1,787	957	29,433

The Executive Directors assess the performance of the operating segments based on a measure of operating results from each reportable segment. Corporate expenses, net realised and unrealised gains/(losses) on financial assets at fair value through profit or loss, finance income, finance costs and taxation are not included in the segment results.

Revenues between segments associated with 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 before taxation is provided as follows:

	Six months ended 30 June 2009 HK$'000	2008 HK$'000
Segment results for reportable segments	379,442	263,997
Corporate expenses	(49,268)	(51,963)
Net realised and unrealised gains/(losses) on financial assets at fair value through profit or loss	4,933	(25,822)
Finance income	1,319	9,859
Finance costs	(685)	(1,644)
Profit before taxation	335,741	194,427

Segment assets and liabilities exclude corporate assets and liabilities, deferred taxation, financial assets at fair value through profit or loss, available-for-sale financial assets, all of which are managed on a central basis. These are part of the reconciliation to total balance sheet assets.

	As at 30 June 2009			
	Property agency			
	Residential property agency HK$'000	Industrial and commercial property and shop agency HK$'000	Others HK$'000	Total HK$'000
Segment assets	1,259,063	292,503	261,020	1,812,586
Segment assets include:				
Interests in jointly controlled entities	1,359	–	37,693	39,052
Interests in an associated company	–	–	1,617	1,617
Segment liabilities	879,793	87,564	36,357	1,003,714

	As at 31 December 2008			
	Property agency			
	Residential property agency HK$'000	Industrial and commercial property and shop agency HK$'000	Others HK$'000	Total HK$'000
Segment assets	784,061	202,855	222,640	1,209,556
Segment assets include:				
Interests in jointly controlled entities	1,501	–	28,711	30,212
Interests in an associated company	–	–	231	231
Segment liabilities	522,883	55,398	45,312	623,593

Reportable segment assets are reconciled to total assets as follows:

	As at 30 June 2009 HK$'000	As at 31 December 2008 HK$'000
Segment assets	1,812,586	1,209,556
Corporate assets	827,555	766,465
Deferred taxation assets	19,806	13,629
Financial assets at fair value through profit or loss	8,711	5,278
Available-for-sale financial assets	8,485	11,949
Total assets per the consolidated balance sheet	2,677,143	2,006,877

Reportable segment liabilities are reconciled to total liabilities as follows:

	As at 30 June 2009 HK$'000	As at 31 December 2008 HK$'000
Segment liabilities	1,003,714	623,593
Corporate liabilities	27,394	6,481
Deferred tax liabilities	1,858	1,471
Total liabilities per the consolidated balance sheet	1,032,966	631,545

4. Other income

	Six months ended 30 June 2009 HK$'000	2008 HK$'000
Dividend income from listed investments	4	633
Fair value gains on investment properties and assets held for sale	5,120	8,468
Net realised and unrealised gains on financial assets at fair value through profit or loss	4,933	–
Gain on disposal of investment properties and assets held for sale	5,021	12,568
	15,078	21,669

5. Operating profit

Operating profit is arrived at after charging:

	Six months ended 30 June 2009 HK$'000	2008 HK$'000
Net realised and unrealised losses on financial assets at fair value through profit or loss	–	25,822
Loss on disposal of property, plant and equipment	2,210	2,525

6. Finance income and costs

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
Finance income		
Bank interest	1,319	9,859
Finance costs		
Interest on bank loans and overdrafts	(685)	(1,495)
Interest on securities margin financing	–	(149)
	(685)	(1,644)
Net finance income	634	8,215

7. Taxation

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
Current		
Hong Kong profits tax	62,542	25,156
Overseas	1,412	57
Deferred	(5,790)	8,941
	58,164	34,154

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2008: 16.5%) on the estimated assessable profit for the Interim Period. Taxation on overseas profits has been calculated on the estimated profit for the Interim Period at the rates of taxation prevailing in the countries in which the Group operates.

8. Earnings per share

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

	Six months ended 30 June 2009 HK$'000	2008 HK$'000
Profit attributable to equity holders	272,428	152,210
Number of shares for calculating basic earnings per share (thousands)	724,231	730,897
Effect on conversion of share options (thousands)	–	1,067
Number of shares for calculating diluted earnings per share (thousands)	724,231	731,964
Basic earnings per share (HK cents)	37.62	20.83
Diluted earnings per share (HK cents)	37.62	20.79

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

In calculating the diluted earnings per share the weighted average number of shares is adjusted to assume conversion of all dilutive potential shares from share options. Adjustment has been made to determine the number of shares that could have been acquired at fair value (according to the average annual market share price of the shares of the Company) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Diluted earnings per share for the six months ended 30 June 2009 did not assume the exercise of share options outstanding during the period since the exercise of share options would have an anti-dilutive effect.

9. Dividends

	Six months ended 30 June 2009 HK$'000	2008 HK$'000
Interim dividend declared of HK$0.176 (2008: HK$0.065) per ordinary share	127,465	47,445
Special cash bonus of HK$0.200 (2008: Nil) per ordinary share	144,846	–
	272,311	47,445

10. Trade and other receivables

	As at 30 June 2009 HK$'000	As at 31 December 2008 HK$'000
Trade receivables	963,447	549,652
Other receivables, prepayment and deposits	138,405	148,778
	1,101,852	698,430

The trade receivables mainly represent agency fee receivables from customers whereby no general credit facilities are available. The customers are obliged to settle the amounts upon the completion of the relevant agreements. The ageing analysis of the trade receivables is as follows:

	As at 30 June 2009 HK$'000	As at 31 December 2008 HK$'000
Not yet due	868,199	496,509
Less than 30 days	53,364	17,392
31-60 days	18,630	8,760
61-90 days	6,954	9,084
Over 90 days	16,300	17,907
	963,447	549,652

11. Trade and other payables

	As at 30 June 2009 HK$'000	As at 31 December 2008 HK$'000
Trade payables	611,566	338,956
Other payables and accruals	350,919	263,554
	962,485	602,510

The trade payables represent principally the commission payable to property consultants and cooperative estate agents. The trade payables are due for payment only upon the receipt of corresponding agency fees from customers. The trade payables include commission payables of HK$85,173,000 (31 December 2008: HK$42,559,000) which are due for payment within 30 days, and all the remaining trade payables are not yet due.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW

The Group's net profit for the first half of the year ended 30 June 2009 was HK$277,577,000, representing an increase of 73% over the corresponding period last year. The global economy was dragged down by the outbreak of the financial tsunami in the second half of 2008, which affected the confidence of homebuyers. As a result, the Group recorded a loss last year. However, the Group turned around in just a matter of six months. Apart from the strong performance of the property market, the Group also benefited from a series of cost cutting measures launched last year, which enhanced the profitability of the Group. Also, as the property market improves, the write-offs and provisions for defaulted cases made last year can be written back, so the results for the first half of the year recorded a significant improvement.

Swiftness and Flexibility Bear Fruits

Last year, the Group redeployed a centralized leadership and strengthened the Board. Besides, a chairman office was set up to assist myself to make better strategic and operational planning more swiftly and flexibly so as to achieve the best effectiveness and efficiency. Thanks to the concerted efforts from within, the Group actively reduced its costs at the beginning phase of the financial tsunami, and the results have been encouraging. Although the costs of the Group for the first half of the year substantially reduced compared with the corresponding period last year, our sales team remained competitive. Commission income generated from the local market was in line with the general market. The Group's profits increased significantly despite a lower revenue compared with the corresponding period last year, reflecting the improved operational efficiency of the Group. The Group centralized its back-office and devoted to implementing "Central Professional Units", prompting synergy among its staff, at both non-frontline and frontline levels, to enhance their contribution to the Group's operations. Even though the property market has shown signs of recovery in the first half of the year, the Group continued to adopt various measures to strengthen the leadership and the operational capability of each of its brand companies. As a result, the efficiency of the Group has been further enhanced. The Group's Mainland business, which incurred a loss last year, also turned around to record a profit in the reporting period. This was attributed to the forward vision and prompt action of the Group's management and their determination to staying ahead in the market, which raised the productivity per capita and the Group's revenue after launching a series of optimization measures, as well as the benefits arising from the revitalization of the mainland property market.

V-shape Property Market Rebound Versus L-shape Economic Development

Amidst the financial tsunami, the general public are vigilant against investment products which in turn lead to fund flowing into the property market and the market bloom. In fact, hit by the worldwide economic downturn and H1N1 influenza, the performance of many other sectors still lagged behind from that before the financial tsunami. However, the property sector was exceptional. Supported by various favorable conditions like effective housing policies, low-interest environment and the gradually increasing home-buying sentiment in the market, property transactions recorded in the first two quarters remained on the rise. The property market even outperformed the general economy. The increase in property prices was notable during the period. According to the Midland "Property Price Chart", property prices increased 17.6% in the first half of the year, and the falling trend of rentals also reversed. To sum up the first half of the year, the economy showed an L-shape development, but the property market showed a V-shape turnaround. Since over 50% of the households in Hong Kong are home-owners, the stability and prosperity in the property market has a positive effect on the general economic performance.

In fact, given the rosy sentiment in the property market as a whole, sales of new projects has been satisfactory and the Group has been performing well in closing deals for various new projects.

Quick Response in Management with Defined Strategies

The Group substantially reduced costs in light of the financial tsunami, and actively expanded and grasped opportunities as soon as the property market started showing signs of recovery. During the first eight months of the year, the Group increased its workforce by over 10% and stepped up its promotion efforts, which strengthened the leading market position of the Group. For the twelve months starting from the second half of 2008 to the first half of this year, the property market was literally on a roller coaster ride. Leveraging on its extensive experience in the property market for thirty-six years, the top management of the Group successfully led the staff to ride out the adversity more quickly and efficiently and to prepare for the prosperity, and hence, further improved the results of the Group. The Group's results for the first half of the year also demonstrated the Group's swiftness and flexibility to respond to market changes. The Group is able to consolidate its market position and grab opportunities in both bullish or bearish market.

OUTLOOK

Benefiting from the coordinated measures by the governments all over the world, the global economy has shown signs of recovery. The local credit market is returning to normal, while the sentiment of the stock market is remarkably improving. Although the real economy is still awaiting a full recovery, after falling for four consecutive quarters, the GDP of the last quarter recorded a turnaround with a quarter-to-quarter increase of 3.3%. As such, the Group believes that the worst may have passed. Although there are still uncertainties on the full recovery of the economy and consequently bringing challenges to the Group, the Group will constantly review and update on the overall situation and modify its operational strategies with high flexibility.

Backup from Motherland Benefiting Property Market

Backed by our motherland, Hong Kong's economic development looks set to benefit from the economic growth and policies of the Mainland. The implementation of aggressive fiscal and monetary policies has brought the economy back on track to a gradually upward trend with an annual growth of approximately 8% as its target. China is less affected by the financial tsunami compared to other countries. The prosperous long-term development of the China is believed to be able to sustain, which in turn will be advantageous to the future growth of Hong Kong. For instance, Hong Kong has become a clearing center under the cross-border RMB trade settlement pilot scheme, and the Central Government of the PRC has made its first ever cross border issuance of RMB 6 billion bonds in Hong Kong, as well as the release of the QFII quota by the State Administration of Foreign Exchange which will definitely bring business opportunities to Hong Kong in the long run.

Prices for Luxury Property Breaking Record Bodes Well for Mass Market

The Group always believes that the local property market has solid foundation and bright outlook. In fact, the low supply of properties, low interest rates and low borrowing rates of Hong Kong have been the favourable factors supporting the development of the property market over the years, with which property prices are able to swiftly overcome the adversities caused by the financial turmoil and reverse the declining trend. The gradually improving attitude of banks towards mortgages as a result of the normalized credit market is also one of the drivers for the rising property market. Besides, some buyers may consider property investment as a saving vehicle due to the lack of viable alternatives in the market. In addition, the financial sector on a renewed recruitment spree has also further stimulated the demand of mid-to-high priced properties. Since the summer break, the luxury property sector have outshone the rest of the market, with prices for some high-end properties hitting record high within a few months. As the prices for the luxury properties surge, prices for mid to low-end properties are predicted to go up in the next stage, particularly those located in Kowloon and New Territories.

Maintaining Flexibility, Expanding Steadily

The global economy is not as severe as expected and the recovering pace of property market is also speedier than expected. While many industries are still feeling the heat of the financial tsunami, the Group, taking advantage of the early rebound, has already resumed the recruitment of frontline staff. Compared to the beginning of the year, headcount of the Group has increased by more than 10% as at the end of August. Besides, the Group has relaunched new TV commercials in April to promote its corporate brand image and further consolidate its leading position in the industry. On the other hand, the growth in number of branches is relatively moderate while that of sales staff is higher. The Group has actively adopted a strategy of deploying more sales teams in one branch. For the second half of this year, the management will adhere to flexible budgets for market expansion. The management will continue to lead the staff at all levels to work diligently towards strengthening the Group's market competitiveness and maintaining its leading position in the industry.

The Group has always been sparing no efforts to innovate while focusing on real estate business. Our mReferral and immigration consultancy businesses have not only helped to diversify the Group's sources of revenue, but also brought synergetic benefits for us. Despite the influx of new entrants whenever the property agency market is booming, the Group's leading position in the market remains solid. The Group will endeavour to strengthen its immigration consultancy business. We plan to further strengthen our market positioning. The recent launch of the Midland "Property Price Chart" is one of our initiatives to achieve this goal. We will continue to build on our well-established networks (namely, the human resources, branches and marketing network, in particular, the internet), precise data analysis, IT support and the powerful publicity, advertising strategies etc., in order to meet the future challenges and progress with time.

Riding out Difficult Times, Sharing Prosperity, Striving for Innovation

The property market has been fluctuating significantly in the past. The Board members and our staff have overcome the difficult times from the financial tsunami together. Hopefully once the market condition improves, the Group's operational efficiency can be enhanced and our creativity and resilience can be demonstrated. I would like to take this opportunity to express my sincere gratitude to our customers and shareholders for their continuous support over the years and to the Board members and our staff for their efforts, which have ensured positive growth and better performance for the Group. We will build on our success to advance further and achieve more brilliant results.

FINANCIAL REVIEW

Liquidity, Financial Resources and Funding

As at 30 June 2009, the Group had bank balances and cash of HK$1,235,218,000, whilst bank loans and overdrafts amounted to HK$31,732,000. The Group's bank loans were secured by certain investment properties, other properties and asset held by the Group with a total net book value of HK$71,035,000 and with maturity profile are set out as follows:

Repayable	HK$'000
Within 1 year	2,856
After 1 year but within 2 years	2,965
After 2 years but within 5 years	9,586
Over 5 years	16,325

As at 30 June 2009, the Group had unutilised banking facilities amounting to HK$124,370,000 from various banks. The Group's bank balances and cash are deposited in Hong Kong Dollars, United States Dollars, Renminbi and Macau Pataca, and the Group's borrowings are in Hong Kong Dollars and Renminbi. No currency hedging tool is used. The bank loans and overdraft facilities were granted to the Group on a floating rate basis.

As at 30 June 2009, the gearing ratio of the Group was 2%. The gearing ratio is computed on the basis of total bank borrowings divided by the shareholders' funds of the Group.

The Directors are of the view that there are sufficient financial resources to satisfy the Group's capital commitments and on-going working capital requirements.

Capital Structure and Foreign Exchange Exposure

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

The Group's income and monetary assets and liabilities are mainly denominated in Hong Kong dollar. The Directors considered that the foreign exchange exposure of the Group is minimal.

Contingent Liabilities

The Company executed corporate guarantees as part of the securities for general banking facilities granted to certain wholly-owned subsidiaries and an associated company. In addition, the Company guaranteed the payment of operating lease rentals in respect of certain premises for its wholly-owned subsidiaries.

Employee Information

As at 30 June 2009, the Group employed 6,253 full time employees of which 5,346 were sales agents and 907 were back office supportive employees.

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

DIVIDENDS

The Board has resolved to declare an interim dividend of HK$0.176 per ordinary share for the Interim Period (six months ended 30 June 2008: HK$0.065 per ordinary share) and a special cash bonus of HK$0.200 per ordinary share for the Interim Period (six months ended 30 June 2008: Nil) to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at the close of business on 5 October 2009. The interim dividend and the special cash bonus will be paid on or around 16 October 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 5 October 2009 to Thursday, 8 October 2009, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the 2009 interim dividend and the special cash bonus, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Abacus Limited, not later than 4:30 p.m. on 2 October 2009.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company has reviewed and discussed with the management of the Company the interim report of the Company for the Interim Period. PricewaterhouseCoopers as the Company's auditor has reviewed the unaudited interim financial information of the Group for the Interim Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the requirements of all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules throughout the Interim Period, except that the roles of the chairman and the chief executive officer of the Company are not segregated under the code provision A.2.1 of the CG Code.

Mr. WONG Kin Yip, Freddie ("Mr. Wong"), the Chairman and Managing Director of the Company, also carried out the function of chief executive officer of the Company. Mr. Wong is responsible for formulating the overall corporate directions and corporate strategies of the Group whereas the daily operation and management of the Company are monitored by the Executive Directors as well as the senior management of the Company. Besides, the senior executives of the respective strategic business units of the Group are responsible for performing and overseeing the business operation of the respective business units.

The Board considers that under the leadership of Mr. Wong, the above structure is conducive to strong and consistent leadership and management, with focused power enabling the Company to make and implement business decisions and strategies promptly and efficiently which is beneficial to the business prospects and development of the Group. The Board also considers that the above structure will not impair the balance of power and authority between the Board and the senior management of the Company.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules.

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

APPRECIATION

The Group's success is attributable to all staff working together to scale new heights. On behalf of the Directors, let me offer our sincere gratitude to all shareholders and customers for their continuous support and to all management and staff for their hard work, support and dedication throughout the Interim Period.

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

Hong Kong, 16 September 2009

As at the date of this announcement, the Board of the Company comprises ten directors, of which seven are executive directors, namely Mr. WONG Kin Yip, Freddie, Ms. TANG Mei Lai, Metty, Mr. WONG Kam Hong, Mr. CHAN Kwan Hing, Ms. WONG Ching Yi, Angela, Mr. KWOK Ying Lung and Ms. IP Kit Yee, Kitty; and three are independent non-executive directors, namely Mr. KOO Fook Sun, Louis, Mr. SUN Tak Chiu and Mr. WANG Ching Miao, Wilson.