



(459) 香港聯交所上市公司

MIDLAND IC&I LIMITED 美聯工商舖有限公司[†]

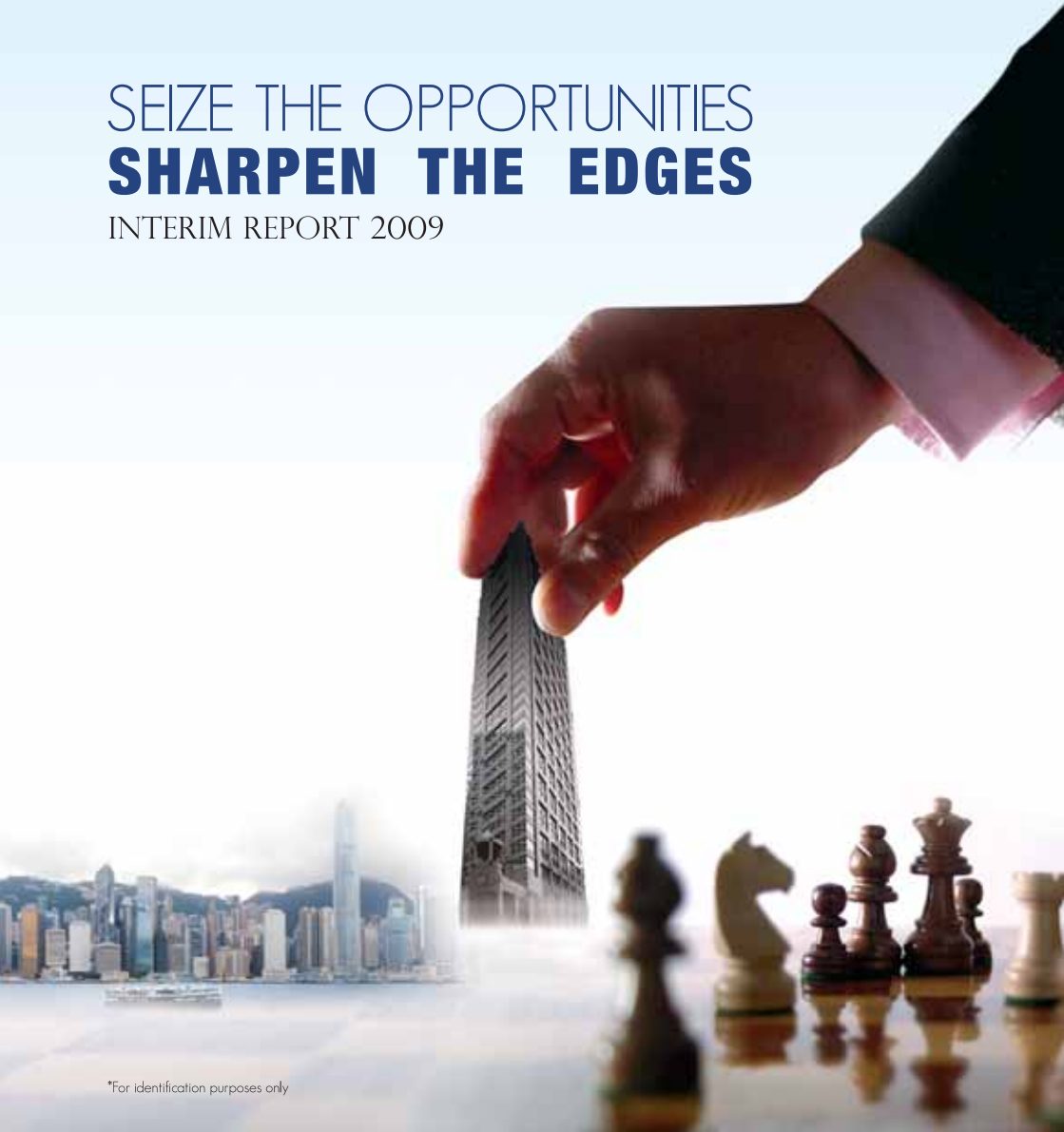
(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

(股份代號 Stock code : 459)

SEIZE THE OPPORTUNITIES SHARPEN THE EDGES

INTERIM REPORT 2009



[†]For identification purposes only



CORPORATE INFORMATION

Board of Directors

Executive Directors

Ms. TANG Mei Lai, Metty (*Chairman and Managing Director*)
Mr. WONG Tsz Wa, Pierre (*Chief Executive Officer*)

Non-executive Director

Mr. TSANG Link Carl, Brian

Independent Non-executive Directors

Mr. YING Wing Cheung, William
Mr. SHA Pau, Eric
Mr. HO Kwan Tat, Ted

Audit Committee

Mr. HO Kwan Tat, Ted (*Committee Chairman*)
Mr. YING Wing Cheung, William
Mr. SHA Pau, Eric

Remuneration Committee

Ms. TANG Mei Lai, Metty (*Committee Chairman*)
Mr. WONG Tsz Wa, Pierre
Mr. YING Wing Cheung, William
Mr. SHA Pau, Eric
Mr. HO Kwan Tat, Ted

Nomination Committee

Ms. TANG Mei Lai, Metty (*Committee Chairman*)
Mr. WONG Tsz Wa, Pierre
Mr. YING Wing Cheung, William
Mr. SHA Pau, Eric
Mr. HO Kwan Tat, Ted

Company Secretary

Ms. KAM Man Yi, Margaret

Authorised Representatives

Mr. WONG Tsz Wa, Pierre
Ms. KAM Man Yi, Margaret

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business

Room 1801A
18th Floor, One Grand Tower
639 Nathan Road, Mongkok
Kowloon, Hong Kong

Auditor

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central, Hong Kong

Principal Bankers

Agricultural Bank of China
DBS Bank (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

Hong Kong Legal Advisers

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

Cayman Islands Legal Advisers

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

Principal Share Registrar and Transfer Office

HSBC Trustee (Cayman) Limited
P.O. Box 484
HSBC House
68 West Bay Road
Grand Cayman KY1-1106
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Website

www.midlandici.com.hk

Stock Code

459



INTERIM RESULTS

The board of directors (the "Board" or the "Directors") of Midland IC&I Limited (the "Company") is pleased to present the interim report and unaudited financial information 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 comparative figures. The unaudited interim financial information, which comprises unaudited condensed consolidated statements of comprehensive income, changes in equity and cash flow for the Interim Period, and the unaudited condensed consolidated balance sheet as at 30 June 2009, along with explanatory notes, are set out on pages 11 to 30 of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group achieved satisfactory results for the first half of the year with profit of HK\$17,640,000 for the six months ended 30 June 2009. The less favourable results than those of the corresponding period last year were mainly attributable to the fact that the economy has not fully recovered from the adversities of the financial tsunami, which resulted in a relatively stagnant investment sentiment at the beginning of the year. Nevertheless, the property market quickly turned more active ever since the second quarter, whereby the Group successfully grabbed the market opportunities and completed numerous major transactions, for example, the ground floor, 1st floor and 2nd floor of 26 Sai Yeung Choi Street was transacted at approximately HK\$350 million; the shopping mall at the Grandeur Terrace of Tin Shui Wai was sold at about HK\$300 million; and the whole 36th floor of Shun Tak Centre (China Merchants Tower) in Sheung Wan involved two transactions with total amount approximately HK\$537 million. After making a loss in 2008, the Group recorded a turnaround in its results.

Transaction volume in first half dropped on a yearly basis

In fact, the economy was affected in various aspects because it was far from full rebound and it was also affected by the outburst of H1N1 influenza. The number of tourists to Hong Kong for the first half year decreased approximately 3% over the corresponding period last year. The consumer confidence remained weak, causing the retail industry to suffer and record a decline of approximately 4% of the total sales for the first half year as compared with the year earlier period. Together with the shrinking of various industries, all the above factors resulted in a drop of transaction volume in the non-residential property sector for the first half year of approximately 36%.

Improved operating environment in the second quarter

With the effects of the policies of governments and central banks all over the world gradually shown on financial and credit markets, the operating environment of the Group for the second quarter improved and the Gross Domestic Product of Hong Kong for the second quarter recorded quarter-over-quarter increase of 3.3%. There were many favourable factors in place during the period. The aggressive attitude of banks towards loans, together with the low interest rate and the strong stock market, were the drivers of the rising non-residential property market. It is worth mentioning that the professional investors seemed to turn active, boosting the purchasing power of the market. According to the statistics from The Land Registry, in the second quarter of 2009, the transaction amount of the non-residential properties rose quarter-over-quarter by approximately 174%, and the increase of property prices was remarkable with rents stabilizing.



Benefited from enhanced efficiency

During the outburst of the financial tsunami, the Group actively enhanced productivity of its employees and lowered operating costs, which helped to achieve the performance roughly consistent with the market trend. With effective cost control programs launched last year, the overhead costs for the first half year decreased substantially over last year.

Outlook

Under the efforts made by the governments across the world, both the global economy and financial markets have outperformed expectation. It is quite likely that the worst of the Hong Kong economy has already gone, thus the Group anticipates a stable development of the non-residential property market.

Increasing economic activities

Against a backdrop of increasing cross-border commercial and trading activities between Mainland and Hong Kong, the local economy has benefited from the continuing growth of the Mainland's economy. Business and trading activities in Hong Kong are flourishing, in particular, the financial industry, a key to prosper economy of Hong Kong, has shown considerable turnaround. The Hang Seng Index has mounted up significantly over the beginning of the year, and consequently the listing activities have rebounded. During the first quarter of 2009, there were only 7 newly-listed companies, while there were 11 during the second quarter. Because of the revival of the stock market, the financial sector has resumed recruitment program, bringing positive stimulation to the demand on prime offices. Besides, the residential property has been back on track with drastic growth as yet for 2009. The wealth effect arising from the increase in property and stock prices is also beneficial to the consumer market, thus supporting shop leasing and selling market.

Reoccurrence of large transactions

It is worth mentioning that there is an upsurge on the sentiment of long-term investments which has resulted in more big-ticket transactions of industrial and commercial properties and shops. According to The Land Registry, there were 15 non-residential property transactions involving considerations of over hundred millions during the second quarter, representing an increase of more than 60% over the first quarter. The Group believes that long-term investors will continue to invest in industrial and commercial properties and shops due to adequate cash flow, low interest rate and lack of viable capital appreciation alternatives, as such, large transactions will remain flourishing.

Maintaining edges, combating challenges

Although the outlook of the property market is expected to remain stable, the Group will still keep alert to any change that may occur in the operating environment. The Group is confident to the prospect of its business and will sharpen its competitive edges and strengthen its leading position in the market through prominent management and various measures such as enhancing productivity of the employees and actively exploring new opportunities.



Financial Review

Liquidity, Financial Resources and Funding

As at 30 June 2009, the Group had net current assets of HK\$182,500,000 including bank balances and cash of HK\$167,770,000, whilst bank loans amounted to HK\$13,934,000. The Group's bank loans were secured by certain properties held by the Group with a total net book value of HK\$30,790,000 and with maturity profile set out as follows:

Repayable	HK\$'000
Within 1 year	956
After 1 year but within 2 years	956
After 2 years but within 5 years	2,868
Over 5 years	9,154

The Group had unutilized banking facilities amounting to HK\$35,500,000 from various banks. The bank loans were granted to the Group on a floating rate basis. As at 30 June 2009, the Group had pledged fixed deposits of HK\$216,000.

As at 30 June 2009, the gearing ratio, which represents the percentage of borrowings and liability portion of convertible notes over total equity of the Group was 14.7%. The liquidity ratio of the Group, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 3.4.

The Directors believe that the existing financial resources of the Group are sufficient to fulfill its commitments, current working capital requirements and further development.

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

As at 30 June 2009, the Company executed corporate guarantees amounting to HK\$49,780,000 (31 December 2008: HK\$35,500,000) as the securities for general banking facilities and bank loans extended to wholly-owned subsidiaries. As at 30 June 2009, the bank loans drawn by one of its subsidiaries was HK\$14,280,000 (31 December 2008: Nil).

Employee Information

As at 30 June 2009, the Group employed 465 full-time 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.



OTHER INFORMATION

Share Option Scheme

At the Company's extraordinary general meeting held on 6 June 2005, a share option scheme (the "2005 Share Option Scheme") of the Company was adopted.

Pursuant to the Company transferring the listing of its shares from Growth Enterprise Market ("GEM") to the Main Board (the "Main Board") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 18 August 2008, the Company adopted a new share option scheme (the "2008 Share Option Scheme") in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") at the Company's extraordinary general meeting held on 19 September 2008. The 2005 Share Option Scheme has been terminated and no further options under such scheme has been granted thereunder upon the adoption of the 2008 Share Option Scheme. The termination of the 2005 Share Option Scheme would not prejudice the outstanding options granted thereunder which had all lapsed during the Interim Period. Since adoption of the 2008 Share Option Scheme, no share options have been granted thereunder.

The major terms of the 2008 Share Option Scheme are summarized as follows:

1. Major Terms of the 2008 Share Option Scheme

(a) *Purposes of the 2008 Share Option Scheme*

The principal purposes of the 2008 Share Option Scheme are to enable the Group and its invested entities to recruit and retain high calibre eligible persons and attract human resources that are valuable to the Group or invested entities, to recognise the contributions of the eligible persons to the growth of the Group or invested entities by rewarding them with opportunities to obtain ownership interest in the Company and to motivate and give incentives to these eligible persons to continue to contribute to the long term success and prosperity of the Group or invested entities.

(b) *Participants of the 2008 Share Option Scheme*

The Board may invite any eligible person as the Board may in its absolute discretion select, having regard to each person's qualifications, skills, background, experience, service records and/or contribution or potential value to the relevant member(s) of the Group or invested entity, to take up the options under the 2008 Share Option Scheme.

(c) *Total number of shares available for issue*

Total number of shares available for issue is 830,000,000, representing 10% of the issued share capital of the Company as at the date of this report.



(d) *Maximum entitlement of each eligible person*

The maximum number of shares issued and to be issued upon exercise of options granted under the 2008 Share Option Scheme and any other share option schemes of the Company to each eligible person, in any 12-month period must not exceed 1% of the shares of the Company in issue.

Any further grant of share options in excess of the abovementioned limit shall be separately approved by the shareholders of the Company and, for so long as the Company remains a subsidiary of Midland Holdings Limited ("Midland"), the shareholders of Midland in their respective general meeting with such eligible person and his associates abstaining from voting and/or other requirements prescribed under the Listing Rules and other applicable statutory regulations or rules must be complied with.

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

The maximum number of shares issued and to be issued upon exercise of options granted under the 2008 Share Option Scheme and any other share option schemes of the Company to each eligible person who is an independent non-executive director or a substantial shareholder of the Company, in any 12-month period shall not exceed 0.1% of the shares of the Company in issue and an aggregate value which based on the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of each grant shall not exceed HK\$5,000,000.

Any further grant of share options in excess of the abovementioned limit shall be subject to the issue of a circular by the Company and shall be separately approved by the shareholders of the Company and, for so long as the Company remains a subsidiary of Midland, the shareholders of Midland in their respective general meeting with such grantee and his associates abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time.

(f) *Time of exercise of option*

The 2008 Share Option Scheme will remain in force for a period of 10 years commencing from the date of adoption, after which no further options shall be granted. The options which are granted during the life of the 2008 Share Option Scheme may, however, continue to be exercisable in accordance with their terms of issue and, for such purposes only, the provisions of the 2008 Share Option Scheme shall remain in full force and effect.



(g) *Basis of determining the exercise price*

The exercise price of an option to subscribe for shares granted under the 2008 Share Option Scheme shall be a price determined by the Board at its absolute discretion and notified to an eligible person but shall not be less than the highest of:

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

(h) *Remaining life of the 2008 Share Option Scheme*

The 2008 Share Option Scheme became effective on 19 September 2008 and will remain in force for a period of 10 years from the date of adoption.

2. Movements of share options during the Interim Period

During the Interim Period, details of the movements of the share options granted to Mr. TSANG Link Carl, Brian, a non-executive director of the Company, under the 2005 Share Option Scheme are as follows:—

Name	Date of grant	Exercise price HK\$	Number of share options				Exercisable period
			Balance outstanding as at 1 January 2009	Options granted during the Interim Period	Exercised/ cancelled/ lapsed during the Interim Period	Balance outstanding as at 30 June 2009	
Mr. TSANG Link Carl, Brian	16 January 2006	0.06	41,500,000	–	41,500,000	–	1 April 2006 to 31 March 2009
	16 January 2006	0.06	41,500,000	–	41,500,000	–	1 June 2006 to 31 May 2009
			83,000,000	–	83,000,000	–	

As at 30 June 2009, all the outstanding options granted under the 2005 Share Option Scheme had lapsed.



Directors' Interests in Shares, Underlying Shares and Debentures

As at 30 June 2009, the interests and short positions of each of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were (i) recorded in the register required to be kept under section 352 of the SFO; or (ii) notified to the Company and the Stock Exchange pursuant to the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") were as follows:

Name of director	Personal interests	Number of shares of the Company			Total	Percentage of shareholding
		Family interests	Corporate interests	Equity derivative		
Mr. WONG Tsz Wa, Pierre	2,000,000	–	–	–	2,000,000	0.02%

Company name	Name of director	Number of shares of the associated corporation of the Company				Total	Percentage of shareholding
		Personal interests	Family interests	Corporate interests	Equity derivative		
Midland	Ms. TANG Mei Lai, Metty	–	96,568,144 (Note 1)	–	–	96,568,144	13.33%

Note:

- Such shares represent the shares held by Mr. WONG Kin Yip, Freddie, the spouse of Ms. TANG Mei Lai, Metty, as beneficial owner in the shares of Midland, the associated corporation of the Company.

All the interests disclosed above represent long position in the shares of the Company.

Save as disclosed above, none of the Directors, nor chief executive of the Company had or deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2009.



Substantial Shareholders' Interests in Shares, Underlying Shares and Debentures

As at 30 June 2009, the interests or short positions of the persons, other than a director or chief executive of the Company, in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of shareholder	Number of issued shares	Number of underlying shares	Capacity in which shares are held	Percentage of the issued capital
Midland	4,300,000,000	5,400,000,000 (Note 1)	Interest in controlled corporation	116.87%
Tretsfeld Investments Limited ("Tretsfeld")	–	5,400,000,000 (Note 1)	Beneficial owner	65.06%
Mr. PONG Wai San, Wilson ("Mr. PONG")	910,610,000 (Note 2)	–	Beneficial owner and interest in controlled corporation	10.97%
Ms. TUNG Ching Yee, Helena ("Ms. TUNG")	910,610,000 (Note 3)	–	Interest of spouse	10.97%
Summerview Enterprises Limited ("Summerview")	660,000,000 (Note 4)	–	Beneficial owner	7.95%

Notes:

1. These underlying shares refer to the shares to be issued upon full conversion of the convertible notes in the principal amount of HK\$540 million issued by the Company to Tretsfeld. Tretsfeld is a wholly-owned subsidiary of Midland. The percentage holding of Midland and Tretsfeld represents their interest in the existing issued share capital of the Company after full conversion of the convertible notes.
2. 660,000,000 shares were registered in the name of and beneficially owned by Summerview and 250,610,000 shares were registered in the name of Mr. PONG. The entire issued share capital of Summerview was registered in the name of and beneficially owned by Mr. PONG.
3. Ms. TUNG is the spouse of Mr. PONG, these shares held by Ms. TUNG represent the same block of shares held by Mr. PONG.
4. The interest of Summerview in the Company duplicates those of Mr. PONG in the Company.

All the interests disclosed above represent long position in the shares of the Company.



Interim Dividend

The Board does not recommend the payment of an interim dividend for the Interim Period (2008: Nil).

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 contained in Appendix 14 to the Listing Rules throughout the Interim Period.

Code of Conduct Regarding Securities Transactions by Directors

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

Specific enquiries had been made to all the Directors and the Directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions throughout the Interim Period.

Purchase, Sale and 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 Interim Period.

Review by Audit Committee

The audit committee has reviewed and discussed with the management of the Company the interim report of the Company for the Interim Period. PricewaterhouseCoopers, the Company's auditor, has reviewed the unaudited interim financial information of the Group for the Interim Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Appreciation

Finally, I would like to take this opportunity to express our sincere gratitude to our shareholders and customers for their continuous support, to the management and staff for their hard work, support and dedication throughout the Interim Period.

By Order of the Board

Midland IC&I Limited

WONG Tsz Wa, Pierre

Executive Director and Chief Executive Officer

Hong Kong, 15 September 2009



Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 30 June 2009

	Note	Six months ended 30 June	
		2009 HK\$'000	2008 HK\$'000
Revenues	3(a)	137,756	219,206
Other income	4	1,977	102
Staff costs		(71,014)	(116,319)
Rebate commissions		(16,736)	(14,738)
Advertising and promotion expenses		(4,329)	(9,746)
Operating lease charges in respect of office and shop premises		(6,626)	(7,248)
Impairment of trade receivables		(4,815)	(13,608)
Depreciation		(1,006)	(1,497)
Other operating costs		(13,849)	(22,117)
Operating profit	5	21,358	34,035
Finance income	6	190	1,528
Finance costs	6	(652)	(710)
Profit before taxation		20,896	34,853
Taxation	7	(3,256)	(6,712)
Profit for the period		17,640	28,141
Other comprehensive income			
Currency translation differences		(2)	(103)
Total comprehensive income for the period		17,638	28,038



Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 30 June 2009

		Six months ended 30 June	
		2009	2008
Note		HK\$'000	HK\$'000
<hr/>			
Profit attributable to:			
		17,640	28,258
		–	(117)
		17,640	28,141
<hr/>			
Total comprehensive income attributable to:			
		17,638	28,155
		–	(117)
		17,638	28,038
<hr/>			
		HK cent	HK cent
<hr/>			
Earnings per share	8		
Basic		0.13	0.21
Diluted		0.13	0.21

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	10	4,114	3,244
Investment properties	10	30,400	—
Deferred taxation assets		3,885	1,643
		38,399	4,887
Current assets			
Trade and other receivables	11	90,225	52,487
Financial assets at fair value through profit or loss		110	110
Taxation recoverable		2,039	7,280
Cash and bank balances		167,770	180,374
		260,144	240,251
Total assets		298,543	245,138
EQUITY AND LIABILITIES			
Equity holders			
Share capital	12	83,000	83,000
Reserves		110,066	92,428
		193,066	175,428
Minority interests			
		—	—
Total equity		193,066	175,428
Non-current liabilities			
Borrowings	13	12,978	—
Convertible notes		14,547	16,705
Deferred taxation liabilities		308	1
		27,833	16,706
Current liabilities			
Borrowings	13	956	—
Trade and other payables	14	76,650	52,661
Taxation payable		38	343
		77,644	53,004
Total liabilities		105,477	69,710
Total equity and liabilities		298,543	245,138
Net current assets		182,500	187,247
Total assets less current liabilities		220,899	192,134



Condensed Consolidated Cash Flow Statement (Unaudited)

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Net cash from operating activities	5,840	48,024
Net cash used in investing activities	(30,220)	(1,767)
Net cash from/(used in) financing activities	11,776	(2,700)
Net (decrease)/increase in cash and cash equivalents	(12,604)	43,557
Cash and cash equivalents at beginning of the period	180,374	143,291
Cash and cash equivalents at end of the period	167,770	186,848



Condensed Consolidated Statements of Changes in Equity (Unaudited)

For the six months ended 30 June 2009

	Share capital HK\$'000	Other reserves HK\$'000	Equity holders HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 January 2009	83,000	92,428	175,428	–	175,428
Currency translation differences	–	(2)	(2)	–	(2)
Profit for the period	–	17,640	17,640	–	17,640
At 30 June 2009	83,000	110,066	193,066	–	193,066
At 1 January 2008	83,000	93,077	176,077	253	176,330
Currency translation differences	–	(103)	(103)	–	(103)
Profit for the period	–	28,258	28,258	(117)	28,141
At 30 June 2008	83,000	121,232	204,232	136	204,368



NOTES TO THE INTERIM FINANCIAL INFORMATION

1 General information

The Company is a limited liability company incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange. The address of its registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal office in Hong Kong is Room 1801A, 18th Floor, One Grand Tower, 639 Nathan Road, Mongkok, Kowloon, Hong Kong.

The principal activities of the Group are provision of property brokerage services in respect of industrial and commercial properties and shops in Hong Kong.

This condensed consolidated interim financial information has been approved by the Board on 15 September 2009.

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 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 HKICPA and the applicable disclosure requirements of Appendix 16 to the Listing Rules.

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 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 HK\$'000	2008 HK\$'000
Turnover		
Agency fee	127,748	209,813
Internet education and related services	9,846	9,393
	137,594	219,206
Other revenues		
Rental income from a fellow subsidiary	162	–
Total revenues	137,756	219,206

(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, which comprises property agency businesses for commercial and industrial properties and shops, and other business mainly includes the provision of internet education and related services.



	Six months ended 30 June 2009				
	Property agency				
	Commercial HK\$'000	Industrial HK\$'000	Shop HK\$'000	Others HK\$'000	Total HK\$'000
Total revenues	53,113	20,951	56,430	9,857	140,351
Inter-segment revenues	(388)	(749)	(1,609)	(11)	(2,757)
Revenues from external customers	52,725	20,202	54,821	9,846	137,594
Segment results	10,958	4,775	4,503	335	20,571
Depreciation	338	319	258	15	930
Impairment of/(reversal of provision on) trade receivables	153	(664)	5,326	–	4,815
Additions to non-current assets	110	6	5	52	173

	Six months ended 30 June 2008				
	Property agency				
	Commercial HK\$'000	Industrial HK\$'000	Shop HK\$'000	Others HK\$'000	Total HK\$'000
Total revenues	106,562	39,684	66,916	9,393	222,555
Inter-segment revenues	(1,188)	(539)	(1,622)	–	(3,349)
Revenues from external customers	105,374	39,145	65,294	9,393	219,206
Segment results	29,924	2,923	9,934	(364)	42,417
Depreciation	276	433	310	478	1,497
Impairment of trade receivables	4,906	4,204	4,498	–	13,608
Additions to non-current assets	153	1,514	119	897	2,683



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 statement of comprehensive income.

Reportable revenues from external customers are reconciled to total revenues as follows:

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Revenues from external customers for reportable segments	137,594	219,206
Rental income from a fellow subsidiary	162	–
Total revenues per consolidated statement of comprehensive income	137,756	219,206

The Executive Directors assess the performance of the operating segments based on a measure of operating results from each reportable segment. Corporate expenses, fair value gains on investment properties occupied by group companies, finance income, finance costs and taxation are not included in the segment results.

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

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Segment results for reportable segments	20,571	42,417
Corporate expenses	(1,079)	(8,382)
Fair value gains on investment properties	1,866	–
Finance income	190	1,528
Finance costs	(652)	(710)
Profit before taxation	20,896	34,853



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

	As at 30 June 2009				Total HK\$'000
	Property agency				
	Commercial HK\$'000	Industrial HK\$'000	Shop HK\$'000	Others HK\$'000	
Segment assets	35,209	26,850	42,631	14,526	119,216
Segment liabilities	26,902	15,732	30,278	2,817	75,729

	As at 31 December 2008				Total HK\$'000
	Property agency				
	Commercial HK\$'000	Industrial HK\$'000	Shop HK\$'000	Others HK\$'000	
Segment assets	19,224	34,445	18,711	14,747	87,127
Segment liabilities	18,621	16,561	12,828	3,403	51,413

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	119,216	87,127
Corporate assets	175,332	156,258
Deferred taxation assets	3,885	1,643
Financial assets at fair value through profit or loss	110	110
Total assets per the consolidated balance sheet	298,543	245,138

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	75,729	51,413
Corporate liabilities	29,440	18,296
Deferred taxation liabilities	308	1
Total liabilities per the consolidated balance sheet	105,477	69,710

4 Other income

	Six months ended 30 June 2009 HK\$'000	2008 HK\$'000
Fair value gains on investment properties	1,866	–
Dividend income	4	80
Sundries	107	22
	1,977	102

5 Operating profit

Operating profit is arrived at after charging:

	Six months ended 30 June 2009 HK\$'000	2008 HK\$'000
Loss on disposal of property, plant and equipment	–	127
Net realised and unrealised loss on financial assets at fair value through profit or loss	–	551



6 Finance income and costs

	Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Finance income		
Bank interest income	190	1,528
Finance costs		
Finance cost of convertible notes	(542)	(679)
Interest on borrowings	(110)	–
Interest on securities margin financing	–	(31)
	(652)	(710)
Net finance (costs)/income	(462)	818

7 Taxation

	Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Current		
Hong Kong profits tax	5,191	4,800
Deferred	(1,935)	1,912
	3,256	6,712

Hong Kong profits tax has been provided at the rate of 16.5% (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 is based on the following:

	Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Profit attributable to equity holders	17,640	28,258
Effect on interest expense on convertible notes, net of tax	452	567
Profit for calculation of basic and diluted earnings per share	18,092	28,825
Number of shares in issue (thousands)	8,300,000	8,300,000
Effect on conversion of convertible notes (thousands)	5,400,000	5,400,000
Number of shares for calculation of basic earnings per share (thousands)	13,700,000	13,700,000
Effect on conversion of share options (thousands)	–	20,424
Number of shares for calculation of diluted earnings per share (thousands)	13,700,000	13,720,424
Basic earnings per share (HK cents)	0.13	0.21
Diluted earnings per share (HK cents)	0.13	0.21

Basic earnings per share is calculated by adjusting the weighted average number of shares to take effect of the convertible notes since the convertible notes are mandatory convertible. The convertible notes are assumed to have been converted into shares from the date when the combining entities first came under the control of the controlling party, and the net profit is adjusted to eliminate the interest expense less the tax effect.

In calculating the diluted earnings per share the weighted average number of shares is further 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 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 Interim dividend

The Board does not recommend the payment of an interim dividend for the Interim Period (six months ended 30 June 2008: Nil).

10 Capital expenditure

	Property, plant and equipment HK\$'000	Investment properties HK\$'000
Opening net book amounts as at 1 January 2009	3,244	–
Additions	1,876	28,534
Change in fair value	–	1,866
Depreciation	(1,006)	–
Closing net book amounts as at 30 June 2009	4,114	30,400
Opening net book amounts as at 1 January 2008	4,780	–
Additions	2,683	–
Disposals	(127)	–
Depreciation	(1,497)	–
Closing net book amounts as at 30 June 2008	5,839	–
Additions	1,198	–
Disposals	(580)	–
Depreciation	(1,448)	–
Impairment	(1,763)	–
Exchange differences	(2)	–
Closing net book amounts as at 31 December 2008	3,244	–

11 Trade and other receivables

	As at 30 June 2009 HK\$'000	As at 31 December 2008 HK\$'000
Trade receivables	81,897	38,910
Other receivables, prepayments and deposits	8,328	13,577
	90,225	52,487



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

	As at 30 June 2009 HK\$'000	As at 31 December 2008 HK\$'000
Not yet due	76,940	25,424
Within 30 days	1,658	7,714
31 to 60 days	1,759	1,167
61 to 90 days	799	840
Over 90 days	741	3,765
	81,897	38,910

12 Share capital

(a) Share capital

	Number of shares (HK\$0.01 each)	Nominal value HK\$'000
Authorised:		
At 30 June 2009 and 31 December 2008	50,000,000,000	500,000
Issued and fully paid:		
At 30 June 2009 and 31 December 2008	8,300,000,000	83,000



(b) Share options

(i) 2005 share option scheme

On 6 June 2005, the Company adopted a share option scheme (the “Scheme”) pursuant to an ordinary resolution. Under the Scheme, the Company may grant options to any employees, senior executives or officers, managers, directors (including executive, non-executive and independent non-executive directors) or consultants of the Company and its subsidiaries, or any other eligible persons, who, as determined by the Directors, have contributed or will contribute to the growth and development of the Group to subscribe for shares of the Company, subject to a maximum of 10% of the nominal value of the issued share capital of the Company at the adoption time, excluding for this purpose shares issued on the exercise of options. The exercise price will be determined by the Directors, and will not be less than the highest of: (i) the nominal value of the shares of the Company; (ii) the average of the closing price of the shares of the Company quoted on the GEM of the Stock Exchange’s daily quotation sheet on the five trading days immediately preceding the date of offer of the options; and (iii) the closing price of the shares of the Company quoted on the GEM of the Stock Exchange’s daily quotation sheet on the date of offer of the options, which must be a business day as defined in the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. The Scheme was terminated upon adoption of a new share option scheme on 19 September 2008 as set out in note 12(b)(ii). Termination of the Scheme would not prejudice the outstanding options granted under the Scheme, all outstanding share options under the Scheme were lapsed during the Interim Period.

Movements in the number of share options outstanding during the Interim Period under the Scheme and their related weighted average exercise prices are as follows:

	2009		2008	
	Average exercise price per share HK\$	Number of options	Average exercise price per share HK\$	Number of options
As at 1 January	0.06	83,000,000	0.06	83,000,000
Lapsed during the period		(83,000,000)		—
As at 30 June		—	0.06	83,000,000



(ii) *2008 new share option scheme*

On 19 September 2008, the Company adopted a new share option scheme (the “New Scheme”) pursuant to an extraordinary general meeting. Under the New Scheme, the Company may grant options to any employees, senior executives or officers, managers, directors (including executive, non-executive and independent non-executive directors) or consultants of the Company and its subsidiaries, or any other eligible persons, who, as determined by the Directors, have contributed or will contribute to the growth and development of the Group to subscribe for shares of the Company, subject to a maximum of 10% of the nominal value of the issued share capital of the Company at the adoption time, excluding for this purpose shares issued on the exercise of options. The exercise price will be determined by the Directors, and will not be less than the highest of: (i) the nominal value of the shares of the Company; (ii) the average of the closing price of the shares of the Company quoted on the Main Board of the Stock Exchange’s daily quotation sheet on the five trading days immediately preceding the date of offer of the options; and (iii) the closing price of the shares quoted on the Main Board of the Stock Exchange’s daily quotation sheet on the date of offer of the options, which must be a business day as defined in the Listing Rules. The New Scheme will remain in force for a period of ten years commencing from 19 September 2008. As of 30 June 2009, no option has been granted under the New Scheme.

13 Borrowings

	As at 30 June 2009 HK\$’000	As at 31 December 2008 HK\$’000
Secured bank loans		
Non-current	12,978	—
Current	956	—
	13,934	—

Movement in borrowings in analysed as follows:

	2009 HK\$’000	2008 HK\$’000
Balance as at 1 January	—	—
Drawdown of bank loans	14,280	—
Repayment of bank loans	(346)	—
Balance as at 30 June	13,934	—

14 Trade and other payables

	As at 30 June 2009 HK\$'000	As at 31 December 2008 HK\$'000
Trade payables	57,759	34,488
Other payables and accruals	18,891	18,173
	76,650	52,661

The trade payables represent principally the commissions payable to property consultants, cooperative estate agents and fellow subsidiaries. The trade payables are due for payment only upon the receipt of corresponding agency fees from customers. The trade payables include commission payable of HK\$6,386,000 (31 December 2008: HK\$6,087,000) which are due for payment within 30 days, and all the remaining trade payables are not yet due.

15 Capital commitment

	As at 30 June 2009 HK\$'000	As at 31 December 2008 HK\$'000
Property, plant and equipment Contracted but not provided for	–	22,942

16 Contingent liabilities

As 30 June 2009, the Company executed corporate guarantee amounting to HK\$49,780,000 (31 December 2008: HK\$35,500,000) as the securities for general banking facilities and bank loans extended to wholly-owned subsidiaries. At 30 June 2009, the bank loan drawn by one of its subsidiaries was HK\$14,280,000 (31 December 2008: Nil).

17 Related party transactions

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

(a) Transactions with related parties

		Six months ended 30 June 2009 HK\$'000	2008 HK\$'000
	Note		
Agency fee income from fellow subsidiaries	(i)	6,416	18,503
Agency fee income from related companies	(ii)	360	521
Operating lease rental income in respect of office premises from a fellow subsidiary	(iii)	162	–
Rebate commission expense to fellow subsidiaries	(iv)	15,397	14,171
Operating lease rental expense in respect of office and shop premises to related companies	(v)	–	1,560



- (i) Agency fee income from fellow subsidiaries represents agency fee income for property brokerage transactions referred to fellow subsidiaries on terms mutually agreed by both parties.
 - (ii) Agency fee income from related companies represents agency fee income for property brokerage transactions referred to certain companies in which a director of the ultimate holding company has beneficial interests of these companies, on terms mutually agreed by both parties.
 - (iii) The Group entered into a lease agreement with a fellow subsidiary on terms mutually agreed by both parties.
 - (iv) Commission expense to fellow subsidiaries represents commission for property brokerage transactions referred by fellow subsidiaries on terms mutually agreed by both parties.
 - (v) The Group entered into certain lease agreements with certain related companies, in which a director of the ultimate holding company, has beneficial interests of these companies, on terms mutually agreed by both parties.
- (b) The balances arising from receipt and provision of services included in trade receivables and trade payables are as follows:

	As at 30 June 2009 HK\$'000	As at 31 December 2008 HK\$'000
Amounts due from fellow subsidiaries	18,006	5,748
Amounts due to fellow subsidiaries	15,600	5,527

(c) **Key management compensation**

	Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Salaries and allowances	3,392	4,710
Retirement benefit costs	6	6