



(459) 香港聯交所上市公司

誠信為本 專業為您

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)



Edges for Overcoming Challenges

INTERIM REPORT 2011

*For identification purposes only



CONTENTS

	Page
1. Corporate Information	2
2. Management Discussion and Analysis	3
3. Other Information	8
4. Condensed Consolidated Statement of Comprehensive Income (Unaudited)	13
5. Condensed Consolidated Balance Sheet (Unaudited)	15
6. Condensed Consolidated Cash Flow Statement (Unaudited)	17
7. Condensed Consolidated Statement of Changes in Equity (Unaudited)	18
8. Notes to the Interim Financial Information (Unaudited)	19

CORPORATE INFORMATION

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

Mr. MOK Ka Fai (*Appointed on 26 May 2011*)
Ms. AU YEUNG Pui Shan, Karen (*Resigned on 26 May 2011*)

Authorised Representatives

Mr. WONG Tsz Wa, Pierre
Mr. MOK Ka Fai (*Appointed on 26 May 2011*)
Ms. AU YEUNG Pui Shan, Karen (*Resigned on 26 May 2011*)

Registered Office

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

Head Office and Principal Place of Business in Hong Kong

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
Bank of Communications Co., Ltd. Hong Kong Branch
DBS Bank (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited
Nanyang Commercial Bank, Limited
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

Hong Kong Legal Advisers

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

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 "Director(s)") of Midland IC&I Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2011 (the "Interim Period") together with comparative figures for the corresponding period in 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the period ended 30 June 2011, the Group recorded a strong growth in revenue and profit and its interim results hit a new high since listed. Revenue and profit for the first half of the year increased by 26.8% to HK\$283,356,000 and 56.6% to HK\$63,136,000 as compared with the corresponding period last year, mainly resulted from the concerted efforts of the staff and expedient deployments in previous years.

The Group also benefited from the strong performance of the economic environment. Information from the Land Registry showed that during the first half of the year, the transaction volume of non-residential properties (the main indicator for the industrial and commercial properties and shops sector) increased considerably while that of residential properties recorded a decrease. During the interim period, the industrial and commercial properties and shops sector outperformed the residential properties sector, mainly due to lower policy risks, accordingly, under the low interest rate environment and strong economic performance, markets of the industrial and commercial properties and shops sector remained active.

In fact, a number of positive factors supported the market in the first half of the year. Firstly, interest rate remained low. Moreover, Hong Kong economy grew strongly and the GDP rose by 6.3% for the first half of the year while the total retail sales in the first half of the year increased by 24.4% in value over the same period a year earlier. For the first half of the year, Hong Kong continued to maintain its attractiveness as the shoppers' paradise and the number of visitors to Hong Kong for the first six months increased by 14.7% as compared with the corresponding period last year. Furthermore, the residential properties market was affected by the Special Stamp Duty introduced by the government in last November, and short-term investment activities had decreased considerably. The Group believes that some of the investors thus switched to the industrial and commercial properties and shops sector.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review (continued)

It should be noted that although the transaction volume of non-residential properties for the first half of this year increased by approximately 30% as compared with the same period last year, the change was slight if compared with the second half of last year. The Group considers that this was attributable to the cautious mortgage lending approach adopted by the banks in the second quarter. Nevertheless and as overview of the first half of the year, the non-residential properties sector still performed well.

The Group made expedient deployments during the period to capture the market. Firstly, in the first half of the year, the Group opened new branches, and the growth mainly came from Midland Realty (Comm. & Ind.) Limited which provides estate agency services in respect of industrial properties. Meanwhile, the Group increased its staff number by over 10%. Moreover, the Group also strengthened its brand building through the launching of TV commercials in the first half of the year which achieved satisfactory results.

Outlook

Undoubtedly, Hong Kong's economic trends performed well. In the first half of the year, there were robust growth in its economy, low unemployment rate and increase in total retail sales. However, external economy conditions are full of uncertainties. Despite the fact that national debt problem in U.S. alleviated temporarily, the downgrading of its sovereign credit rating and the slow pace of its economy recovery, the ongoing debt crisis in Europe and global inflation will bring instabilities to the economy. Fortunately, the economic growth in China remains robust even though the macro-economic policies have affected the performance of some industries. In the long run, the Group expects China's economy to grow steadily. Moreover, the Central Government continues to support the economic development of Hong Kong. During the official visit of Vice Premier Li Keqiang to Hong Kong in mid-August, he announced new policies and measures in support of Hong Kong's standing as an international financial center. The Group believes that those factors shall definitely benefit Hong Kong's future.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Outlook (continued)

Stay Cautiously Optimistic to Meet Challenges

For the first half of the year, the transaction volume of non-residential properties recorded a strong increase. However, as mentioned above, if compared with the second half of last year, the change was slight. Markets of industrial and commercial properties and shops sector in June and July were less active than that in the beginning of the year, which could be more or less attributed to the cautious mortgage lending approach adopted by the banks. Further, the local stock market also affected the market sentiments of the industrial and commercial properties and shops sector which mainly is mainly driven by investors. Besides, persistent inflation has exerted upward pressure on operating costs, and competition at present is the fiercest in recent years, so the Group expects that the operating and business environment will be full of challenges in the second half of the year. However, in view of the lack of investment channels for investors, quality commercial buildings and shops will continue to be appealing.

Reinforce Existing Networks Enhance Staff Development

The Group expanded its branch networks and increased its headcounts in the first half of the year. And in the second half year, it will focus on strengthening the existing networks and staff training. In fact, the Group has poured considerable resources in enhancing professional standards and quality and achieved noticeable results, and such resources allocation has strengthen the ability of the Group in concluding deals of substantial amounts. Following the establishment of Surveying and Valuation Department and the launch of iPhone and Android applications, the Group will develop "E-Proposal" applications to strengthen the competitiveness of our frontline staff. Meanwhile, the Group will continue to strengthen staff communications and training as well as the overall productivity of our frontline staff.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Financial Review

Liquidity, Financial Resources and Funding

As at 30 June 2011, the Group had cash and bank balances of HK\$376,617,000 (as at 31 December 2010: HK\$316,002,000), whilst bank loan amounted to HK\$12,233,000 (as at 31 December 2010: HK\$12,663,000). The Group's bank loan was secured by land and buildings, and investment property held by the Group of HK\$40,165,000 (as at 31 December 2010: HK\$35,470,000) and with maturity profile set out as follows:

	As at 30 June 2011 HK\$'000	As at 31 December 2010 HK\$'000
Repayable		
Within 1 year	868	853
After 1 year but within 2 years	886	870
After 2 years but within 5 years	2,762	2,716
Over 5 years	7,717	8,224
	12,233	12,663

Note: The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

As at 30 June 2011, the Group had unutilised banking facilities amounting to HK\$35,500,000 (as at 31 December 2010: HK\$35,500,000) from various banks. The Group's cash and bank balances are deposited in Hong Kong Dollars and the Group's bank loan is in Hong Kong Dollars. The bank loan and overdraft facilities were granted to the Group on a floating rate basis.

As at 30 June 2011, the gearing ratio of the Group was 4% (as at 31 December 2010: 5.4%). The gearing ratio is calculated on the basis of the Group's total bank loans and liability portion of convertible notes over total equity of the Group. The liquidity ratio of the Group, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 2.9 (as at 31 December 2010: 2.9).



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Financial Review (continued)

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 material change in the Company's capital structure. The Group generally finances its operations and investing activities with equity holders' funds.

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

Contingent Liabilities

As at 30 June 2011, the Company executed corporate guarantees amounting to HK\$49,780,000 (as at 31 December 2010: HK\$49,780,000) as the securities for general banking facilities and bank loans extended to wholly-owned subsidiaries. As at 30 June 2011, HK\$12,233,000 of the banking facilities were utilised by a subsidiary (as at 31 December 2010: HK\$12,663,000).

Employee Information

As at 30 June 2011, the Group employed 553 full-time employees (as at 31 December 2010: 512).

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

OTHER INFORMATION

Directors' Interests in Shares, Underlying Shares and Debentures

As at 30 June 2011, the interests and short positions of each of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (i) to be recorded in the register required to be kept under section 352 of the SFO; or (ii) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

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

Name of Director	Number of ordinary shares			Number of underlying shares	Total	Approximate percentage of interests
	Personal interests	Corporate interests	Family interests			
Mr. WONG Tsz Wa, Pierre	2,000,000	-	-	-	2,000,000	0.02%

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

Name of Director	Name of associated corporation	Class of shares	Number of shares	Nature of interests	Approximate percentage of interests
Ms. TANG Mei Lai, Metty	Midland Holdings Limited ("Midland Holdings")	ordinary shares	36,568,144 (Note)	Family interests	5.07%

Note:

These shares represent the shares held by Mr. WONG Kin Yip, Freddie, directly or indirectly, the spouse of Ms. TANG Mei Lai, Metty, as beneficial owner in the shares of Midland Holdings, the associated corporation of the Company.



OTHER INFORMATION (continued)

Directors' Interests in Shares, Underlying Shares and Debentures (continued)

Save as disclosed above, as at 30 June 2011, neither the Directors nor the chief executives of the Company had or was deemed to have any interests or short position 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).

Substantial Shareholders' Interests in Shares, Underlying Shares and Debentures

As at 30 June 2011, the interests and short positions of the persons, other than a Director or chief executive of the Company, in the shares, underlying shares and debentures of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in the shares and underlying shares of the Company

Name of substantial shareholders	Number of ordinary shares	Number of underlying shares	Holding capacity	Approximate percentage of interests
Midland Holdings	4,300,000,000	5,400,000,000 <i>(Note)</i>	Interest in controlled corporation	116.87%
Tretsfeld Investments Limited ("Tretsfeld")	–	5,400,000,000 <i>(Note)</i>	Beneficial owner	65.06%

Note:

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 an indirectly wholly-owned subsidiary of Midland Holdings. The percentage holding of Midland Holdings and Tretsfeld represents their interest in the existing issued share capital of the Company after full conversion of the convertible notes into shares.

OTHER INFORMATION (continued)

Share Option Scheme

At the extraordinary general meeting of the Company held on 19 September 2008, a share option scheme (the "Share Option Scheme") was adopted by the shareholders of the Company. As at 30 June 2011, there are no share option outstanding.

During the Interim Period, no share option had been granted, exercised, cancelled or lapsed under the Share Option Scheme.

Directors' Rights to Acquire Shares or Debentures

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

Purchase, Sale or Redemption of 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.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the Interim Period (2010: Nil).

Audit Committee

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



OTHER INFORMATION (continued)

Changes in Directors' Information

Changes in the information of Directors of the Company since the disclosure made in the 2010 annual report of the Company, that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of Directors	Changes
Ms. TANG Mei Lai, Metty	resigned as Deputy Chairman of Midland Holdings in March 2011 but remains as an executive director of Midland Holdings monthly basic salary has been revised from HK\$230,170 to HK\$241,900
Mr. TSANG Link Carl, Brian	resigned as independent non-executive director of CITIC Resources Holdings Limited, a company whose shares are listed on the Stock Exchange, in May 2011 annual director fee has been revised from HK\$80,000 to HK\$120,000
Mr. YING Wing Cheung, William	annual director fee has been revised from HK\$80,000 to HK\$120,000
Mr. SHA Pau, Eric	annual director fee has been revised from HK\$80,000 to HK\$120,000
Mr. HO Kwan Tat, Ted	annual director fee has been revised from HK\$80,000 to HK\$120,000

OTHER INFORMATION (continued)

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.

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.

On behalf of the Board

WONG Tsz Wa, Pierre

Executive Director and Chief Executive Officer

Hong Kong, 24 August 2011



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2011

	Note	Six months ended 30 June	
		2011 HK\$'000	2010 HK\$'000
Revenues	3	283,356	223,549
Other income	4	5,564	2,001
Staff costs		(157,472)	(120,626)
Rebate incentives		(20,642)	(18,987)
Advertising and promotion expenses		(5,194)	(5,409)
Operating lease charges in respect of office and shop premises		(6,151)	(5,639)
Impairment of receivables		(10,861)	(12,287)
Depreciation		(1,503)	(1,013)
Other operating costs		(12,642)	(13,440)
Operating profit	5	74,455	48,149
Finance income		816	164
Finance costs		(354)	(511)
Profit before taxation		74,917	47,802
Taxation	6	(11,781)	(7,484)
Profit for the period		63,136	40,318
Other comprehensive income			
Currency translation differences		(113)	(9)
Total comprehensive income for the period		63,023	40,309

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) (continued)

For the six months ended 30 June 2011

		Six months ended 30 June	
	Note	2011 HK\$'000	2010 HK\$'000
Profit for the period attributable to:			
Equity holders		63,136	40,318
Non-controlling interests		–	–
		63,136	40,318
Total comprehensive income for the period attributable to:			
Equity holders		63,023	40,309
Non-controlling interests		–	–
		63,023	40,309
		HK cent	HK cent
Earnings per share	7		
Basic		0.46	0.30
Diluted		0.46	0.30



CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2011

	Note	As at 30 June 2011 HK\$'000	As at 31 December 2010 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	5,816	4,721
Investment property	9	39,800	35,100
Deferred taxation assets		3,516	3,102
		49,132	42,923
Current assets			
Trade and other receivables	10	220,996	205,888
Financial assets at fair value through profit or loss		167	163
Cash and bank balances		376,617	316,002
		597,780	522,053
Total assets		646,912	564,976
EQUITY AND LIABILITIES			
Equity holders			
Share capital	11	83,000	83,000
Share premium		85,816	85,816
Reserves		267,074	204,051
		435,890	372,867
Non-controlling interests		-	-
Total equity		435,890	372,867

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED) (continued)

As at 30 June 2011

	Note	As at 30 June 2011 HK\$'000	As at 31 December 2010 HK\$'000
Non-current liabilities			
Convertible notes		-	7,631
Deferred taxation liabilities		2,155	1,339
		2,155	8,970
Current liabilities			
Convertible notes		5,170	-
Bank loan	12	12,233	12,663
Trade and other payables	13	174,135	164,499
Taxation payable		17,329	5,977
		208,867	183,139
Total liabilities		211,022	192,109
Total equity and liabilities		646,912	564,976
Net current assets		388,913	338,914
Total assets less current liabilities		438,045	381,837



CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Net cash from operating activities	64,482	58,441
Net cash used in investing activities	(976)	(752)
Net cash used in financing activities	(2,891)	(3,126)
Net increase in cash and cash equivalents	60,615	54,563
Cash and cash equivalents at 1 January	316,002	230,478
Cash and cash equivalents at 30 June	376,617	285,041

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2011

	Share capital HK\$'000	Share premium HK\$'000	Reserves HK\$'000	Total equity HK\$'000
At 1 January 2011	83,000	85,816	204,051	372,867
Comprehensive income				
Profit for the period	–	–	63,136	63,136
Other comprehensive income				
Currency translation differences	–	–	(113)	(113)
At 30 June 2011	83,000	85,816	267,074	435,890
At 1 January 2010	83,000	85,816	83,663	252,479
Comprehensive income				
Profit for the period	–	–	40,318	40,318
Other comprehensive income				
Currency translation differences	–	–	(9)	(9)
At 30 June 2010	83,000	85,816	123,972	292,788



NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED)

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 agency services in respect of commercial and industrial properties and shops in Hong Kong.

This unaudited condensed consolidated interim financial information has been approved by the Board on 24 August 2011.

2 Basis of preparation and significant accounting policies

The condensed consolidated interim financial information for the six months ended 30 June 2011 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 prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA and the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

2 Basis of preparation and significant accounting policies (continued)

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2010 except that the Group has adopted the following revised standards and amendments to standards issued by the HKICPA which are relevant to its operations and mandatory for the financial year ending 31 December 2011.

(a) Revised standards and amendments to standards effective in 2011

HKAS 24 (Revised)	Related Party Disclosures
HKAS 34 Amendment	Interim Financial Reporting

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

Amendment to HKAS 34 "Interim Financial Reporting" is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The adoption of the above amendment to standard did not result in any additional disclosure in this condensed consolidated interim financial information.



NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

2 Basis of preparation and significant accounting policies (continued)

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

The HKICPA has issued a number of new and revised standards, interpretations and amendments to standards which are not effective for accounting period beginning 1 January 2011. The Group has not early adopted these new and revised standards, interpretations and amendments to standards.

3 Revenues and segment information

(a) Revenues

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Turnover		
Agency fee	271,707	210,246
Internet education and related services	10,952	12,619
	282,659	222,865
Other revenue		
Rental income from a fellow subsidiary	684	684
Rental income from third party	13	–
Total revenues	283,356	223,549

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

3 Revenues and segment information (continued)

(b) Segment information

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

Management assesses the performance based on the nature of the Group's 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 2011				
	Property agency				
	Commercial properties HK\$'000	Industrial properties HK\$'000	Shops HK\$'000	Others HK\$'000	Total HK\$'000
Total revenues	142,895	46,976	89,207	11,040	290,118
Inter-segment revenues	(4,928)	(861)	(1,582)	(88)	(7,459)
Revenues from external customers	137,967	46,115	87,625	10,952	282,659
Segment results	42,887	9,827	24,200	2,038	78,952
Impairment of receivables	4,615	3,613	2,633	-	10,861
Depreciation	446	365	143	213	1,167
Additions to non-current assets	116	1,301	784	346	2,547



NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

3 Revenues and segment information (continued)

(b) Segment information (continued)

	Six months ended 30 June 2010				
	Property agency				
	Commercial properties HK\$'000	Industrial properties HK\$'000	Shops HK\$'000	Others HK\$'000	Total HK\$'000
Total revenues	90,665	38,093	90,451	12,619	231,828
Inter-segment revenues	(2,193)	(3,030)	(3,740)	-	(8,963)
Revenues from external customers	88,472	35,063	86,711	12,619	222,865
Segment results	23,655	7,136	21,901	2,061	54,753
Impairment of receivables	4,960	1,956	5,371	-	12,287
Depreciation	213	192	116	167	688
Additions to non-current assets	581	153	72	90	896

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

3 Revenues and segment information (continued)

(b) *Segment information (continued)*

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 statement of comprehensive income.

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

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Revenues from external customers for reportable segments	282,659	222,865
Rental income from a fellow subsidiary	684	684
Rental income from third party	13	–
Total revenues per consolidated statement of comprehensive income	283,356	223,549



NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

3 Revenues and segment information (continued)

(b) Segment information (continued)

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

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Segment results for reportable segments	78,952	54,753
Corporate expenses	(9,197)	(8,504)
Fair value gains on investment property	4,700	1,900
Finance income	816	164
Finance costs	(354)	(511)
Profit before taxation per consolidated statement of comprehensive income	74,917	47,802

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

3 Revenues and segment information (continued)

(b) Segment information (continued)

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. The following is total segment assets and liabilities by reportable segment:

	As at 30 June 2011				
	Property agency				Total HK\$'000
	Commercial properties HK\$'000	Industrial properties HK\$'000	Shops HK\$'000	Others HK\$'000	
Segment assets	114,085	129,629	79,306	14,697	337,717
Segment liabilities	79,668	32,348	47,854	2,453	162,323

	As at 31 December 2010				
	Property agency				Total HK\$'000
	Commercial properties HK\$'000	Industrial properties HK\$'000	Shops HK\$'000	Others HK\$'000	
Segment assets	101,859	77,483	80,874	15,553	275,769
Segment liabilities	67,917	21,494	55,921	5,306	150,638



NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

3 Revenues and segment information (continued)

(b) Segment information (continued)

Reportable segment assets are reconciled to total assets as follows:

	As at 30 June 2011 HK\$'000	As at 31 December 2010 HK\$'000
Segment assets	337,717	275,769
Corporate assets	305,512	285,942
Deferred taxation assets	3,516	3,102
Financial assets at fair value through profit or loss	167	163
Total assets per consolidated balance sheet	646,912	564,976

Reportable segment liabilities are reconciled to total liabilities as follows:

	As at 30 June 2011 HK\$'000	As at 31 December 2010 HK\$'000
Segment liabilities	162,323	150,638
Corporate liabilities	46,544	40,132
Deferred taxation liabilities	2,155	1,339
Total liabilities per consolidated balance sheet	211,022	192,109

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

4 Other income

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Fair value gains on investment property	4,700	1,900
Sundries	864	101
	5,564	2,001

5 Operating profit

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

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Unrealised (gain)/ loss on financial assets at fair value through profit or loss	(4)	18



NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

6 Taxation

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Current		
Hong Kong profits tax	11,379	6,150
Deferred	402	1,334
	11,781	7,484

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the Interim Period.

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

7 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	
	2011 HK\$'000	2010 HK\$'000
Profit attributable to equity holders	63,136	40,318
Effect on interest expense on convertible notes, net of tax	200	330
Profit for calculation of basic and diluted earnings per share	63,336	40,648
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)	-	-
Number of shares for calculation of diluted earnings per share (thousands)	13,700,000	13,700,000
Basic earnings per share (HK cent)	0.46	0.30
Diluted earnings per share (HK cent)	0.46	0.30



NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

7 Earnings per share (continued)

Basic earnings per share are 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 of the issuance of the convertible notes, 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 adjusted to assume conversion of all dilutive potential shares from share options. Adjustment is 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. For the six months ended 30 June 2011 and 2010, diluted earnings per share equals basic earnings per share as there was no dilutive potential share.

8 Interim dividend

The Board does not recommend the payment of an interim dividend for the Interim Period (six months ended 30 June 2010: Nil).

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

9 Property, plant and equipment and Investment property

	Property, plant and equipment HK\$'000	Investment property HK\$'000
Opening net book amounts as at 1 January 2011	4,721	35,100
Additions	2,680	–
Change in fair value	–	4,700
Depreciation	(1,503)	–
Disposals	(80)	–
Exchange difference	(2)	–
Closing net book amounts as at 30 June 2011	5,816	39,800
Opening net book amounts as at 1 January 2010	4,675	31,100
Additions	916	–
Change in fair value	–	1,900
Depreciation	(1,013)	–
Closing net book amounts as at 30 June 2010	4,578	33,000
Additions	1,374	–
Change in fair value	–	2,100
Depreciation	(1,228)	–
Exchange difference	(3)	–
Closing net book amounts as at 31 December 2010	4,721	35,100



NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

10 Trade and other receivables

	As at 30 June 2011 HK\$'000	As at 31 December 2010 HK\$'000
Trade receivables	220,745	206,949
Less: impairment	(7,824)	(7,458)
Trade receivables, net	212,921	199,491
Other receivables, prepayments and deposits	8,075	6,397
	220,996	205,888

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

	As at 30 June 2011 HK\$'000	As at 31 December 2010 HK\$'000
Not yet due	185,879	184,953
Less than 30 days	12,187	5,090
31 to 60 days	4,661	3,318
61 to 90 days	4,796	2,127
Over 90 days	5,398	4,003
	212,921	199,491

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

11 Share capital

	Number of shares (HK\$0.01 each)	Nominal value HK\$'000
Authorised:		
As at 30 June 2010, 31 December 2010 and 30 June 2011	50,000,000,000	500,000
Issued and fully paid:		
As at 30 June 2010, 31 December 2010 and 30 June 2011	8,300,000,000	83,000

12 Bank loan

	As at 30 June 2011 HK\$'000	As at 31 December 2010 HK\$'000
Secured bank loan Current	12,233	12,663



NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

12 Bank loan (continued)

Movement in borrowings is analysed as follows:

	2011 HK\$'000	2010 HK\$'000
Balance as at 1 January	12,663	13,513
Repayment of bank loan	(430)	(426)
Balance as at 30 June	12,233	13,087

13 Trade and other payables

	As at 30 June 2011 HK\$'000	As at 31 December 2010 HK\$'000
Trade payables	-	497
Commissions payable	145,981	133,216
Other payables and accruals	28,154	30,786
	174,135	164,499

The trade payables and commissions payable include principally the commissions payable to property consultants and co-operative estate agents, which are due for payment only upon the receipt of corresponding agency fees from customers. These balances include commissions payable of HK\$20,472,000 (as at 31 December 2010: HK\$19,587,000) which are due for payment within 30 days, and all the remaining trade payables and commissions payable are not yet due.

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

14 Contingent liabilities

As at 30 June 2011, the Company executed corporate guarantee amounting to HK\$49,780,000 (as at 31 December 2010: HK\$49,780,000) as the securities for general banking facilities and bank loans extended to wholly-owned subsidiaries. As at 30 June 2011, HK\$12,233,000 of the banking facilities were utilised by a subsidiary (as at 31 December 2010: HK\$12,663,000).

15 Significant related party transactions

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

(a) Transactions with related parties

		Six months ended 30 June	
	Note	2011 HK\$'000	2010 HK\$'000
Agency fee income from fellow subsidiaries	(i)	6,109	10,051
Agency fee income from related companies	(ii)	3,999	179
Rental income in respect of office premises from a fellow subsidiary	(iii)	684	684
Rebate commission expense to fellow subsidiaries	(iv)	16,982	15,125
Operating lease rental expense to related companies	(v)	704	–



NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

15 Significant related party transactions (continued)

(a) Transactions with related parties (continued)

Notes:

- (i) Agency fee from fellow subsidiaries represents agency fee for property agency transactions referred to fellow subsidiaries on terms mutually agreed by both parties.
- (ii) Agency fee from related companies represents agency fee for property agency transactions referred to certain companies, in which a director of the Company and a director of the ultimate holding company have beneficial interests, 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) Rebate commission expense to fellow subsidiaries represents commission for property agency 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 Company and a director of the ultimate holding company have beneficial interests, on terms mutually agreed by both parties.

NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

15 Significant related party transactions (continued)

(b) Key management compensation

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Salaries and commission and other benefits	6,476	6,025

The amount represents emolument paid or payable to directors of the Company for the period.

(c) The balances arising from receipt and provision of services included in trade receivables and trade payables are as follows:

	As at 30 June 2011 HK\$'000	As at 31 December 2010 HK\$'000
Amounts due from fellow subsidiaries	7,456	7,898
Amounts due to fellow subsidiaries	23,339	23,148
Amount due from a related company	44	–