



# Soaring through Storms to Reach New Heights

 **美聯集團**  
MIDLAND HOLDINGS  
Midland Holdings Limited  
Incorporated in Bermuda with limited liability  
(Stock Code 股份代號: 1200)

Midland's  
**48<sup>th</sup>**  
Anniversary and  
26th Listing Anniversary

**Interim Report 2021**

[www.midland.com.hk](http://www.midland.com.hk)

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## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors

Mr. WONG Kin Yip, Freddie (*Chairman*)  
Ms. WONG Ching Yi, Angela  
(*Deputy Chairman and Managing Director*)  
Mr. WONG Tsz Wa, Pierre (*Managing Director*)  
Mr. CHEUNG Kam Shing

#### Non-Executive Director

Mr. WONG Wing Cheung Dennis

#### Independent Non-Executive Directors

Mr. HO Kwan Tat, Ted  
Mr. SUN Tak Chiu  
Mr. WONG San

### AUDIT COMMITTEE

Mr. HO Kwan Tat, Ted (*Committee Chairman*)  
Mr. SUN Tak Chiu  
Mr. WONG San

### REMUNERATION COMMITTEE

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

### NOMINATION COMMITTEE

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

### COMPANY SECRETARY

Ms. MUI Ngar May, Joel

### AUTHORISED REPRESENTATIVES

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

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 2505-8, 25th Floor  
World-Wide House  
19 Des Voeux Road Central  
Hong Kong

### AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
22nd Floor  
Prince's Building  
Central  
Hong Kong

### PRINCIPAL BANKERS

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

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
4th Floor, North Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### WEBSITE

[www.midland.com.hk](http://www.midland.com.hk)

### STOCK CODE

1200

# Chairman's Statement

## Business Review

Midland Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") announce that for the six months ended 30 June 2021 (the "Interim Period"), the Group recorded a revenue of approximately HK\$3,446 million (corresponding period in 2020: HK\$2,468 million), and profit attributable to equity holders amounted to approximately HK\$176 million (corresponding period in 2020: loss attributable to equity holders amounted to approximately HK\$24 million).

The turnaround of the Group's results during the Interim Period was attributable to, among other factors: (1) the increase in the Group's market share in Hong Kong, and the successful capture of the rebound in the Hong Kong residential property market; (2) the substantial increase in operating profit of the Group's business under the brand name "Midland Realty 美聯物業"; and (3) the turnaround of the Group's business under the brand name "Hong Kong Property 香港置業" following the implementation of a series of strategic initiatives, including the optimization of management structure, which enabled it to capture the aforesaid market rebound and record profit.

## Booming Property Market

The Hong Kong property market was red hot in the first half of 2021. As interest rate is expected to stay low for a considerable period of time, and the economy has recovered steadily, the pent-up demand has scrambled to get in the market. In response, developers have speeded up the pace of new launches during the Interim Period, driving up the number of new homes launched in the first and second quarter of 2021 by 21.5% and 10.7%, respectively, as compared to the corresponding period in 2020. One of the most popular new projects in recent years was Southland, a landmark luxury project located above Wong Chuk Hang MTR station, which attracted a lot of middle-class and affluent buyers. According to the figures from the Land Registry, the volume and value of new home registrations rose significantly in the first half of 2021 by 29.3% and 64.1% respectively, as compared to the corresponding period in 2020. Performance of the secondary home market was strong as well, with the volume and value of registrations increasing by 52.6% and 66.7% respectively, as compared to the corresponding period in 2020.

## Multiple Factors Favoured the Property Market

According to the Midland Property Price Index, Hong Kong property prices rose by almost 6.2% in the first half of 2021, mainly due to the prolonged low interest rate environment and vaccination rollout. The price surge was also driven by the persistent supply shortage of land in Hong Kong. Housing supply has continued to stay relatively low in recent years after reaching a multi-year high in 2017/2018 despite the fact that the HKSAR government has implemented various means to boost land supply. In addition, the relaxation of the mortgage insurance program has given considerable support to the property market. Even the high-end properties that were not covered by the mortgage insurance program fared well, suggesting that the recovery was broad-based in the first half of 2021. In particular, the super-luxurious segment performed strongly. Per-square-foot price for some high-end properties reached new highs and outperformed the market.

The residential rental market has likewise improved. Border restrictions coupled with a weak economy had at one point seriously dampened rental demand. The cancellation of physical classes in university amid the pandemic has also led to the drop in rental demand as some mainland or overseas students could take online classes by distance learning. Thankfully, since the second quarter of 2021, the uptrend of rents has resumed. The residential rental market has remained strong in this summer.

## Chairman's Statement (continued)

### Outlook

#### Positive Prospects Might be Clouded by External Factors

The Group is positive on the outlook of the residential property market in Hong Kong. Due to the sustained low interest rate environment, in addition to the housing shortage continuing into the second half of 2021, both residential sales volume and prices are likely to rise in tandem. Since the outbreak of the pandemic, rising home prices has become a global phenomenon against a backdrop of loose monetary policies. For instance, property prices in some international cities such as New York and Toronto registered double-digit growth last year. Hong Kong housing value is likely to catch up. Housing demand may further strengthen if local GDP continues to grow. Furthermore, the recent "Consumption Voucher Scheme" launched by the government is believed to provide a stronger boost to the local economy.

Nevertheless, stock market volatility in Hong Kong may lead to uncertainties about the housing sector. In 2020, the wealth effect prompted by the strong equity market performance provided strong support to the local property market. But in 2021, it has been eroded by the substantial correction of some popular technology stocks. Even so, a weakened stock market may not necessarily be unfavorable to the housing sector. The loose monetary conditions are spurring the appetite of the Hong Kong people for asset investment, and they may shift their focus from the stock market to the property market. Another concern of the market is that US's economy, which has led the world's rebound, could lose steam. Apart from consumer goods supply bottlenecks and the withdrawal of economic stimulus programs in some states, the US, like many other countries, now faces the ultra-infectious Delta variant.

#### Border Reopening Brightens Outlook Sales Transaction Value May Reach New Heights

Fortunately, the central government has been proactive in promoting economic recovery. In mid-July 2021, the Bank of China announced to cut the reserve requirement ratio (RRR) by 50 basis points to free up long-term capital of Renminbi 1 trillion to support the economy. Due to the geographical proximity of Hong Kong to Mainland, it is believed that Mainland's economic recovery will benefit Hong Kong's development. At present, the COVID-19 outbreak in Hong Kong has subsided and the vaccination rate has been rising. These are factors believed to be conducive to the reopening of the border between Hong Kong and Mainland. When that happens, the number of Mainland buyers of Hong Kong properties will increase. Indeed, in recent quarters, the number of buyers from Mainland has been rising steadily. Since Mainland buyers like new properties and large-sized units, it is expected that the primary home market and high-end segment will outperform if the border reopens.

One point worth mentioning is that the value of property sales registrations in the first half of 2021 amounted to HK\$474.4 billion, of which its value for the full year is on track to break the historic record of HK\$868 billion attained in 1997.

## Chairman's Statement (continued)

### Appreciation

I am deeply grateful to our board members and staff for their contribution to the Group. I would also like to take this opportunity to express my thanks to our shareholders and customers for their unwavering support. We are committed as always to offering quality services, so as to create a better tomorrow for the Group.

**WONG Kin Yip, Freddie**  
*Chairman*

Hong Kong, 26 August 2021

## Strategic Review and Planning

### Strengthened Market Position and Embraced Reforms in Response to Challenges

During the Interim Period, the Group achieved outstanding financial results, a series of management restructuring measures were implemented over the past few years. The Group has long held a strong conviction that the secondary home segment carries significant strategic value. The various reforms taken by the Group in recent years have prompted the market share of the “Midland Realty” brand in the local secondary residential market to increase continuously. The thriving performance of the secondary residential market in the Interim Period drove up the Group’s revenue.

The strengthening of the Group’s position in the secondary residential market also successfully helped improve its performance in the new home sector. In the Interim Period, the Group registered growth in market share in some new home projects. Not only did Midland Realty’s market share at the Kai Tak and Tseung Kwan O new home projects improve significantly in 2020, but it also managed to stay at a high level in the Interim Period. Near the end of 2020, the Group made significant personnel adjustments to optimize the frontline management of the Kowloon and New Territories districts. During the Interim Period, the Group has devoted considerable efforts to transform its other brand “Hong Kong Property”, revitalizing its sales management team and improving its profitability performance.

### Ready for a Thriving Second Half

As the economy stays strong, the transaction volume of residential properties in the second half of 2021 is expected to remain high. The Group will continue to strengthen and deepen its market position. Property market trend hinges on Hong Kong town planning. Based on the future development plans of Hong Kong, most of the infrastructure projects in progress and in planning are located in Kowloon and the New Territories, thus boosting the development potential of these areas, where the Group will strengthen its presence accordingly. Traditionally, Hong Kong Island is where the wealthy resides, the Group has introduced changes to the management team a year ago, so as to provide the best service to the most affluent group of customers in Hong Kong.

Benefitting from the full service of the MTR Tuen Ma Line, travelling has become much easier and faster for the public, which will further enhance the mobility of homebuyers. Consequently, the Group will implement measures to stimulate cross referrals among branches in different locations, which will also help customers to choose properties in various districts. In addition, the Group expects the luxury property market to continue to outperform and it will keep devising diversified strategies to improve its position in the high-end segment.

## Strategic Review and Planning *(continued)*

### **Well-rounded Strategy to Simultaneously Develop and Enhance Digital and Physical Networks**

As digital applications become increasingly important, the Group will keep investing in this aspect and improve the utilisation and operation of its digital platform. In the meantime, the Group attaches great importance to the operational development of its frontline branch network and puts a lot of efforts in improving the user experience of the customers during branch visits; including installing cutting-edge touch-screen displays at some selected branches to show the latest property information, as well as incorporating interactive elements to enrich the viewing experience.

Nevertheless, as the economy continues to recover and our competitors may stay aggressive and expand their branch networks as the market further revives, the competition within the industry will continue to intensify. In view of this, the Group will continue to strengthen our edge and strive for a stronger market share.

**WONG Ching Yi, Angela**

*Deputy Chairman and Managing Director*

Hong Kong, 26 August 2021



# Management Discussion and Analysis

The Chairman's Statement from pages 3 to 5 and the Strategic Review and Planning from pages 6 to 7 form part of the Management Discussion and Analysis.

## Financial Review

### Liquidity and financial resources

The Group mainly finances its business operations with its internal resources and loan facilities from banks.

As at 30 June 2021, the Group had cash and bank balances of HK\$1,925,639,000 (as at 31 December 2020: HK\$940,608,000).

As at 30 June 2021, the interest-bearing bank borrowings of the Group amounted to HK\$1,180,300,000 (as at 31 December 2020: HK\$228,000,000) and with maturity profile set out as follows:

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Repayable within 1 year	1,180,300	228,000

As at 30 June 2021, the net gearing ratio of the Group, which is calculated on the basis of net borrowings<sup>1</sup> (total borrowings less cash and bank balances) over the total equity of the Group, maintained at zero per cent (as at 31 December 2020: zero per cent). The gross gearing ratio, which is calculated on the basis of total borrowings over the total equity of the Group, is 93.3% (as at 31 December 2020: 20.9%). Increase in gross gearing ratio was mainly due to the increase in bank borrowings to meet the short-term funding requirement for the sales of primary residential properties. The liquidity ratio, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 1.1 (as at 31 December 2020: 1.1). The return on equity, which is the ratio of profit/(loss) for the period over the total equity of the Group, was 13.94% (for the six months ended 30 June 2020: -1.87%).

As at 30 June 2021, the Group has unutilised borrowing facilities amounting to HK\$1,561,500,000 (as at 31 December 2020: HK\$2,513,800,000) from various banks. The borrowing facilities were granted to the Group on a floating rate basis. The directors of the Company (the "Directors") will continue to adopt an appropriate financial policy so as to sustain an optimal level of borrowings to meet the Group's funding requirements.

As at 30 June 2021, certain land and buildings and investment properties held by the Group of HK\$56,805,000 (as at 31 December 2020: HK\$57,358,000) and HK\$44,570,000 (as at 31 December 2020: HK\$43,820,000) were pledged to secure banking facilities granted to the Group. Borrowing facilities granted to the Group were also secured, inter alia, by floating charge over certain receivables of the Group with carrying value of approximately HK\$3,556,296,000 (as at 31 December 2020: HK\$2,558,785,000).

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

# Management Discussion and Analysis (continued)

## Financial Review (continued)

### Liquidity and financial resources (continued)

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

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

### Contingent liabilities

As at 30 June 2021, the Company executed corporate guarantee of HK\$2,823,800,000 (as at 31 December 2020: HK\$2,823,800,000) as part of the securities for general banking facilities granted to certain wholly-owned subsidiaries of the Company. As at 30 June 2021, banking facilities of HK\$1,227,006,000 were utilised by these subsidiaries (as at 31 December 2020: HK\$277,466,000).

## Employee Information

As at 30 June 2021, the Group employed 7,251 full time employees (as at 31 December 2020: 7,176) of which 6,105 were sales agents, 644 were back office supportive employees and 502 were frontline supportive employees.

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

## Other Information

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

As at 30 June 2021, the interests and short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") or otherwise, were as follows:

#### Long positions in the shares and underlying shares of the Company

Name of Directors	Number of ordinary shares		Number of underlying shares		Approximate percentage of the issued voting shares of the Company
	Personal interest/Beneficial owner	Corporate interest/Interest of controlled corporations	Personal interest/Beneficial owner (Note 1)	Total	
Mr. WONG Kin Yip, Freddie	24,490,000	241,035,824 (Note 2)	4,587,150	270,112,974	37.62%
Ms. WONG Ching Yi, Angela	–	–	8,191,730	8,191,730	1.14%

#### Notes:

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

Save as disclosed above, as at 30 June 2021, neither the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Other Information (continued)

### Directors' Rights to Acquire Shares or Debentures

Save as disclosed in this interim report, 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.

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

As at 30 June 2021, the interests and short positions of the substantial shareholders and other persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of substantial shareholders	Number of ordinary shares/ underlying shares	Holding capacity/ Nature of interest	Approximate percentage of the issued voting shares of the Company
Ms. TANG Mei Lai, Metty <i>(Note 1)</i>	270,112,974 (L)	Interest of spouse/Family interest	37.62%
Southern Field Trading Limited <i>(Note 2)</i>	241,035,824 (L)	Interest of controlled corporation/ Corporate interest	33.57%
Sunluck Services Limited <i>(Note 2)</i>	241,035,824 (L)	Beneficial owner/Beneficial interest	33.57%
Sun Life Financial, Inc. <i>(Note 3)</i>	93,766,100 (L)	Interest of controlled corporations/ Corporate interest	13.06%
Sun Life of Canada (U.S.) Financial Services Holdings, Inc. <i>(Note 3)</i>	93,766,100 (L)	Interest of controlled corporations/ Corporate interest	13.06%
Massachusetts Financial Services Company <i>(Note 3)</i>	89,710,100 (L) 4,056,000 (L)	Investment manager/Other interest Interest of controlled corporations/ Corporate interest	12.49% 0.57%
LAM Yuen Hing <i>(Note 4)</i>	18,456,000 (L) 17,978,000 (L)	Beneficial owner/Beneficial interest Interest of spouse/Family interest	2.57% 2.50%

Remark: (L) – Long Position

## Other Information (continued)

### Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares (continued)

Notes:

- Such interests comprise (i) 265,525,824 ordinary shares held directly and indirectly by Mr. WONG Kin Yip, Freddie, the spouse of Ms. TANG Mei Lai, Metty; and (ii) 4,587,150 underlying shares (being physically settled unlisted derivatives) held by Mr. WONG Kin Yip, Freddie by virtue of the interests in the share options of the Company granted to him, as disclosed in the sections headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Schemes" in this interim report. Accordingly, Ms. TANG Mei Lai, Metty was deemed to be interested in the same block of ordinary shares and underlying shares of the Company in which Mr. WONG Kin Yip, Freddie was interested/deemed to be interested.
- The two references to 241,035,824 ordinary shares relate to the same block of ordinary shares of the Company deemed to be interested by Mr. WONG Kin Yip, Freddie as disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" in this interim report. Southern Field Trading Limited was deemed to be interested in such ordinary shares of the Company held by Sunluck Services Limited.
- Details of the interest in long position of the 93,766,100 ordinary shares in which Sun Life Financial, Inc. ("SLF") was deemed to be interested were as follows:

Massachusetts Financial Services Company ("MFS") was interested in (through itself and its 100% controlled corporations) an aggregate of 93,766,100 ordinary shares. MFS was a 95.99% owned subsidiary of Sun Life of Canada (U.S.) Financial Services Holdings, Inc. ("SLCFS") which was a 99.92% owned subsidiary of Sun Life Financial (U.S.) Investments LLC ("SLF(USI)"). SLF(USI) was an indirect wholly-owned subsidiary of SLF.

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

Save as disclosed above, as at 30 June 2021, no other substantial shareholders or persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

## Other Information (continued)

### Share Option Schemes

#### I. 2002 Share Option Scheme

Pursuant to an ordinary resolution passed by the shareholders of the Company at the special general meeting held on 30 April 2002, the Company adopted the 2002 share option scheme (the “2002 Share Option Scheme”). The 2002 Share Option Scheme had expired on 29 April 2012. The terms of the 2002 Share Option Scheme for those outstanding share options already granted under the 2002 Share Option Scheme remain in force.

#### II. 2016 Share Option Scheme

Pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 23 June 2016, the Company adopted the 2016 share option scheme (the “2016 Share Option Scheme”).

Movements in the outstanding share options of the Company granted under the 2002 Share Option Scheme and the 2016 Share Option Scheme during the Interim Period were as follows:

Name	Date of grant (Note 1)	Exercise price per share HK\$	Number of share options					Balance outstanding as at 30 June 2021	Exercisable period
			Balance outstanding as at 1 January 2021	Granted during the Interim Period	Lapsed during the Interim Period	Cancelled during the Interim Period	Exercised during the Interim Period		
<b>Directors</b>									
Mr. WONG Kin Yip, Freddie	17 January 2020	1.09	4,587,150	-	-	-	-	4,587,150	17 January 2021 to 16 January 2028
Ms. WONG Ching Yi, Angela	27 October 2011	3.81	3,604,580	-	-	-	-	3,604,580	1 October 2013 to 30 September 2021
	17 January 2020	1.09	4,587,150	-	-	-	-	4,587,150	17 January 2021 to 16 January 2028
Total			12,778,880	-	-	-	-	12,778,880	

#### Notes:

- The vesting period of the share options is from the date of grant until the commencement of the exercisable period.
- The number and/or exercise price of the share options may be subject to adjustment in the case of rights or bonus issues, or other changes in the Company's share capital.

## Other Information (continued)

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

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

### Interim Dividend

The board of Directors does not declare an interim dividend for the Interim Period (for the six months ended 30 June 2020: Nil).

### Review of Financial Statements

The audit committee of the Company 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 condensed consolidated interim financial information of the Group for the Interim Period from pages 15 to 38 in this interim report 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 audit committee of the Company has also reviewed this interim report.

### Changes in Director's Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the Director's information subsequent to the date of the 2020 annual report of the Company are set out below:

Ms. WONG Ching Yi, Angela is entitled to an annual director's fee of HK\$200,000, extra remuneration of HK\$775,000 per month and profit sharing to be determined based on the profits arising from the Group in the relevant financial year.

### Corporate Governance

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

### Code of Conduct Regarding Securities Transactions by Directors

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

On specific enquiries made, all the Directors confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions at all applicable times during the Interim Period.

# Condensed Consolidated Income Statement (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	Six months ended 30 June	
		2021 HK\$'000	2020 HK\$'000
Revenues	3(a)	3,446,267	2,468,046
Other income, net	4	4,071	37,368
Staff costs		(1,698,937)	(1,204,995)
Rebate incentives		(992,492)	(797,473)
Advertising and promotion expenses		(56,593)	(35,607)
Operating lease charges in respect of office and shop premises		(29,729)	(26,764)
Amortisation of right-of-use assets (lease)		(278,762)	(300,149)
Depreciation of property and equipment		(26,202)	(25,215)
Net impairment losses on financial assets		(1,429)	(10,575)
Other operating costs	5	(143,723)	(111,492)
Operating profit/(loss)		222,471	(6,856)
Bank interest income		113	249
Interest on bank loans and overdrafts		(5,949)	(4,786)
Interest on lease liabilities		(8,455)	(11,868)
Share of results of joint ventures		11,136	7,252
Share of results of associates		–	(2,634)
Profit/(loss) before taxation		219,316	(18,643)
Taxation	6	(42,896)	(5,711)
Profit/(loss) for the period attributable to equity holders		176,420	(24,354)
Earnings/(loss) per share	8	HK cents	HK cents
Basic		24.57	(3.39)
Diluted		24.57	(3.39)



## Condensed Consolidated Statement of Comprehensive Income (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Profit/(loss) for the period attributable to equity holders	176,420	(24,354)
Other comprehensive (loss)/income		
<i>Item that will not be reclassified to profit or loss</i>		
Fair value gains on financial assets at fair value through other comprehensive income	178	43
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	(923)	127
Other comprehensive (loss)/income for the period, net of tax	(745)	170
Total comprehensive income/(loss) for the period attributable to equity holders, net of tax	175,675	(24,184)

# Condensed Consolidated Balance Sheet (Unaudited)

AS AT 30 JUNE 2021

	Note	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	9	159,025	154,303
Right-of-use assets		528,063	548,787
Investment properties	9	74,570	73,701
Interests in joint ventures		29,380	35,818
Financial assets at fair value through other comprehensive income		3,657	3,701
Deferred tax assets		12,040	12,060
Loan receivables	10	2,500	881
		809,235	829,251
<b>Current assets</b>			
Trade and other receivables	11	4,155,963	3,154,088
Taxation recoverable		18	8,333
Loan receivables	10	71,826	96,258
Short-term bank deposits		–	2,454
Cash and cash equivalents		1,925,639	938,154
		6,153,446	4,199,287
<b>Total assets</b>		6,962,681	5,028,538

# Condensed Consolidated Balance Sheet (Unaudited) (continued)

AS AT 30 JUNE 2021

		As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
	Note		
<b>EQUITY AND LIABILITIES</b>			
<b>Equity holders</b>			
Share capital	12	71,805	71,805
Share premium		223,505	223,505
Reserves		969,871	794,095
<b>Total equity</b>		<u>1,265,181</u>	<u>1,089,405</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		8,515	7,809
Lease liabilities		223,798	209,960
		<u>232,313</u>	<u>217,769</u>
<b>Current liabilities</b>			
Trade and other payables	13	3,818,213	3,031,746
Borrowings		1,180,300	228,000
Lease liabilities		431,167	459,910
Taxation payable		35,507	1,708
		<u>5,465,187</u>	<u>3,721,364</u>
<b>Total liabilities</b>		<u>5,697,500</u>	<u>3,939,133</u>
<b>Total equity and liabilities</b>		<u>6,962,681</u>	<u>5,028,538</u>

## Condensed Consolidated Statement of Changes in Equity (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Share capital HK\$'000	Share premium HK\$'000	Reserves HK\$'000	Total HK\$'000
At 1 January 2021	71,805	223,505	794,095	1,089,405
Comprehensive income				
Profit for the period	–	–	176,420	176,420
Other comprehensive income/(loss)				
Fair value gains on financial assets at fair value through other comprehensive income	–	–	178	178
Currency translation differences	–	–	(923)	(923)
Total comprehensive income	–	–	175,675	175,675
Transaction with owners				
Employee share option scheme – value of employee services	–	–	101	101
	–	–	175,776	175,776
At 30 June 2021	71,805	223,505	969,871	1,265,181
At 1 January 2020	71,805	223,505	1,029,324	1,324,634
Comprehensive loss				
Loss for the period	–	–	(24,354)	(24,354)
Other comprehensive income				
Fair value gains on financial assets at fair value through other comprehensive income	–	–	43	43
Currency translation differences	–	–	127	127
Total comprehensive loss	–	–	(24,184)	(24,184)
Transaction with owners				
Employee share option scheme – value of employee services	–	–	1,083	1,083
	–	–	(23,101)	(23,101)
At 30 June 2020	71,805	223,505	1,006,223	1,301,533

# Condensed Consolidated Statement of Cash Flows (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>		
Net cash generated from operations	356,631	183,901
Hong Kong profits tax refunded	–	18,603
Overseas taxation paid	(56)	(831)
Bank loan and overdrafts interest paid	(5,949)	(4,786)
Interest element of lease payments	(8,455)	(11,868)
Net cash generated from operating activities	342,171	185,019
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(32,751)	(24,460)
Return of capital from financial assets at fair value through other comprehensive income	222	175
Decrease in bank deposits with maturities over three months from date of deposits	2,454	10
Bank interest received	113	249
Dividend received from a joint venture	17,574	27,653
Net cash (used in)/generated from investing activities	(12,388)	3,627
<b>Cash flows from financing activities</b>		
Principal element of lease payments	(295,721)	(302,940)
Proceeds from bank loans	3,790,000	2,185,000
Repayment of bank loans	(2,837,700)	(1,749,300)
Net cash generated from financing activities	656,579	132,760
<b>Net increase in cash and cash equivalents</b>	986,362	321,406
Cash and cash equivalents at 1 January	938,154	1,149,428
Exchange differences	1,123	(1,593)
Cash and cash equivalents at 30 June	1,925,639	1,469,241

# Notes to the Condensed Consolidated Interim Financial Information (Unaudited)

## 1 General information

Midland Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda and listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its head office and principal place of business in Hong Kong is Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong.

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

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

This unaudited condensed consolidated interim financial information was approved by the board of directors (the “Board”) on 26 August 2021.

## 2 Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared under the historical cost convention as modified by the revaluation of investment properties and financial assets at fair value through other comprehensive income, which are carried at fair values, and also prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The accounting policies used in preparing this unaudited condensed consolidated interim financial information are consistent with those followed in preparing the Group’s consolidated financial statements for the year ended 31 December 2020, except for the adoption of the new or amended HKFRSs, HKASs and Interpretations which are relevant to the operations of the Group and mandatory for annual periods beginning 1 January 2021.

Significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

## Notes to the Condensed Consolidated Interim Financial Information (Unaudited) (continued)

**2 Basis of preparation (continued)****(a) New standards, interpretations and amendments effective in 2021**

The adoption of the new or revised standards, interpretations and amendments does not have a material impact on the Group's results of operations or financial position.

**(b) New standards, interpretations and amendments which are not yet effective**

The Group has not early applied the new or revised standards, interpretations and amendments that have been issued but not yet effective. The adoption of these new or revised standards, interpretations and amendments is not expected to have a material impact on the Group's unaudited interim results and financial position.

**3 Revenues and segment information****(a) Revenues**

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
<b>Revenues from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major service lines		
– Agency fee	3,433,439	2,458,553
– Immigration consultancy services	6,846	1,016
– Web advertising	108	108
– Other services	1,137	1,096
	<u>3,441,530</u>	<u>2,460,773</u>
<b>Revenues from other sources</b>		
– Rental income	1,565	1,691
– Interest income from loan receivables	3,172	5,582
	<u>3,446,267</u>	<u>2,468,046</u>
Total revenues	<u>3,446,267</u>	<u>2,468,046</u>

**(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 reports in order to assess performance and allocate resources. The Executive Directors determine the operating segments based on these reports.

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

## Notes to the Condensed Consolidated Interim Financial Information (Unaudited) (continued)

### 3 Revenues and segment information (continued)

#### (b) Segment information (continued)

	Six months ended 30 June 2021			
	Property agency			Total HK\$'000
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000	Others HK\$'000	
Segment revenues	3,380,879	52,560	16,662	3,450,101
Inter-segment revenues	–	–	(3,834)	(3,834)
Revenues from external customers	3,380,879	52,560	12,828	3,446,267
Timing of revenue recognition				
– At a point in time	3,380,879	52,560	1,137	3,434,576
– Over time	–	–	6,954	6,954
Rental income	–	–	1,565	1,565
Interest income from loan receivables	–	–	3,172	3,172
	3,380,879	52,560	12,828	3,446,267
Segment results	241,140	(5,487)	19,541	255,194
Amortisation of right-of-use assets (lease)	(277,800)	(962)	–	(278,762)
Depreciation of property and equipment	(25,092)	(509)	(369)	(25,970)
Net impairment losses on financial assets	(1,203)	(226)	–	(1,429)
Share of results of joint ventures	–	–	11,136	11,136
Fair value gains on investment properties	–	–	509	509
Impairment losses on right-of-use assets	(17,007)	(5,113)	–	(22,120)
Impairment losses on property and equipment	(1,402)	(430)	–	(1,832)
Additions to property and equipment	31,882	855	14	32,751

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



## Notes to the Condensed Consolidated Interim Financial Information (Unaudited) (continued)

## 3 Revenues and segment information (continued)

## (b) Segment information (continued)

	Six months ended 30 June 2020			
	Property agency			Total HK\$'000
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000	Others HK\$'000	
Segment revenues	2,434,016	24,537	13,327	2,471,880
Inter-segment revenues	–	–	(3,834)	(3,834)
Revenues from external customers	2,434,016	24,537	9,493	2,468,046
Timing of revenue recognition				
– At a point in time	2,434,016	24,537	1,096	2,459,649
– Over time	–	–	1,124	1,124
Rental income	–	–	1,691	1,691
Interest income from loan receivables	–	–	5,582	5,582
	2,434,016	24,537	9,493	2,468,046
Segment results	(31,368)	(11,604)	9,058	(33,914)
Amortisation of right-of-use assets (lease)	(298,495)	(1,654)	–	(300,149)
Depreciation of property and equipment	(24,201)	(419)	(363)	(24,983)
Net impairment losses on financial assets	(10,153)	(422)	–	(10,575)
Share of results of joint ventures	–	–	7,252	7,252
Share of results of associates	–	(2,634)	–	(2,634)
Fair value losses on investment properties	–	–	(2,719)	(2,719)
Additions to property and equipment	24,055	325	80	24,460

Note: The share of results and interests in joint ventures mainly represent the financial information of mReferral Corporation Limited and its subsidiaries that are material to the Group.

The Executive Directors assess the performance of the operating segments based on a measure of operating results from each reportable segment. Corporate expenses, government subsidy, bank interest income, interest on bank loans and overdrafts, and taxation are not included in the segment results.

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

## Notes to the Condensed Consolidated Interim Financial Information (Unaudited) (continued)

### 3 Revenues and segment information (continued)

#### (b) Segment information (continued)

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

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Segment results for reportable segments	255,194	(33,914)
Corporate expenses	(30,042)	(18,146)
Government subsidy	–	37,954
Bank interest income	113	249
Interest on bank loans and overdrafts	(5,949)	(4,786)
Profit/(loss) before taxation per condensed consolidated income statement	219,316	(18,643)

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

	As at 30 June 2021			
	Property agency			Total
	Residential properties	Commercial and industrial properties and shops	Others	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	5,595,564	50,755	199,105	5,845,424
Segment assets include:				
Interests in joint ventures	–	–	29,380	29,380
Segment liabilities	4,393,874	69,726	24,929	4,488,529

## Notes to the Condensed Consolidated Interim Financial Information (Unaudited) (continued)

## 3 Revenues and segment information (continued)

## (b) Segment information (continued)

	As at 31 December 2020			
	Property agency			Total HK\$'000
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000	Others HK\$'000	
Segment assets	4,058,803	39,249	227,552	4,325,604
Segment assets include:				
Interests in joint ventures	–	–	35,818	35,818
Segment liabilities	3,614,968	50,758	25,112	3,690,838

Reportable segment assets are reconciled to total assets as follows:

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Segment assets	5,845,424	4,325,604
Corporate assets	1,101,560	687,173
Deferred tax assets	12,040	12,060
Financial assets at fair value through other comprehensive income	3,657	3,701
Total assets per condensed consolidated balance sheet	6,962,681	5,028,538

## Notes to the Condensed Consolidated Interim Financial Information (Unaudited) (continued)

### 3 Revenues and segment information (continued)

#### (b) Segment information (continued)

Reportable segment liabilities are reconciled to total liabilities as follows:

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Segment liabilities	4,488,529	3,690,838
Corporate liabilities	1,200,456	240,486
Deferred tax liabilities	8,515	7,809
Total liabilities per condensed consolidated balance sheet	<u>5,697,500</u>	<u>3,939,133</u>

Geographical information:

	Six months ended 30 June 2021 HK\$'000	2020 HK\$'000
Revenues from external customers		
Hong Kong and Macau	3,088,452	2,174,093
PRC	357,815	293,953
	<u>3,446,267</u>	<u>2,468,046</u>

Revenues are attributed to the locations where the transactions took place.

### 4 Other income, net

	Six months ended 30 June 2021 HK\$'000	2020 HK\$'000
Fair value gains/(losses) on investment properties	509	(2,719)
Government subsidy	–	37,954
Others	3,562	2,133
	<u>4,071</u>	<u>37,368</u>

## Notes to the Condensed Consolidated Interim Financial Information (Unaudited) (continued)

**5 Other operating costs**

The major other operating costs are as follows:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Direct operating expenses arising from investment properties that:		
– generated rental income	74	84
– did not generate rental income	16	16
Office and branch operating expenses (note (i))	62,354	55,470
Government rent and rates, building management fee of leased properties	23,003	23,579
Legal and professional fees	3,744	3,969
Staff recruitment, training and welfare	3,456	4,548
Insurance expenses	7,825	4,972
Bank charges	11,299	10,268
Impairment losses on right-of-use assets (note (ii))	22,120	–
Impairment losses on property and equipment (note (ii))	1,832	–
Loss on disposal of property and equipment	177	77
Net foreign exchange losses	195	32
Auditor's remuneration		
– audit services	1,564	1,564
– interim results review	573	573

Notes:

- (i) Office and branch operating expenses include utilities expenses, communication expenses, printing and stationery, transportation, licence fee and repair and maintenance.
- (ii) The Group regards each district/region as a separately identifiable cash-generating unit. Management carries out an impairment assessment on cash-generating units when an impairment indicator exists and the carrying amounts may not be recoverable. The carrying amount of the related assets is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## Notes to the Condensed Consolidated Interim Financial Information (Unaudited) (continued)

### 6 Taxation

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Current taxation		
Hong Kong profits tax	42,245	3,303
Overseas	(75)	52
Deferred taxation	726	2,356
	<u>42,896</u>	<u>5,711</u>

Hong Kong profits tax has been provided at the rate of 16.5% (for the six months ended 30 June 2020: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

### 7 Interim dividend

The Board does not declare an interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: nil).

On 19 October 2020, the Board declared an interim dividend in the form of distribution in specie of the shares of Midland IC&I Limited ("Midland IC&I shares") held by the Group to the shareholders of the Company in the proportion of 1,700 Midland IC&I shares for every 2,000 issued shares of the Company. A total of 610,976,997 Midland IC&I shares with an aggregate fair value of approximately HK\$363,040,000 were recognised as distribution during the year ended 31 December 2020, which represented a distribution of approximately HK\$0.51 per share of the Company.

After the completion of the distribution in specie in November 2020, the Group ceased to hold any Midland IC&I share. Midland IC&I Limited and its subsidiaries ("Midland IC&I Group") ceased to be accounted for as associates of the Group.

## Notes to the Condensed Consolidated Interim Financial Information (Unaudited) (continued)

**8 Earnings/(loss) per share**

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

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Profit/(loss) attributable to equity holders for the calculation of basic earnings/(loss) per share	176,420	(24,354)
Number of shares for the calculation of basic and diluted earnings/(loss) per share (thousands)	718,046	718,046
Basic earnings/(loss) per share (HK cents)	24.57	(3.39)
Diluted earnings/(loss) per share (HK cents)	24.57	(3.39)

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

For the six months ended 30 June 2021, the diluted earnings per share is the same as the basic earnings per share as the exercise of share options of the Company would have an anti-dilutive effect.

For the six months ended 30 June 2020, the diluted loss per share is the same as the basic loss per share as the exercise of share options of the Company and the convertible note issued by its associates would have an anti-dilutive effect.

## Notes to the Condensed Consolidated Interim Financial Information (Unaudited) (continued)

### 9 Property and equipment and investment properties

Land and buildings with net book value of HK\$56,805,000 (as at 31 December 2020: HK\$57,358,000) and investment properties with net book value of HK\$44,570,000 (as at 31 December 2020: HK\$43,820,000) were pledged as securities for the Group's banking facilities.

The valuations of the investment properties were undertaken by Midland Surveyors Limited, a qualified professional surveyor under the Group with appropriate professional qualifications and recent experience in the valuation of similar properties in the relevant locations. Fair values of investment properties in Hong Kong and the PRC are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuer's interpretation of prevailing investor requirements or expectations.

As at 30 June 2021 and 31 December 2020, all investment properties are included in level 3 in the fair value hierarchy.

The Group's policy is to recognise transfers between fair value measurements as of the date of the event or change in circumstances that caused the transfer. There were no changes to the valuation techniques and transfers among the fair value hierarchy during the period.

Information about fair value measurements using significant unobservable inputs:

Location of investment properties	Fair value HK\$'000	Range of significant unobservable inputs	
		Prevailing market rent per month	Capitalisation rate
Hong Kong	44,570	HK\$35 to HK\$110 per sq. ft. (saleable) (31 December 2020: HK\$35 to HK\$107 per sq. ft. (saleable))	3.20% to 4.00% (31 December 2020: 3.20% to 4.00%)
The PRC	30,000	RMB172 to RMB1,730 per sq. m. (gross) (31 December 2020: RMB173 to RMB1,740 per sq. m. (gross))	5.80% to 6.00% (31 December 2020: 5.80% to 6.00%)
Total	<u>74,570</u>		

Prevailing market rents are estimated based on qualified valuer's view of recent lettings, within the subject properties and other comparable properties. The higher the rents, the higher the fair value.

Capitalisation rates are estimated by qualified valuer based on the risk profile of the properties being valued. The lower the rates, the higher the fair value.



## Notes to the Condensed Consolidated Interim Financial Information (Unaudited) (continued)

**10 Loan receivables**

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Loan receivables – loans to employees	2,826	4,939
Loan receivables – property mortgage loans	71,500	92,200
Total loan receivables	74,326	97,139
Less: non-current portion	(2,500)	(881)
Current portion	71,826	96,258

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

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Within 1 year	71,826	96,258
Over 1 year but less than 2 years	384	357
Over 2 years but less than 3 years	879	393
Over 3 years	1,237	131
	74,326	97,139

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

## Notes to the Condensed Consolidated Interim Financial Information (Unaudited) (continued)

### 11 Trade and other receivables

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Trade receivables	3,902,832	2,904,119
Less: loss allowance	(105,558)	(108,213)
Trade receivables, net	3,797,274	2,795,906
Other receivables, prepayments and deposits	358,689	358,182
	<u>4,155,963</u>	<u>3,154,088</u>

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

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Current (not yet due)	3,631,424	2,686,186
Less than 30 days past due	95,114	59,852
31 to 60 days past due	22,525	22,289
61 to 90 days past due	9,938	8,973
More than 90 days past due	38,273	18,606
	<u>3,797,274</u>	<u>2,795,906</u>

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

Borrowing facilities granted to the Group were secured, inter alia, by floating charge over certain receivables of the Group, with carrying value of approximately HK\$3,556,296,000 as at 30 June 2021 (as at 31 December 2020: HK\$2,558,785,000).

## Notes to the Condensed Consolidated Interim Financial Information (Unaudited) (continued)

**12 Share capital**

	Number of issued shares (HK\$0.10 each)	Nominal value HK\$'000
As at 31 December 2020 and 30 June 2021	<u>718,046,005</u>	<u>71,805</u>

**13 Trade and other payables**

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Commissions and rebate payables	3,413,190	2,616,325
Other payables and accruals	<u>405,023</u>	<u>415,421</u>
	<u>3,818,213</u>	<u>3,031,746</u>

Commissions and rebate payables to property consultants, co-operative estate agents and property buyers are due for payment only upon the receipt of corresponding agency fees from customers. These balances include commissions and rebate payables of HK\$349,925,000 (as at 31 December 2020: HK\$325,108,000) in respect of which the corresponding agency fees have been received, and are due for payment within 30 days after period end. All the remaining commissions and rebate payables are not yet due.

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

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

## Notes to the Condensed Consolidated Interim Financial Information (Unaudited) *(continued)*

### 14 Share-based benefits

In January 2020, 9,174,300 share options were granted to certain directors of the Company under the Company's share option scheme. Each option gives the holder the right to subscribe for one ordinary share of the Company. A consideration of HK\$1 from each of the grantees was received.

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

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

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

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

For the six months ended 30 June 2021, the Group has recognised share-based payment expenses of HK\$101,000 in the condensed consolidated income statement (for the six months ended 30 June 2020: HK\$1,083,000).

### 15 Capital commitments

The Group did not have any significant capital commitments as at 30 June 2021 and 31 December 2020.

### 16 Contingent liabilities

As at 30 June 2021, the Company executed corporate guarantees of HK\$2,823,800,000 (as at 31 December 2020: HK\$2,823,800,000) as part of the securities for general banking facilities granted to certain wholly-owned subsidiaries of the Company. As at 30 June 2021, banking facilities of HK\$1,227,006,000 were utilised by these subsidiaries (as at 31 December 2020: HK\$277,466,000).

## Notes to the Condensed Consolidated Interim Financial Information (Unaudited) (continued)

**17 Significant related party transactions**

The Group had the following significant transactions with related parties during the period and balances with related parties at the balance sheet date:

**(a) Transactions with related parties**

	Note	Six months ended 30 June	
		2021 HK\$'000	2020 HK\$'000
Agency fee income from:	(i) & (iv)		
– associates		–	15,550
– related companies		27,035	–
Rebate incentives to:	(ii) & (iv)		
– associates		–	(9,482)
– related companies		(14,986)	–
License fee income from related companies	(iii)	1,189	–

*Notes:*

- (i) Agency fee income from associates/related companies represents agency fee for property agency transactions referred to associates/related companies on terms mutually agreed by both parties.
- (ii) Rebate incentives to associates/related companies represents rebate incentives for property agency transactions referred by associates/related companies on terms mutually agreed by both parties.
- (iii) License fee income from related companies represents license fee for the use of trademark by Midland IC&I Group on terms mutually agreed by both parties.
- (iv) After the completion of the distribution in specie of Midland IC&I shares by the Company in November 2020, Midland IC&I Group ceased to be associates of the Group, and the associates in notes (i) and (ii) were still regarded as “related companies” after the completion of distribution in specie as Mr. WONG Kin Yip, Freddie (“Mr. WONG”), a director of the Company, is also a director and substantial shareholder of Midland IC&I Limited.

During the six months ended 30 June 2021, the Group shared administrative and corporate services fee on a cost basis with its related companies (note (iv)), amounted to HK\$8,126,000 (for the six months ended 30 June 2020: HK\$5,296,000 shared with its associates).

## Notes to the Condensed Consolidated Interim Financial Information (Unaudited) (continued)

### 17 Significant related party transactions (continued)

- (b) During the six months ended 30 June 2021, the Group entered into certain leases with Midland IC&I Group on terms mutually agreed by both parties. The Group recognised right-of-use assets of HK\$2,428,000 at the commencement date of the leases (for the six months ended 30 June 2020: HK\$2,499,000).

During the six months ended 30 June 2021, lease payments to Midland IC&I Group under certain leases amounted to HK\$1,768,000 (for the six months ended 30 June 2020: HK\$1,259,000).

- (c) During the six months ended 30 June 2021, the Group entered into certain leases with certain companies, of which Mr. WONG is the beneficial owner, on terms mutually agreed by both parties. The Group recognised right-of-use assets of HK\$1,033,000 at the commencement date of the leases (for the six months ended 30 June 2020: HK\$1,054,000).

During the six months ended 30 June 2021, lease payments to these companies, of which Mr. WONG is the beneficial owner, under certain leases amounted to HK\$2,475,000 (for the six months ended 30 June 2020: HK\$2,680,000).

- (d) **The balances with related parties included in trade and other receivables, trade and other payables and lease liabilities are as follows:**

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Trade and other receivables		
Amounts due from related companies (note 17(a))	31,887	33,586
Trade and other payables		
Amounts due to related companies (note 17(a))	(29,275)	(22,265)
Lease liabilities		
Amounts due to related companies (note 17(b))	(2,610)	(2,110)
Amounts due to other related parties (note 17(c))	(2,117)	(3,536)

Notes to the Condensed Consolidated Interim Financial Information (Unaudited) *(continued)***17 Significant related party transactions (continued)****(e) Key management compensation**

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Fees, salaries, allowances and incentives	25,024	12,984
Share-based benefits	101	1,083
Retirement benefit costs	27	27
	<u>25,152</u>	<u>14,094</u>

The amount represents emoluments paid or payable to the Executive Directors for the period.