

Transformation Achieves Excellence
Innovation for a Prosperous Future



Contents

	Page
Corporate Information	2
Chairman’s Statement	3
Strategic Review and Planning	6
Management Discussion and Analysis	7
Other Information	10
Condensed Consolidated Income Statement (Unaudited)	15
Condensed Consolidated Statement of Comprehensive Income (Unaudited)	16
Condensed Consolidated Balance Sheet (Unaudited)	17
Condensed Consolidated Statement of Changes in Equity (Unaudited)	19
Condensed Consolidated Statement of Cash Flows (Unaudited)	20
Notes to the Condensed Consolidated Interim Financial Information (Unaudited)	21

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. SZE Ka Ming (*Chief Financial Officer*)

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. MUI Ngai May, Joel

AUTHORISED REPRESENTATIVES

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

AUDITOR

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

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

WEBSITE

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 2024 (the "Interim Period"), the Group recorded a profit attributable to equity holders of approximately HK\$174 million, representing a 346% increase as compared with that for the corresponding period in 2023.

The significant improvement of the Group's results was attributable to, among other factors:

- (1) the substantial increase in operating profit of the Group's business units "Midland Realty美聯物業" and "Hong Kong Property 香港置業" for the Interim Period as compared with the corresponding period last year. Such improvement was attributable to (a) the successful capture of the rebound in the Hong Kong residential property market; (b) the Group's stable market share in Hong Kong; and (c) optimisation of the Group's operational efficiencies; and
- (2) the significant improvement of the results of the Group's operations in Mainland China despite the extremely difficult business environment, following the implementation of a series of strategic initiatives, including the promotion of a new sales management team (with a new chief executive officer) and the series of new measures (such as repositioning of business model and streamlining of Mainland operations) in the final quarter of 2023.

During the Interim Period, the revenue of the Group increased by 41% year-on-year, faring significantly better than the 0.2% drop of the total value of the local residential sales registrations in Hong Kong during the period. The outperformance can be mainly attributed to a series of effective management initiatives taken by the Group in recent years.

Positive Impacts of the Removal of Demand-side Management Measures

The removal of all demand-side management measures for residential properties by the Hong Kong government in late February 2024 provided a strong boost to the Hong Kong property sales activity. According to the Land Registry's figures, the primary residential property sales registrations amounted to 7,069 units from March to May 2024, the highest level in any three-month period in the recent five years. Secondary market also improved. The secondary residential property sales registrations in the first half of 2024 increased by 48% from that in the second half of 2023. Property prices once rebounded as well. The figures from the Rating and Valuation Department show that property prices rose two months in a row from March to April 2024, before resuming the downtrend again in May 2024.

Among all the relaxation measures, the complete removal of the New Residential Stamp Duty (NRSD) and the Buyer's Stamp Duty (BSD) is believed to be the most powerful driver for the improvement of market activity. All buyers, regardless of residency, now pay the same stamp duty rate from HK\$100 to 4.25% of the property price. The removal of measures triggered a huge surge in demand from Mainlanders, especially for new properties, and investors demand was also rekindled. Based on market intelligence, there were about 1,000 units snapped up by multi-home buyers in the first half of 2024. According to the figures from the Group's property research team, the share of Mainland buyers in the primary sales in terms of property value reached 57% in April 2024, a new high since this data has been tracked by the Group from 2010.

Market Has Gone Down Again

Since May 2024, property prices have softened and transaction activities have shrunk from the peak of the year. Over the three-month period from May to July 2024, property prices fell by 3%, mainly due to developers' pursuit of the volume-driven strategy and setting the prices for new units at a discount. In the second quarter of this year, the price gap between new and old properties still stood at above 12%, the secondary home market activity was relatively quiet as a result. The overall market has slowed down in recent months because of uncertain economic outlook, elevated interest rate, and heightened geopolitical tensions.

Chairman's Statement (continued)

Business Review (continued)

Market Has Gone Down Again (continued)

After the border reopening, the Hong Kong retail sector has been plagued by the strong US dollar. The plummeting exchange rates of several currencies have spurred Hong Kong people to spend outside the city. It has become a weekend ritual for Hong Kong people to dine and shop in the Greater Bay Area. In April 2024, the month that the long Easter holiday took place, retail sales recorded a stunning year-on-year drop of 16.5%. Moreover, the slide persisted in the subsequent months. It is natural for potential homebuyers to hesitate if shops and restaurants keep shutting down in their neighbourhoods.

Another market concern is the elevated interest rates. After an increase of 525 basis points from 2021 to 2023, interest rates have been flat for more than a year. While there have been a lot of forecasts about interest rate cuts since late 2023, there is still no exact indication on timing or extent despite the clear intention of rate cuts shown by the Federal Reserve Chairman. Indeed, local demand has hinged on the trend of interest rate. As interest rate stayed elevated in the first half of 2024, local Hong Kong people buying power declined in terms of transaction value. Furthermore, the upcoming US presidential election has presented a source of uncertainty. The former US President Donald Trump, one of the US presidential candidates, has made it be known that he would impose more tariffs on Chinese goods if he wins the US presidential election. Such rhetoric has also adversely affected buyers' confidence.

Outlook

Challenging Economic Outlook

Hong Kong's economy currently lacks new momentum. In particular, the retail industry has suffered the most from the "revenge travel" of Hong Kong people. Indeed, the impact of it has been magnified by the strong US dollar which has undermined the competitiveness of Hong Kong on many fronts. Not only has the strong currency encouraged Hong Kong people to travel abroad, but it has also made visiting Hong Kong relatively expensive to foreign tourists. The tourism industry is still struggling to return to the pre-pandemic level. Adding insult to injury is the emerging trend of cross-border consumption, and such trend is not expected to reverse even if the local currency may weaken following possible interest rate cuts in the second half of 2024. But if the Hong Kong dollar weakens, the number of tourist arrivals is expected to rise. The Hong Kong government's efforts in organising world-class events and seasonal celebrations are expected to bear fruit. The increase of duty-free allowance for luggage articles brought into the Mainland from Hong Kong by visitors who are Mainland residents will also help.

Future reduction in interest rate, according to market consensus, is highly likely, especially amid the fear of recession in the US. However, since a series of hopes of rate cut have been dashed in recent years, homebuyers are unlikely to act before interest rates are cut. Local demand will pick up if, as expected, interest rates are cut more than once before the end of 2024. Another market concern is the geopolitical environment. The US presidential election will take place in November 2024, the results of which will have profound impacts on Sino-US relations. Despite geopolitical uncertainties, the Hong Kong wealth and asset management industry still managed to grow. Furthermore, there is even news about Hong Kong winning back affluent Mainland Chinese individuals and families after the rollout of a series of financial initiatives by the Hong Kong government to entice them. And the high-end segment is expected to benefit.

For Mainland China's economy, the GDP grew by 4.7% in the second quarter of 2024 as compared with the corresponding period of 2023. The figure was weaker than expected and slower than the previous quarter, while economic growth seemed to be stabilising. The launch of "May 17th" policies in May 2024 may have helped boost Mainland property market sentiment and, subsequently, developers' sales, but the full effects may take some more time to manifest. And for the Mainland China's third plenum held in mid-July 2024, new supportive measures for the economy were unveiled by the central government. The Group expects the Mainland and Hong Kong economy to benefit from them.

Chairman's Statement (continued)

Outlook (continued)

Education Hub

According to the price index data from the Rating and Valuation Department, home prices fell by 1.32% in May 2024, ending a two-month rising streak. However, the rental market has been red hot. Rents rose for three consecutive months from March to May 2024, outperforming property prices. Additionally, the peak rental season over the summer had yet to begin. In June 2024, rents rose further by 0.2% as more non-local students arrived to prepare for the new school term. Indeed, Hong Kong has become an education hub. The QS World University Rankings 2025 report shows that Hong Kong has five top 100 world universities, the most among Asian cities. Now Hong Kong has become a popular destination for non-locals to further their education. In 2023, the number of Hong Kong student visas granted grew by around 32.6% to around 60,000 for the whole year and it may continue to rise to 80,000 this year. One important driver is the Hong Kong government's initiative to double the quotas of non-local students at eight government-funded post-secondary institutions to 40%.

Children's education is believed to be a primary driver for many Mainland professionals seeking working visas in Hong Kong. With more non-locals studying here, the rental market is expected to continue holding up and significantly support the overall housing sector.

It is quite clear that the number of Hong Kong migrants has peaked. With more non-local students studying and non-local talents working in Hong Kong, the underlying housing demand will be boosted and rents are likely to rise persistently. In 2023, nearly 140,000 applicants were approved to come to Hong Kong through various talent schemes and about 120,000 of their dependents (i.e. spouses or children) were allowed to come along, property market can be benefited as a result.

Now, the rental yield of small private residential units stands at around 3.4%, significantly higher than the recent low of 2.3% recorded in the first half of 2021. Amid an elevated interest rate environment, a rental yield of 3.4% may not seem too attractive. However, to some Mainlanders, such a level of return is acceptable as it is much lower in some Mainland cities. The Group believes that the huge surge in transaction activities right after the policy relaxations is not just a one-time demand release, and Mainlanders' buying power will continue to provide support to the local property market.

Appreciation

I would like to take this opportunity to express my heartfelt gratitude to our staff across the Group for their unwavering dedication and persistence, and to our clients and partners for their ongoing support. Our collective strength has allowed us to successfully brave the worst of the storm and will continue to drive us towards a brighter future.

WONG Kin Yip, Freddie
Chairman

Hong Kong, 27 August 2024

Strategic Review and Planning

Growth in Staff Productivity and Cost Effectiveness

The long-awaited cancellation of tightening measures had once been believed to provide long-term support to the property market. But the buy-and-sell market activity only revived for a short period of time. The whole industry and the Group did not return to expansion mode in the first half of 2024. During the reporting period, the management's focus was on raising staff productivity and the Group's operational efficiencies. One of the key moves was the establishment of a new role of Group Chief Executive Officer (Residential) who oversees and enhances the sales operations in Hong Kong, Macau and Mainland China. Under the leadership of the new Group Chief Executive Officer (Residential), the cross-border sales cooperation has improved, financial loss of the Group's Mainland operations has narrowed, and the efficiency and effectiveness has strengthened. In the meantime, the Group has put a lot of efforts on optimising operations, restructuring processes, and maximising performance. As a result, the Group's sales productivity outgrew the market activity.

Amid a weak retail environment, the Group seized the chance to negotiate better leasing terms upon renewal. Major achievements were made and the overall rental expenses continued to decrease in the first half of 2024.

Be Lean, Mobile, Digital and Holistic

The strong involvement of the Mainland buyers and the improvement of the connectivity between Hong Kong and Mainland China have changed the market landscape. According to the Land Registry's data, in the first half of 2024, the primary property sales registrations rose by 47.8% compared with that of the same period in 2023, while the secondary property sales registrations dropped by 7.5%. In particular, Kai Tak and Aberdeen (Wong Chuk Hang) ranked as the number one and two districts, respectively, in terms of new project sales values.

It is abundantly clear that in the post-relaxation era, the Group needs a new set of sales strategies. For example, more emphasis will be put on those popular areas among Mainland buyers. The Group's management team will keep analysing market conditions and make prudent decisions about how to capture the business opportunities, while maximising value.

In recent years, the Group has continued to make progress on the fronts of sales management, digital marketing, and the expansion of the scope of services. After a series of personnel changes in the sales management teams in Hong Kong, Macau and Mainland China, sales productivity and synergies among business units have improved further.

Furthermore, the Group's internal IT sales platform provides our agents the access to the information of the properties from all districts, increasing the frontline staff's mobility and flexibility. Meanwhile, the Group's marketing function has become progressively digital. One of the greatest achievements is the increase in the usage of the digital platforms among the Group's frontline staff. Thanks to the Hong Kong government's effort, Mainlanders have been coming to Hong Kong in droves for work and living. With notable foresight, the Group made a proactive move and set up an education consultancy unit a few years ago, helping clients' children to find schools in Hong Kong.

WONG Ching Yi, Angela

Deputy Chairman and Managing Director

Hong Kong, 27 August 2024

Management Discussion and Analysis

The Chairman's Statement from pages 3 to 5 and the Strategic Review and Planning on page 6 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 various borrowing facilities.

As at 30 June 2024, the Group had cash and bank balances of HK\$664,582,000 (as at 31 December 2023: HK\$532,147,000).

As at 30 June 2024, the interest-bearing borrowings of the Group amounted to HK\$361,000,000 (as at 31 December 2023: HK\$169,890,000) and with maturity profile set out as follows:

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Bank borrowings repayable within 1 year		
With repayment on demand clause	301,000	–
Loans from related parties repayable within 1 year		
With repayment on demand clause	60,000	–
Without repayment on demand clause	–	169,890
	<u>60,000</u>	<u>169,890</u>
	<u>361,000</u>	<u>169,890</u>

During the year ended 31 December 2022, the Group entered into loan agreements with Mr. WONG Kin Yip, Freddie ("Mr. WONG"), a director and the controlling shareholder of the Company, and a company of which Mr. WONG is the ultimate beneficial owner, to obtain financing. Loan from a related company had been repaid in the Interim Period. Loan from Mr. WONG had been renewed on maturity and is unsecured, interest bearing and repayable on demand.

As at 30 June 2024, the net gearing ratio of the Group, which is calculated on the basis of net borrowings¹ (total borrowings less cash and bank balances) over the total equity of the Group, maintained at zero per cent (as at 31 December 2023: zero per cent). The gross gearing ratio, which is calculated on the basis of total borrowings over the total equity, is 43.0% (as at 31 December 2023: 25.9%). 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 2023: 1.1). The return on equity, which is the ratio of profit for the period over the total equity of the Group, was 20.74% (for the six months ended 30 June 2023: 5.32%).

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

Management Discussion and Analysis (continued)

Financial Review (continued)

Liquidity and financial resources (continued)

As at 30 June 2024, the Group has unutilised borrowing facilities amounting to HK\$1,102,000,000 (as at 31 December 2023: HK\$1,405,000,000) from various banks. The borrowing facilities were granted to the Group on a floating rate basis. The directors of the Company (the "Directors") will continue to adopt an appropriate financial policy so as to sustain an optimal level of borrowings to meet the Group's funding requirements.

As at 30 June 2024, borrowing facilities granted to the Group were secured, inter alia, by floating charge over certain receivables of the Group with carrying value of approximately HK\$3,715,890,000 (as at 31 December 2023: HK\$2,238,916,000).

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

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

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

As at 30 June 2024, the outstanding loan receivables was HK\$1,202,000 (as at 31 December 2023: HK\$1,173,000) represented loans to employees. The outstanding loan balance involved 12 cases (as at 31 December 2023: 13 cases) with different borrowers.

As at 30 June 2024, the largest outstanding loan receivable was HK\$354,000 (representing approximately 29% of the outstanding loan portfolio as a whole). As at 30 June 2024, the amount of loan receivables from the five largest borrowers was HK\$1,077,000, representing approximately 90% of the outstanding loan portfolio as a whole. No impairment loss on loan was made during the period (for the six months ended 30 June 2023: nil).

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

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

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

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

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

Midland Credit's collection team will conduct periodic review of its portfolio to monitor risks of default.

Management Discussion and Analysis (continued)

Financial Review (continued)

Contingent Liabilities

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

As advised by the legal advisors of the Group, the Tribunal Proceedings are currently subject to judicial challenge due to two parallel applications of Judicial Review (the “JR Application”) and Permanent Stay of Proceedings (the “Stay Application”) lodged by the Company and its two subsidiaries against the Commission on 18 March 2024. Leave for JR Application was granted by the High Court on 20 March 2024 after the applications. The substantive hearing for both JR Application and Stay Application was heard on 8 and 9 August 2024. The Court indicated that judgment of the two applications will likely be delivered by 8 November 2024. The outcome of these two applications would have a significant impact on the Tribunal Proceedings, including permanent stay or dismissal of the whole case.

On the other hand, the Tribunal Proceedings are still at an early stage, and the Respondents are not required to file their defence documents or any other pleadings pending the outcome of the JR Application and the Stay Application. The trial (if allowed to proceed) will not take place anytime earlier than the third quarter of 2025, and is highly subject to the outcome of the aforesaid two applications.

In addition to pursuing the JR Application and the Stay Application, the Company shall continue to defend the Tribunal Proceedings vigorously. As such, it is not practicable to make a sufficiently reliable estimation of the potential liability (if any) due to the high degree of uncertainty. Taking into account all relevant circumstances, no provision is made in the condensed consolidated interim financial statements of the Group as at 30 June 2024.

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

Employee Information

As at 30 June 2024, the Group employed 4,670 full time employees (as at 31 December 2023: 4,731) of which 4,013 were sales agents, 399 were back office supportive employees and 258 were frontline supportive employees.

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

Other Information

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

As at 30 June 2024, the interests and short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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 C3 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	Total	Approximate percentage of the issued voting shares of the Company
	Corporate interest/ Interest of controlled corporations	Personal interest/ Beneficial owner <i>(Note 1)</i>		
Mr. WONG Kin Yip, Freddie	265,525,824 <i>(Note 2)</i>	4,587,150	270,112,974	37.67%
Ms. WONG Ching Yi, Angela	–	4,587,150	4,587,150	0.64%

Notes:

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

Save as disclosed above, as at 30 June 2024, neither the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

Name of substantial shareholders	Number of ordinary shares/ underlying shares	Holding capacity/ Nature of interest	Approximate percentage of the issued voting shares of the Company
Ms. TANG Mei Lai, Metty <i>(Note 1)</i>	270,112,974 (L)	Interest of spouse/Family interest	37.67%
Southern Field <i>(Note 2)</i>	265,525,824 (L)	Interest of controlled corporation/ Corporate interest	37.03%
Sunluck <i>(Note 2)</i>	265,525,824 (L)	Beneficial owner/Beneficial interest	37.03%
Sun Life Financial, Inc. <i>(Note 3)</i>	93,766,100 (L)	Interest of controlled corporations/ Corporate interest	13.08%
Sun Life of Canada (U.S.) Financial Services Holdings, Inc. <i>(Note 3)</i>	93,766,100 (L)	Interest of controlled corporations/ Corporate interest	13.08%
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	12.51% 0.57%
LAM Yuen Hing <i>(Note 4)</i>	32,040,000 (L) 19,140,000 (L)	Beneficial owner/Beneficial interest Interest of spouse/Family interest	4.47% 2.67%

Remark: (L) – Long Position

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 indirectly by Mr. WONG Kin Yip, Freddie, the spouse of Ms. TANG Mei Lai, Metty; and (ii) 4,587,150 underlying shares (being physically settled unlisted derivatives) held by Mr. WONG Kin Yip, Freddie by virtue of the interests in the share options of the Company granted to him, as disclosed in the sections headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Scheme" in this 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 deemed to be interested.
- The two references to 265,525,824 ordinary shares relate to the same block of ordinary shares of the Company deemed to be interested by Mr. WONG Kin Yip, Freddie as disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" in this interim report. Southern Field was deemed to be interested in such ordinary shares of the Company held by Sunluck.
- 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 2024, no other substantial shareholders or persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

Other Information (continued)

Share Option Scheme

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

Movements in the outstanding share options of the Company granted under the 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 2024	Exercisable period
			Balance outstanding as at 1 January 2024	Granted during the Interim Period	Lapsed during the Interim Period	Cancelled during the Interim Period	Exercised during the Interim Period		
Directors									
Mr. WONG Kin Yip, Freddie	17 January 2020	1.09	4,587,150	–	–	–	–	4,587,150	17 January 2021 to 16 January 2028
Ms. WONG Ching Yi, Angela	17 January 2020	1.09	4,587,150	–	–	–	–	4,587,150	17 January 2021 to 16 January 2028
Total			9,174,300	–	–	–	–	9,174,300	

Notes:

- The vesting period of the share options is from the date of grant until the commencement of the exercisable period.
- The number and/or exercise price of the share options may be subject to adjustment in the case of rights or bonus issues, or other changes in the Company's share capital.
- The total number of options available for grant under the scheme mandate of the Share Option Scheme as at 1 January 2024 and 30 June 2024 was 26,728,000 shares.

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 2023: 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, and also reviewed this interim report.

Corporate Governance

The Company has complied with all the code provisions set out in the Corporate Governance Code as stated in Appendix C1 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 2024

	Note	Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
Revenues	3	3,318,795	2,353,952
Other (loss)/income, net	4	(687)	1,106
Rebates	3	(1,519,647)	(764,643)
Staff costs		(1,228,067)	(1,111,366)
Advertising and promotion expenses		(49,741)	(51,659)
Operating lease charges in respect of office and shop premises		(15,908)	(14,287)
Amortisation of right-of-use assets		(149,776)	(241,688)
Depreciation of property and equipment		(18,209)	(25,302)
Net impairment losses on financial assets		(13,395)	(2,062)
Other operating costs	5	(108,816)	(84,888)
Operating profit		214,549	59,163
Bank interest income		2,904	195
Finance costs	6	(15,831)	(14,694)
Share of results of joint ventures		4,788	7,542
Profit before taxation		206,410	52,206
Taxation	7	(32,343)	(13,147)
Profit for the period attributable to equity holders		174,067	39,059
		HK cents	HK cents
Earnings per share	9		
Basic		24.27	5.45
Diluted		24.27	5.45

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Profit for the period attributable to equity holders	174,067	39,059
Other comprehensive (loss)/income		
<i>Item that will not be reclassified to profit or loss</i>		
Change in fair value of financial assets at fair value through other comprehensive income	(1)	(11)
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	8,066	10,490
Other comprehensive income for the period, net of tax	8,065	10,479
Total comprehensive income for the period attributable to equity holders, net of tax	182,132	49,538

Condensed Consolidated Balance Sheet (Unaudited)

AS AT 30 JUNE 2024

	Note	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
ASSETS			
Non-current assets			
Property and equipment		104,368	119,990
Right-of-use assets		206,231	263,342
Investment properties	10	28,199	30,284
Interests in joint ventures		16,458	11,670
Financial assets at fair value through other comprehensive income		475	668
Deferred tax assets		41,956	69,749
Loan receivables	11	721	989
Other non-current asset		10,110	10,110
		408,518	506,802
Current assets			
Trade and other receivables	12	3,977,722	2,529,671
Taxation recoverable		591	383
Loan receivables	11	481	184
Cash and cash equivalents		664,582	532,147
		4,643,376	3,062,385
Total assets		5,051,894	3,569,187

Condensed Consolidated Balance Sheet (Unaudited) (continued)

AS AT 30 JUNE 2024

		As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
	Note		
EQUITY AND LIABILITIES			
Equity holders			
Share capital	13	71,709	71,709
Share premium		222,235	222,235
Reserves		545,379	363,247
Total equity		<u>839,323</u>	<u>657,191</u>
Non-current liabilities			
Other payables and accruals	14	38,471	41,966
Deferred tax liabilities		8,260	8,241
Lease liabilities		38,128	65,001
		<u>84,859</u>	<u>115,208</u>
Current liabilities			
Trade and other payables	14	3,573,661	2,400,700
Borrowings	15	361,000	169,890
Lease liabilities		185,878	221,948
Taxation payable		7,173	4,250
		<u>4,127,712</u>	<u>2,796,788</u>
Total liabilities		<u>4,212,571</u>	<u>2,911,996</u>
Total equity and liabilities		<u>5,051,894</u>	<u>3,569,187</u>

Condensed Consolidated Statement of Changes in Equity (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Share capital HK\$'000	Share premium HK\$'000	Reserves HK\$'000	Total HK\$'000
At 1 January 2024	71,709	222,235	363,247	657,191
Comprehensive income				
Profit for the period	–	–	174,067	174,067
Other comprehensive (loss)/income				
Change in fair value of financial assets at fair value through other comprehensive income	–	–	(1)	(1)
Currency translation differences	–	–	8,066	8,066
Total comprehensive income	–	–	182,132	182,132
At 30 June 2024	71,709	222,235	545,379	839,323
At 1 January 2023	71,709	222,235	390,304	684,248
Comprehensive income				
Profit for the period	–	–	39,059	39,059
Other comprehensive (loss)/income				
Change in fair value of financial assets at fair value through other comprehensive income	–	–	(11)	(11)
Currency translation differences	–	–	10,490	10,490
Total comprehensive income	–	–	49,538	49,538
At 30 June 2023	71,709	222,235	439,842	733,786

Condensed Consolidated Statement of Cash Flows (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Cash flows from operating activities		
Net cash generated from operations	112,280	258,590
Hong Kong profits tax paid	(1,807)	(3,418)
Overseas taxation paid	–	(65)
Borrowings and overdrafts interest paid	(8,663)	(6,995)
Interest element of lease payments	(7,168)	(7,699)
	<u>94,642</u>	<u>240,413</u>
Net cash generated from operating activities	94,642	240,413
Cash flows from investing activities		
Purchase of property and equipment	(3,047)	(11,780)
Proceeds from disposal of property and equipment and assets held for sales	30	36,886
Proceeds from disposal of investment properties	–	12,000
Return of capital from financial assets at fair value through other comprehensive income	192	313
Bank interest received	2,904	195
	<u>79</u>	<u>37,614</u>
Net cash generated from investing activities	79	37,614
Cash flows from financing activities		
Principal element of lease payments	(155,218)	(250,956)
Proceeds from borrowings	800,000	410,000
Repayment of borrowings	(606,527)	(431,200)
	<u>38,255</u>	<u>(272,156)</u>
Net cash generated from/(used in) financing activities	38,255	(272,156)
Net increase in cash and cash equivalents	132,976	5,871
Cash and cash equivalents at 1 January	532,147	450,666
Exchange differences	(541)	(6,955)
	<u>664,582</u>	<u>449,582</u>
Cash and cash equivalents at 30 June	664,582	449,582

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, Mainland China and Macau, property leasing, immigration consultancy services and money lending services.

This unaudited condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

This unaudited condensed consolidated interim financial information was approved by the board of directors (the “Board”) on 27 August 2024.

2 Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2024 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 and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, 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 2023, except for the adoption of the amended HKFRSs and HKASs which are relevant to the operations of the Group and mandatory for annual periods beginning 1 January 2024.

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 2023.

(a) Amended standards and interpretations effective in 2024

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

(b) New and amended standards and interpretations which are not yet effective

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

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

3 Revenues and 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, Mainland China and Macau.

Revenues recognised during the periods are as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Revenues from contracts with customers within the scope of HKFRS 15		
Disaggregated by major service lines		
– Agency fee	3,312,127	2,346,819
– Immigration consultancy services	3,603	2,694
– Web advertising	108	275
– Other services	2,176	2,180
	<u>3,318,014</u>	<u>2,351,968</u>
Revenues from other sources		
– Rental income	730	1,096
– Interest income from loan receivables	51	888
	<u>781</u>	<u>1,984</u>
Total revenues	<u>3,318,795</u>	<u>2,353,952</u>

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Revenues from property agency business	3,312,127	2,346,819
Rebates (note)	<u>(1,519,647)</u>	<u>(764,643)</u>
Revenues less rebates	1,792,480	1,582,176
Net segment operating costs and income	<u>(1,554,545)</u>	<u>(1,537,882)</u>
Segment results of property agency business (as below)	<u>237,935</u>	<u>44,294</u>

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

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

3 Revenues and segment information (continued)

Segment information for six months ended 30 June 2024 and 2023 are as follows:

	Six months ended 30 June 2024				
	Property agency				
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000	Subtotal HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenues	3,290,690	21,437	3,312,127	10,789	3,322,916
Inter-segment revenues	–	–	–	(4,121)	(4,121)
Revenues from external customers	3,290,690	21,437	3,312,127	6,668	3,318,795
Timing of revenue recognition					
– At a point in time	3,290,690	21,437	3,312,127	2,176	3,314,303
– Over time	–	–	–	3,711	3,711
Rental income	–	–	–	730	730
Interest income from loan receivables	–	–	–	51	51
	3,290,690	21,437	3,312,127	6,668	3,318,795
Revenues	3,290,690	21,437	3,312,127	6,668	3,318,795
Rebates	(1,516,059)	(3,588)	(1,519,647)	–	(1,519,647)
Revenues less rebates	1,774,631	17,849	1,792,480	6,668	1,799,148
Segment results	237,422	513	237,935	1,342	239,277
Amortisation of right-of-use assets	(149,607)	(59)	(149,666)	(110)	(149,776)
Depreciation of property and equipment	(17,321)	(358)	(17,679)	(296)	(17,975)
Net impairment losses on financial assets	(12,048)	(1,347)	(13,395)	–	(13,395)
Share of results of joint ventures	–	–	–	4,788	4,788
Fair value losses on investment properties	–	–	–	(1,983)	(1,983)
Impairment losses on right-of-use assets, net of reversals	(382)	(119)	(501)	–	(501)
Impairment losses on property and equipment	(43)	(13)	(56)	–	(56)
Loss on disposal of property and equipment	(75)	(10)	(85)	–	(85)
Additions to property and equipment	3,019	18	3,037	10	3,047

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)

	Six months ended 30 June 2023				
	Property agency				
	Residential properties HK\$'000	Commercial and industrial properties and shops HK\$'000	Subtotal HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenues	2,321,629	25,190	2,346,819	10,650	2,357,469
Inter-segment revenues	–	–	–	(3,517)	(3,517)
Revenues from external customers	2,321,629	25,190	2,346,819	7,133	2,353,952
Timing of revenue recognition					
– At a point in time	2,321,629	25,190	2,346,819	2,180	2,348,999
– Over time	–	–	–	2,969	2,969
Rental income	–	–	–	1,096	1,096
Interest income from loan receivables	–	–	–	888	888
	2,321,629	25,190	2,346,819	7,133	2,353,952
Revenues	2,321,629	25,190	2,346,819	7,133	2,353,952
Rebates	(756,780)	(7,863)	(764,643)	–	(764,643)
Revenues less rebates	1,564,849	17,327	1,582,176	7,133	1,589,309
Segment results	49,111	(4,817)	44,294	34,393	78,687
Amortisation of right-of-use assets	(241,144)	(544)	(241,688)	–	(241,688)
Depreciation of property and equipment	(24,220)	(536)	(24,756)	(312)	(25,068)
Net (impairment losses)/reversal of impairment on financial assets	(2,379)	317	(2,062)	–	(2,062)
Share of results of joint ventures	–	–	–	7,542	7,542
Net fair value losses on investment properties	–	–	–	(1,801)	(1,801)
Impairment losses on right-of-use assets, net of reversals	(7,252)	(1,668)	(8,920)	–	(8,920)
Impairment losses on property and equipment	(2,212)	(397)	(2,609)	–	(2,609)
Gain on disposal of assets held for sales	–	–	–	10,512	10,512
Gain on disposal of land and building	–	–	–	19,465	19,465
Loss on disposal of other property and equipment	(1,344)	(88)	(1,432)	–	(1,432)
Additions to property and equipment	11,376	111	11,487	293	11,780

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.

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

3 Revenues and segment information (continued)

The Executive Directors assess the performance of the operating segments based on a measure of operating results from each reportable segment. Corporate expenses, bank interest income, interest on bank borrowings, overdrafts and other borrowings and 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.

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Segment results for reportable segments	239,277	78,687
Corporate expenses	(27,108)	(19,681)
Bank interest income	2,904	195
Interest on bank borrowings, overdrafts and other borrowings	(8,663)	(6,995)
Profit before taxation per condensed consolidated income statement	206,410	52,206

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

	As at 30 June 2024				
	Property agency			Others	Total
	Residential properties	Commercial and industrial properties and shops	Subtotal		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment assets	4,610,688	18,663	4,629,351	58,878	4,688,229
Segment assets include:					
Interests in joint ventures	–	–	–	16,458	16,458
Segment liabilities	3,793,892	19,491	3,813,383	11,036	3,824,419

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

3 Revenues and segment information (continued)

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

Reportable segment assets are reconciled to total assets as follows:

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Segment assets	4,688,229	3,054,148
Corporate assets	311,124	434,512
Deferred tax assets	41,956	69,749
Other non-current asset	10,110	10,110
Financial assets at fair value through other comprehensive income	475	668
Total assets per condensed consolidated balance sheet	5,051,894	3,569,187

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

3 Revenues and segment information (continued)

Reportable segment liabilities are reconciled to total liabilities as follows:

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Segment liabilities	3,824,419	2,724,912
Corporate liabilities	379,892	178,843
Deferred tax liabilities	8,260	8,241
	<hr/>	<hr/>
Total liabilities per condensed consolidated balance sheet	4,212,571	2,911,996

Geographical information:

	Six months ended 30 June 2024 HK\$'000	2023 HK\$'000
Revenues from external customers		
Hong Kong and Macau	3,182,422	2,194,491
Mainland China	136,373	159,461
	<hr/>	<hr/>
	3,318,795	2,353,952

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

4 Other (loss)/income, net

	Six months ended 30 June 2024 HK\$'000	2023 HK\$'000
Net fair value losses on investment properties (note 10)	(1,983)	(1,801)
Others	1,296	2,907
	<hr/>	<hr/>
	(687)	1,106

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	
	2024	2023
	HK\$'000	HK\$'000
Direct operating expenses arising from investment properties that:		
– generated rental income	102	97
– did not generate rental income	–	21
Office and branch operating expenses (note (i))	42,107	54,970
Government rent and rates, building management fee of leased properties	20,422	23,815
Legal and professional fees	18,050	7,724
Staff recruitment, training and welfare	2,141	3,795
Insurance expenses	7,682	7,271
Bank charges	8,144	7,722
Impairment losses on right-of-use assets, net of reversals (note (ii))	501	8,920
Impairment losses on property and equipment (note (ii))	56	2,609
Gain on disposal of assets held for sales	–	(10,512)
Net loss/(gain) on disposal of property and equipment	85	(18,033)
Auditor's remuneration		
– audit services	1,156	1,178
– interim results review	–	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 business unit in each city as a separately identifiable cash-generating unit. Management carries out an impairment assessment on cash-generating units when an impairment indicator exists and the carrying amounts may not be recoverable. The carrying amount of the related assets is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

6 Finance costs

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Interest on bank borrowings, overdrafts and other borrowings	8,663	6,995
Interest on lease liabilities	7,168	7,699
	<u>15,831</u>	<u>14,694</u>

7 Taxation

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current taxation		
Hong Kong profits tax	4,522	4,982
Overseas	–	65
Deferred taxation	27,821	8,100
	<u>32,343</u>	<u>13,147</u>

Hong Kong profits tax has been calculated at the rate of 16.5% (for the six months ended 30 June 2023: 16.5%) on the estimated assessable profit for the period, except for one subsidiary of the Company which is a qualifying corporation under the two-tiered profits tax rate regime.

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

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

8 Interim dividend

The Board does not declare an interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

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

9 Earnings per share

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Profit attributable to equity holders for the calculation of basic and diluted earnings per share	174,067	39,059
Weighted average number of shares for the calculation of basic and diluted earnings per share (thousands)	717,086	717,086
Basic earnings per share (HK cents)	24.27	5.45
Diluted earnings per share (HK cents)	24.27	5.45

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

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

For the six months ended 30 June 2024 and 2023, 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.

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

10 Investment properties

	HK\$'000
At 31 December 2023 and 1 January 2024	30,284
Changes in fair value to condensed consolidated income statement (note 4)	(1,983)
Exchange differences	(102)
	<hr/>
At 30 June 2024	28,199
	<hr/>

The valuations of the investment properties as at 30 June 2024 were undertaken by Midland Surveyors Limited (as at 31 December 2023: Midland Surveyors Limited), a qualified professional valuer with appropriate professional qualifications and recent experience in the valuation of similar properties in the relevant locations. Fair values of investment properties in Hong Kong and Mainland China are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuer's interpretation of prevailing investor requirements or expectations.

As at 30 June 2024 and 31 December 2023, all investment properties are included in level 3 in the fair value hierarchy. There were no transfer between level 1, 2 and 3 during the period.

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.

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

10 Investment properties (continued)

Information about fair value measurements using significant unobservable inputs:

Location of investment properties	Fair value		Range of significant unobservable inputs	
	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000	Prevailing market rent per month	Capitalisation rate
Hong Kong	23,780	25,350	HK\$48 to HK\$108 per sq. ft. (saleable) (31 December 2023: HK\$48 to HK\$109 per sq. ft. (saleable))	3.4% to 4.2% (31 December 2023: 3.2% to 4.0%)
Mainland China	4,419	4,934	RMB1,230 per sq. m. (gross) (31 December 2023: RMB1,260 per sq. m. (gross))	6.7% (31 December 2023: 6.2%)
Total	28,199	30,284		

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)

11 Loan receivables

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Loan receivables – loans to employees	1,202	1,173
Less: non-current portion	(721)	(989)
Current portion	481	184

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 2024 HK\$'000	As at 31 December 2023 HK\$'000
Within 1 year	481	184
Over 1 year but less than 2 years	700	582
Over 2 years but less than 3 years	21	27
Over 3 years	–	380
	1,202	1,173

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

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

12 Trade and other receivables

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Trade receivables	3,886,269	2,413,613
Less: loss allowance	(106,002)	(108,535)
	<hr/>	<hr/>
Trade receivables, net	3,780,267	2,305,078
Other receivables, prepayments and deposits	197,455	224,593
	<hr/>	<hr/>
	<u>3,977,722</u>	<u>2,529,671</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 transactions 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 2024 HK\$'000	As at 31 December 2023 HK\$'000
Current (not yet due)	3,681,498	2,187,987
Less than 31 days past due	36,578	25,911
31 to 60 days past due	7,990	28,647
61 to 90 days past due	5,406	5,360
More than 90 days past due	48,795	57,173
	<hr/>	<hr/>
	<u>3,780,267</u>	<u>2,305,078</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\$3,715,890,000 as at 30 June 2024 (as at 31 December 2023: HK\$2,238,916,000).

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

13 Share capital

	Number of issued shares (HK\$0.10 each)	Nominal value HK\$'000
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	717,086,005	71,709

14 Trade and other payables

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Commissions and rebate payables	3,386,468	2,210,775
Other payables and accruals	225,664	231,891
	<u>3,612,132</u>	<u>2,442,666</u>
Categorised as		
Current portion	3,573,661	2,400,700
Non-current portion	38,471	41,966
	<u>3,612,132</u>	<u>2,442,666</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\$337,800,000 (as at 31 December 2023: HK\$295,165,000) in respect of which the corresponding agency fees have been received, and are due for payment within 30 days after 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)

15 Borrowings

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

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Bank borrowings with repayment on demand clause	301,000	–
Unsecured borrowings from related parties	60,000	169,890
Total borrowings	361,000	169,890

These bank borrowings facilities are secured by certain trade receivables (note 12) and guarantees provided by the Company.

Borrowings are denominated in Hong Kong dollars and Renminbi.

16 Fair value measurement of financial instruments

The financial instruments of the Group, including financial assets at fair value through other comprehensive income, are measured in the condensed consolidated balance sheet at fair value, by level of the following fair value measurement hierarchy:

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

As at 30 June 2024 and 31 December 2023, financial assets at fair value through other comprehensive income are categorised in level 2.

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

There were no transfers between levels 1, 2 and 3 during the six months ended 30 June 2024 (for the year ended 31 December 2023: nil).

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

17 Capital commitments

The Group did not have any significant capital commitments as at 30 June 2024 and 31 December 2023.

18 Contingent liabilities

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

As advised by the legal advisors of the Group, the Tribunal Proceedings are currently subject to judicial challenge due to two parallel applications of Judicial Review (the "JR Application") and Permanent Stay of Proceedings (the "Stay Application") lodged by the Company and its two subsidiaries against the Commission on 18 March 2024. Leave for JR Application was granted by the High Court on 20 March 2024 after the applications. The substantive hearing for both JR Application and Stay Application was heard on 8 and 9 August 2024. The Court indicated that judgment of the two applications will likely be delivered by 8 November 2024. The outcome of these two applications would have a significant impact on the Tribunal Proceedings, including permanent stay or dismissal of the whole case.

On the other hand, the Tribunal Proceedings are still at an early stage, and the Respondents are not required to file their defence documents or any other pleadings pending the outcome of the JR Application and the Stay Application. The trial (if allowed to proceed) will not take place anytime earlier than the third quarter of 2025, and is highly subject to the outcome of the aforesaid two applications.

In addition to pursuing the JR Application and the Stay Application, the Company shall continue to defend the Tribunal Proceedings vigorously. As such, it is not practicable to make a sufficiently reliable estimation of the potential liability (if any) due to the high degree of uncertainty. Taking into account all relevant circumstances, no provision is made in the condensed consolidated interim financial statements of the Group as at 30 June 2024.

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

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

19 Significant related party transactions

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

(a) Transactions with related parties

	Note	Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
Agency fee income from related companies	(i)	8,550	31,406
Rebates to related companies	(ii)	(20,366)	(8,383)
License fee income from related companies	(iii)	715	809
Agency fee to a related company	(iv)	–	(676)
Interest expenses to a director	(v)	(2,350)	(2,275)
Interest expenses to other related company	(v)	<u>(2,103)</u>	<u>(3,054)</u>

Notes:

- (i) Agency fee income from related companies represents agency fee from referral of property agency transactions to related companies on terms mutually agreed by both parties.
- (ii) Rebates to related companies represents rebates for property agency transactions referred by related companies on terms mutually agreed by both parties.
- (iii) License fee income from related companies represents license fee for the use of trademark by related companies on terms mutually agreed by both parties.
- (iv) Agency fee to a related company represents agency fee for provision of property agency services by a related company on terms mutually agreed by both parties.
- (v) Interest expenses to a director/other related company represents interest expenses for borrowings provided by a director/other related company (note 19(d)) on terms mutually agreed by both parties.

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

19 Significant related party transactions (continued)

(a) Transactions with related parties (continued)

The related companies referred in notes (i), (ii), (iii) and (iv) above represents subsidiaries of Legend Upstar Holdings Limited ("Legend Upstar"). Mr. WONG Kin Yip, Freddie ("Mr. WONG"), a director and controlling shareholder (as defined under the Listing Rules) of the Company, is also a director and controlling shareholder (as defined under the Listing Rules) of Legend Upstar.

During the six months ended 30 June 2024, the Group shared administrative and corporate services fee on a cost basis with an aggregate amount of HK\$10,225,000 (for the six months ended 30 June 2023: HK\$7,360,000) with subsidiaries of Legend Upstar.

- (b) During the six months ended 30 June 2024, the Group entered into a lease with a subsidiary of Legend Upstar on terms mutually agreed by both parties. The Group recognised right-of-use assets of HK\$2,278,000 at the commencement date of the leases (for the six months ended 30 June 2023: HK\$2,332,000).

During the six months ended 30 June 2024, lease payments to a subsidiary of Legend Upstar under a lease amounted to HK\$1,186,000 (for the six months ended 30 June 2023: HK\$1,614,000).

- (c) During the six months ended 30 June 2024, lease payments to certain companies, of which Mr. WONG is the beneficial owner, under certain leases amounted to HK\$1,385,000 (for the six months ended 30 June 2023: HK\$1,913,000).

- (d) During the year ended 31 December 2022, the Group entered into loan agreements with Mr. WONG and a company, of which Mr. WONG is the ultimate beneficial owner, to obtain financing on arm's length terms with reference to prevailing marketing conditions and not secured by the assets of the Group, which were fully exempt connected transactions under the Listing Rules.

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

19 Significant related party transactions (continued)

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

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Trade and other receivables		
Amounts due from related companies (note 19(a))	15,241	26,205
Trade and other payables		
Amounts due to related companies (note 19(a))	(17,410)	(7,908)
Amount due to a director (note 19(d))	(387)	(401)
Amount due to other related company (note 19(d))	–	(503)
Borrowings		
Amount due to a director (note 19(d))	(60,000)	(60,000)
Amount due to other related company (note 19(d))	–	(109,890)
Lease liabilities		
Amount due to a related company (note 19(b))	(1,648)	(514)
Amounts due to other related companies (note 19(c))	(2,900)	(3,758)

- (f) **Key management compensation**

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Fees, salaries, allowances and incentives	22,367	14,340
Retirement benefit costs	27	27
	<u>22,394</u>	<u>14,367</u>

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