美聯工商舖
MIDLAND IC&I
(459) 香 港 聯 交 所 上 市 公 司

MIDLAND IC&I LIMITED
美聯工商舖有限公司*

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)
(Stock code 股份代號：459)

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實力取勝

Excel with **Foresight**

年報 2009
Annual Report

*For identification purposes only 僅供識別

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(459) 香港聯交所上市公司

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Corporate Information

BOARD OF DIRECTORS

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

Non-executive Director
Mr. TSANG Link Carl, Brian

Independent Non-executive Directors
Mr. YING Wing Cheung, William
Mr. SHA Pau, Eric
Mr. HO Kwan Tat, Ted

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

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

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

COMPANY SECRETARY
Ms. KAM Man Yi, Margaret

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

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
Room 1801A
18th Floor, One Grand Tower
639 Nathan Road, Mongkok
Kowloon, Hong Kong

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

PRINCIPAL BANKERS
Agricultural Bank of China
Bank of Communications Co., Ltd. Hong Kong Branch
DBS Bank (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

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

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
HSBC Trustee (Cayman) Limited
P.O. Box 484
HSBC House
68 West Bay Road
Grand Cayman KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

WEBSITE
www.midlandici.com.hk

STOCK CODE
459

Letter from Chief Executive Officer

REVIEW

In 2009, Midland IC&I Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") turned around with an increase in turnover of 48% to HK$381.5 million, and recorded an earnings of HK$77 million during the period. By making timely responses and optimising the operations promptly during the financial tsunami in 2008, not only was the Group able to minimise loss in 2008 and the Group, in a stable position, was also able to grasp the uptrend of the property market in 2009. The industrial and commercial property market performed well in 2009. According to the figures from Land Registry, there were 18,870 non-residential property registrations and the total registration values amounted to HK$89.855 billion representing an yearly increase of approximately 9% and approximately 30% respectively. In particular, the market was very active in second half of the year. From July to December 2009, the registration values totalled HK$60.111 billion, up nearly 100% on a half yearly basis and 170% on an yearly basis, indicating an overall upward trend in the market.

The non-residential property market has bottomed out since the beginning of last year, but the pace of recovery was slow at the initial stage. In fact, the Hong Kong economy was yet to recover in the first quarter of 2009 and the investment market was lackluster over the first few months of last year. However, against a backdrop of strong mainland economy, the stock market reversed in the second quarter of last year and propelled the entire industrial and commercial property market. Meantime, the swine flu incident had no substantial impact on the overall market.

Letter from Chief Executive Officer

The non-residential property market was supported by a number of favourable factors last year. Firstly, buyers regained confidence under a stable global economy. Secondly, ample market liquidity elevated the market sentiments, resulting in that the prices for the industrial and commercial property outperformed rents. Recovery of the financial market benefited the commercial property market as well. Data showed that, Hong Kong secured top spot as the largest listing market by fund raising size in 2009, which further strengthened the status of Hong Kong as a financial center and provided solid support to the commercial property market. Hong Kong economy has been recovering along with the improvement of stock market. Surge in business activity, increase in consumer spending and further relaxation for individual travellers schemes, prompted the retail sales volume to increase for several months in a row in later part of the year. The recovery of the retail industry helped drive the retail property market uptrend. The overall performance of the industrial property market is relatively stable with minor changes in both transaction volume and value. But the relatively high return of industrial properties attracted quite a lot of investors to enter this segment, and thus a number of big-ticket transactions took place in this segment during last year.

Letter from Chief Executive Officer

1. The Group became the first real estate agent awarded the "Excellent Brand of Commercial Property Agent" in the Hong Kong Leaders' Choice three years in a row.
2. The Group worked closely with its parent company which enabled the Group to leverage on their platform to expand the customers' base.
3. The Group was awarded "Q-Mark Service Company" by the Federation of Hong Kong Industries.

1	2
	3

Seize the Opportunities Sharpen the Edges

The performance of the non-residential property market exceeded most of the expectations. In fact, it took just about a year for the non-residential property market fell from the peak during the second half of 2008 and then fully recovered in the second half of the year. This huge market volatility presented a great challenge to the Group. As usual, the Group made timely response to scale down the size of the operation as early as the beginning of 2008, and to enhance our staff productivity at the same time. Hence, the Group was able to seize the opportunity arising from the market recovery in 2009 and to help close certain big-ticket transactions. The most remarkable transactions were the 19/F and 24/F of the Office Tower of the Convention Plaza in Wan Chai sold at around HK$426 million; the G/F, 1/F and 2/F of No. 26 Sai Yeung Choi Street in Mong Kok valued at HK$350 million; and the Grandeur Terrace Shopping Centre in Tin Shui Wai transacted at HK$300 million. During the past few years, the Group invested considerable amount of resources in high-end segment, and the above results signified that the Group had made a right move.

Also an advantage of the Group was its close co-operation with its parent company which enabled the Group to leverage on their platform to expand our customers base. For example, a number of clients who rarely had invested in the retail property market were referred by our parent company and bought retail properties through us during the year. Such mutual co-operation mode contributed to the Group's income to a certain extent.

OUTLOOK

The Group is cautiously optimistic on the property market this year. The Group believes that most factors supporting the property market of last year will still be in place in 2010. However, there are uncertainties in the global economy, thus the Group will remain vigilant from time to time and strive our best to balance the business opportunities and risks in the daily operation.

Letter from Chief Executive Officer

Flourishing Prospect with Challenges

Looking forward, the PRC will continue to be the major growing driver for the world's economy, and Hong Kong should be able to benefit from it. In recent years, various mainland corporations and enterprises were listed in Hong Kong, strengthening the role of Hong Kong as a financial centre and supporting local business activities directly. Besides, many multi-national enterprises are eager to gain access into the mainland market, and Hong Kong will benefit from it as a special administrative region. For instance, HSBC CEO's office has moved to Hong Kong. What's more, in his recent policy, Chief Executives proposed four different ways to revitalise the industrial buildings. And in the recent budget report, the Financial Secretary also suggested government establishing a dedicated team for handling the applications of industrial buildings redevelopment and conversion. These measures are favourable to the Hong Kong industrial property market.

The local economy has shown signs of recovery since last year and we believe that most local enterprises will resume expansion this year. Unemployment rate has started to fall recently and findings of some market surveys showed that salary of Hong Kong people would grow this year. Amid an improving economy, market of commercial buildings and shops premises is likely to remain active in this year. The industrial buildings are believed to benefit from the revitalisation measures proposed in the policy address as their investment value is likely to increase, driving up the sales activity of industrial premises. Certainly, the global economic outlook remains uncertain. After the financial tsunami, many governments have introduced massive rescue measures to invigorate the global economy. Nevertheless, those accommodative policies are not permanent. In fact, some countries have started tightening the borrowings, and the Federal Reserve in the United States has also raised discount rate. In addition, some advanced economic systems are plagued by huge indebtedness and weak local demand, thus the industrial and commercial property market has still to face certain challenges in 2010.

Remains Prudent Keeps Innovative

The Group remains cautiously optimistic towards the market in 2010. It will expand rationally and plan to develop professional service to satisfy the new demand and grasp new market opportunities this year. Firstly, the Group has set up an "Industrial Building Revitalisation Team" to provide one-stop professional service to the landlords. In fact, providing professional service has always been an important development plan of the Group. Therefore, the new service conducting feasibility study of revitalising industrial buildings for the clients is provided by a team of professionals including registered professional surveyors and architects. Apart from this, the Group has also introduced "free valuation service" as well, in which verbal valuation is provided by the registered professional surveyors to the clients who have listed their premises with our network. Meantime, the Group will monitor market changes closely, keep innovative, and formulate better development strategies.

With the leading competitive edge, profound experience of the management, and staff's dedication, the Board is confident about the prospect of the Group.

APPRECIATION

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

WONG Tsz Wa, Pierre
Executive Director and Chief Executive Officer

Hong Kong, 17 March 2010

Profile of Directors and Management Executives

EXECUTIVE DIRECTORS

Ms. TANG Mei Lai, Metty, aged 54, has been the Chairman and Executive Director of the Company since September 2008. She has also been appointed as Managing Director in October 2008. Ms. TANG is responsible for the Group's overall strategic planning, business development as well as investment strategy and management. Ms. TANG is also the Deputy Chairman and Executive Director of Midland Holdings Limited ("Midland"), the ultimate holding company of the Company and a listed company in Hong Kong since December 2005. Ms. TANG is involved in charity activities and is currently a director, the President and the Honorary Member of Midland Charitable Foundation Limited. Ms. TANG joined Midland and its subsidiaries ("Midland Group") in 2004. She is the spouse of Mr. WONG Kin Yip, Freddie, the Chairman and Managing Director of Midland and is also the mother of Ms. WONG Ching Yi, Angela, an Executive Director of Midland. Ms. TANG is also the chairman of the remuneration committee and nomination committee of the Company.

Mr. WONG Tsz Wa, Pierre, aged 46, has been the Executive Director and Chief Executive Officer of the Company since June 2007. He is responsible for the Group's overall business strategy and development and implementation of corporate strategies and policy in achieving the overall business objectives. Mr. WONG is also responsible for overseeing the frontline sales force, surveying, public relations and marketing functions of the Group. Mr. WONG joined Midland Group in 1993 and joined the Group in 2007. Mr. WONG holds a MBA. He has over 22 years of experience in non-residential property agency business in Hong Kong. Mr. WONG is also the member of the remuneration committee and nomination committee of the Company.

NON-EXECUTIVE DIRECTOR

Mr. TSANG Link Carl, Brian, aged 46, has been the Non-executive Director of the Company since March 2005. He is a practising solicitor in Hong Kong and is a partner of the Hong Kong law firm of Iu, Lai & Li, legal adviser to the Company and Midland. He graduated from King's College, London with a LLB. Degree in 1985. He is also admitted to practise law in England and Wales, Singapore, New South Wales, Queensland and the Australian Capital Territory. He is currently an independent non-executive director of another two public companies listed on the Main Board, namely CITIC Resources Holdings Limited and Walker Group Holdings Limited. Mr. TSANG was an independent non-executive director of another company listed on the Main Board during the last three years, namely Pacific Century Premium Developments Limited. In 2005, he has been appointed as an adjudicator of the Registration of Persons Tribunal as well as a member of Disciplinary Panel of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In 2006, he has also been appointed as a member of the Appeal Panel on Housing.

Profile of Directors and Management Executives

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. YING Wing Cheung, William, aged 59, has been the Independent Non-executive Director of the Company since May 2005. Mr. YING has over 35 years experience in electronic products manufacturing business and is well versed in marketing and corporate strategic planning. Mr. YING is currently a managing director of Way Mild Company Limited and a director of Yangzhou Jiang Jia Electronics Co. Ltd. He has been appointed as a member of Guangdong Committee of Chinese People's Political Consultative Conference for the Eighth, Ninth and Tenth Terms since 1998 to 2013. Mr. YING was also a member of Jiangmen Committee of Chinese People's Political Consultative Conference for the Eighth Term and the Ninth Term since 1993 to 2003. Mr. YING serves in many social organisations, he is currently a president of Sze Yap Clansmen Association (New Territories, Hong Kong) Limited and a member of Jiangsu Province Chinese Overseas Friendship Association. Mr. YING is also a member of the audit committee, remuneration committee and nomination committee of the Company.

Mr. SHA Pau, Eric, aged 52, has been the Independent Non-executive Director of the Company since March 2006. Mr. SHA is the founder of and is currently the managing director of Konda Industries Limited, a special leather goods manufacturing and exporting firm. Mr. SHA has over 24 years of solid experience in international marketing field and is now specified in corporate strategy formulation and overall management and marketing. He holds a bachelor's degree in arts from University of Windsor, Ontario, Canada. Mr. SHA is also a member of the audit committee, remuneration committee and nomination committee of the Company.

Mr. HO Kwan Tat, Ted, aged 45, has been the Independent Non-executive Director of the Company since December 2007. Mr. HO is a practicing Certified Public Accountant in Hong Kong and is now a partner of World Link CPA Limited. He is a member of the Association of Chartered Certified Accountants and the HKICPA. He has extensive experience in audit and taxation. Mr. HO is currently also an independent non-executive director of another company listed on the Main Board, namely SunCorp Technologies Limited. Mr. HO was an independent non-executive director of two Main Board listed companies during the last three years, namely CIAM Group Limited and The Sun's Group Limited (now known as "Loudong General Nice Resources (China) Holdings Limited"). Mr. HO is also the chairman of the audit committee and a member of the remuneration committee and nomination committee of the Company.

MANAGEMENT EXECUTIVES

Mr. WONG Hon Shing, Daniel, aged 46, is the Chief Operation Officer of the Industrial, Commercial and Shops Division (the "Division") of the Group and is also the Sales Director of Commercial Department under the Division. He has over 20 years of experience in non-residential property agency business, specialising in commercial property, in Hong Kong.

Mr. LO Chin Ho, Tony, aged 47, is the Sales Director of Shops Department under the Industrial, Commercial and Shops Division of the Group. He has over 17 years of experience in non-residential property agency business, specialising in shops property, in Hong Kong.

Mr. CHAN Wai Chi, Alvan, aged 46, is the Sales Director of Industrial and Commercial Department under the Industrial, Commercial and Shops Division of the Group. He has over 24 years of experience in non-residential property agency business, specialising in industrial property, in Hong Kong.

Corporate Governance Report

The board of directors (the "Board" or the "Directors") of the Company believes that a sound and effective corporate governance can maximise the shareholders' value of the Company. The Company is committed to maintaining good standard of corporate governance practices and procedures.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") throughout the year ended 31 December 2009.

BOARD OF DIRECTORS

(i) Board Responsibilities and Delegation

The Board has the responsibility for management of the Company, which includes formulating business strategies, directing and supervising the Company's affairs, approving interim and annual reports, announcements of interim and final results, considering dividend policy, and approving the grant of share options or any change in the capital structure of the Company.

The daily management, administration and operation of the Company are delegated to the management of the Company. The Board gives clear directions to the management as to its powers and circumstances in which the management should report to the Board.

All Directors have full and timely access to all relevant information and have access to the advice and services of the Company Secretary of the Company, with a view to ensuring that all proper Board procedures, applicable rules and regulations are followed. The independent non-executive directors may seek independent professional advice in appropriate circumstances at the Company's expense in carrying out their functions, upon making request to the Board.

(ii) Board Composition

The Board currently comprises six directors with two executive directors, one non-executive director and three independent non-executive directors. The composition of the Board is set out as follows:

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

Non-executive Director
Mr. TSANG Link Carl, Brian

Independent Non-executive Directors
Mr. YING Wing Cheung, William
Mr. SHA Pau, Eric
Mr. HO Kwan Tat, Ted

The biographical details of the Directors are set out in the section of "Profile of Directors and Management Executives" on pages 7 to 8 of this annual report. None of the members of the Board is related to one another.

Taking into account the knowledge, expertise and experience of the Directors, the Board considers that the Directors have balanced skills and experience contributing to the business and development of the Group.

BOARD OF DIRECTORS (Continued)

(iii) Chairman and Chief Executive Officer

The roles of chairman and chief executive officer of the Company are segregated. Ms. TANG Mei Lai, Metty and Mr. WONG Tsz Wa, Pierre are the Chairman and the Chief Executive Officer of the Company respectively. The Chairman of the Company is responsible for formulating the overall corporate directions, strategic planning, business development and leading the management team of the Group. The Chief Executive Officer of the Company is responsible for the corporate and business strategies and development, and the implementation of strategies and policies to achieving the overall commercial objectives.

(iv) Board Meetings and Directors' Attendance

During the year ended 31 December 2009, the Board has held five meetings to discuss and approve the interim and final results and other significant issues of the Group. At least 14 days' notice of all regular Board meetings was given to Directors, who were given the opportunity to include matters in the meeting agenda. Individual attendance records of each of the Directors at the respective Board and committee meetings are set out on page 12 of this annual report.

(v) Non-executive Directors

The term of office of Mr. TSANG Link Carl, Brian, the non-executive director, and two independent non-executive directors, namely Mr. YING Wing Cheung, William and Mr. SHA Pau, Eric, have been fixed for a specific term of one year, whereas Mr. HO Kwan Tat, Ted, independent non-executive director, has been appointed for a specific term of one and a half years. They are all subject to retirement by rotation and shall be eligible for re-election at the Company's annual general meeting (the "AGM") at least once every three years in accordance with the articles of association of the Company.

Throughout the year ended 31 December 2009 and up to the date of this report, the Board has at all times met the requirements under Rule 3.10 of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has obtained from each of the independent non-executive directors the annual written confirmation of his independence and considered them to be independent of the Company.

BOARD COMMITTEES

Four Board committees, including the Executive Committee, Audit Committee, Remuneration Committee and Nomination Committee, have been set up for overseeing the respective aspects of the Company's affairs.

Executive Committee

The Executive Committee operates as a general management committee with delegated authority from the Board. It has the authority delegated by the Board to approve matters relating to the daily operations and management and business affairs of the Group. The Board reserves the power to make broad policy decisions and approve important corporate actions. The Executive Committee comprises two members including Ms. TANG Mei Lai, Metty and Mr. WONG Tsz Wa, Pierre, the executive directors of the Company.

BOARD COMMITTEES (Continued)

Audit Committee

The Audit Committee comprises three members and is chaired by Mr. HO Kwan Tat, Ted, with other two members including Mr. YING Wing Cheung, William and Mr. SHA Pau, Eric, all of whom are independent non-executive directors. Mr. HO Kwan Tat, Ted is a practising certified public accountant with extensive experience and expertise in professional accounting, auditing and taxation.

The Audit Committee is responsible for, inter alia, reviewing the Group's financial statements including the interim and annual results and reports and the Group's financial position, reviewing and monitoring the Group's financial control and internal control systems, and reviewing the Group's financial and accounting policies and practices. The Audit Committee makes recommendation to the Board on the selection and remuneration of external auditor, and to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The written terms of reference of the Audit Committee setting out its roles and responsibilities are available on the Company's website.

During the year of 2009, two Audit Committee meetings were held to review and approve relevant issues mentioned above. Other members of the management and the external auditor of the Company were invited to attend and discuss at the Audit Committee meetings.

Remuneration Committee

The Remuneration Committee is chaired by Ms. TANG Mei Lai, Metty, with other four members namely Mr. WONG Tsz Wa, Pierre, Mr. YING Wing Cheung, William, Mr. SHA Pau, Eric and Mr. HO Kwan Tat, Ted, majority of whom are independent non-executive directors.

The Remuneration Committee is responsible for reviewing and approving the remuneration packages of the executive directors and senior management of the Company, as well as reviewing and approving the Company's share option scheme. The written terms of reference of the Remuneration Committee setting out its roles and responsibilities are available on the Company's website.

The work of the Remuneration Committee during the year ended 31 December 2009 includes reviewing the remuneration policy of the Group and approving the remuneration packages of the Directors. No Director was involved in the determination of his/her own remuneration package. During the year of 2009, two Remuneration Committee meetings were held.

Nomination Committee

The Nomination Committee is chaired by Ms. TANG Mei Lai, Metty, with the other four members namely Mr. WONG Tsz Wa, Pierre, Mr. YING Wing Cheung, William, Mr. SHA Pau, Eric and Mr. HO Kwan Tat, Ted, majority of whom are independent non-executive directors.

The Nomination Committee is responsible for formulating the nomination policy and making recommendations to the Board on nomination and appointment of Directors and Board succession, and assessing the independence of independent non-executive directors. The written terms of reference of the Nomination Committee setting out its roles and responsibilities are available on the Company's website.

The work of the Nomination Committee during the year of 2009 includes reviewing the Board composition, the independence of the independent non-executive directors and the retirement and rotation plan of the Directors. During the year of 2009, one Nomination Committee meeting was held.

Corporate Governance Report

ATTENDANCE RECORDS AT THE BOARD AND COMMITTEE MEETINGS

The attendance records of the individual Directors at the Board, Audit Committee, Remuneration Committee and Nomination Committee meetings for the year ended 31 December 2009 are set out below:

	No. of Meetings Attended/Held			
Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors				
Ms. TANG Mei Lai, Metty	3/5	N/A	2/2	1/1
Mr. WONG Tsz Wa, Pierre	5/5	N/A	2/2	1/1
Non-executive Director				
Mr. TSANG Link Carl, Brian	4/5	N/A	N/A	N/A
Independent Non-executive Directors				
Mr. YING Wing Cheung, William	5/5	2/2	2/2	1/1
Mr. SHA Pau, Eric	5/5	2/2	2/2	1/1
Mr. HO Kwan Tat, Ted	5/5	2/2	2/2	1/1

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

On specific enquiries made, all the Directors have confirmed that they have complied with the required standards as set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the year ended 31 December 2009.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for preparation of financial statements which give a true and fair view of the Group's state of affairs and of the results and cash flows for the year ended 31 December 2009. In preparing the financial statements for the year ended 31 December 2009, the Directors have selected suitable accounting policies and applied them consistently, and made judgements and estimates that are prudent, fair and reasonable and prepared the accounts on a going concern basis.

The responsibilities of the external auditor about their financial reporting are set out in the Report of the Independent Auditor's Report on page 25 of this annual report.

AUDITOR'S REMUNERATION

The remuneration paid to the independent external auditor of the Company, PricewaterhouseCoopers, in respect of the audit and non-audit services provided to the Company and its major subsidiaries for the year ended 31 December 2009 amounted to approximately HK$755,000 (2008: HK$755,000) and HK$370,500 (2008: HK$4,558,000) respectively. The non-audit services mainly include taxation and other professional services.

INTERNAL CONTROLS

The Board is responsible for ensuring that the Group maintains sound and effective internal control systems to safeguard the shareholders' investment and the Company's assets. The Company has from time to time reviewed the effectiveness of the internal control systems in order to ensure that they meet with the dynamic and ever changing business environment.

During the year ended 31 December 2009, the Board, with the assistance of the internal audit department and the Audit Committee, has conducted reviews on the effectiveness of the Group's internal control systems.

SHAREHOLDERS' RIGHT AND INVESTOR RELATIONS

The procedures for poll voting on resolutions at shareholders' meetings are explained at shareholders' meetings. All voting of the shareholders at general meetings are taken by poll and the poll results will be posted on the websites of the Stock Exchange and of the Company.

The Company provides an opportunity for its shareholders to seek clarification and to obtain a better understanding of the Group's performance in the shareholders' meetings of the Company. Shareholders are encouraged to meet and communicate with the Board at the shareholders' meetings and to vote on all resolutions.

To foster effective communications with its shareholders and investors, the Company maintains a website at www.midlandici.com.hk where the Company's announcements, circulars, notices, financial reports, business developments, corporate governance practices and other information are posted.

Report of the Directors

The Directors are pleased to present their report together with the audited financial statements of the Group for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company is investment holding. The activities of its principal subsidiaries are set out in note 36 to the financial statements in this annual report.

Details of the analysis of the Group's performance for the year ended 31 December 2009 by business segments are set out in note 6 to the financial statements in this annual report.

No geographical analysis is presented as less than 10% of the consolidated turnover and less than 10% of the total assets of the Group are attributable to markets outside Hong Kong.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2009 are set out in the consolidated statement of comprehensive income on page 27 of this annual report. The Board does not recommend the payment of any dividend for the year.

RESERVES

Movements in the reserves of the Group and the Company during the year ended 31 December 2009 are set out in note 27 to the financial statements in this annual report.

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounted to HK$241,000.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year ended 31 December 2009 are set out in note 16 to the financial statements in this annual report.

INVESTMENT PROPERTY

Details of investment property are set out on page 69 of this annual report.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 26 to the financial statements in this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association and there are no restrictions against such rights under the Companies Law of the Cayman Islands.

DISTRIBUTABLE RESERVES

As at 31 December 2009, the reserves of the Company available for distribution to shareholders comprised the share premium, contributed surplus and accumulated losses which in aggregate amounted to HK$23,688,000. Under the Companies Law of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of the Company's articles of association and provided that immediately following the payment of distributions or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

Report of the Directors

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 70 of this annual report.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2009.

BOARD OF DIRECTORS

The Directors who held office during the year ended 31 December 2009 and up to the date of this report are:

Executive Directors

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

Non-executive Director

Mr. TSANG Link Carl, Brian

Independent Non-executive Directors

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

According to Article 87 of the Company's articles of association, Mr. YING Wing Cheung, William and Mr. HO Kwan Tat, Ted shall retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No contracts of significance in relation to the Group's business to which the Company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2009.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2009, the interests and short positions of each of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (i) to be recorded in the register to be kept under section 352 of the SFO; or (ii) to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

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

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

Note:

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

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

Saved as disclosed above, none of the Directors nor chief executives of the Company had or deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 31 December 2009.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2009, the interests or short positions of the persons, other than a director or chief executive of the Company, in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of substantial shareholder	Number of issued shares	Number of underlying shares	Capacity in which shares are held	Percentage of the issued capital
Midland	4,300,000,000	5,400,000,000 (Note 1)	Interest in controlled corporation	116.87%
Tretsfield Investments Limited ("Tretsfield")	–	5,400,000,000 (Note 1)	Beneficial owner	65.06%
Mr. PONG Wai San, Wilson ("Mr. PONG")	602,610,000 (Note 2)	–	Beneficial owner and interest in controlled corporation	7.26%
Ms. TUNG Ching Yee, Helena ("Ms. TUNG")	602,610,000 (Note 3)	–	Interest of spouse	7.26%
Summerview Enterprises Limited ("Summerview")	600,000,000 (Note 4)	–	Beneficial owner	7.23%

Notes:

1. These underlying shares refer to the shares to be issued upon full conversion of the convertible notes in the principal amount of HK$540 million issued by the Company to Tretsfield. Tretsfield is a wholly-owned subsidiary of Midland. The percentage holding of Midland and Tretsfield represents their interest in the existing issued share capital of the Company after full conversion of the convertible notes.

2. 600,000,000 shares were registered in the name of and beneficially owned by Summerview and 2,610,000 shares were registered in the name of Mr. PONG. The entire issued share capital of Summerview was registered in the name of and beneficially owned by Mr. PONG.

3. Ms. TUNG is the spouse of Mr. PONG, these shares held by Ms. TUNG represent the same block of shares held by Mr. PONG.

4. The interest of Summerview in the Company duplicates those of Mr. PONG in the Company.

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

SHARE OPTION SCHEMES

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

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

The major terms of the 2008 Share Option Scheme and the movements in the share options under the 2005 Share Option Scheme are summarized as follows:

1. Major Terms of the 2008 Share Option Scheme

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

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

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

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

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

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

(d) *Maximum entitlement of each eligible person*

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

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

SHARE OPTION SCHEMES (Continued)

1. Major Terms of the 2008 Share Option Scheme (Continued)

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

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

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

(f) *Time of exercise of option*

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

(g) *Basis of determining the exercise price*

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

(i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the offer date;

(ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and

(iii) the nominal value of a share of the Company.

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

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

During the year under review, no share option had been granted, exercised or lapsed under the 2008 Share Option Scheme.

Report of the Directors

SHARE OPTION SCHEMES (Continued)

2. Movements of share options during the year under the 2005 Share Option Scheme

During the year ended 31 December 2009, details of the movements of the share options granted to Mr. TSANG Link Carl, Brian, a non-executive director of the Company, under the 2005 Share Option Scheme are as follows:

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

As at 31 December 2009, all the outstanding options granted under the 2005 Share Option Scheme had lapsed.

CONVERTIBLE SECURITIES, OPTIONS AND WARRANTS

Save as disclosed under the section headed "Share Option Schemes" above and the convertible notes issued by the Company as part of consideration of an acquisition disclosed in the Company's circular dated 7 May 2007, neither the Company nor any of its subsidiaries issued or granted any convertible securities, options, warrants or similar rights and there was no exercise of any conversion or subscription rights under any convertible securities, options, warrants or similar rights issued or granted at any time by the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for less than 30% of the total turnover of the Group for the year ended 31 December 2009.

The percentages of purchase for the year attributable to the Group's major suppliers are as follows:

– The largest supplier	39%
– Five largest suppliers in aggregate	50%

Midland, the controlling shareholder of the Company, is the largest supplier of the Group pursuant to the cross referral services agreement between the Company and Midland. Ms. Tang Mei Lai, Metty, executive director of the Company held approximately 13.33% of the issued share capital of Midland in the capacity of spouse interest beneficially owned by Mr. Wong Kin Yip, Freddie, an associate of Ms. Tang Mei Lai, Metty. Save as disclosed, no other Directors, their associates or shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) were interested, at any time during the year, in the Group's five largest suppliers.

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as "Related Parties" under applicable accounting principles. These mainly relate to contracts entered into by the Group in the ordinary course of business. Further details are set out in note 35 to the financial statements in this annual report.

Two of these transactions also constitute continuing connected transactions under the Listing Rules, as identified below.

CONTINUING CONNECTED TRANSACTIONS

(a) A tenancy agreement was made on 19 March 2009 between Teamway Group Limited, an indirect wholly-owned subsidiary of the Company, as landlord and City First Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Midland, as tenant whereby the landlord agreed to let to the tenant the premises located at the whole of 21st Floor, Ford Glory Plaza, Kowloon, Hong Kong as its office for a term of three years commencing from 19 March 2009 and ending on 18 March 2012 at a monthly rental of HK$114,000.

(b) On 6 June 2007, the Company entered into a cross referral services agreement (the "Old Cross Referral Services Agreement"), which had expired on 31 December 2009, with Midland in relation to cross-referral services provided between the relevant members of Midland Group and of the Group for the estate agency business (the "Cross Referral Services"), whereby the relevant members of Midland Group may refer estate agency business in respect of industrial and commercial (office and shop) properties to the Group from time to time, and the Group may refer estate agency business in respect of residential properties to the relevant members of Midland Group from time to time (the "Transactions"). The Transactions were conducted on a case-by-case basis and were on normal commercial terms. After obtaining the approval from independent shareholders of the Company on 15 May 2008, the annual caps for the referral fees payable by the Group to Midland Group under the Old Cross Referral Services Agreement for the years ended 31 December 2008 and 2009 had both been revised to HK$60 million, while the annual caps for the referral fees payable by Midland Group to the Group for the years ended 31 December 2008 and 2009 had both been revised to HK$50 million.

    On 5 November 2009, the Company entered into a new cross referral services agreement (the "New Cross Referral Services Agreement") with Midland for renewal of the Cross Referral Services for a further term of 3 years commencing from 1 January 2010 and ending on 31 December 2012. The transactions contemplated thereunder and the relevant annual caps were approved by the independent shareholders of the Company on 15 December 2009.

    Under the New Cross Referral Services Agreement, the annual caps for the referral fees payable by the Group to Midland Group for the years ending 31 December 2010, 2011 and 2012 have been fixed at HK$50 million, HK$55 million and HK$60 million respectively, while the annual caps for the referral fees payable by Midland Group to the Group for the years ending 31 December 2010, 2011 and 2012 have been fixed at HK$35 million, HK$40 million and HK$45 million respectively. Details relating to the New Cross Referral Services Agreement and the annual caps were set out in the announcement and circular of the Company dated 5 November 2009 and 26 November 2009 respectively.

CONTINUING CONNECTED TRANSACTIONS (Continued)

Pursuant to Rule 14A.37 of the Listing Rules, the above continuing connected transactions (the "Continuing Connected Transactions") have been reviewed by the independent non-executive directors of the Company who have confirmed that the Continuing Connected Transactions were carried out:

(i) in the ordinary and usual course of the business of the Company;

(ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

(iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.38 of the Listing Rules, the auditor of the Company has performed certain procedures on the Continuing Connected Transactions and confirmed that the Continuing Connected Transactions:

(i) have received the approval of the Board of the Company;

(ii) have been entered into in accordance with the relevant agreement governing the transactions; and

(iii) have not exceeded the annual caps as disclosed in the relevant announcements.

RETIREMENT PLANS

Details of the Company's retirement plans are set out in note 8 to the financial statements in this annual report.

PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2009 are set out in note 36 to the financial statements in this annual report.

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

An analysis of bank loans and liabilities as at 31 December 2009 is set out in note 30 to the financial statements in this annual report. Apart from the above, the Group has no other borrowings as at 31 December 2009.

EMOLUMENT POLICY

The emoluments of the Directors are determined by taking into consideration of their duties and responsibilities with the Company, the market rate and their time, effort and expertise to be input to the Group's affairs, as well as the Company's performance and remuneration policy.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors has an interest in any business constituting a competing business to the Group.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, there is sufficient public float of more than 25% of the issued share capital of the Company as required under the Listing Rules.

AUDITOR

The financial statements of the Group for the year ended 31 December 2009 have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution will be proposed at the forthcoming AGM to re-appoint them and to authorise the Directors to fix their remuneration.

On behalf of the Board
WONG Tsz Wa, Pierre
Executive Director and Chief Executive Officer

Hong Kong, 17 March 2010

Management Discussion and Analysis

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 December 2009, the Group had net current assets of HK$239,538,000 including bank balances and cash of HK$230,478,000, whilst bank loan amounted to HK$13,513,000. The Group's bank loan was secured by the property held by the Group of HK$31,480,000 and with maturity profile set out as follows:

Repayable	HK$'000
Within 1 year	859
After 1 year but within 2 years	874
After 2 years but within 5 years	2,713
Over 5 years	9,067

The Group had unutilised banking facilities amounting to HK$35,500,000 from various banks. The bank loan was granted to the Group on a floating rate basis. As at 31 December 2009, the Group had pledged fixed deposits of HK$216,000.

As at 31 December 2009, the gearing ratio, which represents the percentage of borrowings and liability portion of convertible notes over total equity of the Group was 10.2%. The liquidity ratio of the Group, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 2.9.

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

CAPITAL STRUCTURE AND FOREIGN EXCHANGE EXPOSURE

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

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

CONTINGENT LIABILITIES

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

EMPLOYEE INFORMATION

As at 31 December 2009, the Group employed 472 full-time employees.

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

Independent Auditor's Report

PRICEWATERHOUSECOOPERS

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MIDLAND IC&I LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of Midland IC&I Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 27 to 68, which comprise the consolidated and company balance sheets as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17 March 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
Revenues	6(a)	382,322	257,598
Other income	7	3,081	357
Staff costs	8	(193,911)	(133,644)
Rebate commissions		(38,383)	(19,932)
Advertising and promotion expenses		(11,594)	(14,825)
Operating lease charges in respect of office and shop premises		(12,462)	(14,386)
Impairment of receivables		(6,797)	(33,847)
Depreciation and amortisation costs		(2,077)	(2,945)
Other operating costs		(26,577)	(37,449)
Operating profit	10	93,602	927
Finance income	11	265	3,040
Finance costs	11	(1,242)	(1,322)
Profit before taxation		92,625	2,645
Taxation	12	(15,590)	(3,505)
Profit/(loss) for the year		77,035	(860)
Other comprehensive income			
Currency translation differences		16	(42)
Total comprehensive income for the year		77,051	(902)
Profit/(loss) attributable to:			
Equity holders		77,035	(607)
Minority interests		–	(253)
		77,035	(860)
Total comprehensive income attributable to:			
Equity holders		77,051	(649)
Minority interests		–	(253)
		77,051	(902)
		HK cent	HK cent
Earnings per share	15		
Basic		0.568	0.003
Diluted		0.568	0.003

Consolidated Balance Sheet

As at 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	4,604	3,244
Investment property	17	31,100	–
Leasehold land	18	71	–
Deferred taxation assets	23	2,667	1,643
		38,442	4,887
Current assets			
Trade and other receivables	24	138,345	52,487
Financial assets at fair value through profit or loss	21	174	110
Taxation recoverable		–	7,280
Cash and bank balances	25	230,478	180,374
		368,997	240,251
Total assets		407,439	245,138
EQUITY AND LIABILITIES			
Equity holders			
Share capital	26(a)	83,000	83,000
Share premium		85,816	85,816
Reserves	27	83,663	6,612
		252,479	175,428
Minority interests		–	–
Total equity		252,479	175,428
Non-current liabilities			
Bank loan	30	12,654	–
Convertible notes	28	12,316	16,705
Deferred taxation liabilities	23	531	1
		25,501	16,706
Current liabilities			
Bank loan	30	859	–
Trade and other payables	29	118,319	52,661
Taxation payable		10,281	343
		129,459	53,004
Total liabilities		154,960	69,710
Total equity and liabilities		407,439	245,138
Net current assets		239,538	187,247
Total assets less current liabilities		277,980	192,134

TANG Mei Lai, Metty
Director

WONG Tsz Wa, Pierre
Director

Balance Sheet

As at 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Subsidiaries	20	642,608	642,608
Current assets			
Amounts due from subsidiaries	22	23,228	20,084
Cash and bank balances	25	68	69
		23,296	20,153
Total assets		665,904	662,761
EQUITY AND LIABILITIES			
Equity holders			
Share capital	26(a)	83,000	83,000
Share premium		85,816	85,816
Reserves	27	455,224	454,887
Total equity		624,040	623,703
Non-current liabilities			
Convertible notes	28	12,316	16,705
Current liabilities			
Amounts due to subsidiaries	22	28,759	21,249
Other payables and accruals	29	789	1,104
		29,548	22,353
Total liabilities		41,864	39,058
Total equity and liabilities		665,904	662,761
Net current liabilities		(6,252)	(2,200)
Total assets less current liabilities		636,356	640,408

TANG Mei Lai, Metty
Director

WONG Tsz Wa, Pierre
Director

Consolidated Cash Flow Statement

For the year ended 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
Cash flows from operating activities			
Net cash generated from operations	31	67,948	63,600
Hong Kong profits tax refund/(paid)		1,135	(20,157)
Interest paid		(1,242)	(1,322)
Net cash from operating activities		67,841	42,121
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,368)	(3,881)
Purchase of leasehold land		(73)	–
Purchase of investment property		(23,685)	–
Purchase of financial assets at fair value through profit or loss		–	(1,124)
Proceeds from disposal of financial assets at fair value through profit or loss		–	961
Bank interest received		265	3,040
Dividend received		–	76
Net cash used in investing activities		(26,861)	(928)
Cash flows from financing activities			
Interest paid on convertible notes		(4,389)	(4,110)
Drawdown of bank loan		14,280	–
Repayment of bank loan		(767)	–
Net cash from/(used in) financing activities		9,124	(4,110)
Net increase in cash and cash equivalents		50,104	37,083
Cash and cash equivalents at 1 January		180,374	143,291
Cash and cash equivalents at 31 December	25	230,478	180,374

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Share capital HK$'000	Share premium HK$'000	Reserves HK$'000	Equity holders HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2009	83,000	85,816	6,612	175,428	–	175,428
Comprehensive income						
Profit for the year	–	–	77,035	77,035	–	77,035
Other comprehensive income						
Currency translation differences	–	–	16	16	–	16
Total comprehensive income	–	–	77,051	77,051	–	77,051
At 31 December 2009	83,000	85,816	83,663	252,479	–	252,479
At 1 January 2008	83,000	85,816	7,261	176,077	253	176,330
Comprehensive income						
Loss for the year	–	–	(607)	(607)	(253)	(860)
Other comprehensive income						
Currency translation differences	–	–	(42)	(42)	–	(42)
Total comprehensive income	–	–	(649)	(649)	(253)	(902)
At 31 December 2008	83,000	85,816	6,612	175,428	–	175,428

Notes to the Financial Statements

For the year ended 31 December 2009

1 GENERAL INFORMATION

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

The principal activities of the Company and its subsidiaries (collectively the "Group") are provision of property agency services in respect of commercial and industrial properties and shops in Hong Kong.

The ultimate holding company is Midland Holdings Limited ("Midland"), a Company incorporated in Bermuda and listed in Hong Kong.

The financial statements have been approved by the Board of Directors on 17 March 2010.

2 BASIS OF PREPARATION

(a) The financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property and financial assets at fair value through profit or loss, which are carried at fair values.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 5 below.

(b) Standards, interpretations and amendments effective in 2009

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 1 Amendment	Presentation of Financial Statements
HKAS 16 Amendment	Property, Plant and Equipment
HKAS 19 Amendment	Employee Benefits
HKAS 23 Amendment	Borrowing Costs
HKAS 27 Amendment	Consolidated and Separate Financial Statements
HKAS 36 Amendment	Impairment of Assets
HKAS 38 Amendment	Intangible Assets
HKAS 39 Amendment	Financial Instruments: Recognition and Measurement
HKFRS 2 Amendment	Share-based Payment
HKFRS 7 Amendment	Financial Instruments: Disclosures
HKFRS 8	Operating Segments

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

(i) HKFRS 7 Amendment, "Financial Instruments – Disclosures". The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.

2 BASIS OF PREPARATION (Continued)

(b) Standards, interpretations and amendments effective in 2009 (Continued)

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

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

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

The following revised standards, amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, relevant to the Group and have not been early adopted.

Effective for the year ending 31 December 2010

HKAS 1 Amendment	Presentation of Financial Statements
HKAS 17 Amendment	Lease
HKAS 18 Amendment	Revenue
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 38 Amendment	Intangible Assets
HKFRS 2 Amendment	Share-based Payment
HKFRS 3 (Revised)	Business Combination
HKFRS 8 Amendment	Operating Segment

Effective for the year ending 31 December 2013

HKFRS 9	Financial Instruments

The Group is assessing the impact of these new or revised standards and amendments. The adoption of these new or revised standards and amendments does not have significant impact on the Group's financial statements except for certain changes in presentation and disclosures.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Subsidiaries

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to 31 December.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Subsidiaries (Continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment. The results of subsidiaries are accounted for by the Company on the basis of dividend income.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Hong Kong dollar, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at exchange rates ruling at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation difference on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in equity.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

– income and expenses for each income statement are translated at average exchange rates; and

– all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is partially disposed or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate at the balance sheet date.

(d) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, as follows:

Buildings	50 years
Leasehold improvements	2 to 3 years
Furniture and fixtures	4 years
Office equipment	4 years

The residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within other operating cost, in the income statement.

Notes to the Financial Statements

For the year ended 31 December 2009

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Investment property

Property that is held for long-term rental yield or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Changes in fair values are recognised in the statement of comprehensive income as part of other income or other operating costs. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific property.

Subsequent expenditure is charged to the carrying amount of the property only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the statement of comprehensive income during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed as investment property is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

If a property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this property at the date of transfer is recognised in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment, the gain is recognised in the statement of comprehensive income.

(f) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment. Impairment on goodwill is not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Intangible assets (Continued)

(ii) Research and website development costs

The costs for developing websites which include external direct cost of materials and services consumed in developing the website are capitalised, and the capitalisation of such costs ceases no later than the point at which the website is substantially completed and ready for its intended purpose, except that such costs involve provision of additional functions or features to the website. Website development costs are amortised on a straight-line basis over a period of three years, which represent the expected useful life of the website. Capitalised website development costs are stated at cost less accumulated amortisation and impairment.

Research and other development costs relating to website development and website maintenance costs are expensed in the financial period in which they are incurred.

(g) Impairment of investments in subsidiaries and non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(h) Financial assets

The Group classifies its financial assets in the categories of at fair value through profit or loss and loans and receivables. The classification depends on the purposes for which the financial assets were acquired. Management determine the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

A financial asset (including derivative financial instrument) is classified as fair value through profit or loss if acquired principally for the purpose of trading or designated upon initial recognition. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the balance sheet date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial assets (Continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet.

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the income statement within other income/other operating costs, in the financial period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment recognised in the income statement on equity instruments are not reversed through the income statement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Trade and other receivables

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the debtors. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivables are impaired. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within other operating costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other operating costs in the income statement.

(j) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(k) Share capital

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity.

(l) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Taxation

The current taxation charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries of the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred taxation is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxation is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred taxation asset is realised or the deferred taxation liability is settled.

Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(o) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

(ii) Retirement scheme obligations

Contributions to defined contribution retirement schemes which are available to all employees, calculated at rates specified in the rules of the schemes, are charged to the income statement when the contributions are payable to the fund.

(iii) Share-based compensation

The fair value of the employee services received in exchange for the grant of share options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(q) Convertible notes

Convertible notes that can be converted to equity share capital at the option of the holders, where the number of shares that would be issued on conversion and the value of the consideration that would be received do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition, the liability component of the convertible notes are determined using a market interest rate for an equivalent non-convertible notes. The remainder of the proceeds is allocated to the conversion option as equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost, calculated using the effective interest method, until extinguished on conversion or maturity. The equity component is recognised in equity, net of any tax effects.

When the note is converted, the relevant equity component and the carrying amount of the liability component at the time of conversion are transferred to share capital and share premium for the shares issued.

(r) Revenue recognition

Revenue comprises the fair value of the consideration for the sale of goods and services in the ordinary course of the activities of the Group. Revenue is recognised when it is probable that future economic benefits will flow to the Group, the amount can be measured reliably and specific criteria for each of the activities have been met. Revenue is shown net of sales tax, returns, rebates and discounts and other revenue reducing factors.

Agency fee from property agency business is recognised when services are rendered which is generally the time when a formal agreement among the transacted parties (including the Group) is established.

Internet education and related services involving sales of goods are recognised upon transfer to the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods. Services and training income are recognised when the related services are rendered.

Operating lease rental income is recognised on a straight-line basis.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor are charged to the income statement on a straight-line basis over the period of the lease.

(t) Dividend distribution

Dividend distribution is recognised as a liability in the financial statements in the financial period in which the dividends are approved by the shareholders or directors, as appropriate.

(u) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

4 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities primarily expose it to credit risk, interest rate risk and liquidity risk. The overall risk management programme of the Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

(i) Credit risk

The Group is exposed to credit risk in relation to its cash and bank balances, trade and other receivables and amounts due from group companies. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets.

To manage this risk, the management has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management reviews regularly the recoverables amount of each individual trade receivable to ensure that adequate impairment is made for the irrecoverable amounts.

Cash and bank balances are deposits in banks with sound credit ratings. Given their sound credit ratings, the Group does not expect to have high credit risk in this aspect.

(ii) Cash flow and fair value interest rate risk

As the Group has no significant interest bearing assets, other than bank deposits which are at variable rates, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

At the balance sheet date, if interest rates had been increased or decreased by 3% and all other variables were held constant, the Group's profit/loss before taxation would increase or decrease by approximately HK$4,000 (2008: HK$17,000) for the year ended 31 December 2009.

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iii) Liquidity risk

The Group aims to finance its operations with its own capital and earnings and did not have any borrowings or credit facilities utilised during the year. The Group maintains its own treasury function (the "Group Finance") to monitor the current and expected liquidity requirements and aims to maintain flexibility by keeping sufficient cash and cash equivalents generated from operations and will consider to finance major capital investment, such as application of mortgage loans on acquisition of properties.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances (including both interest and principal) as the impact of discounting is not significant.

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
At 31 December 2009				
Bank loan	1,084	1,084	3,253	9,797
Trade and other payables	118,319	–	–	–
Convertible notes	5,400	5,400	2,700	–
	124,803	6,484	5,953	9,797

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
At 31 December 2008				
Trade and other payables	52,661	–	–	–
Convertible notes	5,400	5,400	8,100	–
	58,061	5,400	8,100	–

4 FINANCIAL RISK MANAGEMENT (Continued)

(b) Capital risk management

The Group's objectives when managing capital are to finance its operations with its owned capital and to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders.

The capital structure of the Group consists of equity attributable to the equity holders and bank borrowings. In order to maintain or adjust the capital structure, the Group will consider macro economic conditions, prevailing borrowing rate in the market and adequacy of cash flows generating from operations and may raise funding through bank borrowings as necessary.

The Group monitors capital on the basis of the total debt to equity ratio. This ratio is calculated as total borrowings (including liabilities associated with assets held for sale) divided by total equity.

The total debt to equity ratios at 31 December 2009 and 2008 were as follows:

	2009 HK$'000	2008 HK$'000
Bank loan	13,513	–
Total equity	252,479	175,428
Total debt to equity ratio	5.4%	N/A

(c) Fair value estimation

The carrying amounts of the financial assets of the Group, including cash, deposits with approved financial institutions, trade and other receivables and amounts due from group companies; and financial liabilities including trade and other payable and amounts due to group companies, approximate their fair values due to their short-term maturities.

The fair value of investment property is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cashflow projections.

The financial instruments comprise primarily equity securities listed in Hong Kong. As at 31 December 2009, equity securities amounted to HK$174,000 are measured at fair value which are based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgements in applying the Group's accounting policies, and estimates and assumptions that have a significant risk of causing a material adjustments of assets and liabilities within the next financial year are discussed below.

(i) Revenue recognition

Management reviews sales transactions to determine whether it is probable that future economic benefits arising from the sales transactions would flow to the Group, taking into account the market condition, customers' profiles, completion terms and other relevant factors. Revenues from those transactions would not be recognised in the income statement until relevant transactions whose economic benefits are not probable to flow into the Group are completed or until the uncertainty is removed.

(ii) Impairment of trade receivables

Management reviews regularly the recoverable amount of each individual trade receivables to ensure that adequate impairment is made for the irrecoverable amounts. Management assesses the recoverable amount of each individual trade receivables whether there is objective evidence that the trade receivables are impaired. This evidence may include observable data indicating that there has been an adverse change in the payment status of the debtors and the local economic conditions that correlate with the potential risk of impairment on the transactions.

Management reassesses the provision at each balance sheet date.

(iii) Fair value of investment property

The valuation of investment property is made on the basis of the open market value of each property. The valuation is reviewed by valuers. Management will reassess the assumptions by considering the information from a variety of sources including (i) current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences; and (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that affect those prices.

Notes to the Financial Statements

For the year ended 31 December 2009

6 REVENUES AND SEGMENT INFORMATION

(a) Revenues

	2009 HK$'000	2008 HK$'000
Turnover		
Agency fee	360,513	237,792
Internet education and related services	20,963	19,806
	381,476	257,598
Other revenue		
Rental income	846	–
Total revenues	382,322	257,598

(b) Segment information

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

Management assesses the performance based on the nature of the Group's business principally located in Hong Kong, which comprises property agency businesses for commercial and industrial properties and shops, and other business mainly includes the provision of internet education and related services.

	Year ended 31 December 2009				
	Property agency				
	Commercial HK$'000	Industrial HK$'000	Shop HK$'000	Others HK$'000	Total HK$'000
Total revenues	162,942	60,516	146,305	21,054	390,817
Inter – segment revenues	(2,514)	(2,389)	(4,347)	(91)	(9,341)
Revenues from external customers	160,428	58,127	141,958	20,963	381,476
Segment results	49,264	17,025	31,315	(1,056)	96,548
Depreciation and amortisation costs	485	656	443	181	1,765
Impairment of receivables	931	1,008	4,858	–	6,797
Additions to non-current assets	147	554	54	958	1,713

6 REVENUES AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

	Year ended 31 December 2008				
	Property agency				
	Commercial HK$'000	Industrial HK$'000	Shop HK$'000	Others HK$'000	Total HK$'000
Total revenues	105,966	49,293	88,235	19,806	263,300
Inter – segment revenues	(1,509)	(1,423)	(2,770)	–	(5,702)
Revenues from external customers	104,457	47,870	85,465	19,806	257,598
Segment results	12,021	1,861	4,375	(4,856)	13,401
Depreciation	543	904	590	908	2,945
Impairment of receivables	20,500	10,115	3,051	181	33,847
Impairment of property, plant and equipment	–	–	–	1,763	1,763
Additions to non-current assets	421	2,001	393	1,066	3,881

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

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

	2009 HK$'000	2008 HK$'000
Revenues from external customers for reportable segments	381,476	257,598
Rental income from a fellow subsidiary	846	–
Total revenues per consolidated statement of comprehensive income	382,322	257,598

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

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

	2009 HK$'000	2008 HK$'000
Segment results for reportable segments	96,548	13,401
Corporate expenses	(5,512)	(12,474)
Fair value gains on investment property	2,566	–
Finance income	265	3,040
Finance costs	(1,242)	(1,322)
Profit before taxation	92,625	2,645

6 REVENUES AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

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

As at 31 December 2009	Property agency				
	Commercial HK$'000	Industrial HK$'000	Shop HK$'000	Others HK$'000	Total HK$'000
Segment assets	72,739	57,747	53,194	14,138	197,818
Segment liabilities	48,999	26,884	37,218	4,134	117,235

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

Reportable segment assets are reconciled to total assets as follows:

	2009 HK$'000	2008 HK$'000
Segment assets	197,818	87,127
Corporate assets	206,780	156,258
Deferred taxation assets	2,667	1,643
Financial assets at fair value through profit or loss	174	110
Total assets per the consolidated balance sheet	407,439	245,138

Reportable segment liabilities are reconciled to total liabilities as follows:

	2009 HK$'000	2008 HK$'000
Segment liabilities	117,235	51,413
Corporate liabilities	37,194	18,296
Deferred taxation liabilities	531	1
Total liabilities per the consolidated balance sheet	154,960	69,710

7 OTHER INCOME

	2009 HK$'000	2008 HK$'000
Fair value gains on investment property	2,566	–
Unrealised gains on financial assets at fair value through profit or loss	64	–
Dividend income	–	76
Sundries	451	281
	3,081	357

8 STAFF COSTS

	2009 HK$'000	2008 HK$'000
Salaries and allowances	65,780	64,571
Commissions	124,472	64,761
Pension costs for defined contribution plans	3,659	4,312
	193,911	133,644

The Group participates in a Mandatory Provident Fund ("MPF") scheme which is available to eligible employees of the Group, including Executive Directors. Contributions to the MPF scheme by the Group and employees are calculated at rates specified in the rules of the MPF scheme. The assets of the MPF scheme are held separately from those of the Group in an independently administered fund.

The cost of the MPF scheme charged to the income statement represents contributions paid and payable by the Group to the fund. Contributions totaling HK$602,000 (2008: HK$275,000) which are payable to the fund are included in other payables and accruals as at 31 December 2009.

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9 DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

The remuneration of each director for the year ended 31 December 2009 is set out below:

Name of director	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Retirement benefit costs HK$'000	Total HK$'000
Executive directors					
Ms. TANG Mei Lai, Metty	–	2,579	900	12	3,491
Mr. WONG Tsz Wa, Pierre	–	6,647	–	12	6,659
	–	9,226	900	24	10,150
Non-executive director					
Mr. TSANG Link Carl, Brian	70	–	–	–	70
Independent Non-executive directors					
Mr. SHA Pau, Eric	80	–	–	–	80
Mr. YING Wing Cheung, William	80	–	–	–	80
Mr. HO Kwan Tat, Ted	80	–	–	–	80
	240	–	–	–	240
	310	9,226	900	24	10,460

The remuneration of each director for the year ended 31 December 2008 is set out below:

Name of director	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Retirement benefit costs HK$'000	Total HK$'000
Executive directors					
Ms. TANG Mei Lai, Metty	–	702	–	4	706
Mr. WONG Tsz Wa, Pierre	–	3,590	–	12	3,602
Ms. WONG Ching Yi, Angela	2	–	–	–	2
Ms. IP Kit Yee, Kitty	8	–	–	–	8
Ms. YUEN Wing Kwan, Annie	8	–	–	–	8
	18	4,292	–	16	4,326
Non-executive director					
Mr. TSANG Link Carl, Brian	66	–	–	–	66
Independent Non-executive directors					
Mr. KOO Fook Sun, Louis	44	–	–	–	44
Mr. SHA Pau, Eric	76	–	–	–	76
Mr. YING Wing Cheung, William	76	–	–	–	76
Mr. HO Kwan Tat, Ted	76	–	–	–	76
	272	–	–	–	272
	356	4,292	–	16	4,664

9 DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' emoluments (Continued)

No director waived or agreed to waive any emoluments during the year (2008: Nil). No incentive payment for joining the Group was paid or payable to any directors during the year (2008: Nil).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest for the year include two (2008: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2008: three) individuals during the year are as follows:

	2009 HK$'000	2008 HK$'000
Basic salaries and allowances	1,668	1,515
Discretionary bonuses	320	–
Contribution to MPF scheme	36	36
	2,024	1,551

The emoluments fell within the following bands:

	Number of individuals 2009	2008
Below HK$1,000,000	3	3

10 OPERATING PROFIT

Operating profit is arrived at after charging:

	2009 HK$'000	2008 HK$'000
Auditor's remuneration	755	755
Impairment of property, plant and equipment	–	1,763
Loss on disposal of property, plant and equipment	–	707
Net realised and unrealised loss on financial assets at fair value through profit or loss	–	2,603

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11 FINANCE INCOME AND COSTS

	2009 HK$'000	2008 HK$'000
Finance income		
Bank interest income	265	3,040
Finance costs		
Finance cost of convertible notes	(1,012)	(1,290)
Interest on bank loan	(230)	–
Interest on securities margin financing	–	(32)
	(1,242)	(1,322)
Finance (costs)/income, net	(977)	1,718

12 TAXATION

	2009 HK$'000	2008 HK$'000
Current		
Hong Kong profits tax	16,084	525
Deferred (note 23)	(494)	2,980
	15,590	3,505

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

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2009 HK$'000	2008 HK$'000
Profit before taxation	92,625	2,645
Calculated at a taxation rate of 16.5% (2008: 16.5%)	15,283	436
Income not subject to taxation	(54)	(991)
Expenses not deductible for taxation purposes	320	3,014
Utilisation of previously unrecognised tax losses	(352)	–
Tax losses not recognised	849	1,038
Remeasurement of deferred tax – change in Hong Kong tax rate	–	264
Others	(456)	(256)
Taxation charge	15,590	3,505

13 PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$337,000 (2008: loss attributable to equity holders of HK$13,394,000).

14 DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 31 December 2009 (2008: Nil).

15 EARNINGS PER SHARE

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

	2009 HK$'000	2008 HK$'000
Profit/(loss) attributable to equity holders	77,035	(607)
Effect on interest expense on convertible notes, net of tax	845	1,077
Profit for calculation of basic and diluted earnings per share	77,880	470
Number of shares in issue (thousands)	8,300,000	8,300,000
Effect on conversion of convertible notes (thousands)	5,400,000	5,400,000
Number of shares for calculation of basic earnings per share (thousands)	13,700,000	13,700,000
Effect on conversion of share option (thousands)	–	–
Number of shares for calculation of diluted earnings per share (thousands)	13,700,000	13,700,000
Basic earnings per share (HK cent)	0.568	0.003
Diluted earnings per share (HK cent)	0.568	0.003

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

In calculating the diluted earnings per share the weighted average number of shares is adjusted to assume conversion of all dilutive potential shares from share options. Adjustment is made to determine the number of shares that could have been acquired at fair value (according to the average annual market share price of the shares of the Company) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options. Diluted earnings per share for the year ended 31 December 2009 and 2008 did not assume the exercise of share options outstanding during the year since the exercise of share options would have an anti-dilutive effect.

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16 PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Total HK$'000
At 31 December 2007					
Cost	–	7,001	1,007	15,496	23,504
Accumulated depreciation	–	(6,736)	(726)	(11,262)	(18,724)
Net book amount	–	265	281	4,234	4,780
Year ended 31 December 2008					
Opening net book amount	–	265	281	4,234	4,780
Additions	–	1,761	10	2,110	3,881
Disposals	–	(226)	(9)	(472)	(707)
Depreciation	–	(831)	(144)	(1,970)	(2,945)
Impairment	–	(498)	–	(1,265)	(1,763)
Exchange differences	–	(1)	–	(1)	(2)
Closing net book amount	–	470	138	2,636	3,244
At 31 December 2008					
Cost	–	5,048	963	9,086	15,097
Accumulated depreciation and impairment	–	(4,578)	(825)	(6,450)	(11,853)
Net book amount	–	470	138	2,636	3,244
Year ended 31 December 2009					
Opening net book amount	–	470	138	2,636	3,244
Additions	317	2,416	166	536	3,435
Depreciation	(8)	(794)	(72)	(1,201)	(2,075)
Closing net book amount	309	2,092	232	1,971	4,604
At 31 December 2009					
Cost	317	6,908	1,107	9,514	17,846
Accumulated depreciation and impairment	(8)	(4,816)	(875)	(7,543)	(13,242)
Net book amount	309	2,092	232	1,971	4,604

Buildings with carrying amount of HK$309,000 (2008: Nil) are pledged as security for the Group's long-term bank loan (note 30).

17 INVESTMENT PROPERTY

	Group 2009 HK$'000	Group 2008 HK$'000
Opening net book amount	–	–
Additions	28,534	–
Change in fair value	2,566	–
Closing net book amount	31,100	–

The investment property was revalued at 31 December 2009 by Mr. Alvin T.P. Lam, a qualified surveyor employed by the group company, based on current prices in an active market for all properties.

Investment property at its net book value is analysed as follows:

	Group 2009 HK$'000	Group 2008 HK$'000
In Hong Kong		
Leases of between 10 to 50 years	31,100	–

Investment property is pledged as security for the Group's long-term bank loan (note 30).

18 LEASEHOLD LAND

	Group 2009 HK$'000	Group 2008 HK$'000
Opening net book amount	–	–
Additions	73	–
Amortisation	(2)	–
Closing net book amount	71	–

Leasehold land represents prepaid operating lease payments and its net book value is analysed as follows:

	Group 2009 HK$'000	Group 2008 HK$'000
In Hong Kong		
Leases of between 10 to 50 years	71	–

Leasehold land is pledged as security for the Group's long term bank loan (note 30).

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For the year ended 31 December 2009

19 INTANGIBLE ASSETS

Group

	Goodwill HK$'000	Website development cost HK$'000	Licensing rights HK$'000	Total HK$'000
At 1 January 2008, 31 December 2008 and 2009				
Cost	4,325	6,534	6,318	17,177
Accumulated amortisation and impairment	(4,325)	(6,534)	(6,318)	(17,177)
Net book amount	–	–	–	–

20 SUBSIDIARIES

	Company 2009 HK$'000	Company 2008 HK$'000
Unlisted shares, at cost	642,608	642,608

Details of principal subsidiaries are set out in note 36 to the financial statements.

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group 2009 HK$'000	Group 2008 HK$'000
Equity securities listed in Hong Kong, at market value	174	110

The fair value of financial assets at fair value through profit or loss was based on their current bid prices in an active market.

22 AMOUNTS DUE FROM/TO SUBSIDIARIES

The amounts receivables from and payable to subsidiaries are unsecured, interest free and repayable on demand.

As at 31 December 2009, amounts receivables of HK$46,974,000 (2008: HK$46,974,000) are impaired and fully provided. All other subsidiaries have no default history.

23 DEFERRED TAXATION

	Group 2009 HK$'000	Group 2008 HK$'000
Deferred taxation assets	2,667	1,643
Deferred taxation liabilities	(531)	(1)
	2,136	1,642

The net movements on the deferred taxation are as follows:

	Group 2009 HK$'000	Group 2008 HK$'000
At 1 January	1,642	4,622
Recognised in the income statement (note 12)	494	(2,980)
At 31 December	2,136	1,642

The movements in deferred taxation assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred taxation assets:

Group

	Accelerated accounting depreciation		Provision		Tax loss		Total	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
At 1 January	–	–	941	4,737	768	–	1,709	4,737
Recognised in the income statement	80	–	1,646	(3,796)	(768)	768	958	(3,028)
At 31 December	80	–	2,587	941	–	768	2,667	1,709

Deferred taxation liabilities:

Group

	Accelerated tax depreciation		Fair values		Total	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
At 1 January	(67)	(115)	–	–	(67)	(115)
Recognised in the income statement	67	48	(531)	–	(464)	48
At 31 December	–	(67)	(531)	–	(531)	(67)

23 DEFERRED TAXATION (Continued)

Deferred taxation assets are recognised for tax losses carry forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred taxation assets of HK$4,660,000 (2008: HK$3,811,000) in respect of losses amounting to HK$28,244,000 (2008: HK$23,099,000) as at 31 December 2009. These tax losses can be carried forward against future taxable income. Tax losses amounting to HK$8,661,000 (2008: HK$7,567,000) will expire from 2010 to 2014 (2008: from 2009 to 2013).

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset assets against liabilities and when the deferred taxation relate to the same fiscal authority. The gross amounts before offsetting are as follows:

	Group	
	2009 HK$'000	2008 HK$'000
Deferred taxation assets		
– Recoverable within twelve months	2,667	1,643
Deferred taxation liabilities		
– Payable or settle within twelve months	–	(1)
– Payable or settle after more than twelve months	(531)	–

24 TRADE AND OTHER RECEIVABLES

	Group	
	2009 HK$'000	2008 HK$'000
Trade receivables	148,822	56,869
Less: Impairment	(17,620)	(17,959)
Trade receivables – net	131,202	38,910
Other receivables, prepayments and deposits	7,143	13,577
	138,345	52,487

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

	Group	
	2009 HK$'000	2008 HK$'000
Not yet due	118,388	25,424
Less than 30 days	6,181	7,714
31 to 60 days	3,101	1,167
61 to 90 days	1,832	840
91 to 180 days	1,700	3,765
	131,202	38,910

24 TRADE AND OTHER RECEIVABLES (Continued)

Trade receivables of HK$12,814,000 (2008: HK$13,486,000) are past due but not impaired. Such receivables are past due less than six months.

Trade receivables of HK$17,620,000 (2008: HK$17,959,000) are mainly past due more than six months, impaired and fully provided. The ageing of such receivables is as follows:

	Group	
	2009 HK$'000	2008 HK$'000
Less than 6 months	367	481
6 to 12 months	2,858	10,235
Over 12 months	14,395	7,243
	17,620	17,959

Movements in the provision for impairment of trade receivables are as follows:

	Group	
	2009 HK$'000	2008 HK$'000
At 1 January	17,959	11,181
Provision for impairment	10,703	34,940
Write-off of uncollectible debts	(7,136)	(27,069)
Unused amounts reversed	(3,906)	(1,093)
At 31 December	17,620	17,959

The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

25 CASH AND BANK BALANCES

	Group		Company	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
Cash at bank and in hand	100,594	104,322	68	69
Short-term bank deposits	129,884	76,052	–	–
Cash and cash equivalents	230,478	180,374	68	69

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26 SHARE CAPITAL

(a) Share capital

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

(b) Share options

(i) 2005 share option scheme

On 6 June 2005, the Company adopted a share option scheme (the "Scheme") pursuant to an ordinary resolution. Under the Scheme, the Company may grant options to any employees, senior executives or officers, managers, directors (including executive, non-executive and independent non-executive directors) or consultants of the Company and its subsidiaries, or any other eligible persons, who, as determined by the Directors, have contributed or will contribute to the growth and development of the Group to subscribe for shares of the Company, subject to a maximum of 10% of the nominal value of the issued share capital of the Company at the adoption time, excluding for this purpose shares issued on the exercise of options. The exercise price will be determined by the Directors, and will not be less than the highest of: (i) the nominal value of the shares of the Company; (ii) the average of the closing price of the shares of the Company quoted on the Growth Enterprise Market (the "GEM") of the Stock Exchange's daily quotation sheet on the five trading days immediately preceding the date of offer of the options; and (iii) the closing price of the shares of the Company quoted on the GEM of the Stock Exchange's daily quotation sheet on the date of offer of the options, which must be a business day as defined in the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. The Scheme was terminated upon adoption of a new share option scheme on 19 September 2008 as set out in note 26(b)(ii).

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

	2009		2008	
	Average exercise price per share HK$	Number of options	Average exercise price per share HK$	Number of options
At 1 January	0.06	83,000,000	0.06	83,000,000
Lapsed during the year		(83,000,000)		–
At 31 December		–	0.06	83,000,000

26 SHARE CAPITAL (Continued)

(b) Share options (Continued)

(ii) 2008 new share option scheme

On 19 September 2008, the Company adopted a new share option scheme (the "New Scheme") pursuant to an extraordinary general meeting. Under the New Scheme, the Company may grant options to any employees, senior executives or officers, managers, directors (including executive, non-executive and independent non-executive directors) or consultants of the Company and its subsidiaries, or any other eligible persons, who, as determined by the Directors, have contributed or will contribute to the growth and development of the Group to subscribe for shares of the Company, subject to a maximum of 10% of the nominal value of the issued share capital of the Company at the adoption time, excluding for this purpose shares issued on the exercise of options. The exercise price will be determined by the Directors, and will not be less than the highest of: (i) the nominal value of the shares of the Company; (ii) the average of the closing price of the shares of the Company quoted on the Main Board of the Stock Exchange's daily quotation sheet on the five trading days immediately preceding the date of offer of the options; and (iii) the closing price of the shares quoted on the Main Board of the Stock Exchange's daily quotation sheet on the date of offer of the options, which must be a business day as defined in the Listing Rules. The New Scheme will remain in force for a period of ten years commencing from 19 September 2008. As of 31 December 2009, no option has been granted under the New Scheme.

27 RESERVES

Group

	Merger reserve HK$'000	Capital reserve HK$'000	Convertible notes reserve HK$'000	Exchange reserve HK$'000	Share options reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2008	(559,073)	14,918	517,352	200	1,652	32,212	7,261
Currency translation differences	–	–	–	(42)	–	–	(42)
Loss for the year	–	–	–	–	–	(607)	(607)
At 31 December 2008	(559,073)	14,918	517,352	158	1,652	31,605	6,612
Currency translation differences	–	–	–	16	–	–	16
Lapse of share options	–	–	–	–	(1,652)	1,652	–
Profit for the year	–	–	–	–	–	77,035	77,035
At 31 December 2009	(559,073)	14,918	517,352	174	–	110,292	83,663

Company

	Contributed surplus HK$'000	Convertible notes reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2008	2,509	517,352	1,652	(53,232)	468,281
Loss for the year	–	–	–	(13,394)	(13,394)
At 31 December 2008	2,509	517,352	1,652	(66,626)	454,887
Lapse of share options	–	–	(1,652)	1,652	–
Profit for the year	–	–	–	337	337
At 31 December 2009	2,509	517,352	–	(64,637)	455,224

27 RESERVES (Continued)

Notes:

(a) Merger reserve represents the difference between the net asset value of subsidiaries acquired and the consideration paid to Midland, ultimate holding company of the Company, totalling HK$640,000,000 pursuant to the group reorganisation on 6 June 2007.

(b) Capital reserve represents the difference between the nominal value of the ordinary share issued by the Company and the aggregate of the share capital and share premium of subsidiaries acquired through an exchange of shares pursuant to the group reorganisation on 28 February 2001.

(c) Contributed surplus represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of a subsidiary acquired through an exchange of shares pursuant to group reorganisation on 28 February 2001.

28 CONVERTIBLE NOTES

On 6 June 2007, the Company issued an aggregate of HK$540,000,000 1% convertible notes due in June 2012 as part of the consideration for the acquisition of the subsidiaries engaging in the commercial and industrial properties and shops agency businesses. The holders of the note have the right to convert the notes into new shares of HK$0.01 each of the Company, during a period commencing from the date immediately after six months from date of issue of the note, unless with the prior written consent from the Company, to date of maturity, at an initial conversion price of HK$0.10 per share. Unless previously converted, the note will be mandatory converted at date of maturity on 6 June 2012. The liability component represents the present value of interest payable under the convertible notes using the discount rate of 6.57%.

No convertible note was converted into shares of the Company during the year ended 31 December 2009 (2008: Nil).

29 TRADE AND OTHER PAYABLES

	Group		Company	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
Trade payables	681	499	–	–
Commissions payable	91,892	33,989	–	–
Other payables and accruals	25,746	18,173	789	1,104
	118,319	52,661	789	1,104

The trade payables and commissions payable include principally the commissions payable to property consultants and cooperative estate agents, which are due for payment only upon the receipt of corresponding agency fees from customers. These balances include commissions payable of HK$19,818,000 (2008: HK$6,087,000) which are due for payment within 30 days, and all the remaining trade payables and commissions payable are not yet due.

30 BANK LOAN

	Group	
	2009 HK$'000	2008 HK$'000
Non-current	12,654	–
Current	859	–
	13,513	–

The bank loan are secured by building (note 16), investment property (note 17) and leasehold land (note 18) held by the Group.

The Group's bank loan is repayable as follows:

	2009 HK$'000	2008 HK$'000
Within 1 year	859	–
Between 1 and 2 years	874	–
Between 2 and 5 years	2,713	–
Wholly repayable within 5 years	4,446	–
Over 5 years	9,067	–
	13,513	–

The effective interest rate of bank loan is 1.72% (2008: Nil).

The carrying amount and fair value of the bank loan are as follows:

	Carrying amount		Fair value	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
Bank loan	13,513	–	13,513	–

The fair value is based on cash flows discounted using a rate based on the borrowing rate of 1.72% (2008: Nil).

30 BANK LOAN (Continued)

The Group has the following undrawn borrowing facilities:

	Group 2009 HK$'000	Group 2008 HK$'000
Floating rates		
Expiring within one year	35,500	35,500

31 CASH FLOW STATEMENT

Reconciliation of operating profit to net cash generated from operations

	2009 HK$'000	2008 HK$'000
Operating profit	93,602	927
Depreciation and amortisation costs	2,077	2,945
Impairment of property, plant and equipment	–	1,763
Loss on disposal of property, plant and equipment	–	707
Fair value gains on investment property	(2,566)	–
Net realised and unrealised (gain)/loss on financial asset at fair value through profit or loss	(64)	2,603
Dividend income	–	(76)
Operating profit before working capital changes	93,049	8,869
(Increase)/decrease in trade and other receivables	(90,774)	174,917
Increase/(decrease) in trade and other payable	65,673	(120,186)
Net cash generated from operations	67,948	63,600

32 CONTINGENT LIABILITIES

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

33 FUTURE LEASE RENTAL PAYMENT RECEIVABLE

The Group had future minimum lease rental receivable under non-cancellable operating leases as follows:

	Group	
	2009 HK$'000	2008 HK$'000
Within one year	1,368	–
Between one year and five years	1,662	–
	3,030	–

34 COMMITMENTS

(a) Capital commitments

	Group	
	2009 HK$'000	2008 HK$'000
Property, plant and equipment		
Contracted but not provided for	–	22,942

(b) Operating lease commitments

The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of office and shop premises as follows:

	Group	
	2009 HK$'000	2008 HK$'000
Not later than one year	9,083	9,646
Between one year and five years	8,136	416
	17,219	10,062

(c) As at 31 December 2009, the Company did not have any significant commitments (2008: Nil).

Notes to the Financial Statements

For the year ended 31 December 2009

35 RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties

		Group	
	Notes	2009 HK$'000	2008 HK$'000
Agency fee income from fellow subsidiaries	(i)	18,647	10,534
Agency fee income from related companies	(ii)	673	1,363
Rental income in respect of office premise from a fellow subsidiary	(iii)	846	–
Rebate commission expense to fellow subsidiaries	(iv)	34,445	18,019
Rental expense in respect of office and shop premises to related companies	(v)	–	2,860

Notes:

(i) Agency fee from fellow subsidiaries represents agency fee for property agency transactions referred to fellow subsidiaries on terms mutually agreed by both parties.

(ii) Agency fee from related companies represents agency fee for property agency transactions referred to certain companies in which, a director of ultimate holding company has beneficial interests, on terms mutually agreed by both parties.

(iii) The Group entered a lease agreement with a fellow subsidiary on terms mutually agreed by both parties.

(iv) Commission expense to fellow subsidiaries represents commission for property agency transactions referred by fellow subsidiaries on terms mutually agreed by both parties.

(v) The Group entered into certain lease agreements with certain related companies, in which, a director of the ultimate holding company has beneficial interests, on terms mutually agreed by both parties.

35 RELATED PARTY TRANSACTIONS (Continued)

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

	Group	
	2009 HK$'000	2008 HK$'000
Amounts due from fellow subsidiaries	10,766	5,748
Amounts due to fellow subsidiaries	16,772	5,527

(c) Key management compensation

	Group	
	2009 HK$'000	2008 HK$'000
Salaries and allowances	10,196	4,376
Retirement benefit costs	24	16
	10,220	4,392

36 PARTICULARS OF PRINCIPAL SUBSIDIARIES

Company name	Place of incorporation/ establishment	Issued/ registered and paid up capital	Principal activities and places of operations	Interest held %
Ketanfall Group Limited	British Virgin Islands	14 shares of US$1 each	Investment holding in Hong Kong	100
Midland Realty (Comm. & Ind.) Limited	Hong Kong	500,000 shares of HK$1 each	Property agency in Hong Kong	100
Midland Realty (Comm.) Limited	Hong Kong	500,000 shares of HK$1 each	Property agency in Hong Kong	100
Midland Realty (Shops) Limited	Hong Kong	500,000 shares of HK$1 each	Property agency in Hong Kong	100
Hong Kong Property Services (IC&I) Limited	Hong Kong	2 shares of HK$1 each	Property agency in Hong Kong	100

Notes to the Financial Statements

For the year ended 31 December 2009

36 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Company name	Place of incorporation/ establishment	Issued/ registered and paid up capital	Principal activities and places of operations	Interest held %
Teamway Group Limited	British Virgin Islands	1 share of US$1	Property investment in Hong Kong	100
Unicorp Investment Limited	Hong Kong	1 share of HK$1	Investment securities in Hong Kong	100
Gainwell Group Limited	British Virgin Islands	1 share of US$1	Investment holding in Hong Kong	100
Value Media International Limited	British Virgin Islands	100 shares of US$1 each	Investment holding in Hong Kong	100
Leader Concord Limited	Hong Kong	2 shares of HK$1 each	Investment holding in Hong Kong	100
EVI Education Asia Limited (formerly known as Network Focus Consultancy Corporation)	British Virgin Islands	2,000 shares of US$1 each	Investment holding in Hong Kong	100
EVI eTraining Limited	Hong Kong	1 share of HK$1	Provision of online training courses in Hong Kong	100
EVI Services Limited	Hong Kong	21,053 shares of HK$1 each	Sales and installation of computer hardware and software, provision of computer training services and internet education services in Hong Kong	100
Silicon Workshop Limited	Hong Kong	100 shares of HK$1 each	Sales and installation of computer hardware and software and provision of computer training services in Hong Kong	80
Sinodelta Limited	Hong Kong	2 shares of HK$1 each	Provision of SMS messaging services and training of music boards and attendance systems in Hong Kong and leasing in Hong Kong	100

List of Investment Property

Location	Lot number	Existing use	Lease term	Group's interest
21/F, Ford Glory Plaza, 37-39 Wing Hong Street, Cheung Sha Wan, Kowloon	NKIL2828	Commercial	Medium	100%

Five-Year Financial Summary

	Fifteen month period ended 31 December 2005 HK$'000	Year ended 31 December 2006 HK$'000	2007 HK$'000	2008 HK$'000	2009 HK$'000
Turnover	31,258	292,950	464,405	257,598	382,322
Profit/(loss) attributable to equity holders of the Company	(1,007)	40,791	78,449	(607)	77,035
Total assets	130,171	376,777	383,843	245,138	407,439
Total liabilities	5,101	155,795	207,513	69,710	154,960
Minority interest	709	718	253	–	–
Net assets	124,361	220,264	176,077	175,428	252,479
Total equity	125,070	220,982	176,330	175,428	252,479
(Loss)/earnings per share-basic (HK cent)	(0.02)	0.30	0.578	0.003	0.568

Note: For the purpose of five-year financial summary, the financial information for fifteen period ended 31 December 2005 and before had not been restated to reflect effect arising from the common control combination in 2007 as the directors consider that would involve undue delay and expenses.

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