美聯集團
MIDLAND HOLDINGS

Midland Holdings Limited

Incorporated in Bermuda with limited liability

(Stock Code 股份代號：1200)

Annual Report 2023 年報

www.midland.com.hk

璀璨半世紀 續創新傳奇

Shining Half a Century Pioneering New Chapter

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. WONG Kin Yip, Freddie *(Chairman)*
Ms. WONG Ching Yi, Angela *(Deputy Chairman and Managing Director)*
Mr. WONG Tsz Wa, Pierre *(Managing Director)*
Mr. SZE Ka Ming *(Chief Financial Officer)*

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. MUI Ngar May, Joel

AUTHORISED REPRESENTATIVES

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

AUDITOR

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

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

www.midland.com.hk

STOCK CODE

1200

Strategic Business Units

美聯集團 MIDLAND HOLDINGS
(1200) 香港聯交所上市公司

- REAL ESTATE AGENCY
  - 美聯物業 MIDLAND REALTY
  - 美聯工商舖 MIDLAND IC&I *
  - 美聯中國
  - 美聯澳門 MIDLAND MACAU
  - 香港置業 HONG KONG PROPERTY
  - 美聯環球 MIDLAND GLOBAL
- FINANCIAL SERVICES
  - MIDLAND FINANCIAL GROUP 美聯金融集團
- IMMIGRATION CONSULTANCY
  - 美聯移民顧問 MIDLAND IMMIGRATION CONSULTANCY
- PROPERTY VALUATION
  - 美聯測量師行 MIDLAND SURVEYORS
- TRAINING SERVICES
  - (Midland University)
- MORTGAGE BROKERAGE
  - 長和集團・美聯集團之聯營公司 經絡按揭轉介 (mReferral Mortgage Brokerage Services)
- MORTGAGE LOAN
  - 駿聯信貸 LEGEND CREDIT *

* Related Company

Strategic Business Units	Business Description
Midland Realty	Provision of residential property agency services in Hong Kong
Midland IC&I*	A related company of the Company, providing non-residential property agency services in respect of industrial, commercial and shop properties in Hong Kong
Midland China	Provision of property agency services, project planning, commercial property management and marketing and sales planning in the PRC
Midland Macau	Provision of property agency services, surveying, project planning, leasing and property management services in Macau
Hong Kong Property	Provision of residential property agency services in Hong Kong
Midland Global	Provision of overseas property projects' marketing and referral services in the PRC, Hong Kong and Macau
Midland Financial Group	A joint venture of the Company, providing independent financial planning consultancy services, insurance brokerage and wealth management services
Midland Immigration Consultancy	Provision of immigration consultancy services in Hong Kong and Macau
Midland Surveyors	Provision of professional surveying consultancy services including valuation advisory, development study, sales, marketing, tender and auction for projects
Midland University	Group's training center with the vision to strengthen the professionalism of employees, to lead the market as well as to cultivate elite for the industry
mReferral Mortgage Brokerage Services	A joint venture with a major developer, offering mortgage referral services as well as provision of related information
Legend Credit*	A related company of the Company, providing mortgage loan services in Hong Kong

* Related Company

Major Events and Awards for the Year

New milestone for all marked by Annual Award Presentation

The first large-scale annual award presentation ceremony of the real estate agency industry was held by Midland at a five-star hotel. Marking the 51st anniversary and a new milestone for Midland, the ceremony was staged with the theme of "Forging ahead with Original Aspiration in Mind", in order to recognise the dedication and remarkable achievements of our elite staff over the past year. Our elite agents gathered at the ceremony, which was filled with a joyous atmosphere. Mr. WONG Kin Yip, Freddie, the Chairman of Midland Group, and Ms. WONG Ching Yi, Angela, the Deputy Chairman of Midland Group, together with the management team, were invited to the ceremony to present a number of awards. A quiz game about the property market called "Knowing More about the Property Market" was also featured, in which our elite frontline agents formed teams to compete for great prizes.

50th Anniversary Special Issue and Grand Lucky Draw to share the happiness of golden jubilee

To celebrate its 50th anniversary, Midland held a series of activities to give back to customers and share with Hong Kongers the splendors of Midland's golden jubilee. The celebration started with the publication of the "Golden Jubilee Special Issue" in a number of popular newspapers, which shared the story of Midland's growth in tandem with the property market. Major developers and banks showed staunch support and congratulated us on our 50th anniversary in the special issue, indicating the close cooperation between Midland and those sectors. "Midland's 50th Anniversary-Fun Lucky Draw for All" was also held. Anyone who purchased or sold a property in Hong Kong within a specified period and registered as a member of the Midland Realty APP could participate in the lucky draw and win gifts (electrical appliances) worth nearly HK$500,000 in total.

Receiving developers' commendation for consecutive successes in new property projects

The Group seized market opportunities and achieved a series of outstanding sales performances in new property projects, which earned us extensive trust from developers. We won the top spot in the sales of numerous new property projects, including The Grands, Upper Riverbank, The Vertex, Arbour, Grand Victoria, KT Marina, Sablier, One Innovale, University Hill 2A, L'Aquatique, The Horizon, Mori, Eden Manor, Century Link, Solaria and many more, winning continuous approval and recognition from developers with our outstanding achievement.

Wheelock presents "Property Agents with the Highest Sales in 2023" Award

Midland has been highly praised by developers for its outstanding performance in new properties and won a number of awards at Wheelock's award presentation ceremony. Midland also received the "Property Agents with the Highest Sales in 2023" Award, demonstrating its extraordinary capabilities. Midland's elite team will continue to do their utmost in the future to achieve further success in sales.

Major Events and Awards for the Year

Winning the "MOB-EX AWARDS 2023" overall championship, an Asia-wide award

With its outstanding achievements, Midland's online platform has been a successive award recipient claiming over 40 awards since 2016. Midland Realty APP recorded the most active users in the entire industry. With the innovative experience brought by AI and VR technologies, Midland online platform, having competed with hundreds of international brands, won the overall championship of "MOB-EX AWARDS 2023", the premier accolade in marketing in Asia Pacific. Midland Group was the only property agency in Hong Kong to receive this accolade.

Winning six medals in the MARKETING-INTERACTIVE "MARKies Awards Hong Kong 2023" for the first time

In view of the rapid change in purchase patterns as technology advances and the prevalence of non-contact shopping, Midland continues to speed up its innovation and development, with the users of its website and mobile apps reaching record highs, leading the transformation of the home-buying model. Midland was awarded six medals at the MARKies Awards Hong Kong 2023 organised by MARKETING-INTERACTIVE, including four golds, one silver and one bronze, recognising its contribution to the introduction of new technology applications in the industry.

Promoting group-wide digital transformation and introducing "The Star of Technology" session in monthly meetings

The Group organises monthly and quarterly large-scale meetings where front-line and back-office colleagues gather to share market updates and business tips, as well as participate in the presentation of a series of awards. In order to promote technological development, a new session called "The Star of Technology" was introduced to the staff at each meeting. Front-line colleagues who are competent in utilising the latest technology to enhance work efficiency and publicity will come on stage to share their skills in technological application as a concerted effort in the technological and professional development.

Awarded the "DSA 55th Anniversary Achievement Award"

Midland has spared no effort in training industry elites over the years, nurturing numerous talents for the industry and winning great acclaim in the market for its achievements. Having participated in the Distinguished Salesperson Award (DSA), often dubbed the "Oscars of the sales profession", for multiple times, Midland has been a successive award recipient and particularly received the "DSA 55th Anniversary Achievement Award" while the DSA proudly celebrated its 55th anniversary, in recognition of its achievement as one of the ten outstanding enterprises with the largest number of winners in DSA.

Major Events and Awards for the Year

Winning five "Investor Relations Awards"

The Group is committed to promoting its corporate governance and maintaining good investor relations. Thanks to that, it has won five accolades at the 9th "Investor Relations Awards (Small Cap Category)" from the Hong Kong Investor Relations Association, namely "Best IR by Chairman/CEO", "Best IR Company", "Best IR Team", "Best IRO" and "Best Investor Presentation Material". As the only award-winning property agency, the Group has its leading position in the industry testified.

Facilitating interaction and exchange between Hong Kong and Mainland, creating opportunities through on-site research

Immediately after the border between Hong Kong and Mainland reopened and the flow of exchange resumed normal, Midland took the initiative to capitalise on the synergy of connecting both sides of the border through its nationwide network, and organised an "Interaction and Exchange Session for Midland Seniors from Hong Kong and Mainland", where the senior management teams of Midland Realty residential division, Midland IC&I and Midland China division gathered together to visit multiple deluxe residences and new property projects, aiming to create opportunities through collaboration and interconnection after the border reopened.

Around a hundred elites gathered to celebrate at the welcome ceremony of the Elite Club

Midland's frontline sales elites have managed to seize opportunities and achieved successive successes despite the challenging environment. To pay the highest tribute to those who passed the threshold and entered the Elite Club, a grand "Elites Welcome Ceremony" was held with around a hundred outstanding agents gathering in a bustling scene. At the ceremony, a number of past presidents were appointed to be our volunteer teams' district officers, who will help unite our efforts in social contribution by participating in more volunteer services.

The first property agency in North Asia region to introduce "Digital Out of Home" advertising

Midland worked in a strategic partnership with Hivestack, an independent world leading company focused on the technology of programmatic digital out-of-home (DOOH) advertising, and became the first property agency in the entire North Asia region to introduce Hivestack's Digital Out of Home (DOOH) advertising. Through the collaboration, Midland is able to utilise Hivestack's supplier platform to broadcast promotional advertisements on over a hundred screens across its branches on Hong Kong Island, Kowloon and the New Territories, providing rich information on top of those about the property market.

Organised CPU staff seminars and BBQ Gathering to partake in shared merriment

Midland has always valued and cared for its staff and is committed to creating an open and joyful working atmosphere. A total of six “CPU FUN FUN CHAT” seminars were held for the staff of the Central Professional Units (CPU). During these seminars, the management explained the development of our company and provided on-the-spot responses to our colleagues’ opinions on the company’s staff policies and environmental facilities. The opinions collected were recorded and followed up by dedicated staff. The seminars also announced a number of new benefits and an early announcement of a salary raise.

After the seminars, we organized the annual get-together ‘CPU BBQ Gathering’ to celebrate an early Christmas. The Group’s management and a few hundred CPU members joined the barbecue and participated in prize games and a cash lucky draw, ensuring that everyone returned fully loaded.

Offering technology courses to embrace the AI boom

Midland University continues to offer a wide range of practical courses to promote professionalism in the industry. In response to the maturity of Artificial Intelligence (AI) technology, a total of 74 AI courses were held in 2023, which were all fully enrolled with a total of nearly 6,500 training hours provided. Certificate in Building Inspection Course were also organised, where experienced surveyors were invited to give lectures on practical knowledge of building inspection. In addition to site visits to actual flats, the course also included VR teaching on building inspection, which allows trainees to simulate a site visit even when they were in the classroom, offering a new way to inspect properties.

Giving full support to the “Corporate Games”

It is Midland’s long-term commitment to promote healthy living and carry forward the spirit of “3-Fit (Physically Fit, Financially Fit, Mentally Fit)”, so Midland has given full support to the “Corporate Games” organised by the Leisure and Cultural Services Department. We have sent a number of runners to take part in the long-distance running competition, who have demonstrated their outstanding physical ability and perseverance. In addition, we also formed a team to participate in the basketball game. They managed to make it to the final four, ranking top among our peers from the real estate agency industry.

Chairman's Statement

BUSINESS REVIEW

Midland Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") announce that for the year ended 31 December 2023, it recorded a revenue of approximately HK$4,083 million, representing an increase of 31% as compared with the year ended 31 December 2022. Loss attributable to equity holders substantially narrowed to approximately HK$42 million for the year ended 31 December 2023 as compared to the loss attributable to equity holders of approximately HK$534 million for the year ended 31 December 2022.

According to the figures in the Land Registry, the value of residential sales registrations in Hong Kong fell by 4.5% in the year of 2023 as compared with that in 2022. However, the Group managed to narrow its loss substantially and increase its revenue in its local operation, and such improvement was mainly attributable to:

(1) the Group's stable market share in Hong Kong; and

(2) efforts towards streamlining the Group's businesses in Hong Kong while maintaining the strength of the local frontline operations.

In response to the extremely difficult business conditions for the operations in Mainland China, the Group has promoted a new sales management team and initiated a series of new measures in the final quarter of 2023 (such as repositioning of business model and retrenchment of Mainland operations), and narrowed its loss from Mainland operations substantially in the final quarter of 2023.

Short-lived Recovery After Border Reopening

In 2023, the reopening of border between Mainland China and Hong Kong gave Hong Kong property market a promising start in the first few months of the year, and home prices rose. However, after the accumulative demand was absorbed, the property market slowed down as the recovery of the local economy was slower-than-expected and the gloom cast by the interest rate concerns lingered. Indeed, the market had expected several rate cuts in 2023, but the United States ("US") interest rate ended up raising four times. Meanwhile, potential buyers were attracted by the extremely high fixed deposit rates and lost interest in property investment.

Furthermore, the economic prospect was not optimistic. While the retail sector in Hong Kong saw a strong rebound in the first half of 2023 despite challenges, once the borders reopened, more and more Hong Kongers pursued outbound "revenge travel", even more have got into the habit of going north for spending, impacting local consumption. Additionally, after the pandemic, Mainland tourists prefer experience with minimum budget instead of shopping, and their overall spending power is also not as strong as before.

Decline in Property Prices after the Short-lived Recovery

The price growth registered in the beginning of 2023 soon evaporated. Dragged down by developers' volume-driven pricing strategy, home prices fell almost 6% in 2023. In the second half of 2023, most of the new projects were priced below that of the secondary home units in the same districts.

OUTLOOK

Revival of Market Activities after the Cancellation of Tightening Measures

Our Group is cautiously optimistic about the property market outlook due to several factors. On the positive front, the removal of all property tightening measures is favourable for restarting the chain of replacing property, speeding up transactions and turnover. All buyers, regardless of residency, now pay the same stamp duty rate from HK$100 to 4.25% of the property price, with the complete removal of the New Residential Stamp Duty (NRSD) and the Buyer's Stamp Duty (BSD). The removal of the Special Stamp Duty (SSD) also allows homeowners flexibility to resell their property without additional duties within two years. Moreover, the Hong Kong Monetary Authority has increased the maximum loan-to-value (LTV) ratios for various types of properties. The stress testing requirement for mortgages has been eliminated as well. Hence, the market activities have turned robust after the budget speech. Transaction volume of both primary and secondary rose substantially. More encouragingly, sales response to those leftover units has been strong. But on the negative front, the uncertain prospects for the economy, geopolitical tensions, and elevated interest rates can dampen market confidence. At the same time, the financial industry, which is a pillar industry in Hong Kong, is also struggling. Furthermore, the trend of Hong Kong people travelling northward to shop and spend in Mainland cities continues to rise, leading to a loss of consumption in Hong Kong. Nevertheless, we should stay positive in the long-term potential of the Hong Kong property market, and Hong Kong still has many advantages that can be leveraged for economic opportunities.

Strong Rental Market

While the overall property market was in bad shape in 2023, there were some bright spots. The most noticeable one was the strong rental market. Rent increased by more than 7% in 2023. Generally speaking, a weak buying and selling market would result in an increase in rental supply, which could contain rental growth. We believe that the increase in rents last year may be due to the strengthening of the underlying housing demand.

The enthusiastic response to the talent recruitment programmes was one of the government's achievements. In 2023, more than 120,000 applicants were approved to come to Hong Kong through various talent schemes. Meanwhile, the number of Hong Kong migrants may have peaked. For instance, in the first three quarters of 2023, the United Kingdom government granted 30,700 British National (Overseas) visas to Hong Kong people, on a pro rata basis, which was a significantly smaller number than that in the preceding two years. With more incoming individuals than departing ones in 2023, indicating that the downtrend of Hong Kong's population may have been reversed.

After finishing the existing rental contract, some of the newcomers may consider property ownership. Indeed, even before the cancellation of imposition of hefty tax, the housing demand from Mainland buyers had already been strong. In the first nine months of 2023, the total value of both new and secondary units bought by Mainlanders or newcomers increased, while the total value of units bought by the locals fell. The Group expects Mainland buyers to continue providing support to the market in 2024.

Marco-economic Environments

After the aggressive rate hikes by central banks around the world in 2022 and 2023 to curb surging consumer prices, some signs show that inflation may be peaking in the US. The US Federal Reserve has signaled that there is room for cutting rates. In 2022 and 2023, amid rising interest rates and global economic headwinds, Hong Kong's property market slowed significantly. If the US Federal Reserve decides to pause its rate hiking cycle or even cut rates in 2024 in response to falling inflation, some pressure on Hong Kong's property market could be relieved.

Recent engagements between high-level economic officials from the US and Mainland China signify the efforts by both sides to stabilise the business environment and improve the economic relationship. However, the upcoming US presidential election may present a source of uncertainty, as campaign rhetoric could impact US-Mainland China relations.

Despite facing a series of challenges, the Mainland Chinese economy remains on a growing path. While GDP achieved a 5.2% growth in 2023, the central government has been implementing further policy support to ensure the continuation of stable growth. The People's Bank of China has also cut bank's deposit reserve requirement ratio to free up liquidity for lending. More stimulus measures in the Mainland are anticipated, such as additional reserve cuts or more fiscal spending, seek to offset downside risks and strengthen economic fundamentals.

If the US Federal Reserve cuts interest rates in 2024, housing demand in Hong Kong's property market is likely to be stimulated. Ongoing engagement between the US and Mainland China aims to contain geopolitical risks, which could also lift homebuyers' confidence if tensions ease. Meanwhile, signs that Mainland China will continue implementing stimulus measures to ensure stable economic growth should also improve the property market outlook.

New Capital Investment Entrant Scheme

The new Capital Investment Entrant Scheme has been opened for application in March 2024. The new scheme requires the applicants to make investment of at least HK$30 million in permissible investment asset. A point worth mentioning is that non-residential property is included as one of the qualified investments which is subject to a cap of HK$10 million. Moreover, applicants of this new scheme, after coming to Hong Kong, are believed to have interest in residential properties. The new scheme will provide further support to the overall property market.

APPRECIATION

2023 is a particularly tough year. I would like to give my sincere thanks to our staff across the Group for their tenacity and hard work, and to our clients and partners for their enduring support. The first rays of dawn are on the horizon. Together, we will achieve a better tomorrow.

WONG Kin Yip, Freddie
Chairman

Hong Kong, 26 March 2024

Strategic Review and Planning

Cost Optimisation and Digital Advancement

In 2023, rising interest rates and other macroeconomic and geopolitical uncertainties brought headwinds for the development of Hong Kong property market. The Group focused on executing optimisation initiatives to improve operations and market position.

Given the extremely poor market conditions, with residential property transaction value declining by about 4.5% in 2023, the Group's business faced significant challenges. On one hand, the Group needed to maintain good quality of services and robust strength of frontline sales. On the other hand, fierce efforts were required to optimize the scale and implement cost-cutting measures.

To address the difficulties, the Group implemented cost control through strategic initiatives. We downsized the branch network, negotiated favourable lease terms, and optimized frontline staffing levels. These streamlining efforts allowed us to preserve quality client services while realizing substantial cost savings. More importantly, the strength of the Group's local frontline operations was not compromised, as the retrenchment exercises were carried out delicately and tactfully. Encouragingly, the sales productivity increased in 2023.

The Group has consistently placed a strong emphasis on online platforms, regarding it as important part of its long-term growth strategy. Our online platforms have long gained significant popularity among customers, with the number of active mobile app users surpassing that of all other property agencies. Since 2017, over 40 awards were presented to Midland Realty's website and mobile app, ranking among the top in the industry, demonstrating the Group's outstanding performance in its online platforms. In 2023, our online platforms even received international accolades and winning the top marketing honour, the overall brand champion award at the "Mob-Ex Awards 2023", outcompeting over a hundred renowned international brands.

The Group continuously updates and enhances the features of its online platforms, which have become an integral part of customers' property search journey. Despite the slower-than-expected recovery of Hong Kong property market in 2023, the number of inquiries on Midland Realty's website and mobile app has increased by over 8% as compared to year 2022, indicating sustained or even growing interest in properties among customers.

Strengthened Management

Last year, the Group took meaningful steps to enhance its corporate leadership and strategic planning. These included changes to the composition of the board of directors being effected with the goal of injecting fresh perspectives and expertise. The directors' experiences have made positive contributions to the Group's corporate governance, strategy formulations and more. For the Mainland operations, the Group has promoted a new sales management team and appointed a new chief executive officer who has a proven track record of success in the Hong Kong estate agency industry over the past years and has experience in optimising operations, restructuring processes and maximising performance. Before taking up the role, he served as consultant to the Group's Mainland China business. During this period, he contributed positive changes and improvements were evident, well-equipped to guide the Group's Mainland operations.

All Set

In the near-term, the removal of all tightening measures and the relaxation of the mortgage loans measures may benefit the property market. But the operating environment is expected to remain challenging in the near-term given persistent macroeconomic uncertainties, the Group will focus on fighting for market share and maintaining profitability through diligent execution of its strategies. Indeed, the whole industry has been in a state of contraction, with both the number of outlets and licensed agents continuing to decline. Nevertheless, through disciplined cost optimisation and leveraging its strong brand, digital advancements and prudent resources allocation, the Group is confident to stand out in these challenging market conditions.

Looking ahead, the Group will continue to strengthen its position in both primary and secondary residential markets, and will seize the opportunities arising from the cancellation of the New Residential Stamp Duty and the Buyer's Stamp Duty. Also, the Group expects the removal of the hefty tax imposed on non-local buyers will result in an increase of the number of Mainland buyers. We are confident that our holistic platform can provide comprehensive services to the Mainland elites in working visa application and renewal, school application, and property search.

The Group welcomes the new Capital Investment Entrant Scheme announced by the government. As a comprehensive property agency group, the Group is well-positioned to capture opportunities arising from the scheme. For a start, Midland immigration consultancy possesses expertise in assisting with visa applications. With a dedicated team focusing on product risk assessment, Midland wealth management can help clients select suitable investment vehicles. Midland education consultancy aids newcomers' children in finding suitable schools locally. The Group's flagship business unit, Midland Realty, can provide rental and purchase solutions through its well-established network to the successful applicants. The all-in-one service platform formed by multiple divisions of the Group is always ready to provide comprehensive and integrated services to customers. Leveraging over 50 years of experience serving Hong Kong residents, the Group is an ideal partner for the applicants of the new scheme, providing professional services in every step of the process from the initial application to long-term living needs.

WONG Ching Yi, Angela
Deputy Chairman and Managing Director

Hong Kong, 26 March 2024

Profile of Directors

Board of Directors: Front row: Mr. WONG Kin Yip, Freddie
Back row from left to right: Mr. HO Kwan Tat, Ted, Mr. CHAN Nim Leung Leon, Ms. WONG Ching Yi, Angela, Mr. WONG Tsz Wa, Pierre, Mr. SUN Tak Chiu, Mr. SZE Ka Ming

Executive Directors

Mr. WONG Kin Yip, Freddie

aged 74, is the Founder, Chairman and Executive Director of the Company. He is also a member of the Remuneration Committee and the Nomination Committee of the Company.

Mr. WONG established Midland Realty in 1973 and has been the Chairman of the Company since 1993. He is responsible for the leadership of the Board, formulating and overseeing the overall corporate directions and corporate strategies of the Group, and driving the Board and the individual directors to perform to the best of their ability.

Mr. WONG has over 50 years of experience in the real estate agency business in Hong Kong, China and overseas. He is a pioneer in the mortgage brokerage business and introduced mortgage referral services to Hong Kong. Mr. WONG is also the Chairman and Executive Director of Legend Upstar Holdings Limited ("Legend Upstar") (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")). Mr. WONG is the Honorary Adviser of The Association of Hong Kong Professionals, and the chairman and permanent director of Midland Charitable Foundation Limited. In addition, Mr. WONG was a member of The Shenzhen Committee of the Chinese People's Political Consultative Conference, a member of the Estate Agents Authority in Hong Kong, a part-time member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region, and a vice president of The Association of Hong Kong Professionals.

Mr. WONG is also a director of various members of the Group. He is a director of Sunluck Services Limited and Southern Field Trading Limited which are substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He is the father of Ms. WONG Ching Yi, Angela, the Deputy Chairman, Managing Director and Executive Director of the Company.

Ms. WONG Ching Yi, Angela

aged 43, has been an Executive Director of the Company since 2008 and was appointed as the Deputy Chairman and the Managing Director of the Company since 2011 and 2014 respectively. Ms. WONG joined the Group in 2005. She is also a member of the Remuneration Committee, the Nomination Committee and the Chairman's Office of the Company.

Ms. WONG is responsible for formulation and implementation of strategic directions and planning of the business units and the Group, day-to-day management and delivery of the operational performance of the Group with the support of the other Executive Directors, the executive teams and the business units heads of the Group. She attends to the enhancement of the Group's policies and corporate governance practices and procedures. She works with the Board to develop strategic initiatives to drive the Group forward, and assists the Board in the performance evaluation of the other Executive Directors, the executive teams and the business units heads of the Group.

Ms. WONG is also a director of various members of the Group and a director of mReferral Corporation Limited, a joint venture company of the Group with a leading developer. She is a director and the president of Midland Charitable Foundation Limited. Ms. WONG is also an Executive Director of Legend Upstar.

Ms. WONG is a fellow member of the Hong Kong Institute of Certified Public Accountants. She obtained a bachelor's degree in Business Administration (Accounting and Finance) from The University of Hong Kong and a Master of Business Administration degree from the HKUST Business School. Ms. WONG has been appointed as a board member of the Hong Kong PropTech Association since March 2022. She is the vice chairman of the Executive Committee of The Association of Hong Kong Professionals. Ms. WONG ceased to be a board member of the Estate Agents Authority in November 2023.

Ms. WONG is the daughter of Mr. WONG Kin Yip, Freddie, the Chairman, Executive Director and controlling shareholder of the Company.

Mr. WONG Tsz Wa, Pierre

aged 60, has been the Managing Director and Executive Director of the Company since November 2012. He is the Chairman of the Risk Committee of the Company. He joined the Group in 1993 and has been a member of the Chairman's Office since December 2011. He is also a director of various members of the Group. Mr. Pierre WONG holds a master's degree in business administration and he is a professional member of The Royal Institution of Chartered Surveyors. He has over 35 years of experience in real estate agency business in Hong Kong.

Mr. Pierre WONG is responsible for the day-to-day management of the Group, the coordination of overall business operations as well as the effective implementation of the strategies, directions and policies of the Group.

Mr. Pierre WONG is the consultant of Legend Upstar since 2018.

Mr. SZE Ka Ming

aged 50, has been an Executive Director of the Company since December 2023. He is also the Chief Financial Officer and a member of the Risk Committee of the Company. He joined the Group in November 2012. Mr. SZE is responsible for the finance, human resources and administration functions of the Group, and assists in the formulation of the business strategies and the daily sales operation of the Group. He has over 27 years of professional experience in auditing, accounting and finance, and over 20 years of solid experience in the real estate industry. Mr. SZE is a director of various members of the Group and a director of mReferral Corporation Limited (a joint venture company of the Group with a leading developer). Mr. SZE is also the Chief Financial Officer of Legend Upstar.

Mr. SZE is a member of the Hong Kong Institute of Certified Public Accountants. He obtained a bachelor's degree in professional accountancy from The Hong Kong Polytechnic University. Prior to joining the Group, Mr. SZE last served as the financial controller of Lai Sun Development Company Limited and as the deputy financial controller of Lai Sun Garment (International) Limited (both companies listed on the Main Board of the Stock Exchange) and had held various positions throughout his tenure of service for over 8 years in the said group companies.

Independent Non-Executive Directors

Mr. HO Kwan Tat, Ted

aged 59, has been an Independent Non-Executive Director, the chairman of the Audit Committee and the Nomination Committee, and a member of the Remuneration Committee of the Company since June 2017. Mr. HO is a practising Certified Public Accountant in Hong Kong and is a partner of World Link CPA Limited. He is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He has extensive experience in audit and taxation.

Mr. HO was an Independent Non-Executive Director of four companies listed on the Main Board of the Stock Exchange, namely, Legend Upstar Holdings Limited from December 2007 to June 2023, SunCorp Technologies Limited from March 2008 to May 2012, CIAM Group Limited (now known as FDG Kinetic Limited) from September 2004 to July 2008 and The Sun's Group Limited (now known as Silk Road Logistics Holdings Limited) from May 2007 to April 2008.

Mr. SUN Tak Chiu

aged 60, has been an Independent Non-Executive Director of the Company since September 2004. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Mr. SUN has over 37 years of experience in the fields of accounting, securities industries and corporate finance. Mr. SUN holds a bachelor's degree in law and a master's degree in business administration. He is a fellow member of the Hong Kong Institute of Certified Public Accountants as well as the Association of Chartered Certified Accountants, and a member of the Hong Kong Securities and Investment Institute.

Mr. CHAN Nim Leung Leon

aged 68, has been an Independent Non-Executive Director and a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company since December 2023. He was an Independent Non-Executive Director of the Company from November 2012 to November 2016. He is a practicing lawyer and presently the principal partner of Messrs. Y.T. Chan & Co. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1980 and was also admitted as a solicitor in England and Wales in 1984 and in Victoria, Australia in 1985. He was a member of the Solicitors Disciplinary Tribunal Panel from May 1993 to May 2008. He is currently a non-executive director of three companies listed on the Main Board of the Stock Exchange, namely Hongkong Chinese Limited, Lippo China Resources Limited and Lippo Limited.

Corporate Governance Report

The board (the "Board") of the directors of the Company (collectively the "Directors", each a "Director") recognises that sound and effective corporate governance practices and procedures, with an emphasis on integrity, transparency, accountability and independence, are essential to enhance the shareholders' value and safeguard the shareholders' interest. The Company is committed to maintaining a good corporate governance standard and endeavors to ensure that its businesses are conducted in accordance with all applicable rules and regulations.

Corporate Governance Practices

The Company has complied with all the code provisions as set out in the Corporate Governance Code (the "Code") stated in Appendix C1 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31 December 2023.

Board of Directors

(i) Board Responsibilities and Delegation

The Board is responsible for the management of the Company, which includes, inter alia, formulating business strategies, directing and supervising the Company's affairs, approving interim and annual reports, announcements of interim and annual results, considering dividend policy, and approving the grant of share options or any change in the capital structure or notifiable transactions of the Company. The Board makes broad policy decisions and has delegated the responsibility for detailed considerations to the Executive Committee of the Company.

The daily management, administration and operation of the Group 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 shall report to the Board.

All the 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 Company recognises the importance of Board independence in upholding good corporate governance and has in place a written mechanism for ensuring independent views and input are available to the Board. Such mechanism aims to ensure that the Directors may seek independent legal, financial or other professional advice from advisors independent of those advising the Company as and when necessary in appropriate circumstances so as to enable them to discharge their responsibilities, either on the Company's affairs or in respect of their fiduciary duties or other duties, at the Company's expense. The Company has established channels through formal and informal means whereby Independent Non-Executive Directors could express their views in an open, candid and confidential manner, should circumstances require. These include dedicated meeting sessions between the Chairman of the Board and the Independent Non-Executive Directors, and interaction between management and other Board members including the Chairman of the Board outside the boardroom. The Board has reviewed and is satisfied with the implementation and effectiveness of such mechanism.

The Company has arranged appropriate liability insurance to indemnify the Directors for their liabilities arising out of corporate activities. The insurance coverage is reviewed regularly.

Board of Directors (Continued)

(ii) Board Composition

The Board currently comprises seven Directors with four Executive Directors and three Independent Non-Executive Directors. As at the date of this Annual Report, the composition of the Board is set out as follows:

Executive Directors

Mr. WONG Kin Yip, Freddie *(Chairman)*
Ms. WONG Ching Yi, Angela *(Deputy Chairman and Managing Director)*
Mr. WONG Tsz Wa, Pierre *(Managing Director)*
Mr. SZE Ka Ming *(Chief Financial Officer)*

Independent Non-Executive Directors

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

Save and except Mr. WONG Kin Yip, Freddie is the father of Ms. WONG Ching Yi, Angela, none of the members of the Board are related to one another. The biographical details of the Directors are set out in the section "Profile of Directors" on pages 14 to 16 of this Annual Report.

Mr. SZE Ka Ming and Mr. CHAN Nim Leung Leon have been appointed as Directors with effect from 1 December 2023. Each of Mr. SZE and Mr. CHAN confirmed that he had obtained the legal advice referred to in Rule 3.09D of the Listing Rules (which came into effect on 31 December 2023) on 11 December 2023, and understood his obligations as a Director of the Company.

(iii) Chairman and Chief Executive Officer

The roles of Chairman and Managing Director of the Company are separated.

Mr. WONG Kin Yip, Freddie is the Chairman of the Company and is also the founder of the Group. The Chairman of the Company is responsible for the leadership of the Board, formulating and overseeing the overall corporate directions and corporate strategies of the Group, and driving the Board and the individual directors to perform to the best of their ability.

Ms. WONG Ching Yi, Angela and Mr. WONG Tsz Wa, Pierre are the Managing Directors of the Company. The Managing Directors of the Company carry out the function of chief executive officer of the Company and their role and responsibilities are set out on page 15 of this Annual Report. The Managing Directors report directly to the Board. The senior executives of the respective strategic business units of the Group are responsible for performing and overseeing the business operation of their business units.

(iv) Board Meetings and Directors' Attendance

During the year ended 31 December 2023, the Board held six meetings to discuss and approve, inter alia, the interim and annual results and other significant issues of the Group. At least 14 days' notice of regular Board meetings is given to the Directors who are given the opportunity to include other matters in the agenda of meetings. Individual attendance records of each of the Directors at the respective meetings of the Board and Board committees and general meeting are set out on pages 24 to 25 of this Annual Report.

Board of Directors (Continued)

(v) Non-Executive Directors

The current Independent Non-Executive Directors, namely Mr. HO Kwan Tat, Ted, Mr. SUN Tak Chiu and Mr. CHAN Nim Leung Leon, have been appointed for a specific term of one and a half years, one year, and one year respectively. They are subject to retirement by rotation and shall be eligible for re-election at the Company's annual general meeting at least once every three years in accordance with the bye-laws of the Company.

Throughout the year ended 31 December 2023 and up to the date of this Annual 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 and the requirements under Rule 3.10A of the Listing Rules relating to the appointment of the independent non-executive directors representing at least one-third of the board. The Board has received from each Independent Non-Executive Director an annual written confirmation of his independence and considered that all the Independent Non-Executive Directors are independent in accordance with Rule 3.13 of the Listing Rules.

(vi) Nomination, Appointment and Re-election of Directors

All new appointment of Directors and nomination of Directors proposed for re-election at the annual general meeting are first considered by the Nomination Committee in accordance with the nomination policy of the Company. The Nomination Committee will assess the candidate or incumbent on criteria such as experience, skills, knowledge and time commitment to carry out the duties and responsibilities of Director. The recommendations of the Nomination Committee will then be put to the Board for decision. Details of the role and function as well as a summary of the work performed by the Nomination Committee are set out under the heading of "Nomination Committee" below.

In accordance with the Company's bye-laws, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation but are eligible for re-election by shareholders at the annual general meeting provided that every Director is subject to retirement by rotation at least once every three years. If an Independent Non-Executive Director has served more than nine years, his further appointment should be subject to a separate resolution to be approved by the shareholders of the Company. All Directors appointed to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting and shall not be taken into account in determining which particular Directors are to retire by rotation.

Board of Directors (Continued)

(vii) Directors' Training

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company would provide a comprehensive induction package comprising a summary of the responsibilities and liabilities of a director of a Hong Kong listed company, the Company's constitutional documents and a publication entitled "A Guide on Directors' Duties" issued by the Companies Registry to each newly appointed Director to ensure that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and other regulatory requirements.

The Company Secretarial Department of the Company reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the Directors and may provide them with written materials, where appropriate, as well as organises seminars on the professional knowledge and latest development of regulatory requirements related to director's duties and responsibilities.

During the year, the Directors attended seminar and received reading materials covering corporate governance and regulatory development. A summary of the record of training received by the current Directors during the year is as follows:

Directors	Training on corporate governance, regulatory development and/or other relevant topics
Executive Directors	
Mr. WONG Kin Yip, Freddie	✓
Ms. WONG Ching Yi, Angela	✓
Mr. WONG Tsz Wa, Pierre	✓
Mr. SZE Ka Ming	✓
Independent Non-Executive Directors	
Mr. HO Kwan Tat, Ted	✓
Mr. SUN Tak Chiu	✓
Mr. CHAN Nim Leung Leon	✓

Board Committees

The Board has established Board committees, including the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Committee, for overseeing the respective aspects of the Group's affairs.

The Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice at the Company's expense in appropriate circumstances.

(i) Executive Committee

The Executive Committee was established on 21 September 1999. The Executive Committee has the authority delegated by the Board to approve matters relating to the daily operations and management and business affairs of the Group, and also the approval of certain corporate actions of the Company. The Board reserves the power to make broad policy decisions and approve important corporate actions. As at the date of this Annual Report, the Executive Committee comprises four Executive Directors as members, namely Mr. WONG Kin Yip, Freddie, Ms. WONG Ching Yi, Angela, Mr. WONG Tsz Wa, Pierre and Mr. SZE Ka Ming.

Board Committees (Continued)

(ii) Audit Committee

The Audit Committee was established on 4 August 1998. The written terms of reference of the Audit Committee are published on the websites of the Company and the Stock Exchange. The Audit Committee is chaired by Mr. HO Kwan Tat, Ted, being an Independent Non-Executive Director, with two other members, namely Mr. SUN Tak Chiu and Mr. CHAN Nim Leung Leon, as at the date of this Annual Report. All Audit Committee members are Independent Non-Executive Directors. In compliance with Rule 3.10(2) of the Listing Rules, two of the members of the Audit Committee possess the appropriate professional qualifications or accounting or related financial management expertise.

The Audit Committee held two meetings in 2023. During the year, the Audit Committee reviewed the interim and annual reports with relevant announcements and financial statements, considered the reports from PricewaterhouseCoopers on the interim review of the financial information and the annual audit of the financial statements, reviewed the audit strategy, work scope, quality, fees and terms of engagement for audit and non-audit services from the external auditor and assessed its independence, recommended to the Board the re-appointment of PricewaterhouseCoopers as the auditor based on its review and assessment, reviewed the internal audit report and the report on risk management and monitored the implementation of the recommended actions as well as the effectiveness of the internal control and risk management systems, approved the internal audit plan, and reviewed the continuing connected transactions and the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions as well as those relating to the environmental, social and governance of the Group. External auditor of the Company was invited to attend and discuss at the Audit Committee meetings. There was no disagreement between the Board and the Audit Committee regarding the re-appointment of the external auditor of the Company.

The principal role and responsibilities of the Audit Committee include:

- reviewing the Group's interim and annual financial statements and the interim and annual reports before submission to the Board for approval;
- reviewing the financial reporting obligations and considering any matters raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditor;
- reviewing and monitoring the independence and objectivity of the external auditor, and the effectiveness of the audit process in accordance with applicable standards;
- approving the remuneration and terms of engagement of the external auditor and making recommendation to the Board on the appointment, re-appointment and removal of the external auditor;
- reviewing the internal audit programme and ensuring the internal audit function is adequately resourced and effective, and considering any major findings on risk management and internal control matters; and
- reviewing the financial controls and internal control systems of the Group and ensuring the management has discharged its duty to have effective risk management and internal control systems, in particular, the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions.

For the year ended 31 December 2023, the Company had in place arrangement for stakeholders of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters and the whistleblowing policy.

Board Committees (Continued)

(iii) Remuneration Committee

The Remuneration Committee was established on 10 March 2005 with written terms of reference published on the websites of the Company and the Stock Exchange. The Remuneration Committee is chaired by Mr. SUN Tak Chiu, being an Independent Non-Executive Director, with four other members, namely Mr. WONG Kin Yip, Freddie, Ms. WONG Ching Yi, Angela, Mr. HO Kwan Tat, Ted and Mr. CHAN Nim Leung Leon, as at the date of this Annual Report. Majority of the Remuneration Committee members are Independent Non-Executive Directors.

The Remuneration Committee held one meeting in 2023. During the year, the Remuneration Committee reviewed and recommended the remuneration of the Directors to the Board for approval, reviewed the Group's overall remuneration and recommended the remuneration of two candidates who were proposed to be appointed as Executive Director and Independent Non-Executive Director respectively to the Board for approval. The principal role and responsibilities of the Remuneration Committee include reviewing and recommending the remuneration packages of individual Executive Directors and senior management of the Company and recommending the remuneration of the Non-Executive Directors (including Independent Non-Executive Directors) to the Board for approval, and reviewing the remuneration policy for Directors from time to time.

There was no matter relating to the share scheme of the Company that was reviewed and/or recommended to the Board by the Remuneration Committee during the year ended 31 December 2023.

The remuneration of the members of the senior management, being the Executive Directors, by band for the year ended 31 December 2023 is set out below:

Remuneration bands	Number of individuals
HK$0 – HK$500,000	1
HK$2,500,001 – HK$3,000,000	1
HK$4,000,001 – HK$4,500,000	1
HK$8,000,001 – HK$8,500,000	1
HK$8,500,001 – HK$9,000,000	1

Details of Directors' emoluments and other remuneration related matters and five highest paid individuals during the year are set out in note 10 to the consolidated financial statements on pages 112 to 115 of this Annual Report.

Board Committees (Continued)

(iv) Nomination Committee

The Nomination Committee was established on 10 March 2005 with written terms of reference published on the websites of the Company and the Stock Exchange. The Nomination Committee is chaired by Mr. HO Kwan Tat, Ted, being an Independent Non-Executive Director, with four other members, namely Mr. WONG Kin Yip, Freddie, Ms. WONG Ching Yi, Angela, Mr. SUN Tak Chiu and Mr. CHAN Nim Leung Leon, as at the date of this Annual Report. Majority of the Nomination Committee members are Independent Non-Executive Directors.

The Nomination Committee held one meeting in 2023. During the year, the Nomination Committee assessed the independence of the Independent Non-Executive Directors, reviewed the structure, size and composition of the Board, made recommendation to the Board on the re-election of the retiring Directors, identified individuals suitably qualified to become Director by assessing the candidates' experience and standing, duties and responsibilities and expected contribution to the Group, made recommendations to the Board on the changes of composition of the Board and the Board committees, reviewed the implementation and effectiveness of the board diversity policy, made recommendation to the Board for approval on the renewal of terms of appointment of Directors.

The principal role and responsibilities of the Nomination Committee include formulating and reviewing the nomination policy, making recommendations to the Board on the nomination, appointment and re-appointment of Directors and Board succession, assessing the independence of the Independent Non-Executive Directors and making recommendations to the shareholders on Directors' standing for re-election. In order to achieve a balanced and appropriately qualified Board, the Nomination Committee is also responsible for reviewing the structure, size and composition, including the skills, knowledge, diversity and experience, of the Board, and advising the Board as to any changes that may be required. The Nomination Committee has the authority given by the Board to seek external professional advice in the selection and recommendation for directorship, if necessary, to fulfil the requirements for professional knowledge and industry experience of any proposed candidates.

The Company has adopted a nomination policy which sets out the nomination procedures and process and selection criteria when the Nomination Committee considers candidates to be appointed or re-elected as Directors. The nomination procedures include identification of desirable candidates by the Nomination Committee, and review and approval of such nominations by the Board. The Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorship: character and integrity; qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy; willingness to devote adequate time to discharge duties as a member of the Board; the Company's board diversity policy and any measurable objectives adopted for achieving diversity on the Board; requirement for the Board to have independent Directors in accordance with the Listing Rules; and such other perspectives appropriate to the Company's business or as suggested by the Board.

The Company recognises and embraces the benefits of having a diverse Board, and sees diversity at Board level as an essential element in maintaining a competitive advantage. As such, the Company adopted a board diversity policy in August 2013 and revised in December 2022. A diverse Board will include differences in the talents, skills, knowledge, regional, industry and professional experience, cultural and educational background, race, age, gender and other qualities of the members of the Board. Selection of candidates is based on a range of diversity perspectives and the Company's nomination policy. The ultimate decision is based on merit and contribution which would be brought by the candidates to the Board if he/she were selected as a Director. The Company maintained, and is committed to maintaining, a gender diversity with at least one female representative at Board level. The Nomination Committee is of the view that the current composition of the Board has achieved the objectives set in the board diversity policy. The Board is satisfied with the review on the implementation and effectiveness of the board diversity policy.

Details on the gender ratio in the workforce (including senior management) of the Group, together with relevant data, are set out in the section "Environmental, Social and Governance Report" on page 49 of this Annual Report. The Company will continue to monitor and evaluate the diversity policy from time to time to ensure its continued effectiveness.

Board Committees (Continued)

(v) Risk Committee

The Risk Committee was established on 1 January 2016 with written terms of reference published on the website of the Company. The Risk Committee is chaired by Mr. WONG Tsz Wa, Pierre, being the Managing Director and Executive Director of the Company, with three other members, being Mr. SZE Ka Ming (an Executive Director and the Chief Financial Officer), the Chief Legal Counsel and the head of the Internal Audit Department.

The Risk Committee held two meetings in 2023. During the year, the Risk Committee received report on the results of the review of the risk management system and framework, discussed the measures to manage those identified risks which may have significant impact to the Group, and reviewed the effectiveness of the risk management system and framework.

The principal role and responsibilities of the Risk Committee include reviewing the Group's risk management system and framework, advising the Board on the current risk exposures of the Group and future risk strategies and considering emerging risks relating to the Group's business and strategies.

Attendance Records at the Meetings of the Board and Board Committees and General Meeting

The attendance records of the individual Directors at the meetings of the Board, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Committee and the general meeting for the year ended 31 December 2023 are set out as follows:

	Number of Meetings Attended/Eligible to Attend					
Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Risk Committee *(Note 1)*	Annual General Meeting
Executive Directors						
Mr. WONG Kin Yip, Freddie *(Chairman)*	6/6	N/A	1/1	1/1	N/A	1/1
Ms. WONG Ching Yi, Angela *(Deputy Chairman and Managing Director)*	6/6	N/A	1/1	1/1	N/A	1/1
Mr. WONG Tsz Wa, Pierre *(Managing Director)*	6/6	N/A	N/A	N/A	2/2	1/1
Mr. CHEUNG Kam Shing *(Note 2)*	6/6	N/A	N/A	N/A	N/A	1/1
Mr. SZE Ka Ming *(Chief Financial Officer) (Note 3)*	2/2	N/A	N/A	N/A	2/2	0/0
Independent Non-Executive Directors						
Mr. HO Kwan Tat, Ted	6/6	2/2	1/1	1/1	N/A	1/1
Mr. SUN Tak Chiu	6/6	2/2	1/1	1/1	N/A	1/1
Mr. WONG San *(Note 4)*	4/4	2/2	1/1	1/1	N/A	1/1
Mr. CHAN Nim Leung Leon *(Note 5)*	2/2	0/0	0/0	0/0	N/A	0/0

Attendance Records at the Meetings of the Board and Board Committees and General Meeting (Continued)

Notes:

1. Other members of the Risk Committee are not Directors.

2. Mr. CHEUNG Kam Shing resigned as an Executive Director with effect from 28 December 2023.

3. Mr. SZE Ka Ming has been appointed as an Executive Director with effect from 1 December 2023. There was no general meeting held in the year after his appointment.

4. Mr. WONG San resigned as an Independent Non-Executive Director, and a member of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 1 December 2023.

5. Mr. CHAN Nim Leung Leon has been appointed as an Independent Non-Executive Director, and a member of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 1 December 2023. There was no general meeting and meetings of the Audit Committee, the Remuneration Committee and the Nomination Committee held in the year after his appointment.

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 C3 to the Listing Rules.

On specific enquiries made, all the Directors confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions at all applicable times during the year ended 31 December 2023.

Directors' Interests

Details of Directors' interests in the shares, underlying shares and debentures of the Company and its associated corporations are set out in the "Report of the Directors" on page 63 of this Annual Report.

Directors' Responsibility for the Financial Statements

The Directors acknowledged their responsibility for preparation of consolidated financial statements which give a true and fair view of the Group's state of affairs as at 31 December 2023 and of the Group's results and cash flows for the year ended 31 December 2023. In preparing the consolidated financial statements for the year ended 31 December 2023, the Directors selected suitable accounting policies and applied them consistently, and made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

The reporting responsibilities of the Company's independent auditor on the consolidated financial statements of the Group for the year ended 31 December 2023 are set out in the "Independent Auditor's Report" on pages 73 to 77 of this Annual Report.

Corporate Governance Function

In order to achieve enhanced corporate governance of the Company, the Board has undertaken and delegated to the Executive Committee to constantly review the Company's policies and practices on corporate governance, the training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the code of conduct and compliance manual applicable to employees and the Directors, and the Company's compliance with the Code and disclosure in this Corporate Governance Report. During the year, the Executive Committee performed the duties relating to corporate governance matters as aforementioned.

Auditor's Remuneration

For the year ended 31 December 2023, the remuneration payable or paid to the Group's independent external auditor, PricewaterhouseCoopers, in respect of audit and non-audit services provided to the Group is set out as follows:

	Fees payable or paid	
	2023	2022
	HK$'000	HK$'000
Services rendered for the Group		
Audit services	1,675	2,077
Interim results review	573	573
Taxation services	343	193
Total fees	2,591	2,843

Save as the audit services disclosed above, the auditor's remuneration set out in note 11 to the consolidated financial statements also included the remuneration payable or paid to other independent external auditors for issuing audited financial statements of the subsidiaries of the Company.

Risk Management and Internal Controls

The Board has overall responsibilities for maintaining effective risk management and internal control systems of the Group and determining the nature and extent of the risks it is willing to take in achieving the Group's objectives, and such systems are designed to manage rather than eliminate those risks, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Risk Committee assists the Board in deciding the Group's risk level and risk appetite, considering the Group's risk management strategies and giving guidelines where appropriate, and ensuring the soundness and effectiveness of the Group's risk management system. The risk management process involves identification, analysis, evaluation, mitigation, reporting and monitoring of risks.

The Group's internal control system comprises, among others, a well-defined governance structure with clearly defined lines of responsibility and authority and relevant financial, operational and compliance controls, and risk management procedures are in place. The Executive Directors review monthly management reports and hold periodical meetings with senior operational and finance management to discuss business performance and market outlooks.

The Internal Audit Department of the Company reports directly to the Audit Committee and is independent of the Company's daily operation. It is responsible for conducting regular audit on the major activities of the Group. Its objective is to ensure that all material controls, including financial, operational and compliance controls and risk management functions are in place and functioning effectively.

Risk Management and Internal Controls (Continued)

The risks which may have significant impact to the Group were identified from internal and external environments and were managed properly. An annual review of the internal control and risk management systems of the Group for the year ended 31 December 2023 was conducted, and report on the results of the review and opinion were submitted to the Audit Committee and the Risk Committee. The Audit Committee and the Risk Committee reviewed the reports and followed up on the implementation of the action plan, and reported to the Board.

Based on the reports from the Audit Committee and the Risk Committee, the Board is satisfied with the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2023 as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions, as well as those relating to the Group's ESG performance and reporting.

Inside Information

The Company has established the Inside Information Team to identify, assess and escalate potentially inside information for the attention of the Board and monitor the Group's disclosure obligations in respect of inside information. Policy and Procedures on Disclosure of Inside Information are adopted which set out the guidelines and controls to ensure the inside information can be disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations.

Company Secretary

The Company engages an external service provider to provide company secretarial services and has appointed Ms. MUI Ngar May, Joel ("Ms. MUI") as its Company Secretary. Ms. MUI is not an employee of the Group and Mr. SZE Ka Ming, an Executive Director and the Chief Financial Officer of the Company, is the person whom Ms. MUI can contact for the purpose of code provision C.6.1 of the Code. Ms. MUI undertook over 15 hours of professional training during the year.

Communication with Shareholders and Investor Relations

The Company is committed to ensuring that the Group comply with disclosure obligations under the Listing Rules and other applicable laws and regulations, and that shareholders of the Company and other stakeholders (including potential investors) are provided with balanced and relevant information about the Company. The shareholders' communication policy of the Company is reviewed by the Board annually. It aims to promote effective communication with the shareholders and other stakeholders of the Company, encourage shareholders to engage actively with the Company, and enable shareholders to exercise their rights as shareholders effectively.

The Company shall publish its corporate communication which includes annual and interim reports, circulars, announcements and other documents, on the Stock Exchange's designated website in a timely manner as required by the Listing Rules. To foster effective communications with shareholders and investors, the Company maintains a website at www.midland.com.hk where any information or documents of the Company posted on the Stock Exchange's designated website shall also be published on the Company's website. Other corporate information of the Company is also available on the Company's website.

Communication with Shareholders and Investor Relations (Continued)

The Company provides an opportunity for its shareholders to seek clarification and to obtain a better understanding of the Group's performance in the general meetings of the Company. The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its shareholders. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend, speak and vote at the meetings for and on their behalf if they are unable to attend the meetings. The Chairman of the Board, other Board members, the chairmen of the Board committees and/or their delegates attend the annual general meeting and special general meeting (if any) to answer shareholders' questions. The external auditor of the Company is also required to attend the annual general meeting to answer questions about the conduct of audit, the preparation and content of the auditor's report, the accounting policies and auditor independence. The Company shall provide shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable shareholders to make an informed decision on the proposed resolution(s). At the general meeting, each substantial issue will be considered by a separate resolution, including the re-election of individual retiring Directors, and the poll procedures will be clearly explained.

Pursuant to the Listing Rules, voting by poll is mandatory on all resolutions (except resolutions relate purely to procedural or administrative matters) put forward at general meetings and the poll results will be posted on the websites of the Stock Exchange and the Company. The Company would ensure that shareholders will be given sufficient notice of the general meetings, at least 21 clear days' notice in the case of an annual general meeting and any special general meeting at which the passing of a special resolution is to be considered and at least 14 clear days' notice in the case of all other special general meetings in accordance with the bye-laws of the Company.

The 2023 annual general meeting of the Company was held on 9 June 2023. At the meeting, separate resolution was proposed by the chairman of the meeting in respect of each separate issue, including the re-election of individual retiring Directors, and voted by way of poll. The Company announced the results of the poll in the manner prescribed under the Listing Rules. The Chairman of the Board and other Board members as well as the representative of PricewaterhouseCoopers attended the 2023 annual general meeting and had effective communication with shareholders of the Company.

Having considered the multiple channels of communication and engagement in place, the Board conducted a review of the implementation and effectiveness of the shareholders' communication policy and is satisfied that such policy has been properly implemented during the year and is effective.

During the year, for the purposes of (i) conforming with the core shareholder protection standards set out in Appendix A1 to the Listing Rules and the prevailing applicable laws of Bermuda; (ii) allowing general meetings to be held as hybrid meetings and other modernization to the Company's bye-laws including on chairmanship and corporate governance structure; and (iii) making other amendments, including consequential amendments in line with the above, the new bye-laws of the Company was approved by the shareholders of the Company at the 2023 annual general meeting and adopted by the Company. The consolidated version of the memorandum of association and new bye-laws of the Company is available on the websites of the Stock Exchange and the Company.

Shareholders' Rights

(i) Procedures for Shareholders to Convene a Special General Meeting

The Board shall, on the requisition in writing by the shareholder(s) to the Board or the Company Secretary of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, forthwith proceed to convene a special general meeting in accordance with the bye-laws of the Company.

If within twenty-one days of such deposit the Board fails to proceed to convene the special general meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting but any meeting so convened shall not be held after the expiration of three months from the said date.

(ii) Procedures for Putting Forward Proposals at General Meeting

Shareholders can submit a written requisition to move a resolution at general meeting. The number of shareholders shall represent not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the general meeting to which the requisition relates, or shall not be less than one hundred shareholders.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the general meeting. It must also be signed by all the requisitionists and be deposited at the registered office of the Company in Bermuda and Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong for the attention of "Company Secretarial Department" not less than six weeks before the general meeting in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

The requisitionists must deposit a sum reasonably sufficient to meet the Company's expenses in giving the notice of the resolution and circulating the statement submitted by them under applicable laws and rules.

Provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company in Bermuda and the above-mentioned address in Hong Kong, an annual general meeting is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the above-mentioned time shall be deemed to have been properly deposited for the purposes thereof.

The procedures for a shareholder of the Company to propose a person for election as a Director is posted on the website of the Company.

(iii) Shareholders' Enquiries

Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong branch share registrar and transfer office, Tricor Abacus Limited. Shareholders and investors may during office hours make a request for the Company's information to the extent that such information is publicly available. Shareholders may also send to the Company written enquiries and their views on various matters affecting the Company for the attention of the Company Secretary or the Investors Relations Department by post at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong or by email at investor@midland.com.hk.

Corporate Social Responsibility Report

Leading public opinions by outlining the market trend

As an authority in the industry, the Group fully closely monitors the property market situation under market fluctuation. Through press conferences on the property market, in-depth interviews, feature stories, instant responses and accurate analyses, the Group outlined trends in the property market. It offered professional and valuable information to the market, helping the public to keep abreast of the property market.

Producing quality programs and seminars on property market to educate the public

With the principle of "understanding before investing", the Group produced a large number of programs about property market on its own channel, and worked with various business organisations to conduct different kinds of free seminars to analyse the trend of the property market and assist customers in home purchases, thereby actively fulfilling its corporate social responsibility.

Diversified recognition activities for the "Elite Club"

Midland's "Elite Club" gathers outstanding talents in the industry and continuously holds activities to build morale. As the border reopened, the Club resumed its travel activities where about 30 "Elite Club" members visited Thailand and conducted research on real estates. The "Elite Club" is also eager about charity work. Its volunteer team participated in the "Visiting Elderly's Home" activity organized by Kwun Tong Christian Family Service Centre during the Mid-Autumn Festival, sending blessings and care to the elderly.

Committing to environmental governance with numerous honors and awards obtained

Under its continuous commitment to share the burden of environmental protection, the Group's achievements have been recognised by various institutions. As a result, the Group received the award of "Excellent ESG Enterprise of 2022-2023" in the "Excellent ESG Recognition Scheme" organized by Economic Times, which recognised the Group's efforts and excellent performance in promoting ESG and sustainable development.

Best efforts to compete in the 2023 Fair Trade Cup

Midland is enthusiastic about public welfare. During the year, we formed a football team again to participate in the 2023 Fair Trade Cup hosted by the Fair Trade Hong Kong. The competition takes "Climate Justice" as its theme, hoping to awaken everyone's attention to extreme weather and how climate change affects life. The funds raised are used to educate and promote fair trade and other sustainable development initiatives.

Clinching the "Caring Company" recognition for twenty consecutive years

The Group is dedicated to giving back to the community. Apart from donating and mobilising our colleagues to participate in various volunteer activities to assist underprivileged groups such as the elderly, grassroots youth, and the chronically ill, the Group also actively expresses its solicitude for staff through different activities. Therefore, it has been awarded the "Caring Company" logo by the Hong Kong Council of Social Service for twenty consecutive years in recognition of its unremitting effort in fulfilling its social responsibilities.

Supporting "Project WeCan" to help students plan their lives

Midland has supported the "Project WeCan" for ten consecutive years with the aim to provide a wealth of resources and information to students in need, and was once again invited to attend the annual premier event "Shape Our Future: WeCan – Project WeCan Career Exploration Day". We helped students to gain a better understanding of the real estate agency industry, equip themselves in advance and prepare well for their future careers. The Group also sent representatives to participate in the "Young Innovators' Bazaar", which helps students gain business experience and stimulate thoughts about career planning.

Working hard to raise funds and united to bring light

Midland Group actively participated in various public welfare activities to fulfill its corporate responsibilities. During the year, athletes were sent to participate in a 10-kilometer charity run and a 3.5-kilometer walk to give back to the society and help the Lifeline Express Hospital Eye-train raise funds to restore sight to impoverished cataract patients in mainland China.

Supporting the Lok Sin Tong "10.1 Charity Run" event

Midland Group actively participated in various public welfare activities. It fully supported the "10.1 Charity Run" co-organised by The Lok Sin Tong Benevolent Society, Kowloon. It not only made charity donations, but also sent a number of colleagues to attend the event alongside their families, completing the 1.01-kilometer journey together within the designated time to show with action our support and contribution to charity, environmental protection and plastic reduction.

Receiving the "Partner Employer Award" for nine consecutive years

Adhering to the corporate spirit of caring and upholding the principle of "Nurturing Talents", Midland actively provides students with internship and employment opportunities for them to accumulate work experience, during which comprehensive training and courses were provided to help enhance the students' competitiveness in the market and prepare for their future career development in advance. Hence, Midland has received the "Partner Employer Award" from The Hong Kong General Chamber of Small and Medium Business for nine consecutive years as a commendation of its continuous commitment to nurturing talents in the industry.

Receiving the CPD Mark from the EAA with most branches being awarded in the industry

149 branches under Midland were awarded the "CPD Mark for Estate Agencies" by the Estate Agents Authority (EAA), among which 60 branches were awarded the newly added "Silver CPD Mark for Estate Agencies" by the EAA, winning the most awards in both categories among the whole industry. This is not only the result of Midland's encouragement of employees' professional development, but also the market's greatest recognition of Midland's professional level.

Winning the "Happiness at Work" title for eight consecutive years

Midland has always adhered to the "people-oriented" principle, taking care of its employees and striving to create a pleasant working environment. It has won the "Happiness at Work" title awarded by the Promoting Happiness Index Foundation for eight consecutive years in recognition of Midland's active promotion of a harmonious and inclusive work culture.


Midland actively fulfills its social responsibilities and provides students with work experience

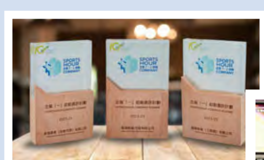
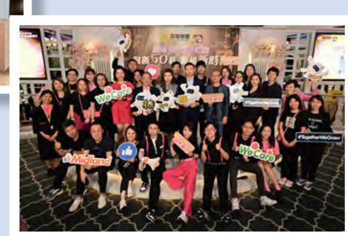
Midland is committed to fulfilling its social responsibilities and actively cultivating social talents. It cooperates with the Tuen Mun District Youth Development and Civic Education Committee under the Home Affairs Department to provide students with a four-day internship opportunity, with frontline real estate agents taking students to visit new properties, second-hand housing estates and Midland branches to deepen their understanding of the agency industry. They also visited different departments to experience the back-office work to prepare students for their careers.

Receiving more recognition for its efforts in environmental protection and energy conservation

The Group places great importance on environmental protection and spared no effort in promoting sustainable development. As a result, the Group always earned huge recognition from society and won multiple awards, including the Smart Energy Award 2023 issued by CLP Power, the Wastewi$e Certificate – Excellent Level, and the Energywi$e Certificate – Good Level issued by the Hong Kong Green Organisation Certification and the "ISO 14064-1:2018" Greenhouse Gases Inventory Certificate issued by the International Organisation for Standardisation in recognition of its contribution to environmental protection.

Promote the physical and mental health of employees and receive the award of "SportsHour Company Scheme"

Midland has always paid attention to the physical and mental health of its employees, and has been actively establishing a favorable working environment and atmosphere to balance work and life. Hence, it received the award of "SportsHour Company" issued by InspiringHK Sports Foundation in recognition of Midland's contribution to the scheme.

Environmental, Social and Governance Report

About this report

Reporting Standards

The Company is pleased to publish its Environmental, Social and Governance ("ESG") Report which is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "Guide") set out in Appendix C2 to the Listing Rules.

Reporting Principles

This report is prepared in accordance with the four reporting principles stated in the Guide:

- **Materiality:** Stakeholder engagement and materiality review is conducted to ensure that the ESG issues identified remain relevant and material to our business operations and stakeholders.
- **Quantitative:** Quantitative metrics are collected and regularly monitored to review the progress of our ESG initiatives.
- **Balance:** This report highlights both the achievement and improvement areas of our ESG management to show an unbiased picture of our ESG performance.
- **Consistency:** Consistent methodologies are adopted for meaningful comparison of our ESG performance. Remarks are provided in case of any change in data compilation methodologies and scope.

Reporting Scope and Boundary

Unless otherwise specified, this report covers the period from 1 January 2023 to 31 December 2023. It encapsulates the ESG performance and initiatives of our residential property agency services in Hong Kong, including Midland Realty and Hong Kong Property.

There were no significant changes from the previous reporting year in the reporting scope and boundary of this report.

Feedback Mechanism

We welcome and value the feedback from our stakeholders to continuously improve our ESG management and performance. Please feel free to share your views and thoughts with us at esg@midland.com.hk.

Our ESG Management

ESG Management

As a responsible corporate citizen, the Group recognises the importance of establishing a robust governance structure to ensure our business operations are operating in an ethical and sustainable manner.

We continue to optimise our corporate governance strategies and policies to increasingly incorporate sustainability considerations in the way we grow and develop. We have established a set of policies to embed ESG management into our daily operations. These policies cover ESG aspects including environmental management, green procurement practice and service responsibility, reinforcing our commitment to integrating ESG factors in our business operations.

Our ESG Management (Continued)

Board Statement

The Board acknowledges the significance of effective sustainability practices and are actively integrating ESG systems in key business decisions. The Board is ultimately responsible for formulating and overseeing our ESG strategy, reporting and management approach to monitor ESG issues.

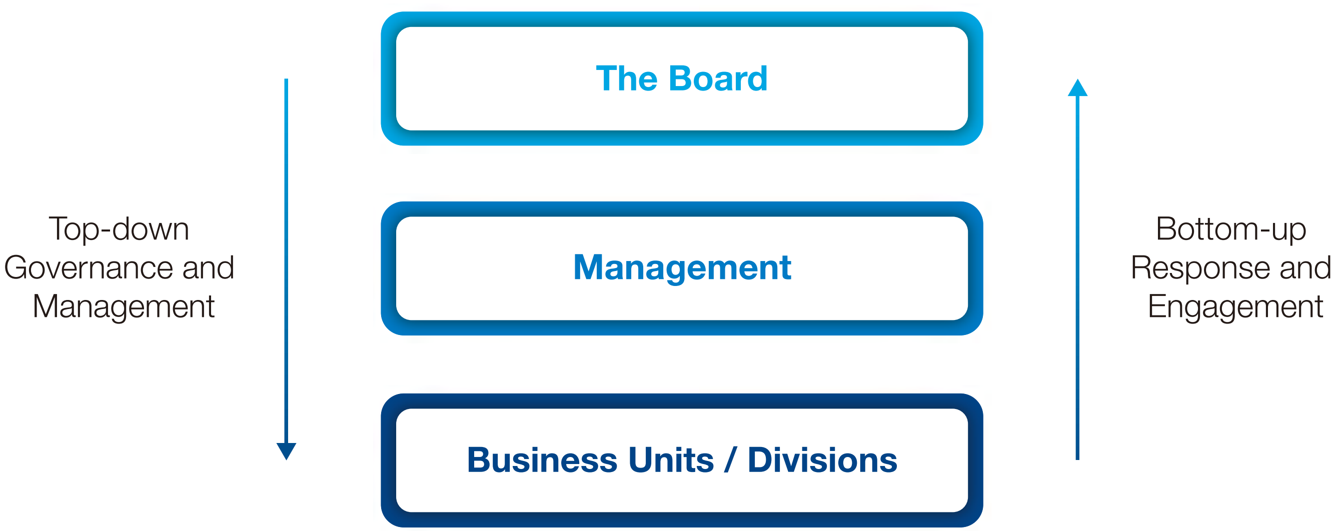
The Board regularly evaluates and determines our ESG related risks and ensures that appropriate and effective ESG risk management and internal control systems are in place. The Board has regular meetings and discussions on the effectiveness of these systems as well as progress made against relevant ESG-related goals and targets during the reporting year. Management is taking steps to review and monitor the Group's greenhouse gas emissions and setting sustainability targets to ensure that we operate our business in an environmentally and socially responsible model while generating strong returns for our shareholders.

Sustainability Governance

To systematically consolidate the sustainability concept of the Group, the Group establishes a governance structure on sustainable development in order to promote the implementation of ESG governance works in an orderly manner. The Board, as stewards of ESG management of the Group, is ultimately accountable for the performance of ESG-related issues through establishing goals and targets and reviewing the performance on a regular basis. The Board provides oversight of the risk management framework and sustainability strategy in achieving long-term sustainability goals and promoting a sustainable development culture at all levels.

Management directly reports to the Board and is responsible for initiating, driving, and monitoring sustainability policies and practices. Management strives to maintain effective communication with the Board to provide constructive recommendations regarding the emerging ESG trend and industrial best practices, improving the Group's resilience in addressing ESG issues. In alignment with the Group's ESG dedication, our management level ensures that sustainability elements are considered when proposing, designing and implementing new protocols and overseeing the implementation process through reviewing policies and gathering feedback from stakeholders.

ESG Governance Structure



Our ESG Management (Continued)

Ethical Business Operation

We strive to uphold the highest level of business ethics and strictly prohibit and stand against any form of bribery, extortion, fraud, or corruption in our business operations. The Group adheres to applicable laws and regulations, including the Prevention of Bribery Ordinance (Cap. 201). Internal policies and control mechanisms are in place to strengthen our management practices and prevent improper conduct and unethical behaviour. The Group has communicated our preventive measures on bribery and corruption to our employees, including guidelines regarding the acceptance and offer of advantages. Such anti-corruption materials are also available to the directors. Employees are also required to provide a conflict of interest declaration as one of our preventive measures. Detailed policies and guidance relating to anti-corruption and conflict of interest are stipulated in our Staff Handbook.

The Group commits to providing training for our frontline and back-office staff to ensure a thorough understanding of the code of ethics and compliance requirements in the property agency industry. As a responsible and ethical business, we recognise the importance of upholding high standards of conduct and compliance. Our training programme is designed to equip our employees with the knowledge and skills necessary to adhere to the standard and maintain our reputation as a trustworthy organisation and to benefit our customers. We provide training covering business ethics issues, such as code of ethics, anti-money laundering, discrimination ordinances and protection of personal data. In addition, to enhance employees' awareness on anti-corruption practices, we arranged online training for our frontline and back-office staff. The training course covers topics from understanding anti-corruption laws and regulations to avoiding legal violations in our operation practices.

The Group strictly prohibits all employees, either directly or indirectly, from soliciting or receiving any gifts, rewards, or advantages from any business associates. The Group has established a Whistleblowing Policy and mechanism to allow our employees and stakeholders to raise concerns on any potential business misconduct and malpractice confidentially. The Whistleblowing Team was also set up to handle matters arising from whistleblower reports in an effective manner and further report to the Audit Committee. Depending on the nature and circumstance of the allegation, investigation procedures are followed accordingly.

The Group conforms to the Competition Ordinance (Cap. 619) and supports fair competition with our peer companies. We strictly prohibit our employees from engaging in anti-competitive behaviour, including cartels, market segregation, bid-rigging and output restriction, as stated in the Staff Handbook. We also have guidelines on communication with competitors and customers to avoid involvement in any suspicious anti-competitive behaviour.

During the reporting year, the Group was not aware of any conviction against any member of the Group arising from violation of laws or regulations against corruption, bribery, fraud, and money laundering.

Our ESG Management (Continued)

Stakeholder Engagement and Materiality Assessment

To enhance our understanding of stakeholder's expectations and needs, as well as identifying material ESG issues and performance, we engaged in ongoing dialogues with our external and internal stakeholders through various channels throughout the reporting year:

Stakeholder Group	Engagement Channel
Management and Employees	• Townhall meeting • Monthly meetings • Intranet forum • Internal circulars • Grievance channels stated in Staff Handbook • Questionnaire
Investors	• Annual general meeting • Annual and interim reports • Corporate website • Investor circulars • Questionnaire
Suppliers	• Regular supplier review • Meetings
Customers	• Social media • Corporate website • Questionnaire • Customer service hotline • Live chat services (Midland Live Chat and Midland Agent Chat)
Community Partners/ Non-governmental Organisations (NGOs)	• Community programme collaboration • Voluntary services • Ad hoc sponsorship projects
Media	• Press release • Interview • Press conference • Mobile application for communication • Leisure engagement events

Our ESG Management (Continued)

Stakeholder Engagement and Materiality Assessment (Continued)

To effectively manage ESG issues, we cautiously identify, analyse and review the relevance of ESG issues to our business operations and stakeholders on a regular basis. The assessment helps to build the foundation for our ESG strategy and management approach. Through the step-by-step approach below, we identify and review the material ESG issues to our business operations:

Step 1 – Identification

Review the industry trend and the Guide to identify a list of potential material ESG issues for our business operations.

Step 2 – Prioritisation

Conduct periodic stakeholder engagement (via questionnaire or otherwise) to seek opinions from our stakeholders.

Step 3 – Validation

Management further reviews the stakeholder engagement result and confirms the list of material ESG issues.

Step 4 – Review

ESG topics are regularly reviewed to ensure their relevancy and materiality to the Group.

According to the stakeholder-based materiality assessment results, we conducted industry research and peer benchmarking during the reporting year to ensure that the list of ESG issues is material and relevant to our business and is in line with the industry's development and changes in the external environment. During the reporting year, we have reviewed the list of material ESG issues and confirmed that the material ESG issues identified last year remained relevant and applicable to us.

Our ESG Management (Continued)

Stakeholder Engagement and Materiality Assessment (Continued)

The following table lists the 16 material ESG issues and their corresponding sections in this report.

List of material issues	Corresponding section in this report
Anti-corruption and Ethical Business Operation	
• Anti-corruption	Ethical Business Operation
• Anti-competition	Ethical Business Operation
• Ethical business compliance	Ethical Business Operation
Product and Service Responsibility	
• Customer service and satisfaction	Product and Service Responsibility; Feedback Handling
• Advertising and labelling	Product and Service Responsibility
• Intellectual property rights	Product and Service Responsibility
• Customer data privacy and protection	Privacy and Data Protection
• Product responsibility compliance	Product and Service Responsibility
Employment and Labour Standards	
• Employee relationship	Employment Policy and Labour Standards
• Non-discrimination and diversity	Employment Policy and Labour Standards
• Occupational health and safety	Occupational Health and Safety
• Training and development	Training and Development
• Employment compliance	Employment Policy and Labour Standards
The Environment	
• Employee environmental awareness	Employee Environmental Awareness
• Environmental compliance	Environmental Management
Our Community	
• Community investment	Our Community

Our Customers

Product and Service Responsibility

The Group's customers mainly consist of property developers, property owners, property purchasers, landlords and tenants. As stipulated in our Product Responsibility Policy, we strive to provide the finest services to our customers in adherence with applicable laws and regulations including the Trade Descriptions Ordinance (Cap. 362), Residential Properties (First-hand Sales) Ordinance (Cap. 621) and Estate Agents Ordinance (Cap. 511). During the reporting year, there were no material non-compliance cases concluded relating to the aforementioned laws and regulations. We have a Product Responsibility Policy in place, which clearly stipulates our commitment to promoting customer experience, service reliability, customer health and safety and data privacy.

Through leveraging technological innovations and digital applications, we continuously make use of digital platforms including online live chat, mobile applications, and social media to enhance our customers' experience.

The Group has scaled up our efforts in digitising our services by launching the "Property Tour with KOL" and "AI.VR Property Visit", which allow customers to view their ideal properties through property introduction videos and to visualise how the property would look like with different décor styles through the deployment of virtual reality technology.

Meanwhile, we have enhanced the flexibility of our different services with technological innovations to ensure our business continuity. The Group has signed a strategic partnership with an all-in-One VR service provider, Matterport, Inc. ("Matterport"). With Matterport's new "digital twin" technology, our customers can create their ideal home design and layout in a virtual building space. We believe our partnership will accelerate the introduction of leading technology and enhance customers' online experience.

Moreover, irregular branch inspections are conducted to monitor service quality and identify any potential improvement areas. To provide customers with accurate and complete information, the Group has adopted standardised procedures for advertising and labelling of products and services that align with the regulatory requirements of the target markets. We also strive to protect intellectual property ("IP") rights by maintaining relevant standards and protocols when producing marketing materials and ensuring that we have the IP rights for the material that we use.

Privacy and Data Protection

We strongly emphasise data privacy protection and adhere to applicable laws and regulations relating to data privacy and protection, including the Personal Data (Privacy) Ordinance (Cap. 486), when handling customer information. To safeguard our customer's data privacy, we have established the Customer Privacy and Data Protection Policy (the "Policy") that addresses the handling of our customer's data which are mainly stored in the form of contractual documents. The Policy is uploaded to the Company's intranet for staff's reference. During the reporting year, there were no material non-compliance cases concluded relating to the aforementioned laws and regulations.

Guided by the Policy, the Group adopts a wide array of measures to protect the personal data of our customers. Only authorised personnel are granted access to documents with personal information. Frontline staff are required to fill in a record form when they obtain and archive contractual documents for client's service. Documents containing customers' personal information are organised and locked in designated locations to avoid information leakage. Sample checking on document storage is conducted annually to ensure that we are compliant with the Policy.

We also have strict control over the disposal of expired contractual documents. We appoint certified recyclers for appropriate handling of the disposed documents on a regular basis. Internal training is provided to our frontline staff to communicate our requirements and raise their awareness on data privacy protection.

Our Customers (Continued)

Feedback Handling

We endeavour to continuously improve our customer's experience and satisfaction through communicating with them on a regular basis and listening to their concerns and feedback. The Group has formed a designated customer relationship team to handle customer feedback who are well-trained and skilled in handling customer enquiries and complaints. Customers can lodge their enquiries or complaints through various communication channels, including our customer hotline, email, mail and visitations. Once the complaint is received, the customer relationship team further investigates the feedback and works with relevant departments in a timely manner. A feasible solution is then developed for further discussion and agreement with the complainants. The results and follow-up actions taken are documented accordingly. During the reporting year, 54 service-related complaints were received and handled.

Our Employees

Employment Policy and Labour Standards

We believe that our employees are the key to our long-term business success. The Group adheres to the laws and regulations relating to employment and labour standards including the Employment Ordinance (Cap. 57), Employment of Children Regulations (Cap. 57B), Employment of Young Persons (Industry) Regulations (Cap. 57C), Employees' Compensation Ordinance (Cap. 282), Mandatory Provident Fund Schemes Ordinance (Cap. 485), Minimum Wage Ordinance (Cap. 608), Occupational Safety and Health Ordinance (Cap. 509) and the discrimination ordinances[1]. During the reporting year, we observed no material non-compliance cases concluded regarding the aforementioned laws and regulations.

Going beyond legal compliance, we adopt a people-centric philosophy in our human resources strategy and policies to create a respectful, productive and rewarding working environment for our employees. The Group's human resources policies have thus been established to stipulate relevant practices in recruitment, dismissal, promotion, working hours, holidays, equal opportunities and compensation benefits. We also invest in our employees and aim to provide them with rewarding career paths so as to develop a diverse, industry-leading team. Fair recruitment and promotion processes are implemented based on factors such as experience and performance. Moreover, we provided our employees competitive and rewarding remuneration package.

With businesses that highly depend on people, the Group is committed to embracing diversity as well as providing equal opportunity and a collaborative workplace. The Group strictly enforces an anti-discrimination policy and has zero tolerance for any form of harassment.

[1] Discrimination ordinances include Sex Discrimination Ordinance (Cap. 480), Disability Discrimination Ordinance (Cap. 487), Family Status Discrimination Ordinance (Cap. 527) and Race Discrimination Ordinance (Cap. 602).

Our Employees (Continued)

Employment Policy and Labour Standards (Continued)

The Group endeavours to meet the needs of our employees by listening to their suggestions and feedback. Various platforms and mechanisms are available to facilitate open communication between management and employees. For instance, we have organised a Central Professional Units (CPU) townhall meeting regularly, and arranged a Q&A session for employees to interact with the management and further develop potential solutions in tackling the issues raised. Other communication channels are also available for our employees to voice their opinions, including monthly meetings for frontline and back-office staff of different ranks and positions via electronic means or otherwise. We also put in place internal grievance channels which are outlined in the Staff Handbook.

To create a harmonious workplace and extend our care to our employees, we set up the “Motivational Campaign” to organise employee activities and provide benefits to employees from time to time. During the reporting year, the Group organised a variety of events and festive activities for our employees to strengthen their sense of belonging and foster workplace collaboration. We also encourage our employees to participate in various sports events, which can enhance their physical well-being and strengthen team spirit. For instance, we supported our staff to participate in the Standard Chartered Marathon and other charity races/matches to encourage them to live a healthy lifestyle.

The Group commits to upholding human rights and strictly prohibits the use of child labour and forced labour as stated in our guidelines for employing new hires. In 2023, we did not discover such practices in our operation.

Our Employees (Continued)

Training and Development

As our employees are the Group's greatest human capital, we make a great effort in nurturing our employees while also offering opportunities for professional and personal advancement. We set up Midland University to deliver specific training for our employees to equip them with the skills and knowledge required in carrying out their daily operations. Based on the job nature and rank of the employees, different training modules are built. For instance, we have tailored training programmes for both frontline and back-office staff respectively.

Tailored training programmes

New-joiner Training

- **Frontline staff**
  Property agency licensing class, foundation selling skills and operation procedure
- **Back-office staff**
  Time management, project management and office manner

Core Training

- **Understanding the Group**
  Corporate culture, internal policy and system
- **Management and Development**
  Human resources management, sales management, self-management and talent development programme
- **Operating Practices**
  Legal and compliance, operation workflow and skills, and product knowledge
- **Work and Service Skills**
  Selling skills, customer service skills, language and other soft skills

Specialised Training

- **Sales Talent Development Programme (DSA & MDSA)**
  Series of training on selling skills, presentation skills and management skills
- **Talent Development Programmes**
  Specific training for high potential staff
  - "Elite Army" for frontline and back-office staff
  - "PTU Plan" for frontline administrative staff and back office assistants
- **Midland Elite Trainer Programme**
  - Specific training for high potential frontline manager
  - Series of training on Train-the-Trainer

A digital learning management system was developed to give flexibility to our employees to receive training at anytime and anywhere through a computer or electronic devices. To facilitate better learning engagement, the system supports bite-sized learning as online courses are divided into shorter clips, which can be digested more effectively. This digital learning management system allowed the learning process to become easier, more effective, and easily accessible.

Our Employees (Continued)

Training and Development (Continued)

Our effort in providing training to frontline staff is also externally recognised. The Group has been granted the accolade of Manpower Developer 1st for 10 consecutive years and was acknowledged as a "Super MD" by the Employees Retraining Board. Meanwhile, a total of 149 branches of the Group have obtained the "CPD Mark for Estate Agencies" issued by the Estate Agents Authority for the year 2023, ranking first among property agency companies. We encourage our employees to enhance their knowledge through keen participation in CPD activities, a total of 60 branches of the Group have obtained the "Silver CPD Mark for Estate Agencies" for the year 2023.

Apart from internal training programmes, we subsidise our staff to join external training courses, obtain professional certificates and attend examinations. As such, our employees could keep pace with the market benchmark and pursue professional development courses of their choice. This helps encourage employees to pursue new expertise and undertake life-long learning. Moreover, we tailor-made the professional estate agent certification programme for our frontline staff to enhance their capability in conveyancing, tax and mortgage, digital marketing and customer services. Staff who complete the specific series of training courses and fulfil relevant KPIs will be certified as a specialist. Such certifications obtained by our frontline staff are listed on their profiles in our Agent Blog, which provides a platform to exhibit their credentials.

To encourage our staff in search of excellence, we establish a clear career advancement path. Promotion criteria are clearly outlined in our Staff Handbook. The mid-year and annual appraisals are conducted to evaluate the employees' job performance based on various rating factors, including functional competencies, job quality and skills and behavioural competencies, based on their responsibility and job nature. Employees can discuss with their supervisor regarding the appraisal result and establish targets for the upcoming year. We also prioritise internal promotion of staff when there is a vacancy in a job position based on qualifications, job performance, competency and recommendations from the supervisor or management.

Occupational Health and Safety

The Group cares about employees' health and safety at work. We conform to the relevant occupational health and safety laws and regulations including the Occupational Safety and Health Ordinance (Cap. 509) and the Factories and Industrial Undertakings Ordinance (Cap. 59) in our operations. During the reporting year, we observed no material non-compliance cases concluded regarding the aforementioned laws and regulations.

The employees of the Group mainly comprise frontline and back-office staff, and various measures are carried out to enhance our employees' awareness of occupational health and safety issues that may arise from their job nature and working environment. For instance, we have disseminated occupational health and safety information on the Company's intranet. Information regarding the proper procedures of using various equipment in our offices and branches is provided to further educate our employees and prevent the occurrence of workplace injuries.

We place great emphasis on enhancing the indoor air quality of our branches and offices as it directly affects the health of our employees and the comfort level in the working environment. We have formulated the Indoor Air Quality Policy which includes a set of measures to promote indoor air quality in our workspace. We installed dust filters to reduce suspended particles from entering the ventilation systems. Moreover, we also clean and conduct regular inspection and maintenance of ventilation system equipment including fans, dust filters, ventilation ducts and air hoods.

During the three years ended 31 December 2023, there were no work-related fatality cases.

Our Environment

Environmental Management

We recognise our role in minimising the adverse impacts that our operations may have on the environment. The Group strictly adheres to all applicable environmental laws and regulations including the Air Pollution Control Ordinance (Cap. 311), Water Pollution Control Ordinance (Cap. 358) and Waste Disposal Ordinance (Cap. 354). As stipulated in our Environmental Policy, we are committed to better managing our environmental impacts and continuously incorporating environmental considerations into our decision-making process. We strive to protect the environment and lower our carbon footprint by conserving natural resources, reducing energy consumption, minimising and recycling waste, but without compromising the quality of our products and services.

During the reporting year, we observed no material non-compliance cases concluded regarding air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Climate Change and Energy Conservation

The Group is mindful of the adverse impacts caused by climate change on our business operations, the business community and overall society. The Group recognises our contribution to greenhouse gas emissions and strives to lower our carbon footprint by identifying opportunities to decarbonise our daily operations. We are taking steps in setting our sustainability targets. Committed to reducing air emissions, we have introduced and actively applied emission control measures in our operations. For example, we encourage our employees to replace business trips with alternative options, including telephone calls, video conferences and other online communication tools, where possible, to reduce air pollution and greenhouse gas emissions. We cautiously monitor our greenhouse gas emissions in our head office by compiling annual greenhouse gas report in accordance with ISO14064-1:2018 standard. The report offers insights on potential improvement area to further reduce our emissions. It was also externally verified to ensure data accuracy.

The majority of the greenhouse gas emissions of the Group has arisen from energy consumption. As such, we have enhanced our energy efficiency and reduced energy consumption by setting energy use efficiency targets and initiating various improvement measures. To enhance the energy efficiency of our offices and branches, we have installed energy-efficient equipment including air conditioning systems and LED light bulbs and tubes, and heat-insulating window film. The reduction in energy consumption is estimated to be 20%–30%. We also installed energy-saving systems and timers on the equipment in all our offices and branches to switch off equipment outside operating hours.

Our Environment (Continued)

Climate Change and Energy Conservation (Continued)

As a considerable amount of electricity is consumed from the signage at our branches, we have also installed timers on the external lighting to control the operating time. Moreover, the new 3D signage at our branches uses LED light strips, reducing the amount of electricity consumed by around 30%. During the reporting year, the Group was awarded the Energywi$e Certificate (Good Level) by the Hong Kong Green Organisation Certification to recognise our continuous efforts on energy conservation.

The threats of climate change is imminent. The occurrence of extreme weather events, such as severe typhoons, seasonal storms and abnormal precipitations, are likely to become more frequent with human-induced climate change. The Group continues to assess impacts on our operations and make respective enhancements to ensure and maintain our business operation under these extreme weather events or disruptions. The Board will monitor the risks and opportunities that arise from climate change on an ongoing basis and enhance our precautionary measures to strengthen our business climate resilience and get prepared for any potential climate impact.

Waste Management

In respect of the upcoming launch of the Municipal Solid Waste Charging Scheme, the Group has taken extra steps to strengthen waste management practices. Despite utilising online and digital platforms, paper waste remains the major type of wastes generated in our operations. To further reduce waste disposal, we established clear guidelines on reducing paper consumption and recycling waste paper. Also, we encourage the reuse of single-sided used paper and brown envelopes for the internal circulation of documents. Frontline staff are also encouraged to proactively contact certified recyclers to collect waste paper for recycling. In recognition of our efforts, Midland Realty was awarded the Wastewi$e Certificate (Excellent Level) and Hong Kong Property was awarded the Wastewi$e Certificate (Good Level) by the Hong Kong Green Organisation Certification for the reporting year.

Moreover, a wide array of measures is adopted in our daily operations to scale up our waste management efforts. In addition to placing recycling facilities at specified locations to encourage waste sorting, we appoint a designated company for handling paper recycling. We also engage with our suppliers to recycle toner cartridges and encourage them to deliver fluorescent tubes to the designated collection points under the Environmental Protection Department's "Fluorescent Lamp Recycling Programme". A waste management control procedure has been adopted across the Group's businesses to enable effective identification, segregation, and handling of hazardous and non-hazardous waste.

Employee Environmental Awareness

The Group recognises the importance of behavioural change in enhancing our environmental performance. We place considerable efforts to enhance the environmental awareness of our employees, hoping to shift their mindset to incorporate sustainable practices in our day-to-day operations.

We have dedicated a page for environmental protection on the Company's intranet to effectively disseminate information on sustainable practices to our employees. This online platform also provides a communication channel to receive enquiries and suggestions on the Company's environmental issues from our employees. Through the intranet page, we have communicated the Group's stance on promoting environmental protection and proactively encourage our employees to practice the 4Rs – Reduce, Reuse, Recycle and Replace in their daily operations. For instance, our employees are encouraged to recycle promotional materials. Moreover, we have also placed labels of environmental protection messages eminently in the office and our branches to provide a constant reminder to our employees on the importance of operating in a sustainable manner.

Our Environment (Continued)

Environmental Performance Data Summary

	Unit	Performance in 2023	Performance in 2022
Energy consumption			
Total electricity consumption	kWh	6,468,111	8,485,196
Energy intensity	GJ/employee	5.20	5.72
Greenhouse gas (GHG) emissions[1]			
Direct emissions (Scope 1)[2]	tonnes of CO_2 equivalent (tCO_2e)	0	0
Energy indirect emissions (Scope 2)[3]	tCO_2e	3,012	4,026
GHG emission intensity	tCO_2e/employee	0.67	0.75
Water consumption[4]			
Total water consumption	cubic meter (m^3)	7,926	5,859
Water intensity	m^3/employee	1.77	1.10
Waste management[5]			
Fluorescent tube disposed	pieces	1,204	1,004
Electrical appliances/components disposed	pieces	1,268	911
Electrical appliances/components recycled	pieces	931	7
Paper recycled	kg	5,781	15,065

Notes:

1 GHG emissions are calculated in accordance with the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition) published by the Environmental Protection Department, HKSAR. We also took reference from global warming potential values from the IPCC Fifth Assessment Report and the emission factors from CLP Power Hong Kong Limited, The Hongkong Electric Company Limited and The Hong Kong and China Gas Company Limited respectively, for the calculation of GHG emissions.

2 Direct GHG emission (Scope 1) is generated from refrigerant consumption by water dispensers in our head offices. Refrigerant consumption is insignificant in our offices and branches, thus data is not collected for disclosure.

3 Indirect GHG emission (Scope 2) is generated from electricity consumption by our head offices and branches.

4 Water consumption covers branch operation only. Water consumption in our head offices is insignificant, thus data is not collected for disclosure. The increase in water consumption in 2023 was due to concealed water pipe leakage at one of the branches.

5 Non-hazardous waste disposed is insignificant in our offices and branches, thus data is not collected for disclosure.

Our Supply Chain

Overview of Our Supply Chain

To support our daily operations, the Group worked with 136 suppliers during the reporting year. Our main suppliers consist of companies that provide cleaning, insurance, security and transportation services, office equipment and printing products. To further promote local business development and reduce our carbon footprint, we also give priority to local suppliers when possible. In 2023, all our suppliers operate in Hong Kong.

Supplier Selection and Monitoring

We adhere to all applicable laws and regulations when procuring products and services. We also maintain a fair and reasonable procurement process for all our suppliers and service providers. During the tendering process, the Group communicates our high standards on conducting business in a responsible manner to our suppliers through our Vendor Code of Conduct. Regular assessments are also conducted to monitor and evaluate the performance of our suppliers, ensuring compliance and continuous improvement.

The Group recognises the importance of addressing the social, environmental, and ethical issues in our supply chain. We strive to promote environmentally sound procurement practices. The Group has established the Green Procurement Policy and revamped our tender document to reinforce our commitment. We adopt a comprehensive supply management mechanism to ensure appropriate management of environmental and social risks. Suppliers' ESG performance is one of the prime consideration factors in our selection process. We give priority to suppliers who can provide sustainable and socially responsible products and services. Some of our existing suppliers obtained various international certifications relating to environmental management and social responsibility. Selected suppliers are subject to ongoing monitoring and annual evaluation for quality assurance.

As we strive to minimise our environmental impact in our daily operations, we procure environmentally preferable products and services with a view to minimising adverse impacts on environmental and human health when possible. For instance, we prioritise the use of environmentally-certified paper where possible, including paper certified by the Forest Stewardship Council (FSC). Moreover, we use soy-based ink for our printers to reduce environmental detriments as opposed to conventional petroleum-based ink. The Group is also taking steps in purchasing bio-degradable trash bags which are designed to decompose quickly and tackle plastic pollution.

Our Community

Our Community Investment

Our communities are inseparable from us, the Group has continuously invested considerable efforts in giving back to the communities in which we operate. By enriching our communities, we help them to thrive. We are also passionate about improving the wellness of the community, especially in challenging times. We distributed resources to serve different social groups in the community. In collaboration with various organisations, we strive to create long-term value for our community, and we grow with the community together for a better shared future.

Midland Charitable Foundation was established in 2004. 0.1% of the commission income from every second-hand property transaction of the relevant subsidiaries of the Company in a month will be donated to the Midland Charitable Foundation to support charitable organisations for local community development.

Our Community (Continued)

Our Community Investment (Continued)

We create inclusive engagement for the community and foster the city's development through community investment. We also have guidelines on community engagement to understand the needs of the communities and to ensure that our activities have taken into consideration the communities' interests. To optimise our effort in community investment, we conduct a thorough evaluation after the completion of each community event prior to determining the community event plan for the upcoming year. Our review covers activity objectives, the number of beneficiaries, participation frequencies and hours, and the number of employees who participated.

In the reporting year, the Group donated HK$724,000 and provided approximately 178 hours of volunteer services to help the people in need. Thus, we are honoured to have our devotion towards supporting and caring for our community being recognised with the Caring Company Logo by The Hong Kong Council of Social Service for 20 consecutive years.

Caring for the Local Elderly

The local elderly are one of the major target beneficiaries within the breadth of our community engagement. The Group sponsored and supported various volunteer activities, including elderly centre visits and festive celebrations for Mid-Autumn Festival organised by the Pentecostal Church of Hong Kong, and elderly home visits organised by the Christian Family Service Centre. We are always looking to create great and memorable moments for our seniors.

Nurturing the Youth

Younger generations are the future leaders and innovators. Therefore, we are passionate about inspiring the youth and unleashing their potential through different exposure opportunities and development programs. The Group is committed to providing internship and employment opportunities to local students and graduates every year to help the new generation accumulate workplace experience and prepare for their future career development.

The Group has supported the "Project WeCan" campaign for 10 consecutive years to provide comprehensive support to schools. We engaged in the "Career Exploration Day" programme which helped over 500 secondary students to explore their career interests, develop interview skills and gain a better understanding of the real estate agency industry, and the "Young Innovators' Bazaar" which offered students hands-on experience on business planning.

Caring for Chronic Patients

The Group has always been passionate about philanthropy and has supported the Lifeline Express Hong Kong Foundation for 11 consecutive years to raise funds for the treatment of poor cataract patients in Mainland China. This year, Midland Charitable Foundation sponsored our staff to participate in the "Lifeline Express Charity Run/Walk 2023", with the aim of encouraging them to stay "Physically Fit" while doing good deeds.

Social Performance Data Table

	Unit	Performance in 2023	Performance in 2022
***Employee Profile*[1]**			
Total workforce[2]	No. of people	4,480	5,341
Total workforce by employment type			
Full-time	No. of people	4,223	4,994
Part-time	No. of people	257	347
Total workforce by gender[3]			
Male	No. of people	2,303	2,770
Female	No. of people	1,920	2,224
Total workforce by age group[3]			
18–29	No. of people	445	702
30–50	No. of people	2,325	2,755
Above 50	No. of people	1,453	1,537
Total workforce by geographic location[3]			
Hong Kong	No. of people	4,223	4,994
Employee Turnover			
Total employee turnover rate[4]	%	39% (Frontline: 40%) (Back office: 31%)	52% (Frontline: 54%) (Back office: 32%)
Employee turnover rate by gender[4]			
Male	%	39%	48%
Female	%	40%	58%
Employee turnover rate by age group[4]			
18–29	%	65%	92%
30–50	%	35%	45%
Above 50	%	37%	45%
Employee turnover rate by geographic location[4]			
Hong Kong	%	100%	100%

Notes:

1 The number of employees only covers the in-scope business operations as described under the section headed “Reporting Scope and Boundary”.

2 The total workforce includes senior management of the Company.

3 Only full-time employees are calculated in the breakdown by gender, age group and geographic location.

4 Turnover rate = number of full-time employees who left the Group during the reporting year in the specified category / average number of full-time employees in the specified category at the beginning and at the end of the reporting year * 100%.

Social Performance Data Table (Continued)

	Unit	Performance in 2023	Performance in 2022
Development and Training			
Total workforce trained[5]	No. of people	5,224	6,607
Percentage of employees trained by gender			
Male	%	54%	53%
Female	%	46%	47%
Percentage of employees trained by employee category			
General staff	%	88%	89%
Managers	%	10%	9%
Management	%	2%	2%
Average training hours per employee by gender			
Male	Hours/employee	12.97	15.62
Female	Hours/employee	14.21	16.18
Average training hours per employee by employee category			
General staff	Hours/employee	13.58	15.67
Managers	Hours/employee	13.95	17.76
Management	Hours/employee	10.34	17.29
Occupational Health and Safety			
Lost day due to work injury[6]	No. of days	1,242	681
Work-related fatalities	No. of people	Nil – there were no work-related fatalities occurred in each of the past three years including the reporting year (2023).	
Supply Chain Management			
Number of suppliers by geographic location			
Hong Kong China	No. of suppliers	136	134

Notes:

5 The total of workforce trained includes employees who left the Group during the reporting year.

6 The lost day is calculated based on sum of the number of days that the employee cannot attend to work due to work injuries. The increase in number of lost days was mainly due to two new cases, each reported over 200 days in 2023.

Our ESG Awards

Awards for Environmental Performance

Organiser	Award and Recognition
Hong Kong Green Organisation Certification	Hong Kong Green Organisation Energywi$e Certificate – Good Level Wastewi$e Certificates – Excellent Level and Good Level
The Environment and Ecology Bureau	Charter on External Lighting – 232 Branches Received the Diamond Award
CLP Power	Smart Energy Award 2023 – Joint Energy Saving Award

Business Related Awards

Organiser	Award and Recognition
Hong Kong Investor Relations Association	Best IR Company Best IR Team Best IR by Chairman/CEO Best IRO (Investor Relations Officer) Best Investor Presentation Material
MARKETING-INTERACTIVE Magazine	Mob-Ex Awards 2023 – Mob-Ex Champion - Brand (North Asia) – Gold Award for Best Campaign – B2C – Gold Award for Best COVID-19 Related Campaign – Gold Award for Best Use of Mobile – Customer Engagement – Gold Award for Most Innovative Use of Mobile Technology – Silver Award for Best Direct to Consumer Campaign MARKies Awards Hong Kong 2023 – Gold Award for Best Idea – CX/UX – Gold Award for Best Idea – Digital Solution – Gold Award for Best Idea – Mobile Marketing – Gold Award for Best Use of Mobile & Apps – Silver Award for Best Idea – Customer Engagement – Bronze Award for Best Idea – Pandemic Response

Our ESG Awards (Continued)

Business Related Awards (Continued)

Organiser	Award and Recognition
Young Entrepreneurs Development Council	Excellent Business School Partner
The Hong Kong Management Association	DSA 55th Anniversary Achievement Award
Hong Kong Economic Times	Excellent ESG Enterprise of 2022-2023

Awards for Corporate Social Responsibility

Organiser	Award and Recognition
Promoting Happiness Index Foundation	Happiness at Work Promotional Scheme 2023 – Happy Company
The Hong Kong Council of Social Service	20 Years Plus Caring Company Logo
The Hong Kong General Chamber of Small and Medium Business	2023 Partner Employer Award – Excellent Enterprise Award – Recognition for Retaining Employment of Existing Employees – Recognition for Additional Full-time or Part-time Employees
InspiringHK Sports Foundation	SportsHour Company Recognition

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KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	Environmental Performance Data Summary	46
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Environmental Performance Data Summary	46
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Environmental Performance Data Summary	46
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Climate Change and Energy Conservation	44-45
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KPI A2.2	Water consumption in total and intensity.	Environmental Performance Data Summary	46
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Climate Change and Energy Conservation	44-45
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water consumption is not material in the Group's business operation.	N/A
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The use of packaging material for finished products is not applicable to the Group's business.	N/A
Aspect A3 The Environment and Natural Resources			
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KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Employee Environmental Awareness	45
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KPI B3.2	The average training hours completed per employee by gender and employee category.	Social Performance Data Table	49-50
Aspect B4 Labour Standards			
General Disclosure		Employment Policy and Labour Standards	40-41
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment Policy and Labour Standards	40-41
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment Policy and Labour Standards	40-41

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KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supplier Selection and Monitoring	47
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supplier Selection and Monitoring	47
Aspect B6 Product Responsibility			
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KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product and Service Responsibility	39
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Report of the Directors

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2023.

Principal Activities and Segment Information

The principal activity of the Company is investment holding. The activities of its principal subsidiaries and joint ventures are set out in note 37 to the consolidated financial statements.

An analysis of the Group's performance for the year ended 31 December 2023 by operating segments is set out in note 7 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2023 are set out in the consolidated income statement on page 78 of this Annual Report.

The Board does not recommend the payment of final dividend for the year ended 31 December 2023 (2022: nil).

Dividend Policy

The Company has adopted a dividend policy which is to provide relatively steady dividend payout ratio, linked to the Group's earnings performance and cash flow position as well as the business environment.

In view of its growth potentials, it is also the intention of the Group to maintain a position of financial stability and solid cash holdings to take advantage of any expansion or investment opportunities that may arise from time to time.

Business Review

A fair review of the business of the Group and particulars of important events affecting the Group that have occurred since the end of the financial year as well as discussion on the future business development of the Group are provided in the Chairman's Statement on pages 9 to 11, the Strategic Review and Planning on pages 12 to 13 and the Management Discussion and Analysis on pages 70 to 72 of this Annual Report. Description of the principal risks and uncertainties facing by the Group can be found in the Chairman's Statement on pages 9 to 11 and note 4 to the consolidated financial statements on pages 95 to 104 of this Annual Report. An analysis using financial key performance indicators can be found in the Management Discussion and Analysis on pages 70 to 72 of this Annual Report. A discussion of the Group's environmental policies and performance is provided in the Environmental, Social and Governance Report on pages 33 to 55 of this Annual Report. The above sections form part of this report.

In addition, discussions on the relationships with its key stakeholders and compliance with the relevant laws and regulations which have a significant impact on the Group are provided in the paragraphs below.

Business Review (Continued)

Relationships with key stakeholders

The Group maintains good relationship with its key stakeholders, which include employees, customers and shareholders.

Employees

The Group considers its employees as important and valuable assets, and is committed to providing a pleasant working environment and promoting work-life balance. In this regard, the Group has implemented various policies, ranging from casual wear day, birthday and family-care holiday, to organising various leisure activities for its employees from time to time.

The Group believes that communication is important in building up good relationship between management and employees. The management issues regular newsletters which are circulated to the employees through intranet. The Group also encourages employees to provide suggestions to the Group through various platforms.

Customers

The Group's main customers are purchasers, vendors, landlords and tenants of properties. The Group considers customers as a major stakeholder and is committed to providing comprehensive and high quality customer services.

Shareholders

The Group is committed to enhancing the shareholders' value and safeguarding the shareholders' interest through sound and effective corporate governance practices and procedures. Further discussion of the corporate governance practices and procedures is set out in the Corporate Governance Report on pages 17 to 29 of this Annual Report.

Compliance with the relevant laws and regulations

As one of the principal activities of the Group is provision of estate agency services, the Group takes particular care to comply with the requirements of the Estate Agents Ordinance and the Residential Properties (First-hand Sales) Ordinance. The Group is committed to complying with the requirements of the Personal Data (Privacy) Ordinance and the guidelines issued by the Office of the Privacy Commissioner for Personal Data. To ensure compliance with the applicable laws and regulations, the Group conducts regular training sessions for its staff, sets out guidelines and issues internal circulars to its staff from time to time.

In relation to human resources, the Group is committed to complying with the employment related ordinances such as the Employment Ordinance, the Minimum Wage Ordinance, the Personal Data (Privacy) Ordinance, the ordinances relating to disability, sex, family status and race discrimination as well as the ordinance relating to occupational safety and health.

On the corporate level, the Company is committed to complying with the requirements under the Listing Rules and the Securities and Futures Ordinance (the "SFO"), such as disclosure of information and corporate governance. The Company has complied with the code provisions set out in the Code throughout the year ended 31 December 2023. 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.

Reserves

Details of the movements in the reserves of the Group and the Company during the year are set out in note 27 and note 36 to the consolidated financial statements respectively.

Charitable Donations

During the year, the Group made charitable donations totalling HK$724,000 (2022: HK$905,000).

Property and Equipment

Details of the movements in property and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

Investment Properties

Details of the movements in investment properties of the Group during the year are set out in note 18 to the consolidated financial statements. Details of the properties held for investment purposes are set out on page 147 of this Annual Report.

Share Capital

Details of the share capital of the Company during the year are set out in note 26 to the consolidated financial statements.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Company's bye-laws and there are no restrictions against such rights under the applicable laws of Bermuda.

Distributable Reserves

As at 31 December 2023, the reserves of the Company available for distribution amounted to HK$287,199,000 (2022: HK$286,583,000).

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 148 of this Annual Report.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

Board of Directors

The Directors who held office during the year ended 31 December 2023 and up to the date of this Annual Report are as follows:

Executive Directors

Mr. WONG Kin Yip, Freddie *(Chairman)*
Ms. WONG Ching Yi, Angela *(Deputy Chairman and Managing Director)*
Mr. WONG Tsz Wa, Pierre *(Managing Director)*
Mr. SZE Ka Ming *(Chief Financial Officer) (appointed with effect from 1 December 2023)*
Mr. CHEUNG Kam Shing *(resigned with effect from 28 December 2023)*

Independent Non-Executive Directors

Mr. HO Kwan Tat, Ted
Mr. SUN Tak Chiu
Mr. CHAN Nim Leung Leon (*appointed with effect from 1 December 2023)*
Mr. WONG San *(resigned with effect from 1 December 2023)*

In accordance with bye-law 86(2) of the Company's bye-laws, Mr. SZE Ka Ming and Mr. CHAN Nim Leung Leon, both being Directors appointed by the Board subsequent to the Company's annual general meeting held on 9 June 2023, shall hold office until the forthcoming annual general meeting of the Company (the "AGM") and, being eligible, shall offer themselves for re-election. In accordance with bye-law 87 of the Company's bye-laws, Ms. WONG Ching Yi, Angela and Mr. HO Kwan Tat, Ted shall retire by rotation at the AGM and, being eligible, shall offer themselves for re-election.

The Company received from all Independent Non-Executive Directors annual confirmation of their independence and considered all the Independent Non-Executive Directors to be independent pursuant to Rule 3.13 of the Listing Rules.

Directors' Service Contracts

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Transactions, Arrangements and Contracts of Significance

Save as disclosed in this Annual Report, no transactions, arrangements and contracts that are significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Permitted Indemnity Provision

Pursuant to the bye-laws of the Company, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of his or her duty, or supposed duty, in his or her office provided that this indemnity shall not extend to any matter in respect of any wilful negligence, wilful default, fraud or dishonesty which may attach to him or her. The Company has arranged directors and officers liability insurance for the directors of the Group.

Equity-linked Agreements

Other than the share option scheme of the Company, no equity-linked agreements that will or may result in the Company issuing shares nor requiring the Company to enter into an agreement that will or may result in the Company issuing shares was entered into by the Company during the year or subsisted at the end of the year.

Details of the share option scheme of the Company are set out in the section headed "Share Option Scheme" in this Annual Report.

Share Option Scheme

Pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 23 June 2016, the Company adopted the share option scheme (the "Share Option Scheme"). A summary of the Share Option Scheme is as follows:

(a) Purpose

The principal purposes of the Share Option Scheme are to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to, the selected participants, to attract and retain the best quality personnel for the development of the business of the Company and each of its direct or indirect subsidiary, associated company, jointly controlled entity or joint venture (collectively, the "Eligible Group"), to recognise the contributions of the selected participants to the growth of the Eligible Group by rewarding them with opportunities to obtain ownership interest in the Company, and/or to promote the long term success of the Eligible Group by aligning the interests of the selected participants to the shareholders of the Company.

(b) Participants

The participants of the Share Option Scheme are any director (including any executive director of the Company), executive, officer or employee (whether full-time or part-time) of each member of the Eligible Group (but excluding each member of the committee appointed by the Board from time to time for the purpose of administration of the Share Option Scheme), as absolutely determined by the Board in accordance with the terms of the Share Option Scheme.

(c) Total number of shares available for issue

The maximum number of shares which might be issued upon exercise of all options granted or to be granted under the Share Option Scheme should not in aggregate exceed 5% of the total number of shares in issue (i.e. 35,902,300 shares) as at the date of the adoption of the Share Option Scheme.

The total number of shares available for issue under the Share Option Scheme was 35,902,300 shares (representing approximately 5% of the issued shares of the Company as the date of this Annual Report), The Company had granted options under the Share Option Scheme to subscribe for a total of 9,174,300 shares (representing approximately 1.28% of the issued shares of the Company as at the date of this Annual Report).

(d) Maximum entitlement of each participant

The maximum number of shares issued and to be issued upon exercise of all options granted to each participant under the Share Option Scheme and any other share option schemes of the Company (including those exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue.

Any further grant of share options in excess of the above-mentioned limit shall be subject to the separate approval by the shareholders of the Company in general meeting with such participant and his or her close associates, or his or her associates if the participant is a connected person (all within the meaning as ascribed under the Listing Rules) of the Company, abstaining from voting, and all other requirements prescribed under the Listing Rules.

Share Option Scheme (Continued)

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

The maximum number of shares issued and to be issued upon exercise of all options granted under the Share Option Scheme and any other share option scheme(s) of the Company to each participant who is an Independent Non-Executive Director or a substantial shareholder of the Company, or any of their respective associates, in any 12-month period shall not exceed 0.1% of the total number of shares of the Company in issue and the aggregate value based on the closing price of the shares of the Company at the date of each grant shall not exceed HK$5,000,000.

Any further grant of share options in excess of the above-mentioned limit shall be approved by the shareholders of the Company with all core connected persons (within the meaning as ascribed under the Listing Rules) of the Company abstaining from voting in favour at such general meeting.

(f) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period within which the option may be exercised, to be notified by the Board to each participant who accepts an offer in accordance with the terms of the Share Option Scheme subject to such terms and conditions (including vesting period) as determined by the Board, provided that it shall commence on a date not later than ten years from the date of grant.

(g) Acceptance of offer

An offer for the grant of an option made by the Company must be accepted within ten business days from the day on which such offer is made. The amount payable to the Company on acceptance of the offer for the grant of an option is HK$1.

(h) Basis of determining the exercise price

The exercise price of an option to subscribe for shares granted under the Share Option Scheme shall be a price solely determined by the Board at its absolute discretion and 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 date of grant of the option which must be a business day;

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

(iii) the nominal value of a share of the Company on the date of grant of the option.

(i) Remaining life of the Share Option Scheme

The Share Option Scheme became effective on 23 June 2016 and will remain in force for a period of ten years from that date.

The Company should comply with the requirements under Chapter 17 of the Listing Rules in respect of the matters of share options.

Share Option Scheme (Continued)

Movements in the outstanding share options of the Company granted under the Share Option Scheme during the year were as follows:

Name	Date of grant *(Note 1)*	Exercise price per share HK$	Number of share options: Balance outstanding as at 1 January 2023	Granted during the year	Lapsed during the year	Cancelled during the year	Exercised during the year	Balance outstanding as at 31 December 2023	Exercisable period
Directors									
Mr. WONG Kin Yip, Freddie	17 January 2020	1.09	4,587,150	–	–	–	–	4,587,150	17 January 2021 to 16 January 2028
Ms. WONG Ching Yi, Angela	17 January 2020	1.09	4,587,150	–	–	–	–	4,587,150	17 January 2021 to 16 January 2028
			9,174,300	–	–	–	–	9,174,300	

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercisable period.

2. The number and/or exercise price of the share options may be subject to adjustment in the case of rights or bonus issues, or other changes in the Company's share capital.

3. The total number of options available for grant under the scheme mandate of the Share Option Scheme as at 1 January 2023 and 31 December 2023 was 26,728,000 shares.

Details of the above share options are also set out in note 26 to the consolidated financial statements.

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

As at 31 December 2023, the interests and short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or notified to the Company and the Stock Exchange pursuant to the Model Code or otherwise, were as follows:

Long positions in the shares and underlying shares of the Company

	Number of ordinary shares	Number of underlying shares		
Name of Directors	Corporate interest/ Interest of controlled corporations	Personal interest/ Beneficial owner *(Note 1)*	Total	Approximate percentage of the issued voting shares of the Company
Mr. WONG Kin Yip, Freddie	265,525,824 *(Note 2)*	4,587,150	270,112,974	37.67%
Ms. WONG Ching Yi, Angela	–	4,587,150	4,587,150	0.64%

Notes:

1. These underlying shares (being physically settled unlisted derivatives) were held by the Director(s) by virtue of the interests in the share options of the Company granted to him/her. Details of the share options granted by the Company to the above Directors are set out in the section headed "Share Option Scheme" in this Annual Report.

2. These shares were held by Sunluck Services Limited which was indirectly wholly-owned by Mr. WONG Kin Yip, Freddie through his wholly-owned company, namely Southern Field Trading Limited.

Save as disclosed above, as at 31 December 2023, neither the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

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

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

As at 31 December 2023, the interests and short positions of the substantial shareholders and other persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of substantial shareholders	Number of ordinary shares/ underlying shares	Holding capacity/ Nature of interest	Approximate percentage of the issued voting shares of the Company
Ms. TANG Mei Lai, Metty *(Note 1)*	270,112,974 (L)	Interest of spouse/Family interest	37.67%
Southern Field Trading Limited *(Note 2)*	265,525,824 (L)	Interest of controlled corporation/ Corporate interest	37.03%
Sunluck Services Limited *(Note 2)*	265,525,824 (L)	Beneficial owner/Beneficial interest	37.03%
Sun Life Financial, Inc. *(Note 3)*	93,766,100 (L)	Interest of controlled corporations/ Corporate interest	13.08%
Sun Life of Canada (U.S.) Financial Services Holdings, Inc. *(Note 3)*	93,766,100 (L)	Interest of controlled corporations/ Corporate interest	13.08%
Massachusetts Financial Services Company *(Note 3)*	89,710,100 (L) 4,056,000 (L)	Investment manager/Other Interest Interest of controlled corporations/ Corporate interest	12.51% 0.57%
LAM Yuen Hing *(Note 4)*	32,040,000 (L) 19,140,000 (L)	Beneficial owner/Beneficial interest Interest of spouse/Family interest	4.47% 2.67%

Remark: (L) – Long Position

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

Notes:

1. Such interests comprise (i) 265,525,824 ordinary shares held indirectly by Mr. WONG Kin Yip, Freddie, the spouse of Ms. TANG Mei Lai, Metty; and (ii) 4,587,150 underlying shares (being physically settled unlisted derivatives) held by Mr. WONG Kin Yip, Freddie by virtue of the interests in the share options of the Company granted to him, as disclosed in the sections headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Scheme" in this Annual Report. Accordingly, Ms. TANG Mei Lai, Metty was deemed to be interested in the same block of ordinary shares and underlying shares of the Company in which Mr. WONG Kin Yip, Freddie was interested/deemed to be interested.

2. The two references to 265,525,824 ordinary shares relate to the same block of ordinary shares of the Company deemed to be interested by Mr. WONG Kin Yip, Freddie as disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" in this Annual Report. Southern Field Trading Limited was deemed to be interested in such ordinary shares of the Company held by Sunluck Services Limited.

3. Details of the interest in long position of the 93,766,100 ordinary shares in which Sun Life Financial, Inc. ("SLF") was deemed to be interested were as follows:

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

   MFS was a subsidiary of SLCFS and SLF. Accordingly, SLCFS and SLF were deemed to be interested in the same number of ordinary shares deemed to be interested by MFS.

4. Such long position includes interests in ordinary shares only.

Save as disclosed above, as at 31 December 2023, no other substantial shareholders or persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

Management Contracts

No contracts 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 revenues of the Group during the year ended 31 December 2023. The Group had no major suppliers due to the nature of the principal activities of the Group.

Related Party Transactions

The Group entered into certain transactions with parties regarded as "Related Parties" under applicable accounting principles. The significant related party transactions entered into by the Group during the year set out in note 35 to the consolidated financial statements which constitute non-exempt connected/continuing connected transactions are disclosed in the paragraphs below, in respect of which the relevant disclosure requirements under Chapter 14A of the Listing Rules have been complied with. Save as disclosed in the paragraphs below, the significant related party transactions entered into by the Group during the year set out in note 35 to the consolidated financial statements constitute exempt connected/continuing connected transactions.

Continuing Connected Transactions

The following transactions between certain connected persons (as defined in the Listing Rules) of the Company and the Group were entered into and ongoing during the year for which relevant announcements had been made by the Company in accordance with the Listing Rules.

1. A cross referral services framework agreement (the "Cross Referral Services Framework Agreement (2021)") was made on 8 February 2021 between the Company and Legend Upstar Holdings Limited (formerly known as Midland IC&I Limited) ("Legend Upstar"), an associate of Mr. WONG Kin Yip, Freddie (the Chairman, Executive Director and controlling shareholder of the Company), in relation to cross referral services provided between the relevant members of the Group and of Legend Upstar and its subsidiaries (the "Legend Upstar Group") for a period of three years from 16 November 2020 to 15 November 2023, whereby the Group may refer estate agency business in respect of industrial and commercial properties and shops in Hong Kong, Macau and the People's Republic of China (the "PRC") to the relevant members of the Legend Upstar Group from time to time, and the Legend Upstar Group may refer estate agency business in respect of residential properties in Hong Kong, Macau and the PRC to the relevant members of the Group from time to time (the "Cross Referral Transactions"). The Cross Referral Transactions are conducted on a case-by-case basis and on normal commercial terms. The Cross Referral Transactions contemplated thereunder and the relevant annual caps were approved at the special general meeting of the Company held on 1 April 2021.

   Under the Cross Referral Services Framework Agreement (2021), the annual caps for the referral fees to the Legend Upstar Group for the period from 16 November 2020 to 31 December 2020, for two years ended 31 December 2021 and 2022 and for the period from 1 January 2023 to 15 November 2023 are HK$10.0 million, HK$50.0 million, HK$50.0 million and HK$40.0 million respectively, while the annual caps for the referral fees from the Legend Upstar Group for the period from 16 November 2020 to 31 December 2020, for two years ended 31 December 2021 and 2022 and for the period from 1 January 2023 to 15 November 2023 are HK$15.0 million, HK$110.0 million, HK$110.0 million and HK$95.0 million respectively. Details relating to the Cross Referral Services Framework Agreement (2021) and the annual caps were set out in the announcement and the circular of the Company dated 8 February 2021 and 15 March 2021 respectively.

   The aggregate values of the referral fees to and from the Legend Upstar Group under the Cross Referral Services Framework Agreement (2021) for the period from 1 January 2023 to 15 November 2023 was approximately HK$12.7 million and HK$36.2 million respectively, which had not exceeded the respective cap value for the said period.

   The aggregate values of the referral fees to and from the Legend Upstar Group for the period, following the expiry of the Cross Referral Services Framework Agreement (2021), from 16 November 2023 to 31 December 2023, was approximately HK$0.8 million and HK$2.3 million respectively. Such transaction amounts fell under the de minimis threshold under Rule 14A.76(2) of the Listing Rules. Such referral transactions were on terms in line with the established practice under the Cross Referral Services Framework Agreement (2021).

Continuing Connected Transactions (Continued)

2. A cross referral services framework agreement (the "Cross Referral Services Framework Agreement (2023)") was made on 6 December 2023 between the Company and Legend Upstar, an associate of Mr. WONG Kin Yip, Freddie (the Chairman, Executive Director and controlling shareholder of the Company), pursuant to which members of the Group and the Legend Upstar Group may carry on the Cross Referral Transactions with each other for a period of three years from 1 January 2024 to 31 December 2026. Each Cross Referral Transaction is conducted on a case-by-case basis and on normal commercial terms. The Cross Referral Transactions and the relevant annual caps were approved at the special general meeting of the Company held on 17 January 2024.

   Under the Cross Referral Services Framework Agreement (2023), the annual caps for the referral fees to the Legend Upstar Group for each of the three financial years ending 31 December 2024, 2025 and 2026 is HK$31.0 million, while the annual caps for the referral fees from the Legend Upstar Group for each of the three financial years ending 31 December 2024, 2025 and 2026 is HK$82.0 million. Details relating to the Cross Referral Services Framework Agreement (2023) and the annual caps were set out in the announcement and the circular of the Company dated 6 December 2023 and 22 December 2023 respectively.

3. A tenancy and licence framework agreement (the "Tenancy and Licence Framework Agreement (2022)") was made on 19 September 2022 between the Company and Mr. WONG Kin Yip, Freddie (the Chairman, Executive Director and controlling shareholder of the Company). The Tenancy and Licence Framework Agreement (2022) sets out a framework of the terms and conditions governing the tenancy agreements/licence agreements under which relevant members of the landlord entities (being Mr. WONG Kin Yip, Freddie and his associates but excluding the Group and, for the avoidance of doubt, the Legend Upstar Group, as landlords) (the "Landlord Entities") may let and/or grant licence of, and relevant members of the Group may take up the tenancy and/or licence of, the property(ies) legally and beneficially owned by members of the Landlord Entities from time to time, for a term of three years from 19 September 2022 to 18 September 2025 (both days inclusive). The properties leased/licensed are used as branches and offices of the Group, car parks for staff of the Group, or for marketing and promotion of the property agency business of the Group, in each case in the ordinary and usual course of business of the Group. The annual caps for the period from 19 September 2022 to 31 December 2022, for the year ended 31 December 2023, for the year ending 31 December 2024, and for the period from 1 January 2025 to 18 September 2025 are HK$9.0 million, HK$18.0 million, HK$18.0 million and HK$14.0 million, respectively. Details relating to the Tenancy and Licence Framework Agreement (2022) and the annual caps were set out in the announcement of the Company dated 19 September 2022. The total value of right-of-use assets relating to the tenancy agreements/licence agreements entered into by the Group for the year ended 31 December 2023 was approximately HK$4.4 million, which had not exceeded the annual cap for the said year.

The Independent Non-Executive Directors have reviewed the continuing connected transactions mentioned above (the "Continuing Connected Transactions") pursuant to Rule 14A.55 of the Listing Rules and confirmed that, the Continuing Connected Transactions have been entered into:

i. in the ordinary and usual course of business of the Group;

ii. on normal commercial terms or better; and

iii. according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Continuing Connected Transactions (Continued)

The Company's auditor was engaged to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified report containing its findings and conclusions in respect of the Continuing Connected Transactions disclosed on pages 66 to 68 of this Annual Report in accordance with Rule 14A.56 of the Listing Rules.

Retirement Scheme

Details of the Group's retirement scheme are set out in note 9 to the consolidated financial statements.

Principal Subsidiaries and Joint Ventures

Details of the Company's principal subsidiaries and joint ventures as at 31 December 2023 are set out in note 37 to the consolidated financial statements.

Borrowings

Particulars of borrowings of the Group as at 31 December 2023 are set out in note 30 to the consolidated financial statements.

Directors' Emolument Policy

The Company recognises the importance of a formal and transparent policy on determining the remuneration packages of Directors and other remuneration related matters, and adopted a remuneration policy for Directors which aims to ensure that remuneration packages of Directors are appropriate and sufficient to attract and retain high caliber Directors to run the Company successfully and that it aligns with the strategic business goals of the Company. To ensure that the Directors are appropriately remunerated, salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group would be considered. The emoluments of the Executive Directors are reviewed by the Remuneration Committee and determined by the Board, having regard to the Group's operating results, individual performance and prevailing market condition. The emoluments of the Independent Non-Executive Directors are reviewed by the Remuneration Committee and determined by the Board. No Director or any of his or her associates was involved in deciding his or her own remuneration. The Company has a share option scheme as an incentive to the Directors and eligible employees, details of the scheme are set out in the section headed "Share Option Scheme" and in note 26 to the consolidated financial statements.

Directors' Interest in Competing Business

The interests of the Directors in businesses which compete or are likely to compete, directly or indirectly with the business of the Group during the year were as follows:

Mr. WONG Kin Yip, Freddie has been appointed as executive director and Chairman of Legend Upstar since October 2019 and is a controlling shareholder of Legend Upstar, and Ms. WONG Ching Yi, Angela held executive directorships in the Legend Upstar Group. The Legend Upstar Group is principally engaged in the provision of property agency services in respect of commercial and industrial properties and shops, properties investment, credit business and securities investment in Hong Kong.

As the Board of the Company is independent of the board of directors of Legend Upstar and none of the above Directors can control the Board of the Company, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of the Legend Upstar Group.

Save as disclosed above, none of the Directors had an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group during the year.

Sufficiency of 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 at least 25% of the total number of issued shares of the Company as required under the Listing Rules.

Auditor

The consolidated financial statements of the Group for the year ended 31 December 2023 have been audited by PricewaterhouseCoopers, auditor of the Company, who shall retire and, being eligible, will offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board
Midland Holdings Limited

WONG Kin Yip, Freddie
Chairman
Hong Kong, 26 March 2024

Management Discussion and Analysis

FINANCIAL REVIEW

Liquidity and financial resources

The Group mainly finances its business operations with its internal resources and various borrowing facilities.

As at 31 December 2023, the Group had cash and bank balances of HK$532,147,000 (2022: HK$450,666,000).

As at 31 December 2023, the interest-bearing borrowings of the Group amounted to HK$169,890,000 (2022: HK$228,236,000) and with maturity profile set out as follows:

	2023 HK$'000	2022 HK$'000
Bank borrowings repayable within 1 year (with repayment on demand clause)	–	54,600
Loans from related parties repayable within 1 year	169,890	–
Loans from related parties repayable after 1 year but within 2 years	–	173,636
	169,890	228,236

During the year ended 31 December 2022, the Group entered into loan agreements with Mr. WONG Kin Yip, Freddie ("Mr. WONG"), a director and the controlling shareholder of the Company, and a company of which Mr. WONG is the ultimate beneficial owner, to obtain financing. These loans are not secured by any assets of the Group and will mature in April 2024. These loans will be renewed on maturity and will be unsecured, interest bearing and repayable on demand.

As at 31 December 2023, the net gearing ratio of the Group, which is calculated on the basis of net borrowings[1] (total borrowings less cash and bank balances) over the total equity of the Group, maintained at zero per cent (2022: zero per cent). The gross gearing ratio, which is calculated on the basis of total borrowings over the total equity, is 25.9% (2022: 33.4%). The liquidity ratio, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 1.1 (2022: 1.1). The return on equity, which is the ratio of loss for the year over the total equity of the Group, was -6.38% (2022: -78.04%).

As at 31 December 2023, the Group has unutilised borrowing facilities amounting to HK$1,405,000,000 (2022: HK$2,577,200,000) from various banks. The borrowing facilities were granted to the Group on a floating rate basis. The directors of the Company (the "Directors") will continue to adopt an appropriate financial policy so as to sustain an optimal level of borrowings to meet the Group's funding requirements.

As at 31 December 2023, borrowing facilities granted to the Group were secured, inter alia, by floating charge over certain receivables of the Group with carrying value of approximately HK$2,238,916,000 (2022: HK$2,196,892,000). As at 31 December 2022, certain land and buildings held by the Group of HK$38,709,000 (2023: nil) were also pledged to secure banking facilities granted to the Group.

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

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

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

FINANCIAL REVIEW (Continued)

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

As at 31 December 2023, the outstanding loan receivables was HK$1,173,000 represented loans to employees. The outstanding loan balance involved 13 cases with different borrowers.

As at 31 December 2022, the outstanding loan receivables was HK$19,682,000 included loans to employees of HK$3,182,000 (24 cases with different borrowers) and property mortgage loans granted to customers in Hong Kong of HK$16,500,000 (2 cases with different borrowers).

As at 31 December 2023, the largest outstanding loan receivable was HK$380,000 (representing approximately 32% of the outstanding loan portfolio as a whole). As at 31 December 2023, the amount of loan receivables from the five largest borrowers was HK$1,034,000, representing approximately 88% of the outstanding loan portfolio as a whole. No impairment loss on loan was made during the year (2022: nil).

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

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

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

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

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

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

FINANCIAL REVIEW (Continued)

Contingent liabilities

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

As advised by the legal advisors of the Group, the Tribunal Proceedings are currently subject to judicial challenge due to two parallel applications of Judicial Review (the "JR Application") and Permanent Stay of Proceedings (the "Stay Application") lodged by the Company and its two subsidiaries against the Commission on 18 March 2024. Leave for JR Application has already been granted by the High Court on 20 March 2024 after the application. The substantive hearing for both JR Application and Stay Application shall take place in August 2024, and the outcome of these two applications would have a significant impact on the Tribunal Proceedings, including permanent stay or dismissal of the whole case.

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

In addition to pursuing the JR Application and the Stay Application, the Company shall continue to defend the Tribunal Proceedings vigorously. As such, it is not practicable to make a sufficiently reliable estimation of the potential liability (if any) due to the high degree of uncertainty. Taking into account all relevant circumstances, no provision is made in the consolidated financial statements of the Group as at 31 December 2023.

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

Employee information

As at 31 December 2023, the Group employed 4,731 full time employees (2022: 5,705) of which 4,051 were sales agents, 407 were back office supportive employees and 273 were frontline supportive employees.

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

Independent Auditor's Report

pwc

羅兵咸永道

To the Shareholders of Midland Holdings Limited
(incorporated in Bermuda with limited liability)

Opinion

What we have audited

The consolidated financial statements of Midland Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 78 to 146, comprise:

- the consolidated balance sheet as at 31 December 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition for property agency fees
- Expected credit loss allowance for trade receivables

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition for property agency fees	
Refer to notes 3(m) and 5(a) to the consolidated financial statements. The Group recognised revenue from property agency business of HK$4,063.4 million during the year, representing 99.5% of the total revenues reported by the Group. Property agency fees includes an element of consideration that is variable or contingent on the occurrence or non-occurrence of future events, including the risk of fallen through, price concession based on customary industry practice and different payment plans chosen by property buyers, which give rise to discounts and price concession. Management estimated the amount of variable consideration included in the transaction price only to the extent that it is highly probable, that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. We focused on this area because the estimation of the variable consideration is subject to high degree of estimation uncertainty.	Our procedures in relation to the revenue recognition for property agency fees included: • We obtained an understanding of management's control and process of revenue recognition for property agency fees and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors. • We evaluated and tested the design and operating effectiveness of the key controls over revenue recognition for property agency fees. • We evaluated management's assessment on the determination of variable consideration. We also evaluated the outcome of prior period assessment of revenue recognition to assess the effectiveness of management's estimation process. • We assessed the reasonableness of management's estimates used to determine variable consideration by considering various factors such as the terms set out in the contracts, the completion status of the transactions, discounts and other relevant market information. • We tested, on a sample basis, the data used in the calculation of the variable consideration to supporting evidence. Based on the procedures performed, we found the estimations made by management on the revenue recognition for property agency fees were supported in light of available evidence.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Expected credit loss allowance for trade receivables	
Refer to notes 3(e), 4(a)(i) and 5(b) to the consolidated financial statements. As at 31 December 2023, the Group had gross trade receivables of approximately HK$2,413.6 million, against which an expected credit loss ("ECL") allowance of HK$108.5 million was made. The Group applied the HKFRS 9 simplified approach to measure lifetime ECL allowance for all trade receivables. Management identified trade receivables with impairment indicators with reference to their knowledge about the customers, the completion status of related property transactions and the market conditions, and made ECL allowance for these trade receivables accordingly. Management grouped the remaining trade receivables with similar credit risk characteristics, and applied ECL rates to the respective trade receivables. ECL rates are determined based on external default data of the customers or customers of similar characteristics or are derived based on latest completed historical payment profile of sales over 12 months and the corresponding historical credit losses experience within that period. The ECL rates are adjusted to reflect the current and forward-looking information on macroeconomic factors when they are considered relevant to determine the ability of customers to settle the receivables in the future. We focused on this area because the estimation of ECL allowance involved a significant level of judgement by management to determine the use of internal and external data from various sources to establish the historical credit loss experience and to adjust this experience for expected future changes, recognising that these factors are all subject to a certain level of uncertainty.	Our procedures in relation to management's assessment of ECL allowance for trade receivables included: • We obtained an understanding of management's control and processes for the estimation of ECL allowance for trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors. • We evaluated and validated the key controls performed by management over the estimation of ECL allowance for trade receivables. • We assessed the appropriateness of the expected loss provisioning methodology in determining the expected credit loss allowance. • We assessed the estimates used to determine the expected credit loss by considering the completion status of the transactions, historical payment pattern, general market conditions and management's knowledge about credit worthiness of contracted parties. • We assessed the appropriateness of the grouping of the trade receivables based on their market segments and locations, the credit risk characteristic assessed by reference to the available market information. • We tested, on a sample basis, of accuracy of the trade receivables ageing report to the registration documents or other relevant documents. • We challenged the inputs, assumptions and estimation techniques, including independent research on credit information, historical credit loss rates and forward-looking information, used in determining the expected credit loss. Based on the results of the procedures performed, we found management's judgement and assumptions applied in assessing the ECL allowance for trade receivables to be supported by available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chan Tak Wai, Daniel.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2024

Consolidated Income Statement

For the year ended 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Revenues	6	4,082,694	3,115,143
Other income, net	8	5,264	13,598
Rebates		(1,432,983)	(759,466)
Staff costs	9	(1,867,059)	(1,872,619)
Advertising and promotion expenses		(103,107)	(117,043)
Operating lease charges in respect of office and shop premises	17(b)	(33,388)	(44,310)
Amortisation of right-of-use assets	17(b)	(430,413)	(597,709)
Depreciation of property and equipment	16	(46,195)	(53,467)
Net (impairment losses)/reversal of impairment on financial assets		(9,250)	5,611
Other operating costs	11	(183,466)	(262,313)
Operating loss		(17,903)	(572,575)
Bank interest income	12	3,835	176
Interest on bank borrowings, overdrafts and other borrowings	12	(12,988)	(14,355)
Interest on lease liabilities	12	(15,993)	(18,997)
Share of results of joint ventures	19	13,840	16,950
Loss before taxation		(29,209)	(588,801)
Taxation	13	(12,707)	54,830
Loss for the year attributable to equity holders		(41,916)	(533,971)
		HK cents	HK cents
Loss per share	15		
Basic		(5.85)	(74.46)
Diluted		(5.85)	(74.46)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	2023 HK$'000	2022 HK$'000
Loss for the year attributable to equity holders	(41,916)	(533,971)
Other comprehensive (loss)/income		
Items that will not be reclassified to profit or loss		
Change in fair value of financial assets at fair value through other comprehensive income	(7)	(175)
Remeasurement of post-employment benefit obligation	1,026	26,386
Item that may be reclassified to profit or loss		
Currency translation differences	13,840	5,812
Other comprehensive income for the year, net of tax	14,859	32,023
Total comprehensive loss for the year attributable to equity holders, net of tax	(27,057)	(501,948)

Consolidated Balance Sheet

As at 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
ASSETS			
Non-current assets			
Property and equipment	16	119,990	154,632
Right-of-use assets	17(a)	263,342	496,144
Investment properties	18	30,284	50,718
Interests in joint ventures	19	11,670	14,330
Financial assets at fair value through other comprehensive income	20	668	988
Deferred tax assets	28	69,749	72,846
Loan receivables	22	989	2,970
Other non-current asset	21	10,110	10,110
		506,802	802,738
Current assets			
Trade and other receivables	23	2,529,671	2,551,317
Taxation recoverable		383	121
Loan receivables	22	184	16,712
Cash and cash equivalents	24	532,147	450,666
Assets held for sales	25	–	3,862
		3,062,385	3,022,678
Total assets		3,569,187	3,825,416
EQUITY AND LIABILITIES			
Equity holders			
Share capital	26	71,709	71,709
Share premium	26	222,235	222,235
Reserves	27	363,247	390,304
Total equity		657,191	684,248
Non-current liabilities			
Other payables and accruals	29	41,966	44,088
Borrowings	30	–	173,636
Deferred tax liabilities	28	8,241	9,203
Lease liabilities	17(a)	65,001	144,669
		115,208	371,596
Current liabilities			
Trade and other payables	29	2,400,700	2,316,819
Borrowings	30	169,890	54,600
Lease liabilities	17(a)	221,948	395,356
Taxation payable		4,250	2,797
		2,796,788	2,769,572
Total liabilities		2,911,996	3,141,168
Total equity and liabilities		3,569,187	3,825,416

The consolidated financial statements on pages 78 to 146 were approved by the Board of Directors on 26 March 2024 and were signed on its behalf.

WONG Ching Yi, Angela
Director

SZE Ka Ming
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital HK$'000	Share premium HK$'000	Reserves HK$'000 (note 27)	Total HK$'000
At 1 January 2023	71,709	222,235	390,304	684,248
Comprehensive loss				
Loss for the year	–	–	(41,916)	(41,916)
Other comprehensive (loss)/income				
Change in fair value of financial assets at fair value through other comprehensive income	–	–	(7)	(7)
Remeasurement of post-employment benefit obligation	–	–	1,026	1,026
Currency translation differences	–	–	13,840	13,840
Total comprehensive loss	–	–	(27,057)	(27,057)
At 31 December 2023	71,709	222,235	363,247	657,191
At 1 January 2022	71,709	222,235	892,252	1,186,196
Comprehensive loss				
Loss for the year	–	–	(533,971)	(533,971)
Other comprehensive (loss)/income				
Change in fair value of financial assets at fair value through other comprehensive income	–	–	(175)	(175)
Remeasurement of post-employment benefit obligation	–	–	26,386	26,386
Currency translation differences	–	–	5,812	5,812
Total comprehensive loss	–	–	(501,948)	(501,948)
At 31 December 2022	71,709	222,235	390,304	684,248

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Cash flows from operating activities			
Net cash generated from operations	31(a)	581,965	124,976
Hong Kong profit tax and overseas taxation paid		(9,381)	(32,255)
Borrowings and overdrafts interest paid		(12,988)	(14,355)
Interest element of lease payments		(15,993)	(18,997)
Net cash from operating activities		543,603	59,369
Cash flows from investing activities			
Purchase of property and equipment	16	(20,389)	(57,345)
Net proceeds from disposal of property and equipment		22,535	140
Net proceeds from disposal of assets held for sales		14,374	–
Proceeds from disposal of investment properties	18	17,494	14,026
Return of capital from financial assets at fair value through other comprehensive income		313	875
Purchase of other non-current asset		–	(11,684)
Bank interest received		3,835	176
Dividends received from joint ventures	19	16,500	43,778
Net cash from/(used in) investing activities		54,662	(10,034)
Cash flows from financing activities			
Principal element of lease payments		(457,898)	(642,152)
Repayment of borrowings		(664,600)	(5,464,025)
Proceeds from borrowings		610,000	5,005,261
Net cash used in financing activities	31(b)	(512,498)	(1,100,916)
Net increase/(decrease) in cash and cash equivalents		85,767	(1,051,581)
Cash and cash equivalents at 1 January		450,666	1,505,527
Exchange differences		(4,286)	(3,280)
Cash and cash equivalents at 31 December	24	532,147	450,666

Notes to the Consolidated Financial Statements

1 General information

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

The principal activities of the Company and its subsidiaries (together, the "Group") are the provision of property agency services in Hong Kong, Mainland China and Macau, property leasing, immigration consultancy services and money lending services.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated.

These consolidated financial statements have been approved by the board of directors (the "Board") on 26 March 2024.

2 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by (i) the revaluation of investment properties and financial assets at fair value through other comprehensive income, which are carried at fair values; and (ii) the assets held for sales which is carried at the lower of carrying amount and fair value less costs to sell.

The preparation of consolidated financial statements in conformity with HKFRSs 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 consolidated financial statements, are disclosed in note 5 below.

(a) New and amended standards effective in 2023

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

(b) Amended standards and interpretations which are not yet effective

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

3 Summary of material accounting policy information

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

(a) Property and equipment

Property and equipment is 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 asset's 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 to the consolidated income statement during the financial period in which they are incurred.

Leasehold land commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land and depreciation on other property and equipment are calculated using the straight-line method to allocate their costs or revalued amounts to their residual values over their estimated useful lives, as follows:

Leasehold land	Over the period of the lease
Buildings	50 years
Leasehold improvements	Over the period of the lease
Furniture and fixtures	4 years
Office equipment	4 years
Motor vehicles	4 years

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

Gain and loss on disposals are determined by comparing proceeds with carrying amount and are recognised within other operating costs, in the consolidated income statement.

(b) Investment properties

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. Land are classified and accounted for as investment property when the rest of the definition of investment property is met.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value, representing estimated open market value determined at each reporting date by qualified valuers. The market value of each property is calculated on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuer's interpretation of prevailing investor requirements or expectations. Changes in fair values are recognised in the consolidated income statement as part of other income.

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 consolidated income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property 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 and equipment. However, if a fair value gain reverses a previous impairment, the gain is recognised in the consolidated income statement.

3 Summary of material accounting policy information (Continued)

(c) Impairment of investments in joint ventures, non-financial assets and other non-current 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 which are largely independent of the cash inflows from other assets or groups of assets (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 joint ventures is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the joint venture 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.

(d) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

– those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and

– those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

3 Summary of material accounting policy information (Continued)

(d) Investments and other financial assets (Continued)

(iii) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

– amortised cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

– FVOCI: assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses and impairment expenses are presented as separate line item in the consolidated income statement.

– FVPL: assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

3 Summary of material accounting policy information (Continued)

(e) Impairment of financial assets

The Group assesses the loss allowance for expected credit losses ("ECLs") on cash and cash equivalents, trade and other receivables, loan receivables and financial assets measured at fair value through other comprehensive income.

Measurement of ECLs

ECLs are measured on lifetime basis that these are losses that are expected to result from all possible default events over the expected lives of the items to which the expected credit loss model ("ECL model") applies.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the followings bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. Loss allowances for trade receivables are individually assessed when there is objective evidence that they are impaired. For the remaining trade receivables which no objective evidence is available, ECLs are determined based on external default data of the customers or customers of similar characteristics, or are derived based on the latest completed historical payment profile of sales over a period of 12 months and the corresponding historical credit losses experienced within that period. The ECL rates are adjusted to reflect the current and forward-looking information on macroeconomic factors when they are considered relevant to determine the ability of customers to settle the receivables in the future.

For all other financial assets other than trade receivables, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial assets since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

3 Summary of material accounting policy information (Continued)

(f) 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 credit loss and provision for impairment.

See note 23 for further information about the Group's accounting for trade receivables and note 4 for a description of the Group's impairment policies.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, cashier orders, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(h) 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. Trade payables 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.

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the consolidated 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.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated income statement as finance cost.

3 Summary of material accounting policy information (Continued)

(j) 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 and joint ventures 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, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the 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 substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current taxation against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3 Summary of material accounting policy information (Continued)

(k) 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) Post-employment benefit obligation

The Group operates varies post-employment schemes, including defined contribution retirement scheme and defined benefit scheme.

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

For defined benefit scheme, the liability recognized is the present value of the defined benefit obligation at the end of the reporting period less the entitlement accrued under the Group's defined contribution retirement scheme that are attributable to contributions made by the Group.

In June 2022, the Government of the Hong Kong Special Administrative Region enacted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which will be effective from 1 May 2025 (the "Transition Date"). Under the Amendment Ordinance, any accrued benefits attributable to the employer's mandatory contributions under mandatory provident fund scheme of an entity would no longer be eligible to offset against its obligations on long service payment ("LSP") for the portion of the LSP accrued on or after the Transition Date. There is also a change in the calculation basis of last monthly wages for the portion of the LSP accrued before the Transition Date. The Group has adopted the abovementioned change in accounting policy during the year ended 31 December 2022.

The liabilities for LSP that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the Projected Unit Credit method by independent actuaries annually. The discount rate is the yield at the reporting date on high quality corporate bonds which have terms to maturity approximating the terms of the related liability. Service costs and net interest costs are recognised in profit or loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

Change in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised in profit or loss.

3 Summary of material accounting policy information (Continued)

(k) Employee benefits (Continued)

(iii) Share-based payment

Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss account, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

Share-based payment transactions among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

(l) 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.

3 Summary of material accounting policy information (Continued)

(m) Revenue recognition

Income is classified by the Group as revenue when it arises from the provision of property agency services, immigration consultancy services, money lending services or the use by others of the Group's assets under leases in the ordinary course of the activities of the Group.

Revenue excludes value added taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Agency fee from property agency business

Agency fee from property agency business is recognised when the services are rendered which is generally the time when the transacting parties first come into an agreement. At that time, the Group recognises revenue after taking into account the variable consideration arising from discounts and price concession as mentioned below.

Revenue from agency business include an element of consideration that is variable or contingent on the outcome of future events, including the risk of fallen through, price concession based on customary industry practice and different payment plans chosen by the buyers, which give rise to discounts and price concession.

The Group uses an expected value approach to estimate variable consideration. In order to assess the variable consideration, the Group based on the past experience on similar transactions and all reasonably available information to determine the expected consideration that the Group will be entitled.

This estimated amount of variable consideration will be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(ii) Revenue from immigration consultancy services

Revenue from immigration consultancy services is recognised on a success basis, i.e. when the relevant application for immigration is approved.

(iii) Income from operating leases

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

(iv) Income from web advertising and other services income

Web advertising income and other services income including income from property valuation, other advertising and referral services are recognised when services are rendered.

(v) Interest income from loan receivables and bank interest income

Interest income from loan receivables and bank interest income are recognised on a time proportion basis using the effective interest method.

3 Summary of material accounting policy information (Continued)

(n) Leases

The Group leases various properties including offices and shop premises. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and the corresponding liabilities at the dates at which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for lease of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

3 Summary of material accounting policy information (Continued)

(n) Leases (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally amortised over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

Lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of its original terms and conditions. After the commencement date, the Group remeasures the lease liability to reflect any lease modification using the interest rate implicit in the lease for the remainder of the lease term. If that rate cannot be determined, the lessee's incremental borrowing rate at the effective date of the lease modification is used. The Group adjusts the carrying amount of the right-of-use asset for the remeasurement of the lease liability. If the carrying amount of the right-of-use asset has already been reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

(o) 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 consolidated 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 expose it to credit risk, foreign exchange risk, cash flow and fair value interest rate risk and liquidity risk. The overall risk management programme of the Group focuses on the unpredictability of the 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 cash equivalents, loan receivables, trade and other receivables and financial assets at fair value through other comprehensive income. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets.

Risk management

To manage this risk, management has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, management reviews regularly the recoverable amount of each individual loan receivable and trade receivable by taking into account of the market conditions, customers' profiles, value of the collaterals and contractual terms to ensure that adequate impairment is made for the irrecoverable amounts.

For loan receivables, the Group mitigates credit risk by credit protection provided by collaterals such as properties located in Hong Kong and/or guarantors. Individual risk limits are set based on the value of collaterals provided by customers and internal or external ratings in accordance with limits set by the management.

Impairment of financial assets

The Group's loan receivables and trade receivables are subject to the ECL model. While cash and cash equivalents and other financial assets are also subject to the impairment requirements of HKFRS 9 "Financial Instruments", the identified impairment loss was immaterial.

4 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(i) Credit risk (Continued)

Loan receivables

The Group applies the HKFRS 9 general approach to measure ECLs for loan receivables.

To measure the ECLs, the Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

– internal credit rating

– external credit rating (as far as available)

– actual or expected significant changes in the operating results of the borrower

– significant increases in credit risk on other financial instruments of the same borrower

– significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

– significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

As at 31 December 2023, the loan receivables consisted of loans to employees only.

As at 31 December 2022, majority of the loan receivables consisted of first charge mortgage on real estate in Hong Kong. The loan-to-value ratio, which was calculated as the carrying amount of the loan receivables at the balance sheet date as a percentage of the estimated current value of collateral, ranges from 59% to 68%. Valuations were updated on a regular basis and more frequently when market conditions were subject to significant change or where a loan was identified and assessed as impaired.

To measure the ECLs, the Group considered the probability of default and fair value of the collateral less cost of disposal and management considers the ECLs are close to zero.

4 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(i) Credit risk (Continued)

Trade receivables

The Group applies the HKFRS 9 simplified approach to measure ECLs which uses a lifetime ECLs for the trade receivables. To measure the ECLs, the trade receivables have been grouped into categories for shared credit risk characteristics:

– primary properties market transactions

– other transactions

For trade receivables from primary properties market transactions, the counterparties are primarily property developers. The management assesses the ECLs with reference to the background and liquidity of the property developers as well as the forecast direction of conditions of the reporting date.

When there is an impairment indicator identified for property developers of primary properties market transactions with reference to management knowledge about the customers and the market conditions, the loss allowances for these trade receivables is assessed based on the relevant trade receivable balance and the expected loss rates that derived by reference to credit rating analysis and external default data with appropriate forward-looking adjustment, if any. Accordingly, as at 31 December 2023, the Group recognised loss allowances of HK$56,728,000 (2022: HK$63,738,000) for such receivables.

For trade receivables from other transactions, the counterparties are primarily individuals. When there is an objective evidence, including completion status of related property transactions, that the individual trade receivable is impaired, the loss allowances for these trade receivables is assessed and measured at an amount equal to lifetime ECLs. Accordingly, as at 31 December 2023, the Group recognised loss allowances of HK$39,388,000 (2022: HK$55,485,000) for such receivables.

For the remaining trade receivables with no objective evidence available without undue cost to measure the lifetime ECLs, they have been grouped based on the aging profile or geographical region. The expected loss rates are based on external default data of the customers or customers of similar characteristics; or the latest completed historical payment profile of sales over a period of 12 months and the corresponding historical credit losses experienced within that period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, if any.

4 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(i) Credit risk (Continued)

Trade receivables (Continued)

On these bases, the loss allowances for trade receivables as at the end of the reporting periods were determined as follows:

As at 31 December 2023

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowances Individually assessed HK$'000	Loss allowances Collectively assessed HK$'000	Loss allowances Total HK$'000
Current (not yet due)	0.5%-27.3%	2,224,103	(32,775)	(3,341)	(36,116)
Less than 31 days past due	0.1%-5.3%	27,638	(1,636)	(91)	(1,727)
31-60 days past due	0.2%-6.5%	28,942	(101)	(194)	(295)
61-90 days past due	0.6%-35.6%	6,314	(137)	(817)	(954)
More than 90 days past due	35.2%-99.5%	126,616	(61,467)	(7,976)	(69,443)
		2,413,613	(96,116)	(12,419)	(108,535)

As at 31 December 2022

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowances Individually assessed HK$'000	Loss allowances Collectively assessed HK$'000	Loss allowances Total HK$'000
Current (not yet due)	0.5%-11.3%	2,168,116	(36,864)	(2,169)	(39,033)
Less than 31 days past due	0.3%-5.3%	44,161	(3,198)	(57)	(3,255)
31-60 days past due	1.3%-5.0%	18,189	(645)	(167)	(812)
61-90 days past due	9.2%-11.9%	18,596	(2,714)	(123)	(2,837)
More than 90 days past due	1.3%-44.8%	149,917	(75,802)	(289)	(76,091)
		2,398,979	(119,223)	(2,805)	(122,028)

Note: The customers are obliged to settle the amounts due upon the completion of transactions or pursuant to the terms and conditions of the agreements.

The loss allowances provided for trade receivables not yet due includes the credit risk arising from bad debts and fallen through transactions.

The loss allowances provided for overdue trade receivables includes only the credit risk arising from bad debts.

4 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(i) Credit risk (Continued)

Trade receivables (Continued)

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

	2023 HK$'000	2022 HK$'000
At 1 January	122,028	165,900
Increase/(decrease) in provision for impairment recognised in profit or loss during the year	9,250	(5,611)
Receivables written off during the year as uncollectible	(20,530)	(31,912)
Exchange differences	(2,213)	(6,349)
At 31 December	108,535	122,028

Trade receivables are written off when there is no reasonable expectation of recovery.

Impairment losses on trade receivables are presented as net impairment losses in the consolidated income statement. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

For other financial assets at amortised cost, including deposits and other receivables, management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month ECLs which is close to zero.

Impairment losses on other financial assets are presented as net impairment losses in the consolidated income statement. Subsequent recoveries of amounts previously written off are credited against the same line item.

4 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(ii) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group currently does not have a foreign currency hedging policy and has not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

The Group's transactions mainly denominated in HK$ and Renminbi ("RMB") which may be different from the functional currency of the transacting entity, and the Group's assets and liabilities in Mainland China are primarily denominated in RMB. Accordingly, the Group is exposed to foreign currency exchange risk.

At the balance sheet date, if HK$ had weakened or strengthened by 5% (2022: 5%) against RMB with all other variables held constant, the Group's loss after taxation would have been approximately HK$12,240,000 lower or higher (2022: HK$15,282,000 lower or higher) and other comprehensive income would have been approximately HK$20,454,000 lower or higher (2022: HK$20,087,000 lower or higher).

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by bank deposits held at variable rates. The Group's loan receivables were at fixed rates and expose the Group to fair value interest rate risk.

As the balance sheet date, if interest rates on borrowings had been 25 basis points higher/lower with all other variables held constant, the Group's loss after tax and total comprehensive loss would have been approximately HK$425,000 higher/lower (2022: HK$548,000 higher/lower). The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to cash flow interest rate risk for borrowings in existence at the balance sheet date.

(iv) Liquidity risk

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 draw down of borrowings. Cash flow forecast is performed in the operating entities of the Group and aggregated by the Group Finance. The Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient head-room on its undrawn facilities (note 30) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

Surplus cash held by the operating entities over and above the balance required for working capital management are transferred to the treasury centre of the Group. The Group Finance invests surplus cash in interest bearing time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room for the Group to meet the liquidity requirements. At 31 December 2023, the Group held cash and bank balances of HK$532,147,000 (2022: HK$450,666,000).

4 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iv) Liquidity risk (Continued)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities based on undiscounted cash flows and the earliest date the Group can be required to pay. Specifically, for some of the borrowings which contains a repayment on demand clause which can be exercised at the lenders' sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the borrowings with immediate effect. Balances due within twelve months equal their carrying balances (including both interest and principal) as the impact of discounting is not significant.

	On demand HK$'000	Less than 1 year HK$'000	1-5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 December 2023					
Trade and other payables	–	1,739,618	672,497	2,412,115	2,412,003
Borrowings	–	174,025	–	174,025	169,890
Lease liabilities	–	230,089	66,395	296,484	286,949
	–	2,143,732	738,892	2,882,624	2,868,842
At 31 December 2022					
Trade and other payables	–	2,317,048	17,773	2,334,821	2,334,462
Borrowings	54,996	10,811	176,915	242,722	228,236
Lease liabilities	–	405,594	147,415	553,009	540,025
	54,996	2,733,453	342,103	3,130,552	3,102,723

4 Financial risk management (Continued)

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The Group monitors capital on the basis of the gearing ratio and the current ratio.

The gross gearing ratio is calculated as total borrowings divided by total equity. The gross gearing ratios at 31 December 2023 and 2022 were as follows:

	2023 HK$'000	2022 HK$'000
Total borrowings	169,890	228,236
Total equity	657,191	684,248
Gross gearing ratio	25.9%	33.4%

The net gearing ratio is calculated as net borrowings, total borrowings less cash and bank balances, divided by total equity. Net borrowings is zero when the cash and bank balances is more than total borrowings.

	2023	2022
Net gearing ratio	0%	0%

The current ratio of the Group, which represents a ratio of current assets over current liabilities, at 31 December 2023 and 2022 were as follows:

	2023 HK$'000	2022 HK$'000
Current assets	3,062,385	3,022,678
Current liabilities	2,796,788	2,769,572
Current ratio	1.1	1.1

The current ratio of the Group is maintained at a stable level.

4 Financial risk management (Continued)

(c) Fair value estimation

The carrying amounts of the financial assets of the Group, including cash and cash equivalents, trade and other receivables, loan receivables and financial assets at fair value through other comprehensive income; and financial liabilities including trade and other payables, borrowings and lease liabilities approximate their fair values due to their short-term maturities. Other payables, borrowings and lease liabilities that are expected to be settled more than 12 months after reporting date are initially measured on a present value basis by discounting the balance to net present value using the Group's incremental borrowing rate.

The financial instruments are measured in the consolidated balance sheet at fair value, by level of the following fair value measurement hierarchy:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

(ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

(iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following tables present the Group's financial instruments that are measured at fair value:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 December 2023				
Assets				
Financial assets at fair value through other comprehensive income	–	668	–	668
As at 31 December 2022				
Assets				
Financial assets at fair value through other comprehensive income	–	988	–	988

The fair value of financial instruments traded in active markets is 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. These instruments are included in level 1.

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

4 Financial risk management (Continued)

(c) Fair value estimation (Continued)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between levels 1, 2 and 3 during the year.

The fair value estimation of investment properties is disclosed in note 18 to the consolidated financial statements.

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 adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) 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 variable consideration in the transaction price.

Agency fee from property agency business is recognised as revenue when the services are rendered which is generally the time when the transacting parties first enter into an agreement. However, such revenue will be subject to variations as a result of, for example, trade discounts and price concessions which are common in the industry, resulting in variable consideration.

Variable consideration arises in revenue of agency business due to price variables and uncertainties of the outcome of future events, which affect the Group's determination of the amount of the revenue. Common examples of such price variables and uncertainties include the risk of transactions fallen through, price concessions made by the Group based on customary industry practice and different payment plans chosen by the buyers, which give rise to discounts and price concessions.

Pursuant to the HKFRS 15, the Group adopts an expected value approach to estimate variable consideration for inclusion in the transaction price. In order to assess the variable consideration, the Group takes into account the past experience on similar transactions and all reasonably available information to determine estimated recoverable rates in assessing the expected consideration to which the Group will be entitled.

This estimated amount of variable consideration will be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved in the future.

5 Critical accounting estimates and judgements (Continued)

(b) Impairment of trade receivables

Management reviews regularly the recoverable amount of each individually significant trade receivable to ensure that adequate impairment is made for the irrecoverable amounts. The measurement of impairment losses under HKFRS 9 requires judgement, in particular, management assesses the recoverable amount of each individually significant trade receivable whether there is objective evidence that the receivable is 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. For the remaining trade receivables which no objective evidence is available, the impairment is determined based on external default data of the customers or customers of similar characteristics, or are derived based on the latest completed historical payment profile of sales over a period of 12 months and the corresponding historical credit losses experience within that period.

Management reassesses the provision for impairment at each balance sheet date.

(c) Fair value of investment properties

The fair value of investment properties is determined by using valuation techniques. Details of the judgement and assumptions used in the valuation have been disclosed in note 18 to the consolidated financial statements.

(d) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Deferred taxation relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and liabilities in the periods in which such estimate is changed.

(e) Impairment of right-of-use assets and property and equipment

Internal and external sources of information are reviewed at the end of each reporting period to assess whether there is any indication that right-of-use assets and property and equipment may be impaired. If any such indication exists, the recoverable amount of the right-of-use assets and property and equipment is estimated. Changes in facts and circumstances may result in revisions to the conclusion of whether an indication of impairment exists and may revise estimates of recoverable amounts, which would affect profit or loss in future years.

6 Revenues

	2023 HK$'000	2022 HK$'000
Revenues from contracts with customers within the scope of HKFRS 15		
Disaggregated by major service lines		
– Agency fee	4,063,351	3,095,311
– Immigration consultancy services	10,739	9,198
– Web advertising	1,358	1,466
– Other services	4,236	4,671
	4,079,684	3,110,646
Revenues from other sources		
– Rental income	1,810	2,426
– Interest income from loan receivables	1,200	2,071
Total revenues	4,082,694	3,115,143

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

	2023 HK$'000	2022 HK$'000
Revenues from property agency business	4,063,351	3,095,311
Rebates (note)	(1,432,983)	(759,466)
Revenues less rebates	2,630,368	2,335,845
Net segment operating costs and income	(2,660,261)	(2,891,872)
Segment results of property agency business (note 7)	(29,893)	(556,027)

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

7 Segment information

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

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

	Year ended 31 December 2023				
	Property agency				
	Residential properties HK$'000	Commercial and industrial properties and shops HK$'000	Subtotal HK$'000	Others HK$'000	Total HK$'000
Segment revenues	4,022,117	41,234	4,063,351	26,260	4,089,611
Inter-segment revenues	–	–	–	(6,917)	(6,917)
Revenues from external customers	4,022,117	41,234	4,063,351	19,343	4,082,694
Timing of revenue recognition					
– At a point in time	4,022,117	41,234	4,063,351	4,236	4,067,587
– Over time	–	–	–	12,097	12,097
Rental income	–	–	–	1,810	1,810
Interest income from loan receivables	–	–	–	1,200	1,200
	4,022,117	41,234	4,063,351	19,343	4,082,694
Revenues	4,022,117	41,234	4,063,351	19,343	4,082,694
Rebates	(1,420,295)	(12,688)	(1,432,983)	–	(1,432,983)
Revenues less rebates	2,601,822	28,546	2,630,368	19,343	2,649,711
Segment results	(20,310)	(9,583)	(29,893)	43,572	13,679
Amortisation of right-of-use assets	(429,016)	(1,360)	(430,376)	(37)	(430,413)
Depreciation of property and equipment	(44,123)	(1,032)	(45,155)	(575)	(45,730)
Net impairment losses on financial assets	(8,478)	(772)	(9,250)	–	(9,250)
Share of results of joint ventures	–	–	–	13,840	13,840
Net fair value losses on investment properties	–	–	–	(2,456)	(2,456)
Impairment losses on right-of-use assets, net of reversals	(7,824)	(2,019)	(9,843)	–	(9,843)
Impairment losses on property and equipment	(2,244)	(476)	(2,720)	–	(2,720)
Gain on disposal of land and building	–	–	–	19,465	19,465
Net loss on disposal of other property and equipment	(2,209)	(242)	(2,451)	–	(2,451)
Gain on disposal of assets held for sales	–	–	–	10,512	10,512
Additions to property and equipment	19,982	112	20,094	295	20,389

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

7 Segment information (Continued)

	Year ended 31 December 2022				
	Property agency				
	Residential properties HK$'000	Commercial and industrial properties and shops HK$'000	Subtotal HK$'000	Others HK$'000	Total HK$'000
Segment revenues	3,060,654	34,657	3,095,311	27,500	3,122,811
Inter-segment revenues	–	–	–	(7,668)	(7,668)
Revenues from external customers	3,060,654	34,657	3,095,311	19,832	3,115,143
Timing of revenue recognition					
– At a point in time	3,060,654	34,657	3,095,311	4,671	3,099,982
– Over time	–	–	–	10,664	10,664
Rental income	–	–	–	2,426	2,426
Interest income from loan receivables	–	–	–	2,071	2,071
	3,060,654	34,657	3,095,311	19,832	3,115,143
Revenues	3,060,654	34,657	3,095,311	19,832	3,115,143
Rebates	(751,102)	(8,364)	(759,466)	–	(759,466)
Revenues less rebates	2,309,552	26,293	2,335,845	19,832	2,355,677
Segment results	(539,755)	(16,272)	(556,027)	9,636	(546,391)
Amortisation of right-of-use assets	(595,351)	(2,358)	(597,709)	–	(597,709)
Depreciation of property and equipment	(51,021)	(1,243)	(52,264)	(738)	(53,002)
Net reversal of impairment/(impairment losses) on financial assets	3,489	2,174	5,663	(52)	5,611
Share of results of joint ventures	–	–	–	16,950	16,950
Fair value losses on investment properties	–	–	–	(8,755)	(8,755)
Impairment losses on right-of-use assets, net of reversals	(18,554)	(1,634)	(20,188)	–	(20,188)
Impairment losses on property and equipment	(3,807)	(618)	(4,425)	–	(4,425)
Net loss on disposal of property and equipment	(1,402)	(147)	(1,549)	–	(1,549)
Additions to property and equipment	55,591	1,735	57,326	19	57,345

Note: The share of results and interests in joint ventures mainly represent the financial information of mReferral Corporation Limited and its subsidiaries ("mReferral Group") that are material to the Group. Please refer to note 19 for the summarised financial information.

7 Segment information (Continued)

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

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

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

	2023 HK$'000	2022 HK$'000
Segment results for reporting segments	13,679	(546,391)
Corporate expenses	(33,735)	(40,183)
Government subsidy (note 8)	–	11,952
Bank interest income	3,835	176
Interest on bank borrowings, overdrafts and other borrowings	(12,988)	(14,355)
Loss before taxation per consolidated income statement	(29,209)	(588,801)

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

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

7 Segment information (Continued)

	As at 31 December 2022				
	Property agency				
	Residential properties HK$'000	Commercial and industrial properties and shops HK$'000	Subtotal HK$'000	Others HK$'000	Total HK$'000
Segment assets	3,177,458	17,604	3,195,062	104,645	3,299,707
Segment assets include:					
Interests in joint ventures	–	–	–	14,330	14,330
Segment liabilities	2,849,114	29,310	2,878,424	16,956	2,895,380

Reportable segment assets are reconciled to total assets as follows:

	2023 HK$'000	2022 HK$'000
Segment assets	3,054,148	3,299,707
Corporate assets	434,512	441,765
Deferred tax assets	69,749	72,846
Other non-current asset	10,110	10,110
Financial assets at fair value through other comprehensive income	668	988
Total assets per consolidated balance sheet	3,569,187	3,825,416

Reportable segment liabilities are reconciled to total liabilities as follows:

	2023 HK$'000	2022 HK$'000
Segment liabilities	2,724,912	2,895,380
Corporate liabilities	178,843	236,585
Deferred tax liabilities	8,241	9,203
Total liabilities per consolidated balance sheet	2,911,996	3,141,168

7 Segment information (Continued)

Geographical information:

	2023 HK$'000	2022 HK$'000
Revenues from external customers		
Hong Kong and Macau	3,786,954	2,824,672
Mainland China	295,740	290,471
	4,082,694	3,115,143

Revenues are attributed to locations where the transactions took place.

8 Other income, net

	2023 HK$'000	2022 HK$'000
Net fair value losses on investment properties (note 18)	(2,456)	(8,755)
Government subsidy	–	11,952
License fee income (note 35(a))	1,325	1,380
Others	6,395	9,021
	5,264	13,598

Subsidy received under the Employment Support Scheme during the year ended 31 December 2022 of HK$11,952,000 were included in the government subsidy. There were no unfulfilled conditions or other contingencies attaching to the grants.

9 Staff costs, including directors' emoluments

	2023 HK$'000	2022 HK$'000
Salaries and allowances	714,144	906,683
Commissions	1,103,394	871,148
Pension costs for defined contribution plans	43,622	50,290
Pension costs for defined benefit plans	5,899	44,498
	1,867,059	1,872,619

The Group participates in a mandatory provident fund ("MPF") scheme which is available to eligible employees of the Group, including the Executive Directors. Contributions to the MPF scheme by the Group and the 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 consolidated income statement represents contributions paid and payable by the Group to the fund.

The Group's contributions to the MPF scheme for its employees are fully and immediately vested in the employees once the contributions are made. Accordingly, there are no forfeited contributions under the MPF scheme that may be used by the Group to reduce the existing level of contributions.

9 Staff costs, including directors' emoluments (Continued)

The Group also contributes to employee retirement schemes established by municipal governments in respect of certain subsidiaries in Mainland China. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group. Contributions to these schemes are charged to the consolidated income statement as incurred.

10 Benefit and interest of directors and five highest paid individuals

(a) Benefit and interest of directors

The remuneration of each director for the year ended 31 December 2023 is set out below:

Name of director	Fees HK$'000	Salaries and allowances HK$'000	Termination benefit HK$'000	Performance incentive*/ discretionary bonus HK$'000	Retirement benefit costs HK$'000	Total HK$'000
Executive Directors						
Mr. WONG Kin Yip, Freddie (Chairman)	200	8,780	–	–	–	8,980
Ms. WONG Ching Yi, Angela	200	8,023	–	–	18	8,241
Mr. WONG Tsz Wa, Pierre	200	3,868	–	–	18	4,086
Mr. SZE Ka Ming (appointed with effect from 1 December 2023)	17	268	–	–	2	287
Mr. CHEUNG Kam Shing (resigned with effect from 28 December 2023)	200	1,924	400	–	18	2,542
	817	22,863	400	–	56	24,136
Independent Non-Executive Directors						
Mr. HO Kwan Tat, Ted	260	–	–	–	–	260
Mr. SUN Tak Chiu	260	–	–	–	–	260
Mr. CHAN Nim Leung Leon (appointed with effect from 1 December 2023)	22	–	–	–	–	22
Mr. WONG San (resigned with effect from 1 December 2023)	238	–	–	–	–	238
	780	–	–	–	–	780
	1,597	22,863	400	–	56	24,916

Note: Mr. SZE Ka Ming has been the Chief Financial Officer of the Group prior to his appointment as the Executive Director of the Company. His total remuneration for the year ended 31 December 2023 was HK$3,358,000 (including discretionary bonus of HK$214,000 and retirement benefit costs of HK$18,000).

10 Benefit and interest of directors and five highest paid individuals (Continued)

(a) Benefit and interest of directors (Continued)

The remuneration of each director for the year ended 31 December 2022 is set out below:

Name of director	Fees HK$'000	Salaries and allowances HK$'000	Performance incentive*/ discretionary bonus HK$'000	Retirement benefit costs HK$'000	Total HK$'000
Executive Directors					
Mr. WONG Kin Yip, Freddie (Chairman)	200	8,781	–	–	8,981
Ms. WONG Ching Yi, Angela	200	8,525	–	18	8,743
Mr. WONG Tsz Wa, Pierre	200	4,308	–	18	4,526
Mr. CHEUNG Kam Shing	200	2,217	–	18	2,435
	800	23,831	–	54	24,685
Independent Non-Executive Directors					
Mr. HO Kwan Tat, Ted	260	–	–	–	260
Mr. SUN Tak Chiu	260	–	–	–	260
Mr. WONG San	260	–	–	–	260
	780	–	–	–	780
	1,580	23,831	–	54	25,465

* Performance incentive is determined based on performance of profit targets.

10 Benefit and interest of directors and five highest paid individuals (Continued)

(a) Benefit and interest of directors (Continued)

(i) Directors' emoluments

During the years ended 31 December 2023 and 2022, certain executive directors of the Company waived part of their emoluments. The emoluments waived by these directors were set out below:

	2023 HK$'000	2022 HK$'000
Mr. WONG Kin Yip, Freddie (Chairman)	1,841	1,145
Ms. WONG Ching Yi, Angela	1,279	775
Mr. WONG Tsz Wa, Pierre	539	–
	3,659	1,920

No other director waived or agreed to waive any emoluments during the year ended 31 December 2023 (2022: nil).

No incentive payment for joining the Group was paid or payable to any director during the year ended 31 December 2023 (2022: nil).

(ii) Directors' retirement benefits and termination benefits

Apart from disclosed above, no other directors received or will receive any retirement benefits or termination benefits during the year (2022: nil).

(iii) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2023, the Group did not pay consideration to any third parties for making available directors' services (2022: nil).

(iv) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by and entities connected with such directors

As at 31 December 2023, there are no loans, quasi-loans and other dealing arrangements in favour of directors, bodies corporate controlled by and entities connected with such directors (2022: nil).

(v) Directors' material interests in transactions, arrangements or contracts

Saved as disclosed in note 35, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

10 Benefit and interest of directors and five highest paid individuals (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest for the year include four (2022: three) directors whose emoluments are reflected in the analysis shown in note 10(a). The emoluments payable to the remaining one (2022: two) individual during the year are as follows:

	2023 HK$'000	2022 HK$'000
Salaries and allowances	494	6,192
Performance related bonus/discretionary bonus	2,214	–
Retirement benefit costs	18	36
	2,726	6,228

The emoluments fell within the following bands:

	Number of individuals	
	2023	2022
HK$2,500,001 – HK$3,000,000	1	1
HK$3,000,001 – HK$3,500,000	–	1
	1	2

11 Other operating costs

The major other operating costs are as follows:

	2023 HK$'000	2022 HK$'000
Direct operating expenses arising from investment properties that:		
– generated rental income	183	142
– did not generate rental income	31	56
Office and branch operating expenses (remark)	98,451	126,060
Government rent and rates, building management fee of leased properties	44,056	51,452
Legal and professional fees	18,550	11,094
Staff recruitment, training and welfare	7,196	7,621
Insurance expenses	10,170	19,676
Bank charges	13,281	11,058
Impairment losses on right-of-use assets, net of reversals (note 17(b))	9,843	20,188
Impairment losses on property and equipment (note 17(b))	2,720	4,425
Net (gain)/loss on disposal of property and equipment	(17,014)	1,549
Gain on disposal of assets held for sales	(10,512)	–
Net foreign exchange loss	3,046	743
Donations	724	905
Auditor's remuneration		
– audit services	1,900	2,357
– interim results review	573	573

Remark: Office and branch operating expenses include utilities expenses, communication expenses, printing and stationery, transportation, licence fee and repair and maintenance.

12 Finance income and costs

	2023 HK$'000	2022 HK$'000
Finance income		
Bank interest income	3,835	176
Finance costs		
Interest on bank borrowings, overdrafts and other borrowings	(12,988)	(14,355)
Interest on lease liabilities (note 17(b))	(15,993)	(18,997)
	(28,981)	(33,352)
Finance costs, net	(25,146)	(33,176)

13 Taxation

	2023 HK$'000	2022 HK$'000
Current taxation		
Hong Kong profits tax	10,507	5,943
Overseas	65	87
Deferred taxation (note 28)	2,135	(60,860)
	12,707	(54,830)

Hong Kong profits tax has been calculated at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits for the year, except for one subsidiary of the Company which is a qualifying corporation under the two-tiered profits tax rate regime.

For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong profits tax for this subsidiary was calculated at the same basis in 2022.

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

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

	2023 HK$'000	2022 HK$'000
Loss before taxation	(29,209)	(588,801)
Less: share of results of joint ventures	(13,840)	(16,950)
	(43,049)	(605,751)
Calculated at a taxation rate of 16.5% (2022: 16.5%)	(7,103)	(99,949)
Effect of different taxation rates in other jurisdictions	(5,057)	(11,781)
Income not subject to taxation	(6,557)	(2,485)
Expenses not deductible for taxation purposes	3,370	4,850
Utilisation of previously unrecognised tax losses	–	(17)
Tax losses not recognised	27,103	54,563
Other temporary differences not recognised	20	243
Others	931	(254)
Taxation charge/(credit)	12,707	(54,830)

14 Dividend

The Board does not recommend the payment of any dividend for the year ended 31 December 2023 (2022: nil).

15 Loss per share

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

	2023 HK$'000	2022 HK$'000
Loss attributable to equity holders for the calculation of basic and diluted loss per share	(41,916)	(533,971)
Weighted average number of shares for the calculation of basic and diluted loss per share (thousands)	717,086	717,086
Basic loss per share (HK cents)	(5.85)	(74.46)
Diluted loss per share (HK cents)	(5.85)	(74.46)

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

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

For the years ended 31 December 2023 and 2022, the diluted loss per share is the same as the basic loss per share as the exercise of share options of the Company would have an anti-dilutive effect.

16 Property and equipment

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 January 2023						
Cost	141,989	169,045	78,636	238,063	5,561	633,294
Accumulated depreciation and impairment	(90,261)	(145,023)	(57,340)	(180,974)	(5,064)	(478,662)
Net book amount	51,728	24,022	21,296	57,089	497	154,632
Year ended 31 December 2023						
Opening net book amount	51,728	24,022	21,296	57,089	497	154,632
Additions	–	11,721	908	7,439	321	20,389
Disposals	(2,979)	(952)	(1,476)	(114)	–	(5,521)
Depreciation	(943)	(21,367)	(5,237)	(18,505)	(143)	(46,195)
Impairment (note 17(b))	–	(2,720)	–	–	–	(2,720)
Exchange differences	(16)	(47)	(531)	(1)	–	(595)
Closing net book amount	47,790	10,657	14,960	45,908	675	119,990
At 31 December 2023						
Cost	128,736	139,925	65,148	231,349	5,447	570,605
Accumulated depreciation and impairment	(80,946)	(129,268)	(50,188)	(185,441)	(4,772)	(450,615)
Net book amount	47,790	10,657	14,960	45,908	675	119,990
At 1 January 2022						
Cost	156,756	261,752	90,201	285,228	5,468	799,405
Accumulated depreciation and impairment	(100,009)	(236,301)	(72,810)	(223,128)	(5,255)	(637,503)
Net book amount	56,747	25,451	17,391	62,100	213	161,902
Year ended 31 December 2022						
Opening net book amount	56,747	25,451	17,391	62,100	213	161,902
Additions	–	31,530	11,086	14,210	519	57,345
Transfer (note 25)	(3,862)	–	–	–	–	(3,862)
Disposals	–	(736)	(783)	(10)	(160)	(1,689)
Depreciation	(1,124)	(27,707)	(5,352)	(19,209)	(75)	(53,467)
Impairment (note 17(b))	–	(4,425)	–	–	–	(4,425)
Exchange differences	(33)	(91)	(1,046)	(2)	–	(1,172)
Closing net book amount	51,728	24,022	21,296	57,089	497	154,632
At 31 December 2022						
Cost	141,989	169,045	78,636	238,063	5,561	633,294
Accumulated depreciation and impairment	(90,261)	(145,023)	(57,340)	(180,974)	(5,064)	(478,662)
Net book amount	51,728	24,022	21,296	57,089	497	154,632

As at 31 December 2023, no land and buildings were pledged as security for the Group's borrowing facilities.

As at 31 December 2022, land and buildings with net book value of HK$38,709,000 were pledged as security for the Group's borrowing facilities (note 30).

17 Right-of-use assets and lease liabilities

(a) Amounts recognised in the consolidated balance sheet

(i) Right-of-use assets

	2023 HK$'000	2022 HK$'000
Properties	262,271	495,017
Motor vehicles	205	196
Land use rights	866	931
	263,342	496,144

Additions to the right-of-use assets during the year were HK$221,170,000 (2022: HK$417,371,000).

(ii) Lease liabilities

	2023 HK$'000	2022 HK$'000
Non-current	65,001	144,669
Current	221,948	395,356
	286,949	540,025

During the years ended 31 December 2023 and 2022, the Group received rent concessions from landlords for certain leased properties, which have been accounted for as lease modifications.

17 Right-of-use assets and lease liabilities (Continued)

(b) Amounts recognised in the consolidated income statement

	2023 HK$'000	2022 HK$'000
Amortisation of right-of-use assets		
Properties	430,077	597,298
Motor vehicles	302	375
Land use rights	34	36
	430,413	597,709
Expenses relating to short-term leases (included in operating lease charges in respect of office and shop premises)	33,388	44,310
Interest on lease liabilities (note 12)	15,993	18,997

The Group regards each business unit in each city as a separately identifiable cash-generating unit. Management carries out an impairment assessment on cash-generating units when an impairment indicator exists and the carrying amounts may not be recoverable. The carrying amount of the related assets is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

During the year ended 31 December 2023, certain leased properties were written down to its recoverable amount, which was determined by reference to the value in use of the leased properties. Losses of HK$9,843,000 and HK$2,720,000 (2022: HK$20,188,000 and HK$4,425,000) for the impairment of right-of-use assets and leasehold improvements, respectively, in the property agency businesses are included in other operating costs in the consolidated income statement.

(c) Amounts recognised in the consolidated statement of cash flows

The total cash outflow for leases during the year was HK$507,279,000 (2022: HK$705,459,000).

18 Investment properties

	2023 HK$'000	2022 HK$'000
Opening net book amount	50,718	75,341
Change in fair value to consolidated income statement (note 8)	(2,456)	(8,755)
Disposals	(17,494)	(14,026)
Exchange differences	(484)	(1,842)
Closing net book amount	30,284	50,718

Change in fair value of investment properties is included in "Other income, net" in the consolidated income statement (note 8).

The Group engages qualified professional valuer to determine the fair value of Group's investment properties at least once every six months, in line with the Group's interim and annual reporting dates. Valuation assumptions, major inputs to valuation report and valuation result are discussed with valuer.

As at 31 December 2023, valuations were undertaken by Midland Surveyors Limited (2022: Jones Lang LaSalle Limited), a qualified professional valuer with appropriate professional qualifications and recent experience in the valuation of similar properties in the relevant locations. Fair values of investment properties in Hong Kong and the Mainland China are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuer's interpretation of prevailing investor requirements or expectations.

Information about fair value measurements using significant unobservable inputs:

	Fair value		Range of significant unobservable inputs	
Location of investment properties	2023 HK$'000	2022 HK$'000	Prevailing market rent per month	Capitalisation rate
Hong Kong	25,350	31,400	HK$48 to HK$109 per sq. ft. (saleable) (2022: HK$49 to HK$110 per sq. ft. (saleable))	3.20% to 4.00% (2022: 3.20% to 4.00%)
Mainland China	4,934	19,318	RMB1,260 per sq. m. (gross) (2022: RMB164 to RMB1,200 per sq. m. (gross))	6.20% (2022: 5.60%)
Total	30,284	50,718		

Prevailing market rents are estimated based on qualified valuer's view of recent lettings, within the subject properties and other comparable properties. The higher the rents, the higher the fair value. Capitalisation rates are estimated by qualified valuer based on the risk profile of the properties being valued. The lower the rates, the higher the fair value.

As at 31 December 2023 and 2022, all investment properties are included in level 3 in fair value hierarchy. There were no transfer between levels 1, 2 and 3 during the year.

19 Interests in joint ventures

	2023 HK$'000	2022 HK$'000
Share of net assets	11,670	14,330

Details of the principal joint ventures are set out in note 37(b) to the consolidated financial statements.

The summarised financial information below represents the aggregate amount of the Group's share of its interests in joint ventures:

	2023 HK$'000	2022 HK$'000
At the beginning of the year	14,330	41,158
Share of profit	13,840	16,950
Dividend received	(16,500)	(43,778)
At the end of the year	11,670	14,330

The table below provides summarised financial information of joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not the Group's share of these amounts:

mReferral Group

	2023 HK$'000	2022 HK$'000
Non-current assets	2,886	1,334
Current assets		
Cash and cash equivalents	37,549	41,129
Other current assets	11,399	16,425
	48,948	57,554
Current liabilities		
Current financial liabilities (excluding trade and other payables and provisions)	(2,392)	(501)
Other current liabilities	(27,505)	(30,717)
	(29,897)	(31,218)
Net assets	21,937	27,670
Group's share of net assets	10,969	13,835
Revenues	108,799	126,162
Depreciation and amortisation	(2,574)	(3,875)
Interest income	1,247	504
Interest expenses	(97)	(55)
Income tax expenses	(4,784)	(6,616)
Others	(75,323)	(82,559)
Profit and total comprehensive income for the year attributable to equity holders	27,268	33,561
Group's share of the profit and total comprehensive income for the year	13,634	16,781

During the year ended 31 December 2023, the Group received dividends of HK$16,500,000 (2022: HK$42,628,000) from mReferral Group.

There are no significant contingent liabilities and capital commitments relating to the Group's interests in joint ventures and the joint ventures do not have any significant contingent liabilities and capital commitments as at 31 December 2023 and 2022.

20 Financial assets at fair value through other comprehensive income

	2023 HK$'000	2022 HK$'000
Unlisted equity investments, at fair value	668	988

The Group's financial assets at fair value through other comprehensive income are denominated in United States dollars.

21 Other non-current asset

	2023 HK$'000	2022 HK$'000
Club membership	10,110	10,110

22 Loan receivables

	2023 HK$'000	2022 HK$'000
Loan receivables – loans to employees	1,173	3,182
Loan receivables – property mortgage loans	–	16,500
Total loan receivables	1,173	19,682
Less: non-current portion	(989)	(2,970)
Current portion	184	16,712

Loan receivables represent loans to employees and property mortgage loans granted to customers in Hong Kong. Loan receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Details on the Group's credit policy and credit risk arising from loan receivables are set out in note 4(a)(i).

The loan receivables do not contain impaired assets. As at 31 December 2022, the Group held properties located in Hong Kong as collateral for property mortgage loans.

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

	2023 HK$'000	2022 HK$'000
Within 1 year	184	16,712
Over 1 year but less than 2 years	582	310
Over 2 years but less than 3 years	27	2,660
Over 3 years	380	–
	1,173	19,682

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

23 Trade and other receivables

	2023 HK$'000	2022 HK$'000
Trade receivables	2,413,613	2,398,979
Less: loss allowance	(108,535)	(122,028)
Trade receivables, net	2,305,078	2,276,951
Other receivables, prepayments and deposits	224,593	274,366
	2,529,671	2,551,317

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

	2023 HK$'000	2022 HK$'000
Current (not yet due)	2,187,987	2,129,083
Less than 31 days past due	25,911	40,906
31 to 60 days past due	28,647	17,377
61 to 90 days past due	5,360	15,759
More than 90 days past due	57,173	73,826
	2,305,078	2,276,951

Trade receivables of HK$117,091,000 (2022: HK$147,868,000) were past due but not impaired.

Details on the Group's credit policy and credit risk arising from trade receivables are set out in note 4(a)(i).

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

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

Borrowing facilities granted to the Group were secured, inter alia, by floating charge over certain receivables of the Group, with carrying value of approximately HK$2,238,916,000 as at 31 December 2023 (2022: HK$2,196,892,000).

Trade and other receivables expected to be recovered after more than one year is HK$924,132,000 (2022: HK$785,171,000). The remaining balance is expected to be recovered within one year.

24 Cash and cash equivalents

As at 31 December 2023, the Group's cash and cash equivalents included balances of HK$25,049,000 (2022: HK$129,991,000), which were deposits with banks in Mainland China. The remittance of such balances out of the Mainland China is subject to the rules and regulations of foreign exchange control promulgated by the People's Republic of China government.

25 Assets held for sales

During the year ended 31 December 2022, a subsidiary of the Company entered into a provisional agreement to sell a property at a consideration of HK$14,680,000.

This transaction was completed in February 2023. The gain on disposal of assets held for sales had been recognised in the consolidated income statement.

26 Share capital and share premium

	Number of issued shares (HK$0.10 each)	Nominal value HK$'000	Share premium HK$'000	Total HK$'000
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	717,086,005	71,709	222,235	293,944

Notes:

(a) Share capital

The total authorised number of ordinary shares is 1 billion shares (2022: 1 billion shares) with a nominal value of HK$0.10 per share (2022: HK$0.10 per share). All issued shares are fully paid.

(b) Share options

On 23 June 2016, the Company adopted a share option scheme (the "Share Option Scheme"). The Share Option Scheme became effective on 23 June 2016 and remains in force for a period of ten years from that date and will expire on 22 June 2026. The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to, the selected participants, to attract and retain the best quality personnel for the development of the business of the Company and each of its direct or indirect subsidiary, associated company, jointly controlled entity or joint venture (collectively, the "Eligible Group"), to recognise the contributions of the selected participants to the growth of the Eligible Group by rewarding them with opportunities to obtain ownership interest in the Company, and/or to promote the long term success of the Eligible Group by aligning the interests of the selected participants to the shareholders of the Company.

Pursuant to the Share Option Scheme, the Board may, on or before 22 June 2026, at its discretion, offer to grant share options to any director (including any executive director of the Company), executive, officer or employee (whether full-time or part-time) of each member of the Eligible Group (but excluding each member of the committee appointed by the Board from time to time for the purpose of administration of the Share Option Scheme), as absolutely determined by the Board in accordance with the terms of the Share Option Scheme.

The maximum number of shares issued and to be issued upon exercise of all options granted to each participant under the Share Option Scheme and any other share option schemes of the Company (including those exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue. The maximum number of shares issued and to be issued upon exercise of all options granted under the Share Option Scheme and any other share option scheme(s) of the Company to each participant who is an Independent Non-Executive Director or a substantial shareholder of the Company, or any of their respective associates, in any 12-month period shall not exceed 0.1% of the total number of shares of the Company in issue and the aggregate value based on the closing price of the shares of the Company at the date of each grant shall not exceed HK$5,000,000. Any further grant of share options in excess of the above-mentioned limit shall be approved by the shareholders of the Company with all core connected persons (within the meaning as ascribed under the Listing Rules) of the Company abstaining from voting in favour at such general meeting.

26 Share capital and premium (Continued)

Notes: (Continued)

(b) Share options (Continued)

The exercise price 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 date of grant of the option which must be a business day; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five consecutive business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share of the Company on the date of grant of the option.

In January 2020, 9,174,300 share options were granted to certain directors of the Company under the Share Option Scheme (no share options were granted during the years ended 31 December 2023 and 2022). Each option gives the holder the right to subscribe for one ordinary share of the Company. The share options granted will be vested 1 year after the date of grant. The vesting period of these options ends when they become exercisable. A consideration of HK$1 from each of the grantees was received.

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

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

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

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

For the years ended 31 December 2023 and 2022, no share-based payment expenses had recognised in the consolidated income statement.

(i) Terms of unexpired and unexercised share options at balance sheet date

Share options outstanding at the end of the year have the following exercisable period and exercise prices:

Exercisable period	Exercise price per share HK$	Number of options 2023	2022
17 January 2021 to 16 January 2028	1.09	9,174,300	9,174,300

(ii) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2023 Weighted average exercise price per share HK$	2023 Number of options	2022 Weighted average exercise price per share HK$	2022 Number of options
At beginning and the end of the year	1.09	9,174,300	1.09	9,174,300

No share options of the Company were granted, exercised, cancelled or lapsed during the year ended 31 December 2023 (2022: nil).

As at 31 December 2023, 9,174,300 options were exercisable (2022: 9,174,300 options).

The options outstanding as at 31 December 2023 had a weighted average remaining contractual life of 4.05 years (2022: 5.05 years).

27 Reserves

	Capital redemption reserve HK$'000	Capital reserve HK$'000	Legal reserve HK$'000	Employee benefits reserve HK$'000	Exchange reserve HK$'000	Financial assets at FVOCI reserve HK$'000	Property revaluation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2023	5,013	2,086	190	2,304	24,195	1,403	15,674	339,439	390,304
Loss for the year	–	–	–	–	–	–	–	(41,916)	(41,916)
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	(7)	–	–	(7)
Remeasurement of post-employment benefit obligation	–	–	–	–	–	–	–	1,026	1,026
Currency translation differences	–	–	–	–	13,840	–	–	–	13,840
Transfer of gain on disposal of financial assets at fair value through other comprehensive income to retained earnings	–	–	–	–	–	(21)	–	21	–
Release of reserve upon disposal of investment properties	–	–	–	–	–	–	(362)	362	–
At 31 December 2023	5,013	2,086	190	2,304	38,035	1,375	15,312	298,932	363,247
At 1 January 2022	5,013	2,086	190	2,304	18,383	1,903	24,201	838,172	892,252
Loss for the year	–	–	–	–	–	–	–	(533,971)	(533,971)
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	(175)	–	–	(175)
Remeasurement of post-employment benefit obligation	–	–	–	–	–	–	–	26,386	26,386
Currency translation differences	–	–	–	–	5,812	–	–	–	5,812
Transfer of gain on disposal of financial assets at fair value through other comprehensive income to retained earnings	–	–	–	–	–	(325)	–	325	–
Release of reserve upon disposal of investment properties	–	–	–	–	–	–	(8,527)	8,527	–
At 31 December 2022	5,013	2,086	190	2,304	24,195	1,403	15,674	339,439	390,304

28 Deferred taxation

	2023 HK$'000	2022 HK$'000
Deferred tax assets	69,749	72,846
Deferred tax liabilities	(8,241)	(9,203)
	61,508	63,643

The net movements on the deferred tax assets/(liabilities) are as follows:

	2023 HK$'000	2022 HK$'000
At 1 January	63,643	2,783
Recognised in the consolidated income statement (note 13)	(2,135)	60,860
At 31 December	61,508	63,643

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

	Provision HK$'000	Depreciation allowance in excess of the related depreciation HK$'000	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 January 2022	8,369	(5,414)	–	(172)	2,783
Recognised in the consolidated income statement	(1,444)	(1,832)	64,096	40	60,860
At 31 December 2022	6,925	(7,246)	64,096	(132)	63,643
Recognised in the consolidated income statement	(1,899)	2,786	(2,240)	(782)	(2,135)
At 31 December 2023	5,026	(4,460)	61,856	(914)	61,508

28 Deferred taxation (Continued)

Deferred tax assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of HK$235,136,000 (2022: HK$208,615,000) in respect of losses amounting to HK$1,177,811,000 (2022: HK$1,057,126,000) as at 31 December 2023. These tax losses are subject to the agreement with the tax authorities and can be carried forward against future taxable income. Tax losses have no expiry date except for tax losses amounting to HK$489,235,000 (2022: HK$415,985,000) which will expire from 2024 to 2028 (2022: from 2023 to 2027).

In addition, the Group did not recognise deferred tax assets of HK$2,180,000 (2022: HK$2,336,000) and HK$847,000 (2022: HK$656,000) in respect of decelerated tax depreciation and provision respectively.

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2023 HK$'000	2022 HK$'000
Deferred tax assets		
Recoverable after more than twelve months	3,781	1,825
Recoverable within twelve months	65,968	71,021
	69,749	72,846
Deferred tax liabilities		
Payable or settle after more than twelve months	(8,241)	(9,203)

29 Trade and other payables

	2023 HK$'000	2022 HK$'000
Commissions and rebate payables	2,210,775	2,066,231
Other payables and accruals	201,228	268,231
Defined benefit obligation	30,663	26,445
	2,442,666	2,360,907
Categorised as		
Current portion	2,400,700	2,316,819
Non-current portion	41,966	44,088
	2,442,666	2,360,907

Commissions and rebate payables to property consultants, co-operative estate agents and property buyers are due for payment only upon the receipt of corresponding agency fees from customers. These balances include commissions and rebate payables of HK$295,165,000 (2022: HK$247,949,000) in respect of which the corresponding agency fees have been received, and are due for payment within 30 days after year end. All the remaining commissions and rebate payables are not yet due.

Trade and other payables expected to be settled after more than one year is HK$703,142,000 (2022: HK$585,680,000). The remaining balance is expected to be settled within one year.

As at 31 December 2023 and 2022, the Group's defined benefit obligation are determined based on the actuarial valuation prepared by an independent qualified professional actuary, using the Projected Unit Credit method.

Movements in the present value of the defined benefit obligation are as follows:

	2023 HK$'000	2022 HK$'000
At the beginning of the year	26,445	9,704
Service costs	4,898	44,379
Interest costs	1,001	119
Actuarial gain	(1,026)	(26,386)
Benefit paid	(655)	(1,371)
At the end of the year	30,663	26,445

The significant actuarial assumptions used are as follows:

	2023	2022
Discount rate	3.7%	3.9%
Expected rate of salary increase	2.5%	2.5%

29 Trade and other payables (Continued)

The sensitivity analysis of the defined benefit obligation to changes in the significant actuarial assumptions are as follows:

	2023	
	Change to adopted rate	Effect on defined benefit obligation
Discount rate	+0.5%/–0.5%	–5.4%/+5.9%
Expected rate of salary increase	+0.5%/–0.5%	+1.1%/–1.3%

	2022	
	Change to adopted rate	Effect on defined benefit obligation
Discount rate	+0.5%/–0.5%	–5.8%/+6.4%
Expected rate of salary increase	+0.5%/–0.5%	+1.0%/–1.1%

The above sensitivity analysis are based on a change in assumption while holding all other assumptions constant.

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

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

30 Borrowings

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

	2023 HK$'000	2022 HK$'000
Bank borrowings with repayment on demand clause	–	54,600
Unsecured borrowings from related parties	169,890	173,636
Total borrowings	169,890	228,236
Less: non-current portion	–	(173,636)
Current portion	169,890	54,600

As at 31 December 2023, the bank borrowing facilities are secured by certain trade receivables (note 23) and guarantees provided by the Company.

As at 31 December 2022, the bank borrowing facilities are secured by certain land and buildings held by the Group (note 16), certain trade receivables (note 23) and guarantees provided by the Company.

30 Borrowings (Continued)

The analysis of the repayment schedule of borrowings as at the end of the reporting periods is as follows:

	2023 HK$'000	2022 HK$'000
Repayable within 1 year	169,890	54,600
Repayable after 1 year but within 2 years	–	173,636
	169,890	228,236

As at 31 December 2023, effective interest rates of the Group's borrowings range from 5.39% to 7.88% (2022: 5.15% to 7.63%).

For the borrowings, the fair values are not materially different to their carrying amounts, since the interest payables on the borrowings are close to current market rates.

Borrowings are denominated in Hong Kong dollars and Renminbi.

The Group has the following undrawn borrowing facilities:

	2023 HK$'000	2022 HK$'000
Floating rates		
Expiring within one year	1,405,000	2,577,200

31 Notes to consolidated statement of cash flows

(a) Reconciliation of operating profit to net cash generated from operations

	2023 HK$'000	2022 HK$'000
Operating loss	(17,903)	(572,575)
Amortisation of right-of-use assets	430,413	597,709
Depreciation of property and equipment	46,195	53,467
Net impairment losses/(reversal of impairment) on financial assets	9,250	(5,611)
Net fair value losses on investment properties (note 8)	2,456	8,755
Fair value changes on financial assets at fair value through profit or loss	–	1,574
Impairment losses on right-of-use assets, net of reversal (note 11)	9,843	20,188
Impairment losses on property and equipment (note 11)	2,720	4,425
Net (gain)/loss on disposal of property and equipment (note 11)	(17,014)	1,549
Gain on disposal of assets held for sales (note 11)	(10,512)	–
Net exchange differences	(484)	(139)
Operating profit before working capital changes	454,964	109,342
Changes in loan receivables	18,509	4,899
Changes in trade and other receivables	6,357	1,244,952
Changes in trade and other payables	102,135	(1,234,217)
Net cash generated from operations	581,965	124,976

(b) Reconciliation of liabilities from financing activities

Movements in liabilities from financing activities are as follows:

	Borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 January 2022	687,000	846,733	1,533,733
Cash flows	(458,764)	(642,152)	(1,100,916)
Other non-cash movements	–	335,444	335,444
At 31 December 2022	228,236	540,025	768,261
Cash flows	(54,600)	(457,898)	(512,498)
Other non-cash movements	(3,746)	204,822	201,076
At 31 December 2023	169,890	286,949	456,839

32 Contingent liabilities

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

As advised by the legal advisors of the Group, the Tribunal Proceedings are currently subject to judicial challenge due to two parallel applications of Judicial Review (the "JR Application") and Permanent Stay of Proceedings (the "Stay Application") lodged by the Company and its two subsidiaries against the Commission on 18 March 2024. Leave for JR Application has already been granted by the High Court on 20 March 2024 after the application. The substantive hearing for both JR Application and Stay Application shall take place in August 2024, and the outcome of these two applications would have a significant impact on the Tribunal Proceedings, including permanent stay or dismissal of the whole case.

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

In addition to pursuing the JR Application and the Stay Application, the Company shall continue to defend the Tribunal Proceedings vigorously. As such, it is not practicable to make a sufficiently reliable estimation of the potential liability (if any) due to the high degree of uncertainty. Taking into account all relevant circumstances, no provision is made in the consolidated financial statements of the Group as at 31 December 2023.

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

33 Future lease rental receivable

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

	2023 HK$'000	2022 HK$'000
Within one year	1,441	1,845
After one year but within five years	1,084	1,042
	2,525	2,887

34 Commitments

(a) Capital commitments

The Group did not have any significant capital commitments as at 31 December 2023 and 2022.

(b) Operating lease commitments

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

	2023 HK$'000	2022 HK$'000
Within one year	2,650	2,039

35 Significant related party transactions

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

(a) Transactions with related parties

	Note	2023 HK$'000	2022 HK$'000
Agency fee income from related companies	(i)	38,452	56,134
Rebates to related companies	(ii)	(13,531)	(22,353)
License fee income from related companies	(iii)	1,325	1,380
Agency fee to a related company	(iv)	(676)	–
Interest expenses to a director	(v)	(4,650)	(113)
Interest expenses to other related company	(v)	(6,038)	(227)

Notes:

(i) Agency fee income from related companies represents agency fee from referral of property agency transactions to related companies on terms mutually agreed by both parties.

(ii) Rebates to related companies represents rebates for property agency transactions referred by related companies on terms mutually agreed by both parties.

(iii) License fee income from related companies represents license fee for the use of trademark by related companies on terms mutually agreed by both parties.

(iv) Agency fee to a related company represents agency fee for provision of property agency services by a related company on terms mutually agreed by both parties.

(v) Interest expenses to a director/other related company represents interest expenses for borrowings provided by a director/other related company (note 35(d)) on terms mutually agreed by both parties.

35 Significant related party transactions (Continued)

(a) Transactions with related parties (Continued)

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

During the year ended 31 December 2023, the Group shared administrative and corporate services fee on a cost basis with an aggregate amount of HK$19,506,000 (2022: HK$14,155,000) with subsidiaries of Legend Upstar.

(b) During the year ended 31 December 2023, the Group entered into a lease with a subsidiary of Legend Upstar on terms mutually agreed by both parties. The Group recognised right-of-use assets of HK$2,332,000 at the commencement date of the lease (2022: HK$4,564,000).

During the year ended 31 December 2023, lease payments to certain subsidiaries of Legend Upstar under certain leases amounted to HK$2,814,000 (2022: HK$3,439,000).

(c) During the year ended 31 December 2023, the Group entered into certain leases with certain companies, of which Mr. WONG is the beneficial owner, on terms mutually agreed by both parties. The Group recognised right-of-use assets of HK$4,350,000 at the commencement date of the leases (2022: HK$3,547,000).

During the year ended 31 December 2023, lease payments to certain companies, of which Mr. WONG is the beneficial owner, under certain leases amounted to HK$3,577,000 (2022: HK$5,295,000).

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

35 Significant related party transactions (Continued)

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

	2023 HK$'000	2022 HK$'000
Trade and other receivables		
Amounts due from related companies (note 35(a))	26,205	35,994
Trade and other payables		
Amounts due to related companies (note 35(a))	(7,908)	(14,519)
Amount due to a director (note 35(d))	(401)	(113)
Amount due to other related company (note 35(d))	(503)	(227)
Lease liabilities		
Amounts due to related companies (note 35(b))	(514)	(2,230)
Amounts due to other related companies (note 35(c))	(3,758)	(3,120)
Borrowings		
Amount due to a director (note 35(d))	(60,000)	(60,000)
Amount due to other related company (note 35(d))	(109,890)	(113,636)

(f) Key management compensation

	2023 HK$'000	2022 HK$'000
Fees, salaries, allowances and incentives	23,680	24,631
Termination benefit	400	–
Retirement benefit costs	56	54
	24,136	24,685

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

The significant related party transactions under this note constitute connected transactions or continuing connected transactions under the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "Continuing Connected Transactions" of the Report of the Directors.

36 Balance sheet and reserve movement of the Company

Balance sheet of the Company

	Note	As at 31 December 2023 HK$'000	2022 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries		108,501	108,501
Current assets			
Other receivables, prepayments and deposits		3,812	4,027
Amounts due from subsidiaries		544,076	482,491
Taxation recoverable		–	121
Cash and cash equivalents		873	907
		548,761	487,546
Total assets		657,262	596,047
EQUITY AND LIABILITIES			
Equity holders			
Share capital		71,709	71,709
Share premium		222,235	222,235
Reserves	(a)	294,516	293,900
Total equity		588,460	587,844
Non-current liabilities			
Other payables and accruals		450	–
Current liabilities			
Other payables and accruals		6,913	7,627
Borrowings		60,000	–
Amounts due to subsidiaries		607	576
Taxation payable		832	–
		68,352	8,203
Total liabilities		68,802	8,203
Total equity and liabilities		657,262	596,047

The balance sheet of the Company was approved by the Board of Directors on 26 March 2024 and was signed on its behalf.

WONG Ching Yi, Angela
Director

SZE Ka Ming
Director

36 Balance sheet and reserve movement of the Company (Continued)

Note (a) Reserves movement of the Company

	Capital redemption reserve HK$'000	Employee benefits reserve HK$'000	Contributed surplus HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2023	5,013	2,304	108,001	178,582	293,900
Profit for the year	–	–	–	616	616
At 31 December 2023	5,013	2,304	108,001	179,198	294,516
At 1 January 2022	5,013	2,304	108,001	177,171	292,489
Profit for the year	–	–	–	1,411	1,411
At 31 December 2022	5,013	2,304	108,001	178,582	293,900

The contributed surplus of the Company represents the difference between the nominal value of the Company's shares issued in exchange for the issued ordinary shares of Astra Profits Limited and the value of the net assets of the underlying subsidiaries acquired as at 12 May 1995. The contributed surplus is distributable to the equity holders. In the Group's consolidated financial statements, the contributed surplus is reclassified into its components of reserves of the underlying subsidiaries.

37 Particulars of principal subsidiaries and joint ventures

(a) Principal subsidiaries

Company name	Place of incorporation/ establishment	Issued/registered and paid-up capital	Principal activities and places of operation	Percentage of ownership interest 2023 %	2022 %
Astra Profits Limited (note a)	British Virgin Islands	4 shares of US$1 each	Investment holding in Hong Kong	100	100
Hong Kong Property Services (Agency) Limited	Hong Kong	2 shares	Property agency in Hong Kong	100	100
Hong Kong Property Services (China) Limited	Hong Kong	1 share	Investment holding in the PRC	100	100
Midland Credit Limited	Hong Kong	1 share	Money lending business in Hong Kong	100	100
Midland CyberNet Limited	Hong Kong	39,100,000 shares	Investment holding and operation of internet website in Hong Kong	100	100
Midland HKP Services (Administration) Limited	Hong Kong	2 shares	Provision of management services in Hong Kong	100	100

37 Particulars of principal subsidiaries and joint ventures (Continued)

(a) Principal subsidiaries (Continued)

Company name	Place of incorporation/ establishment	Issued/registered and paid-up capital	Principal activities and places of operation	Percentage of ownership interest 2023 %	2022 %
Midland Immigration Consultancy Limited	Hong Kong	500,000 shares	Immigration consultancy services in Hong Kong	100	100
Midland Realty (Global) Limited	Hong Kong	1 share	Promotion of overseas properties in Hong Kong	100	100
Midland Realty (Macau) Agency Limited	Macau	MOP$25,000	Property agency in Macau	100	100
Midland Realty (Macau) Limited	Macau	MOP$25,000	Property agency in Macau	100	100
Midland Realty (Strategic) Limited	Hong Kong	10,000 shares and 2,000,000 non-voting deferred shares	Investment holding and provision of administration and treasury services to group companies in Hong Kong	100	100
Midland Realty International Limited	Hong Kong	1,000 shares	Property agency in Hong Kong	100	100
Midland Surveyors Limited	Hong Kong	1,000,000 shares	Provision of professional surveying consultancy and valuation services in Hong Kong	100	100
Perfect Tower Limited	Hong Kong	2 shares	Property investment in the PRC	100	100
Real Gain Limited	Hong Kong	10,000 shares	Property investment in Hong Kong	100	100
Teston Profits Limited	British Virgin Islands	1 share of US$1	Investment holding in Hong Kong	100	100
Worldboss Limited	Hong Kong	2 shares	Property investment in Hong Kong	100	100
美聯物業代理（深圳）有限公司 (note b)	The PRC	US$40,280,000	Property agency in the PRC	100	100
重慶美聯營銷策劃有限公司 (note b)	The PRC	US$2,147,000	Property agency in the PRC	100	100

37 Particulars of principal subsidiaries and joint ventures (Continued)

(a) Principal subsidiaries (Continued)

Company name	Place of incorporation/ establishment	Issued/registered and paid-up capital	Principal activities and places of operation	Percentage of ownership interest 2023 %	2022 %
縱橫擔保(深圳)有限公司 (note b)	The PRC	US$5,400,000	Property investment in the PRC	100	100
北京美聯房地產經紀有限公司 (note b)	The PRC	US$12,800,000	Property agency in the PRC	100	100
珠海橫琴港置美聯房地產代理有限公司 (note b)	The PRC	RMB100,000	Property agency in the PRC	100	100

Notes:

(a) This subsidiary is directly held by the Company.

(b) Registered as wholly foreign owned enterprise under the PRC law.

(b) Principal joint ventures

Company name	Place of incorporation	Principal activities and places of operation	Percentage of interest in ownership/voting power/profit sharing 2023	2022
mReferral Corporation Limited	British Virgin Islands	Investment holding in Hong Kong	50%/50%/50%	50%/50%/50%
mReferral Corporation (HK) Limited	British Virgin Islands	Provision of mortgage referral services in Hong Kong	50%/50%/50%	50%/50%/50%
Vision Year Investments Limited	British Virgin Islands	Investment holding in Hong Kong	10%/50%/10%	10%/50%/10%

38 Summary of other potentially material accounting policies

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

(a) Consolidation

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

(i) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised loss is 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.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

38 Summary of other potentially material accounting policies (Continued)

(a) Consolidation (Continued)

(ii) Separate financial statements

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.

(iii) Joint ventures

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(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 Executive Directors that make 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 consolidated financial statements are presented in Hong Kong dollars 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 consolidated income statement.

38 Summary of other potentially material accounting policies (Continued)

(c) Foreign currency translation (Continued)

(ii) Transactions and balances (Continued)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary 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 and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(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 in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings, are taken to equity. When a foreign operation is partially disposed or sold, exchange differences that were recorded in equity are recognised in the consolidated 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) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(e) Loan receivables

Loan receivables are loans to employees and property mortgage loans granted to customers. If collection of loan receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Loan receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

38 Summary of other potentially material accounting policies (Continued)

(f) Assets held for sales

An asset is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use.

Immediately before classification as held for sale, the measurement of the assets is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the asset are recognised at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are recognised in profit or loss. As long as an asset is classified as held for sale, the asset is not depreciated or amortised.

(g) 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.

(h) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profits or loss over the period necessary to match them with the costs that they are intended to compensate.

(i) Dividend distribution

Dividend distribution is recognised as a liability in the consolidated financial statements in the financial period in which the dividends are approved by the shareholders or directors, as appropriate and no longer at the discretion of the entity.

For distribution of non-cash assets to the owner, the Company measures a liability at the fair value of the non-cash assets to be distributed. In the settlement of the liability, the difference between the fair value of the non-cash assets and their carrying amounts is recognised in profit or loss.

List of Investment Properties

Location	Lot number	Existing use	Lease term	Group's interest
Unit 4 on Level (Site 1) 36 (excluding Market Entrance at L36) of Commercial Development, Sceneway Garden, 8 Sceneway Road, Lam Tin, Kowloon, Hong Kong	NKIL6046	Commercial	Medium	100%
Shop No. 80, Harmony Garden, No. 9 Siu Sai Wan Road, Hong Kong	CWIL154	Commercial	Medium	100%
Shop No. 1D 128 on Level 1, Sun Asia Guo Li Building, 8 Zhong Hang Road, Futian District, Shenzhen, the People's Republic of China	N/A (note)	Commercial	Long	100%

Note: Property located in the People's Republic of China without lot number.

Five-Year Financial Summary

	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000	2019 HK$'000
For the year					
Revenues	4,082,694	3,115,143	6,001,432	4,981,920	4,883,503
(Loss)/profit before taxation	(29,209)	(588,801)	144,006	150,022	(63,426)
(Loss)/profit attributable to equity holders of the Company	(41,916)	(533,971)	100,213	131,854	(68,924)
Cash flows					
Net cash inflow from operating activities	543,603	59,369	749,906	666,365	647,621
At year end					
Total assets	3,569,187	3,825,416	6,352,727	5,028,538	5,166,816
Total liabilities	2,911,996	3,141,168	5,166,531	3,939,133	3,842,182
Total equity	657,191	684,248	1,186,196	1,089,405	1,324,634
Cash and cash equivalents (include short-term bank deposits)	532,147	450,666	1,505,527	940,608	1,151,688
	HK cents	HK cents	HK cents	HK cents	HK cents
Per share data					
Basic (loss)/earnings per share	(5.85)	(74.46)	13.96	18.36	(9.60)
Diluted (loss)/earnings per share	(5.85)	(74.46)	13.95	18.36	(9.60)
Dividend per share					
Interim	–	–	–	50.56	–
Final	–	–	–	–	–
Total	–	–	–	50.56	–

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