

FOR IMMEDIATE RELEASE

Midland Holdings Limited(1200) Midland Earned HK\$278M In The First Half of 2009 Swiftness and Flexibility Helped Weather Financial Tsunami Turned around From a Loss Last Year

(Hong Kong, September 16, 2009) – *Midland Holdings Limited* (the Group) [stock code: 1200] announced today the interim results for the first six months ended June 30, 2009 as follows:

- *The revenue of the group was HK\$1,544 million for the first half ended June 30, 2009. The profit was HK\$278 million, representing an increase of 73% over the corresponding period last year.*
- *The Board of Directors recommended an interim dividend of 17.6 cents per ordinary share for the interim period and a special cash bonus of 20 cents per ordinary share, the total is 37.6 cents.*

Mr Wong Kin-yip, Chairman of Midland Holdings Ltd, said “The global economy was dragged down by the outbreak of financial tsunami in the second half of 2008, which affected the confidence of homebuyers. As a results, the Group recorded a loss last year. However, the Group turned around in just a matter of six months. Apart from the strong performance of the property market, the Group also benefited from a series of cost cutting measures launched in last year, which enhanced the profitability of the Group. Also because of the improvement in the property market, the write-offs and provisions for defaulted cases made last year could be written back, so the results in the first half of the year recorded a significant growth.”

Last year, the Group redeployed a centralized leadership and strengthened the Board. Besides, chairman office was set up to assist me to make better strategic and operational planning more swiftly and flexibly so as to achieve the best effectiveness and efficiency. Thanks to the concerted efforts from within, the Group actively reduced its costs at the beginning phase of the financial tsunami, and the results were encouraging. The Group’s profits increased significantly despite the lower revenue as compared with the corresponding period last year, reflecting the improved operational efficiency of the Group. The Group centralized the back-office and devoted to implementing “Central Professional Units”, prompting synergy among its staff, at both non-frontline and frontline level, to enhance their contribution to the Group’s operations.

V-shape Property Market Rebound Versus L-shape Economic Development

Amidst the financial tsunami, the general public are vigilant against investment products which in turn lead to fund flowing into the property market and the market bloom. In fact, hit by the worldwide economic downturn and H1N1 influenza, the business environment of many other sectors was still worse than that before the financial tsunami. However, the property sector was exceptional. Supported by various favorable conditions like the effective housing policies, low-interest environment and the gradually increasing home-buying sentiment in the market, property transactions recorded in the first two quarters remained on the rise. The property market outperformed the general economy. The increase in property prices was noticeable during the period. To sum up the first half of the year, the economy showed an L-shape development, but the property

market showed a V-shape turnaround.

Backup from Motherland benefiting Property Market

Benefiting from the coordinated measures by the governments from all over the world, the global economy has shown signs of recovery. The local credit market is returning to normal, while the sentiment of the stock market is remarkably improving. Although the real economy is still some way off a full recovery, after falling for four quarters in a row, the GDP of the last quarter recorded a turnaround with a quarter-to-quarter increase of 3.3%. As such, the Group believes that the worst may have gone. Though still having uncertainties on full recovery of the economy and consequently bringing some challenges to the Group, the Group will constantly review and make out the overall situation and modify its operational strategies with high flexibility. Relying on the motherland, Hong Kong's economic development looks set to benefit from the economic growth and policies of the mainland. It is believed that a prosperous long-term development of the nation will be maintained, which in turn is advantageous to the future growth of Hong Kong.

Maintaining Flexibility, Expanding Steadily

While many industries are still feeling the heat of the financial tsunami, the Group, taking advantage of the early rebound, has already resumed the recruitment of frontline staff. As compared to the beginning of the year, headcount of the Group has increased by more than 10% as at the end of August. Besides, the Group has re-launched new TV advertisement in April to promote corporate brand image and further consolidate its leading position in the industry. On the other hand, the growth in number of branches is relatively moderate while that of sales staff is higher. The Group has actively adopted a strategy of deploying more sales teams in one branch. For the second half of this year, the management will adhere to flexible budgets for market expansion. The management will continue to lead the staff at all levels to work diligently towards strengthening the Group's market competitiveness and maintaining its leading position in the industry.

The Group has always been sparing no efforts to innovate while focusing on real estate business. Our mReferral and immigration consultancy businesses have not only helped to diversify the Group's sources of revenue, but also brought synergetic benefit for us. The recent launch of the Midland "Property Price Chart" is one of our initiatives to achieve this goal. We will continue to build on our well-established networks (namely, the human resources, branches and marketing network, in particular, the internet), precise data analysis, IT support and the powerful publicity, advertising strategies and etc., in order to meet the future challenges and progress with time.

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Midland Holdings(1200)

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE 2009

	Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Revenues	1,543,661	1,627,670
Other income	15,078	21,669
Staff costs	(838,584)	(914,057)
Rebate commissions	(27,097)	(17,412)
Advertising and promotion expenses	(90,565)	(144,798)
Operating lease charges in respect of office and shop premises	(125,327)	(153,649)
Impairment of trade receivables	(38,368)	(70,011)
Depreciation and amortisation costs	(17,555)	(20,706)
Other operating costs	(92,631)	(151,855)
Operating profit	328,612	176,851
Finance income	1,319	9,859
Finance costs	(685)	(1,644)
Share of results of Jointly controlled entities	5,109	9,361
An associated company	1,386	-
Profit before taxation	335,741	194,427
Taxation	(58,164)	(34,154)
Profit for the period	<u>277,577</u>	<u>160,273</u>
Profit attributable to:		
Equity holders	272,428	152,210
Minority interests	5,149	8,063
	<u>277,577</u>	<u>160,273</u>
Earnings per share		
Basic	HK37.62 cents	HK20.83 cents
Diluted	HK37.62 cents	HK20.79 cents
Dividend	<u>272,311</u>	<u>47,445</u>