

## FOR IMMEDIATE RELEASE

### Midland Holdings Limited(1200) Midland Revenue Rose 13.9% to HK\$ 1758M In 2010 First Half Strived For Excellence Strengthen Our Competitiveness

(Hong Kong, August 25, 2010) – *Midland Holdings Limited* (the Group) [stock code: 1200] announced today the interim results for the first six months ended June 30, 2010 as follows:

- *The revenue of the group was HK\$1,758 million for the first half ended June 30, 2010. The profit was HK\$256 million.*
- *The Board of Directors recommended an interim dividend of HK\$0.268 per ordinary share for the interim period.*

Midland Holdings Ltd(1200) is pleased to announce results that met expectations for the first half of 2010. In the six months ended 30 June 2010, revenue rose 13.9% to HK\$1,758 million from the year before while net profit decreased 7.9% to HK\$256 million. The first half was full of challenges again for the world's economy. For a while, it looked as if the Euro Zone's credit crisis would threaten the fragile recovery in the rest of the world. But Hong Kong's economic recovery was on track, as the growth in the gross domestic product for the first half and a steady decline in jobless rate indicated. In the first half, the property market also put on a strong performance as both prices and transaction volume took off. While the interbank rates headed higher at one point, they obviously softened lately. Low borrowing costs, therefore, are the major factor supporting the local property market. In view of the improvement in economy, there was an increase in overall costs of the Group in the first 6 months, however, the Group considered such pressure as a challenge and strived for excellence.

#### **High demand raises transaction volume**

The property market put on a strong performance in the first quarter, with property prices clearly on an uptrend. Although the Government's proclamation of the "nine measures and twelve tactics" to restrict home sales in the primary market triggered a downward adjustment from late April to May, activities picked up again in early June, following the public auction of the Homantin lot for HK\$10.9 billion. Since then, sales of residential properties in both the primary and secondary markets picked up noticeably.

The entire residential property market has had a good year so far. Among the different segments, the small to mid-sized segment decidedly outperformed. While the relatively smaller price increases of that segment may have helped, an upturn in Hong Kong's economy is the real driver. The desire among home buyers to own property has been fanned by low interest rates and the lack of an outlet for capital investment. Since its implementation, the Capital Investment Entrant Scheme has done its fair share to attract immigrants to buy homes here to qualify for a residency.. As both local and offshore demand increased, the Hong Kong property market was able to pick up momentum in the first half. As a result, the Group's performance also improved. On the other hand, dampened by a number of measures launched by, the mainland property market slowed. Thus by comparison, the Group's mainland operations did not do as well.

#### **More land supply aids market**

Doubtless, home prices have increased considerably, given the low-interest-rate environment. The Group welcomes the Government's move to stabilise property prices and to increase the supply of land to ease the upward pressure on pricing. The Group also fully supports the Government's new

initiatives to update the guidelines and improve the sales procedures of properties in the primary market.

### **Group continues to expand, promote**

Although residential property prices continued on an uptrend during the first half, the transaction volume fluctuated noticeably. We took up the challenge as nearly 40 years of experience in the estate broking industry has given us a good handle on how to confront changing market conditions and apply different strategies to meet the changes.

To keep pace with the market, the Group took appropriate steps to recruit human resources and expand the branch network in the first half. In overall operations, the Group focused on maintaining flexibility, adopting multiple prongs in marketing. Most notable was a series of well-received seminars we hosted for investors. The first seminar entitled “A Comprehensive Strategy on Properties, Stocks and Mortgaging” and held at the Hong Kong Convention and Exhibition Centre in March, drew an audience of more than 1,800. In May, we held a seminar on properties and mortgages for both the Hong Kong and Macau markets. In June, the third seminar to shed light on trends in properties, stocks and mortgaging for the second half was in such demand that we had to add sessions. We believe that the high attendance was testimony of public support for the Group as well as trust in our vision. Our leadership position was thus firmly established. In July, we launched an advertising campaign to remind the Government of the need to increase land supply, using the theme of “increasing land supply to prevent further inflating the property bubble”. We are pleased to see the Government offered three residential lots for public auction in August.

### **Expect steady growth but watch out for policy changes**

The Group believes that as long as interest rates remain low and ample liquidity continues, the outlook for the local property market will be bright. The desire to own homes and to upgrade living conditions is getting stronger among Hong Kong people. The demand among investors is also on the rise. Although the rental returns on residential properties, including luxury units, are not that attractive, investors are likely to continue playing the market, as long as liquidity remains ample and the outlet for capital inflow remains limited. However, one must bear in mind that the currency policies of different countries have a direct impact on capital flow. If the flow of capital takes a different turn, the local property scene is likely to be affected. Along this line, the Group welcomes the Government’s recent moves to impose a ceiling on residential mortgage financing and to restrict investment-related home sales. We believe that such policies will help reduce speculative activities and put the residential property market back on track for steady growth. Increasing land supply, especially the type for luxury homes, is likely to be the most effective among various Government policies. We shall keep our eyes on possible new government policies both locally and overseas.

### **Expand on cautious optimism**

In line with our cautiously optimistic view, we shall continue with our strategy of optimal expansion in the next six months. Besides either enlarging the premises or adding outlets in prime locations, we shall continue to ride on the Midland name to attract talents to our ranks so as to upgrade and strengthen our competitiveness. While keeping an eye on how overseas monetary policies and local property policies may affect our operating environment, we shall use proven strategies and tactics to increase our share in the property market.

Issued by : Midland Holdings Ltd  
Contact : Doris Yeung, Public Relations Manager  
Tel : (852)2844-8226 / 9708-5759  
Fax : (852)2845-0705

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

## Midland Holdings(1200)

### CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Revenues	1,757,789	1,543,661
Other income	8,745	15,078
Staff costs	(988,974)	(838,584)
Rebate commissions	(39,632)	(27,097)
Advertising and promotion expenses	(122,349)	(90,565)
Operating lease charges in respect of office and shop premises	(140,154)	(125,327)
Impairment of receivables	(44,507)	(38,368)
Depreciation and amortisation costs	(16,143)	(17,555)
Other operating costs	(119,589)	(92,631)
<b>Operating profit</b>	<b>295,186</b>	<b>328,612</b>
Finance income	1,458	1,319
Finance costs	(348)	(685)
Share of results of Jointly controlled entities	11,396	5,109
An associated company	312	1,386
<b>Profit before taxation</b>	<b>308,004</b>	<b>335,741</b>
Taxation	(52,376)	(58,164)
<b>Profit for the period</b>	<b>255,628</b>	<b>277,577</b>
Profit for the period attributable to:		
Equity holders	243,859	272,428
Non-controlling interests	11,769	5,149
	<b>255,628</b>	<b>277,577</b>
Dividends	194,094	272,311
Earnings per share	<b>HK cents</b>	<b>HK cents</b>
Basic	33.67	37.62
Diluted	33.67	37.62