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To Editors of Finance and Property section:
For Immediate release

Midland Holdings Limited (1200)
Interim Results Announcement (2012)
Resumption of the helm, Strengthening staff morale

Midland Revenue reached HK\$ 1,896 million In 2012 First Half
Profit reached HK\$ 147 million

Midland Holdings Limited (the Group) [stock code: 1200] announced today the interim results for the first six months ended June 30, 2012 as follows::

- *Turnover of the Group totalled HK\$1,896 million, down by 2% as compared with the corresponding period last year*
- *Profit for the period fell by 33% to HK\$147 million*
- *The Board of Directors recommended an interim dividend of HK\$0.1434 per ordinary share for the interim period.*

For the half-year period ended 30 June 2012, turnover of the Group totalled HK\$1,896 million, down by 2% as compared with the corresponding period last year, while profit for the period fell by 33% to HK\$147 million. The decline in profit for the period was principally a result of the drop in transaction volume in the Hong Kong property market as compared with the corresponding period last year, as well as the rise in costs. However, when compared with the second half of the previous year, the results of the Group recovered alongside with the market in general.

Strengthening Management Team

Mr Wong Kin-yip, Chairman and Managing Director of Midland Holdings Ltd said “The management of the Group has reorganized in February and I have taken up the position of Managing Director again. Since then, staff efficiency has improved and staff morale has strengthened. A number of reforms were made, including the review of organization structure and the implementation of new commission scheme for front-line managers. The new plan is aimed at maintaining the staff productivity no matter the market is good or bad. We hope that better return will be brought to the Group.”

The principal subsidiary of the Group, Midland Realty was founded nearly 40 years. Having witnessed the vicissitude of the industry, the management has already formulated and implemented cautious operation strategies. The new commission scheme for the front-line managers has been launched with a view to steady the income of the front-line managers and to bring out the potential of the front-line staff, as well as promoting corporate sustainability and development.

Property Market Perked Up Gradually

Despite market volatility, Hong Kong property market showed signs of improvement during the first half of the year. The property market experienced a short-lived recovery in the beginning of the year, but then the property market softened. Although the transaction volume still recorded growth as compared with the second half of 2011, the level of market activities still fell short of that in the first half of last year.

Transaction volume in local property market soared during the Chinese New Year as pent-up demand was released. This was mainly reflected in the month-by-month upsurge in both the number and value of agreements for sale and purchase registered with the Land Registry in March (which is the major market indicator for February) of 177% and 164%, respectively. Unfortunately, such recovery did not sustain as the performance of the property market weakened, and the number of agreements for sale and purchase registered with the Land Registry in the following months was not able to surpass the level in March.

During the year, the overall property market will continue to face various external challenges, such as the lingering European debt crisis and the slow recovery of the US economy, which have in turn threatened the global economy and hindered the economic growth in the PRC. What is more, the Hong Kong property market is further restrained by government policies. For example, transaction volume of residential properties has been affected by the implementation of Special Stamp Duty (SSD) since November 2010. That said, the economy of Hong Kong stays sound with a low unemployment rate. Coupled with the low interest rate, the above factors will help the Hong Kong property market to stabilise.

New Home Market Focused and People Oriented

Ms Wong Ching-Yi Angela, Deputy Chairman and Deputy Managing Director of Midland Holdings Ltd said “Looking forward, the Group takes the view that new property developments will drive the market. In view of the increase in supply and the impact of SSD on the number of listing of second-hand residential properties, the Group will devise an active plan to seize market opportunities.”

In the past few months, Ms Wong Ching-Yi Angela, Deputy Chairman and Deputy Managing Director of Midland Holdings Ltd adopted a scientific approach to build an information communication technology (ICT) platform such as upgrading website, launching new apps, and marking property information more accessible. The objectives are raising staff productivity and enhancing the quality of services.

The Group always adopts a people-oriented approach and treasures its staff as an invaluable asset. So, it will devote more resources to boosting the morale and enhancing the productivity of its staff in the future. The Group has implemented a new commission scheme for its front-line managers, and is hiring aggressively so as to attract more talents to join the property agency industry. Actions of the Group included a series of recruitment activities such as turning a truck into a mobile recruitment center in various districts to

organizing large-scale orientation conferences that aimed at promoting team play and a sense of belonging among new staff.

In terms of customers, the Group has hosted several seminars in relation to the property market in celebration of the 15th anniversary of the handover, which were well received by the market and attended by many audiences. In the future, the Group will continue to infiltrate the market through building a closer relationship with the public.

Despite the uncertainty in the property market, the Group will continue to develop steadily under the volatile operating environment. Through geographical infiltration and recruitment of talents within the industry, we strongly believe that the Group's competitiveness will be enhanced. We will continue to adhere to our prudent financial management principles, so that we are able to react to sudden change in the market promptly. Noting a persistent increase in operating costs, the Group will closely monitor the pressure of rising costs.

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