



MIDLAND HOLDINGS

2023 Interim Results

Interim 2023 RESULTS

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Agenda

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2023 Interim Results Highlights

2023 Interim Results Highlights

	1H 2023 (HK\$' M)	1H 2022 (HK\$' M)	Y o Y
Revenue	2,354	1,715	+37.2%
Operating Costs*	2,334	1,979	+17.9%
Operating Profit / (Loss)	51	(256)	N/A
Profit / (Loss) for the Period	39	(232)	N/A

* Excluded other income and gains on disposal of properties, but included the interest on lease liabilities.

Reasons for the Profit

Slight Profit

- A net profit of \$HK39m was recorded.
- Revenue increased 37%

Reasons

01

The Group's business units "Midland Realty 美聯物業" and "Hong Kong Property 香港置業" recorded an operating profit for the six months ended 30 June 2023 as compared with an operating loss for the corresponding period in 2022. Such improvement was attributable to (a) the increase in the Group's market share in Hong Kong; and (b) the successful capture of the rebound in the Hong Kong residential property market; and

02

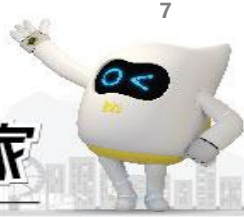
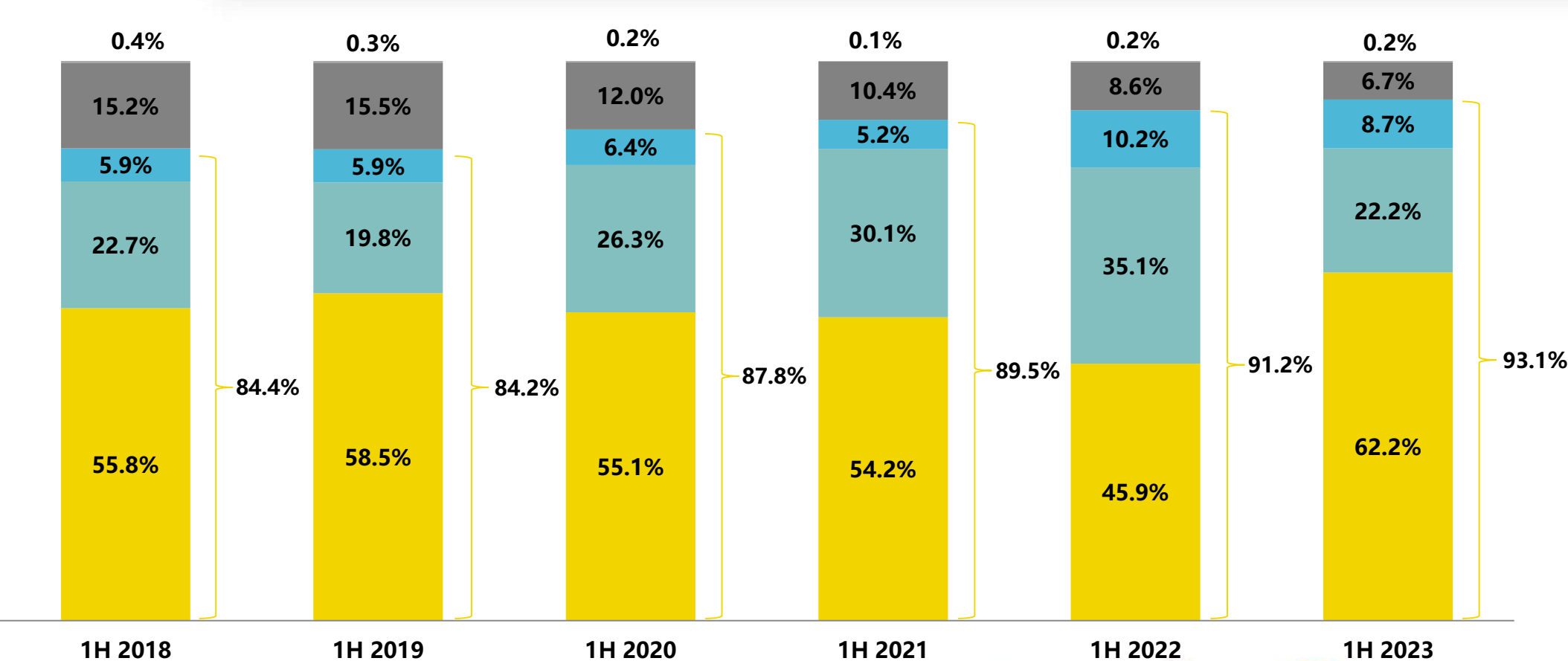
Efforts towards streamlining the Group's businesses in Hong Kong and Mainland China while maintaining the strength of the local frontline operations.

Key Financial Highlights – Revenue

Interim 2023 vs 2022

- Local market accounted for more than 90% of the revenue as the mainland operations still had to deal with tough environment
- Our results benefitted from the improvement of the local new home market

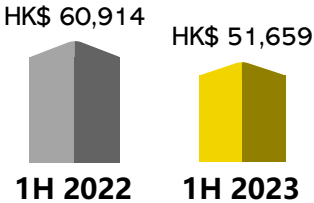
■ Primary homes ■ Secondary homes ■ Rental ■ China properties ■ Macau



Changes in Costs

Advertisements & Promotions

(HK\$'000)

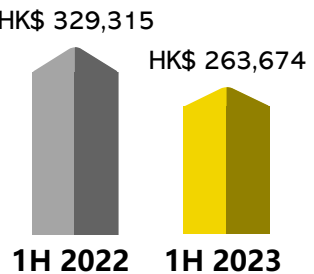


- 15.2 %
YoY

Expenses on both digital areas and traditional platform dropped

Rental Expenses*

(HK\$'000)

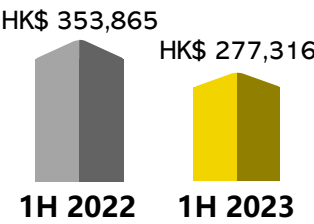


- 19.9 %
YoY

Reduction of Branch network in Hong Kong and Mainland China

Frontline Staff Salaries

(HK\$'000)

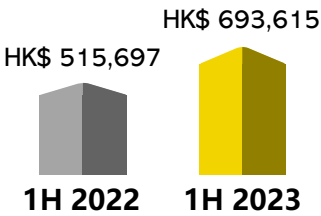


- 21.6 %
YoY

Decrease in average number of frontline staff

Staff Commissions

(HK\$'000)

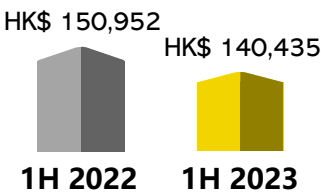


+ 34.5 %
YoY

Expenses on Staff commission rose with the revenue

Non Sales Salaries

(HK\$'000)



- 6.7 %
YoY

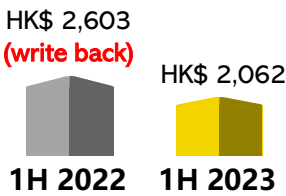
- Number of non-sales staff went down
- Salary Cut for some senior staff
- No Salary increment

* Rental expenses represented the operating lease charges, the amortization of right-of-use assets and interest expenses on lease liabilities.

Changes in Costs

Impairment of Receivables

(HK\$'000)

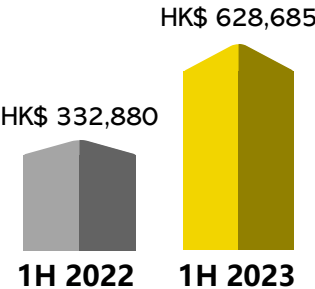


N/A
YoY

Because of the prudent approach of the revenue recognition procedure.

Rebates: To Customers

(HK\$'000)

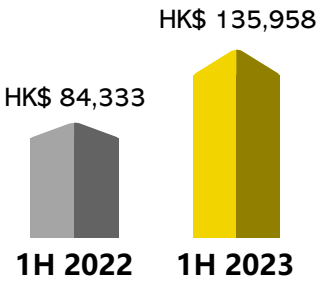


+ 88.9 %
YoY

Because of the 80+% increase in the commission from the local primary sector

Rebates: To Co-operative Estate Agents

(HK\$'000)

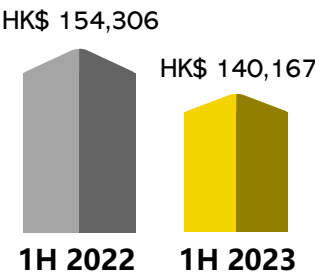


+ 61.2 %
YoY

Because of the 80+% increase of the commission from the local primary sector

Depreciation, Amortization and Other Operating Costs

(HK\$'000)

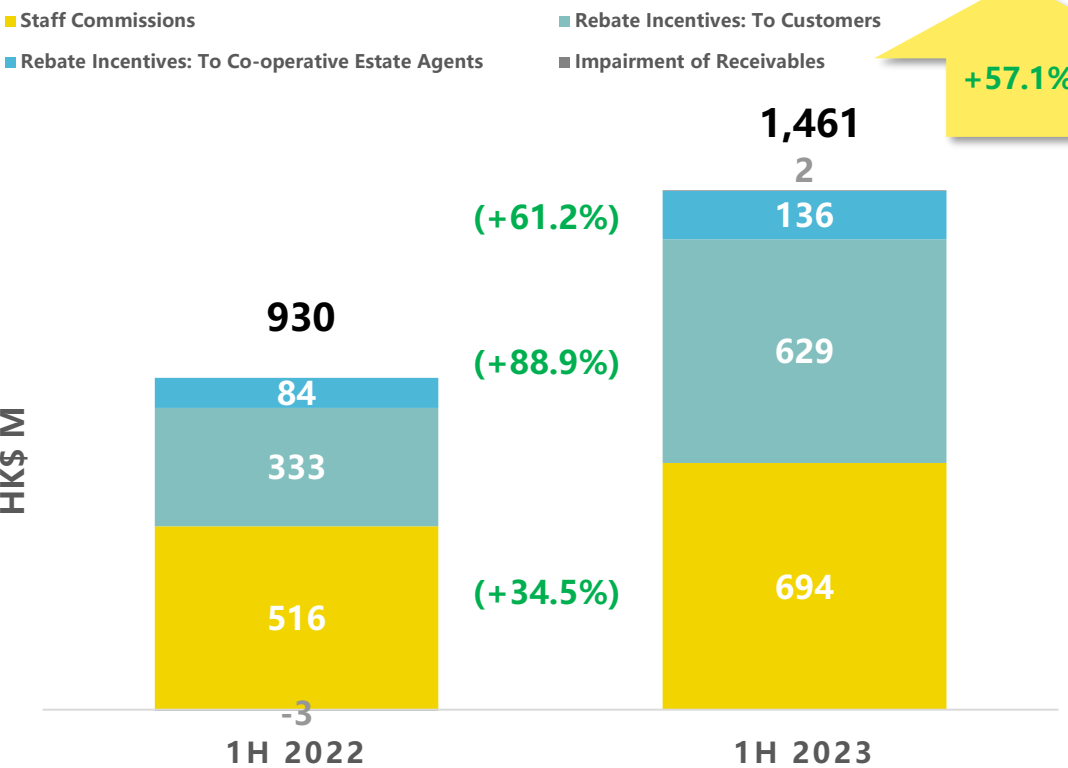


- 9.2 %
YoY

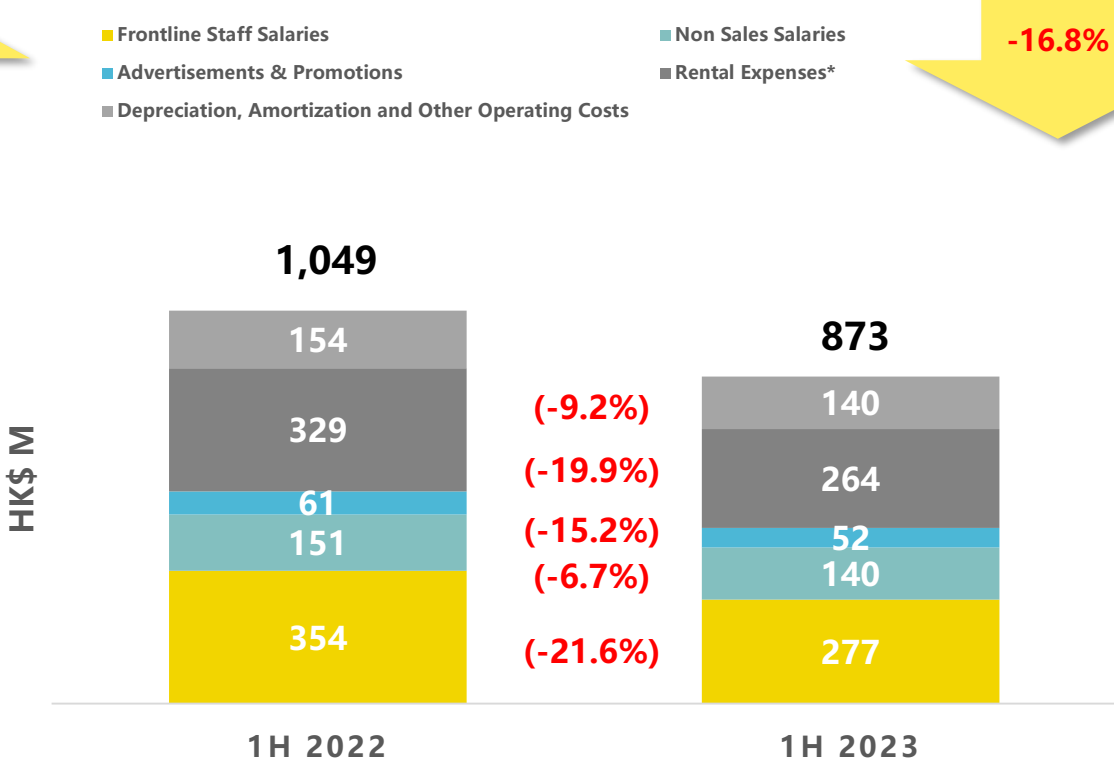
Downsizing led to reduction in the expenses related to the daily operation of the branch network

Key Financial Highlights – Variable Vs Hard

Variable Costs



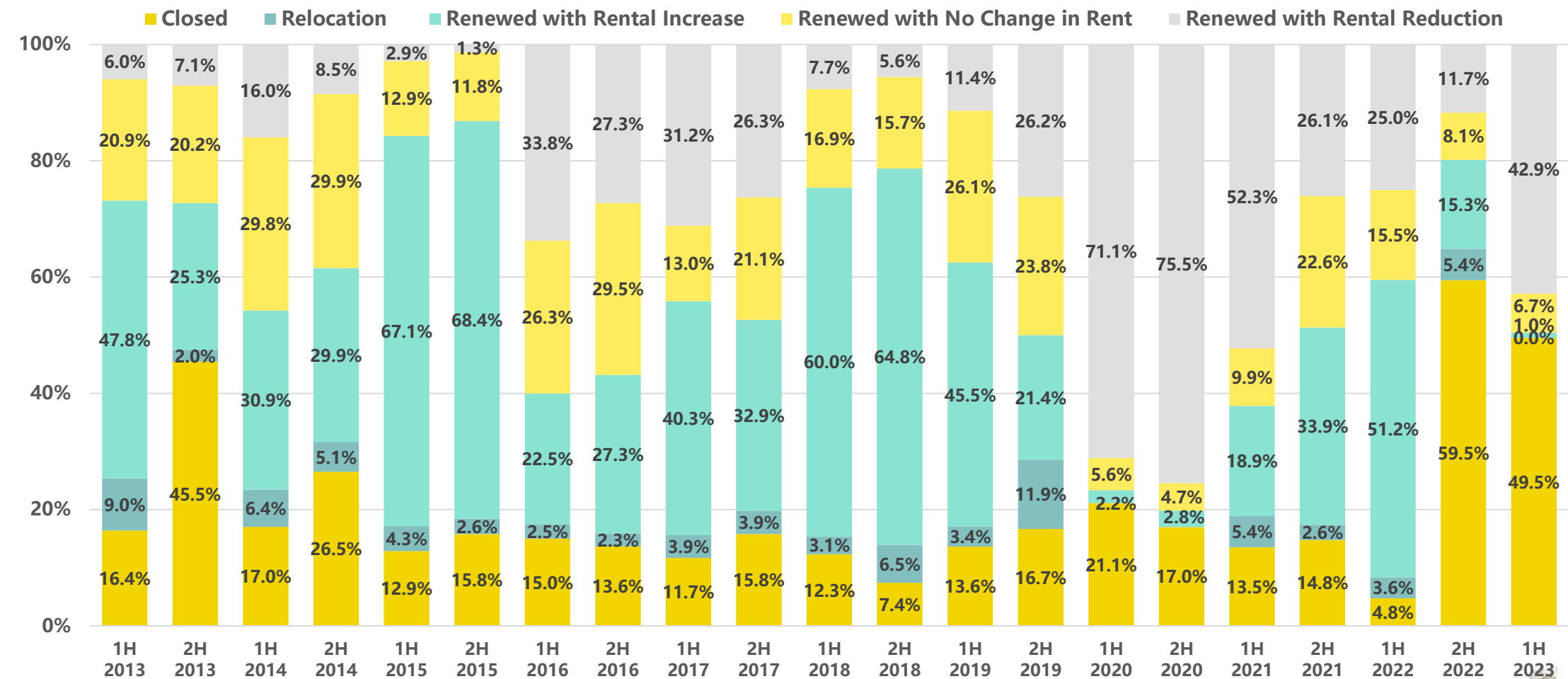
Hard Costs



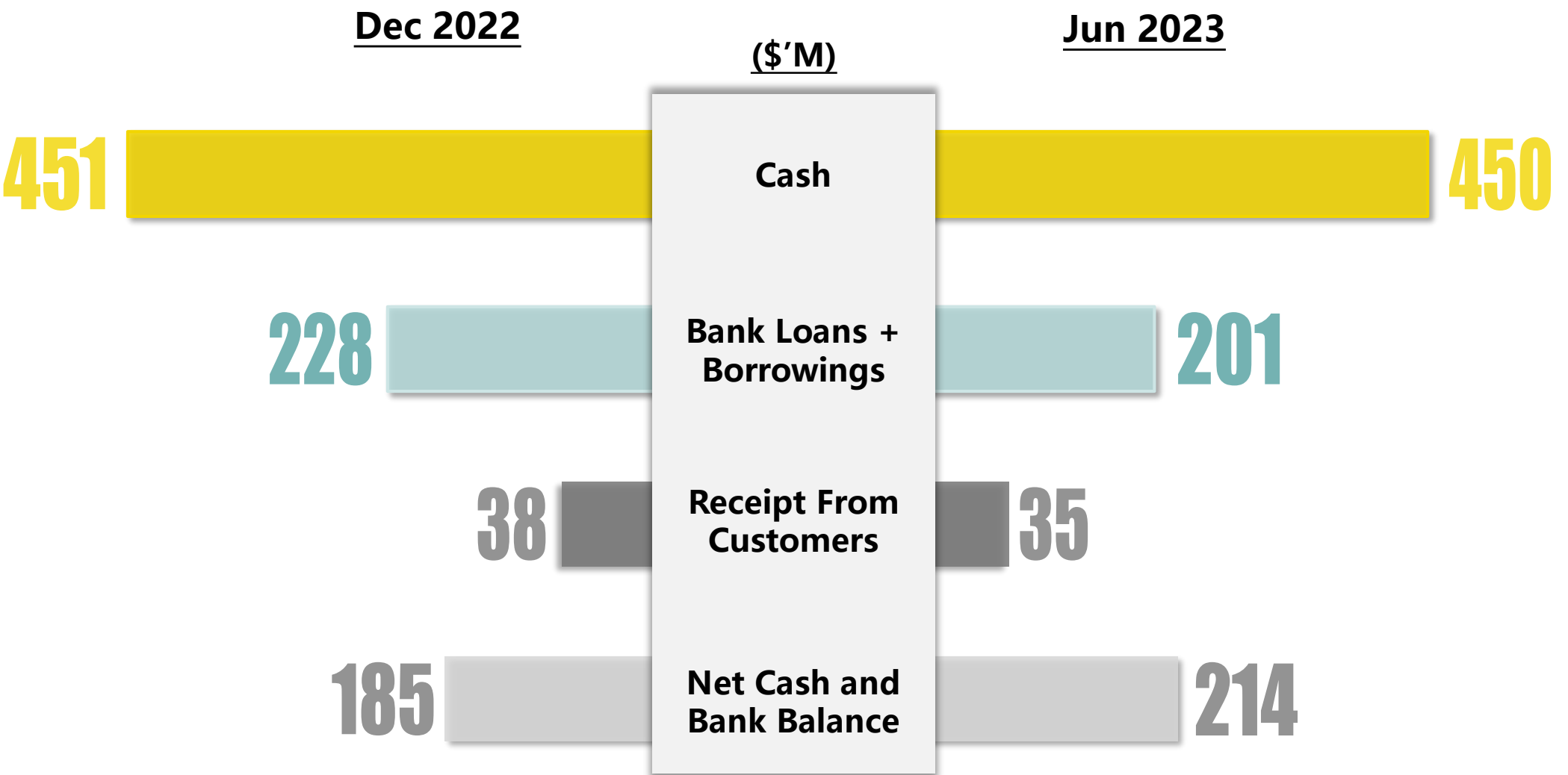
* Rental expenses represented the operating lease charges, the amortization of right-of-use assets and interest expenses on lease liabilities.

HK Operation : Negotiations on Leases

Scrambled for rental reduction



Increase in Net Cash

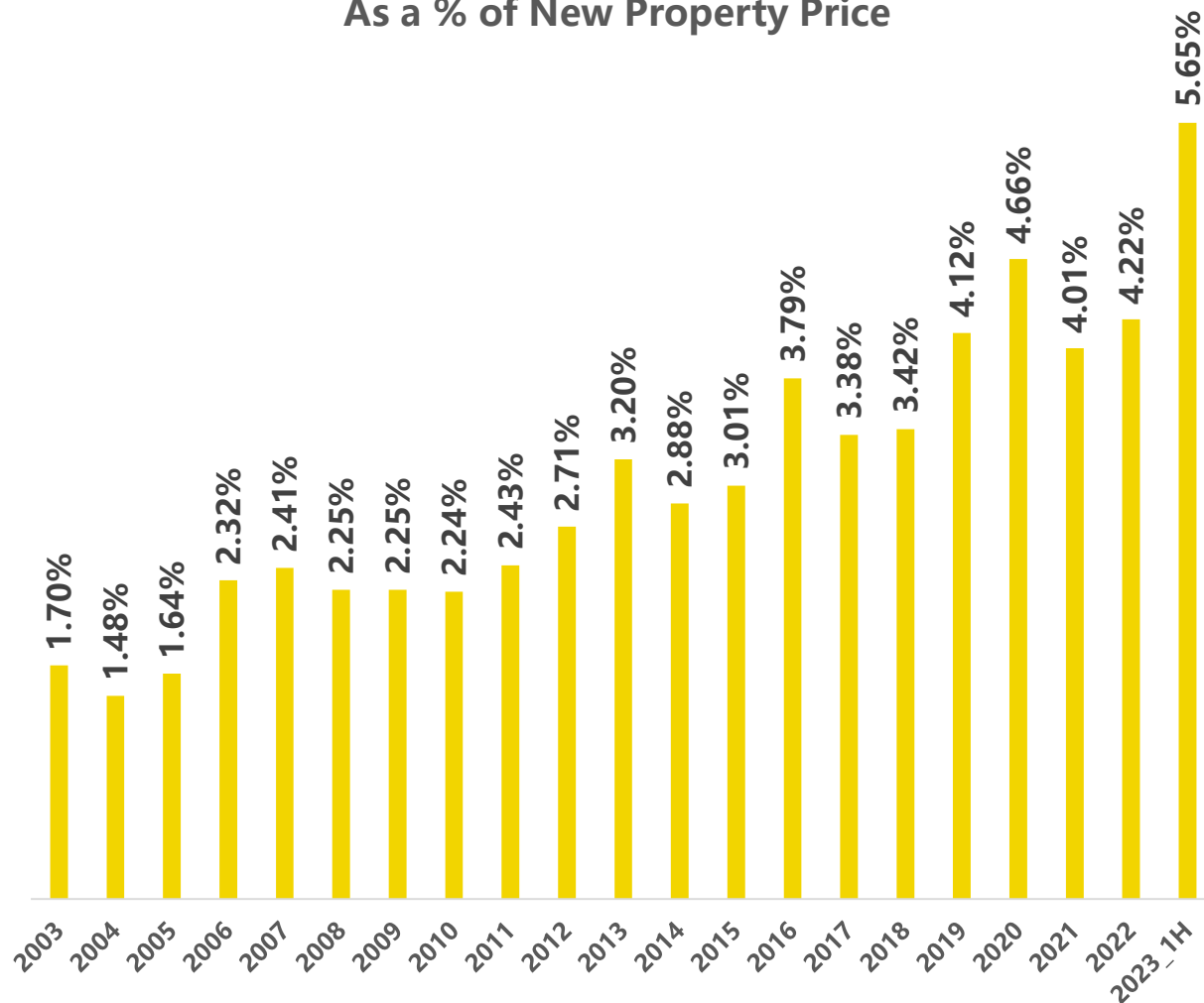




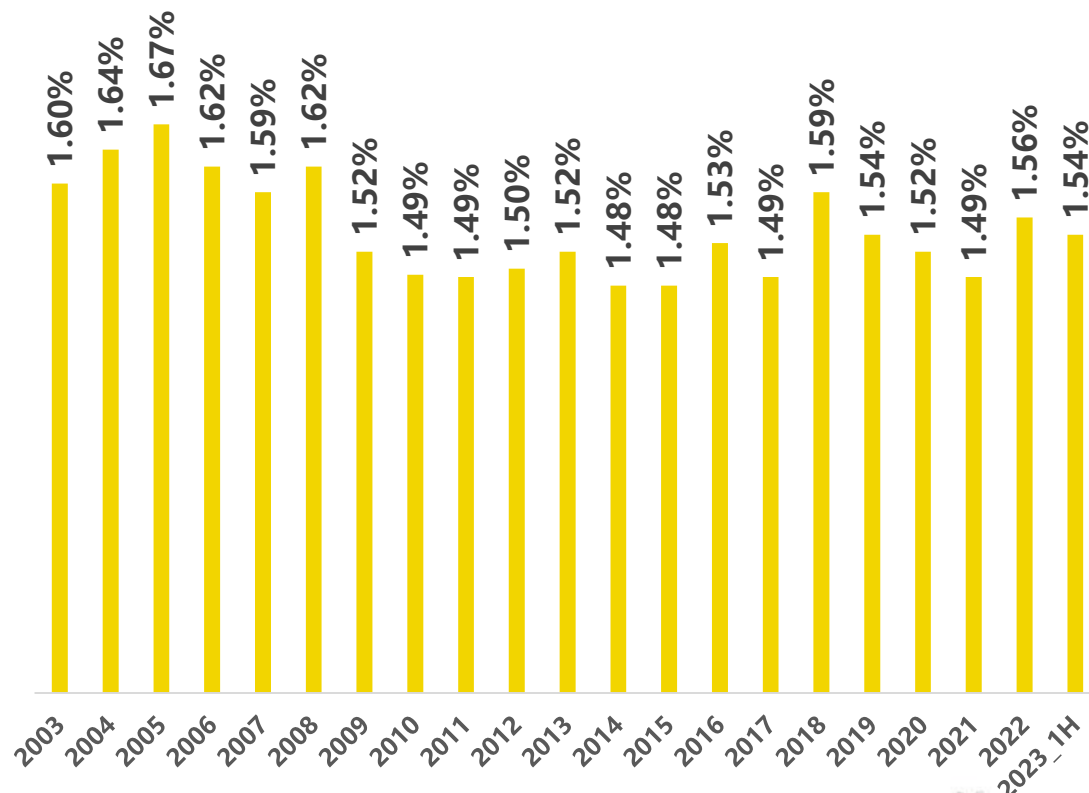
Business Overview

Gross Commission Rate*

As a % of New Property Price



As a % of Resale Property Price

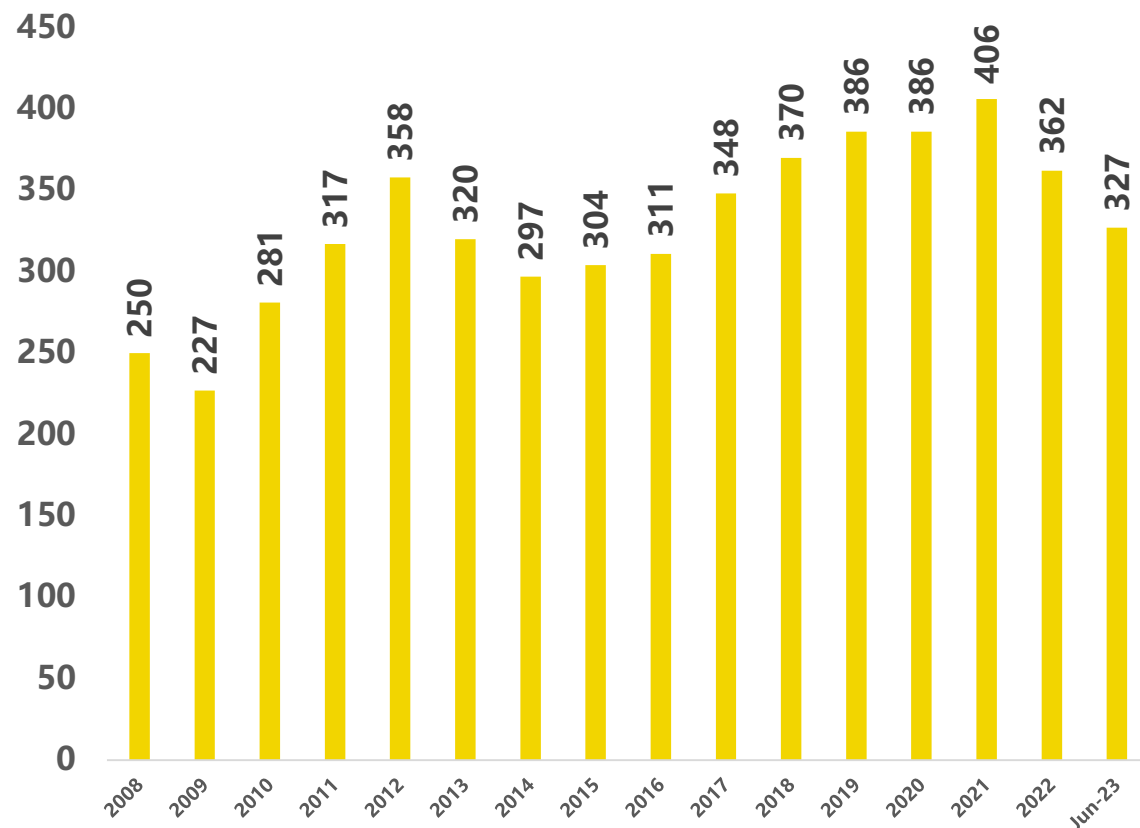


*Local Market

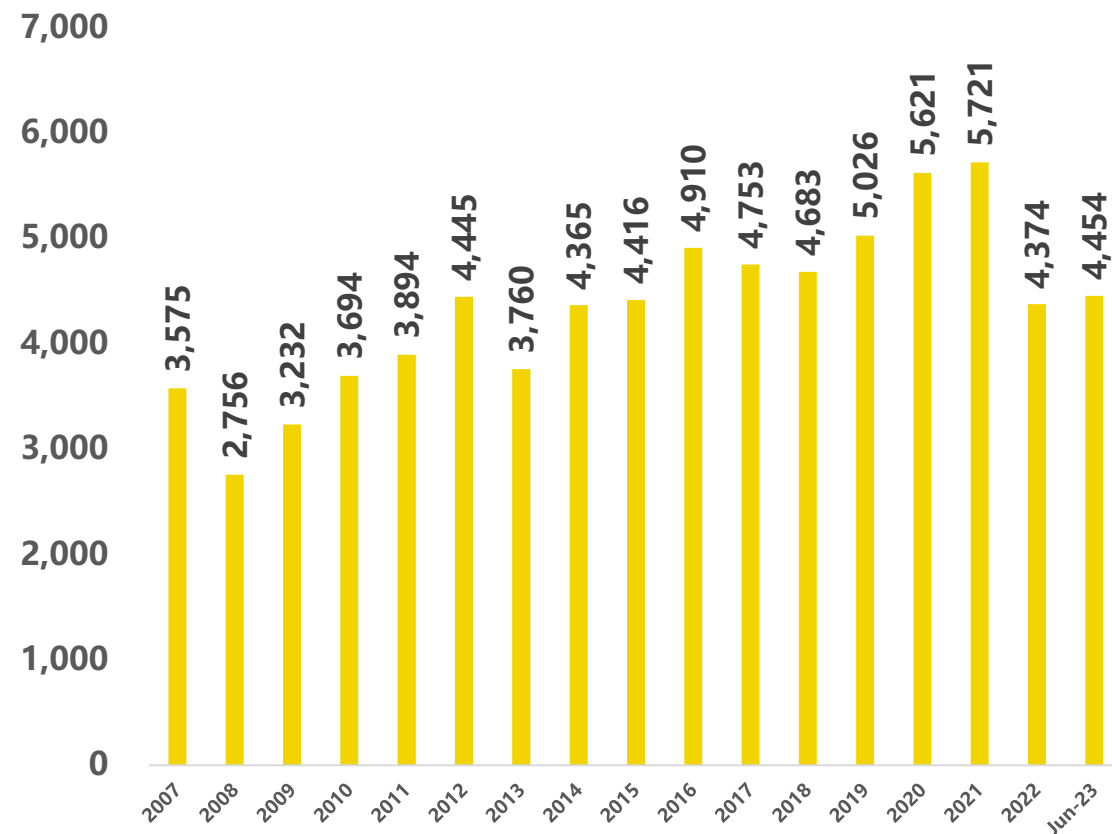


Contraction in HK

Number of Local Branches
(Not including Midland ICI)

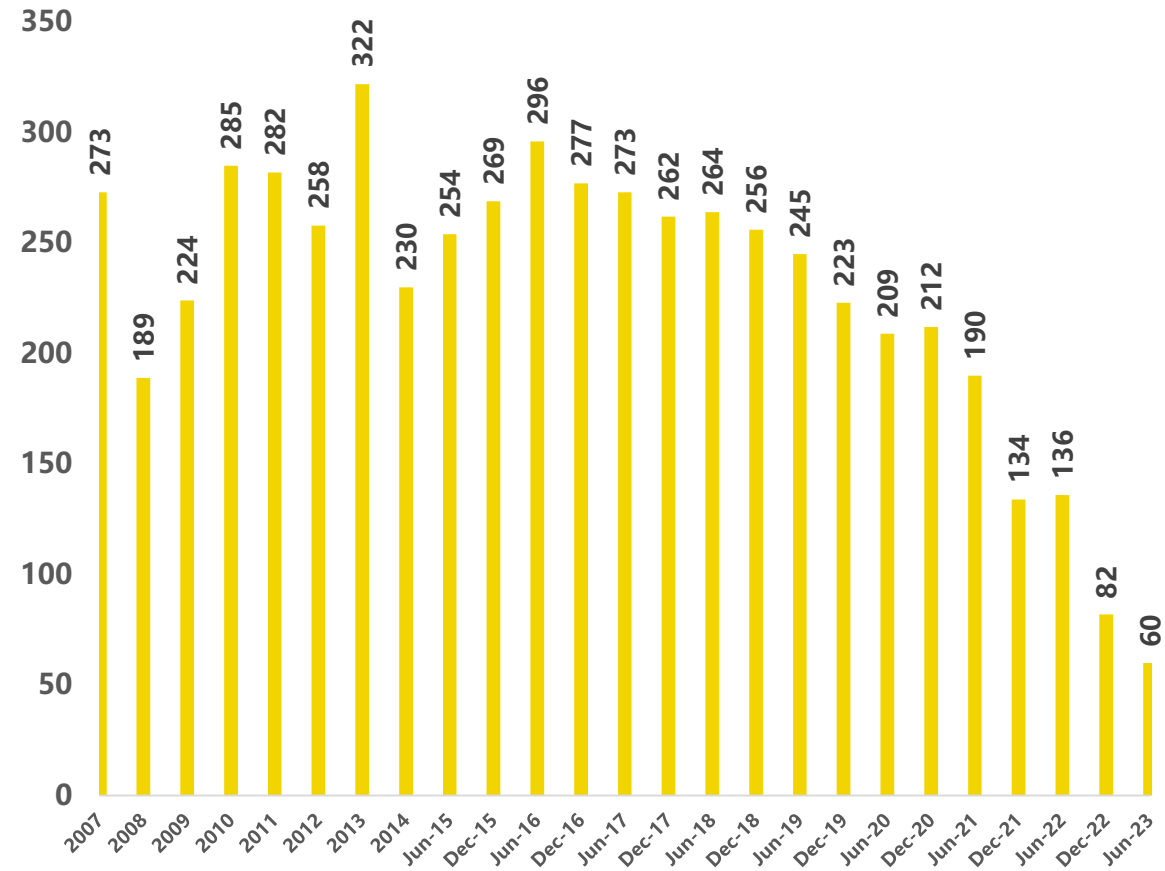


Number of Staff in HK
(Not including Midland ICI)

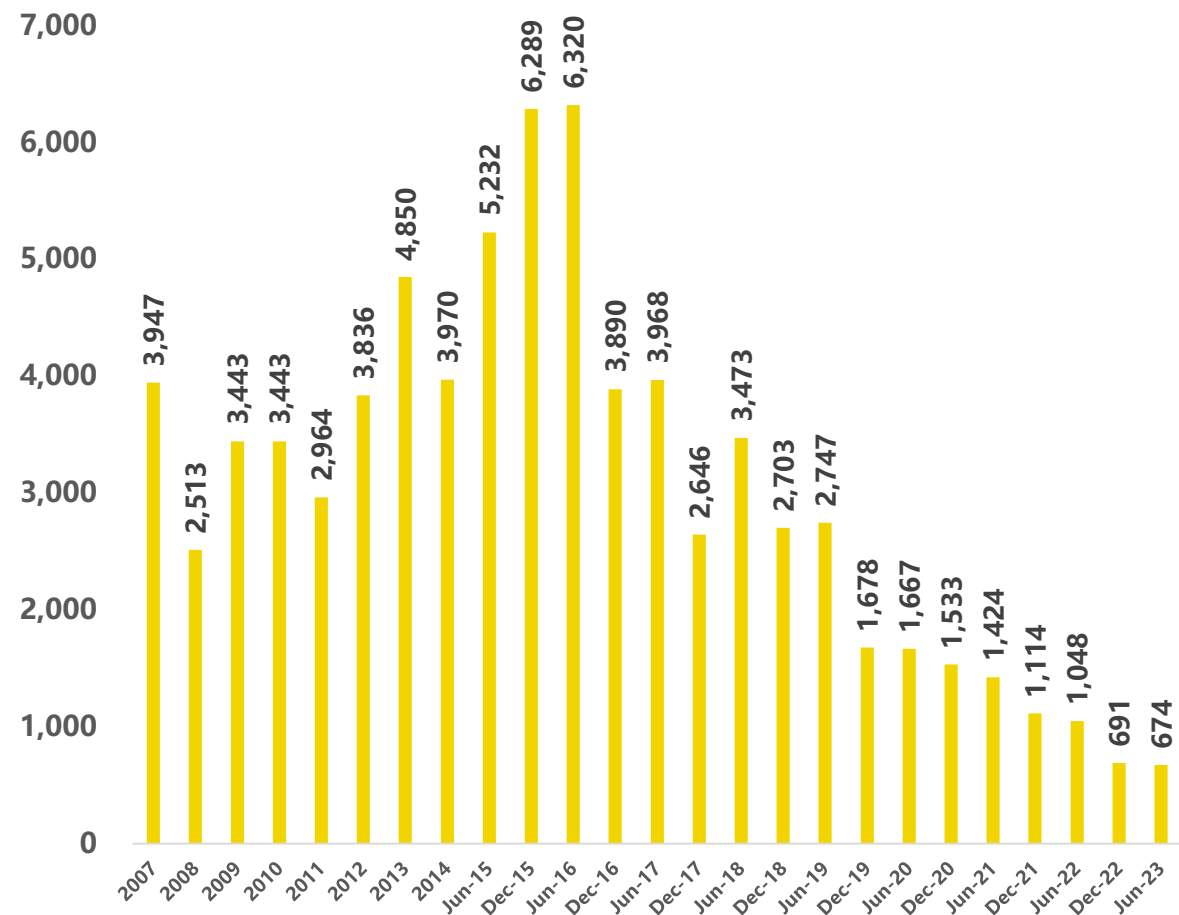


China Division : Deepening Cost Control

Number of Branches in China



Number of Staff in China

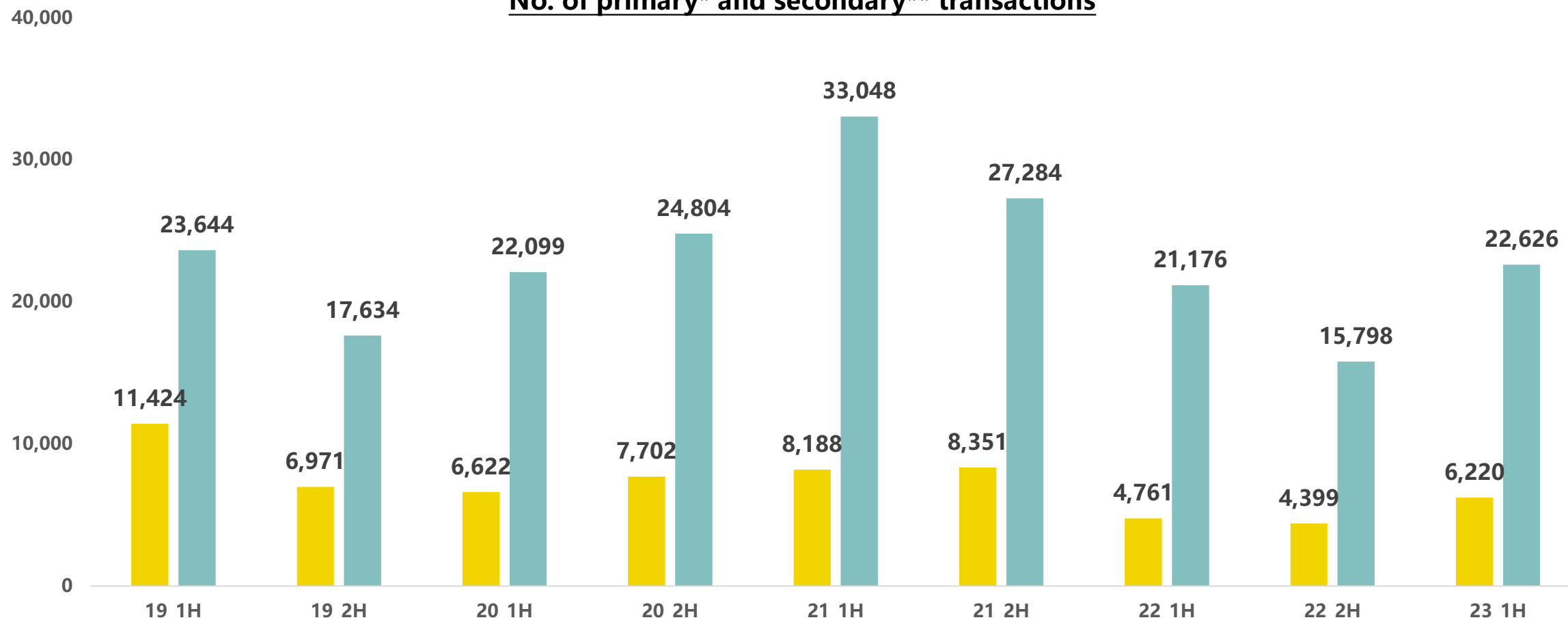




Prospects

Just a mild recovery in 1H 2023

No. of primary* and secondary** transactions



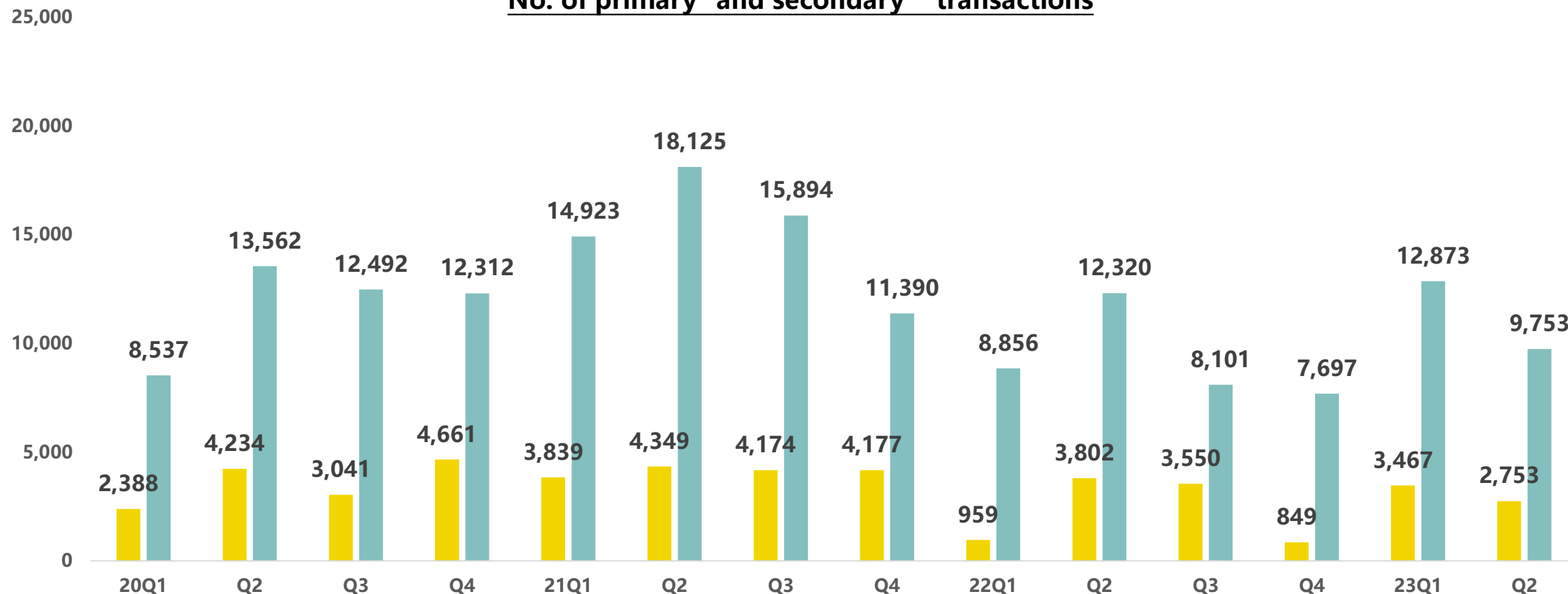
* Based on the information in Sales of First-hand Residential Properties Electronic Platform. Default Transactions are excluded.

** Transaction volume is from the Land Registry & Midland Realty Research. The statistics generally reflect land transactions executed last month, as it takes about 1 month between the execution of deeds and their lodgment for registration.

Source: Midland Property Data and Research Centre

Market slowed down since second quarter

No. of primary* and secondary** transactions

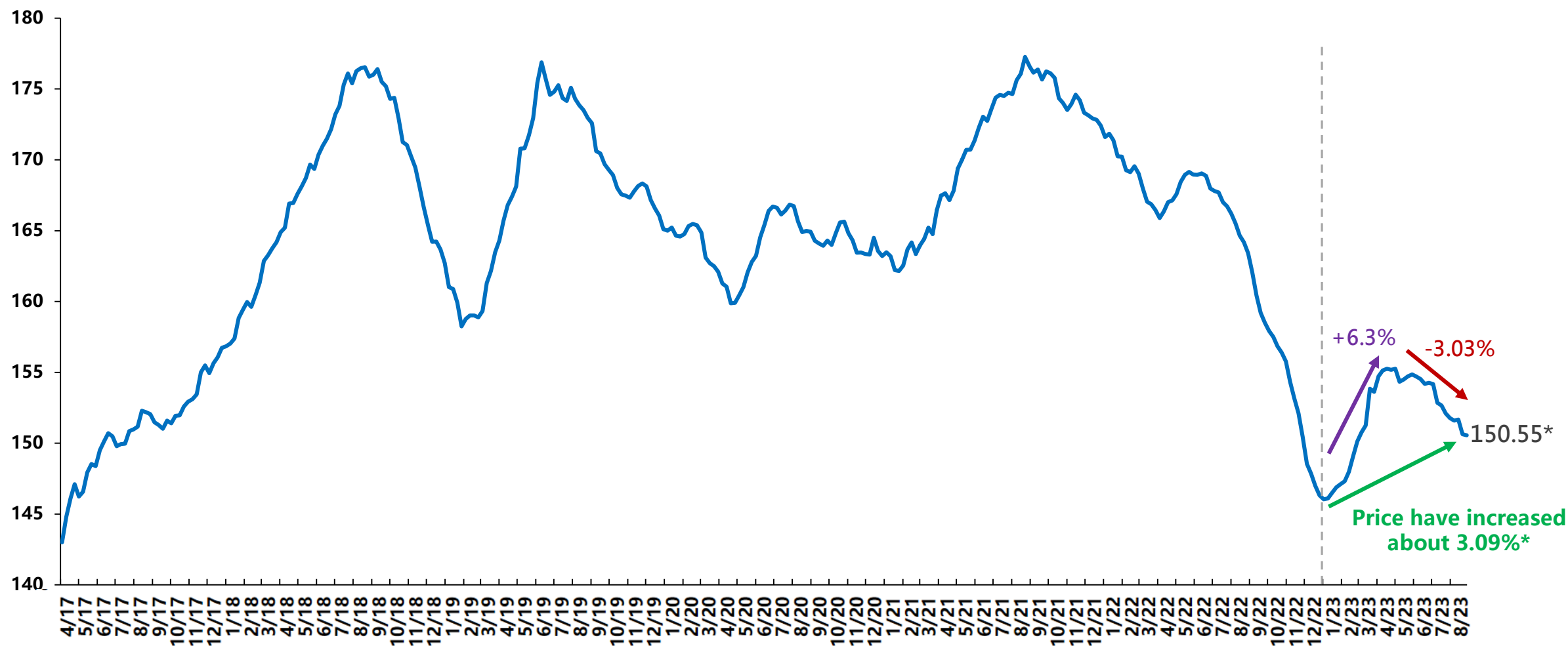


* Based on the information in Sales of First-hand Residential Properties Electronic Platform. Default Transactions are excluded.

** Transaction volume is from the Land Registry & Midland Realty Research. The statistics generally reflect land transactions executed last month, as it takes about 1 month between the execution of deeds and their lodgment for registration.

Source: Midland Property Data and Research Centre

Price growth this year has almost evaporated



* As of 28.8.2023

Source: Midland Property Data and Research Centre

Concerns of Interest hikes

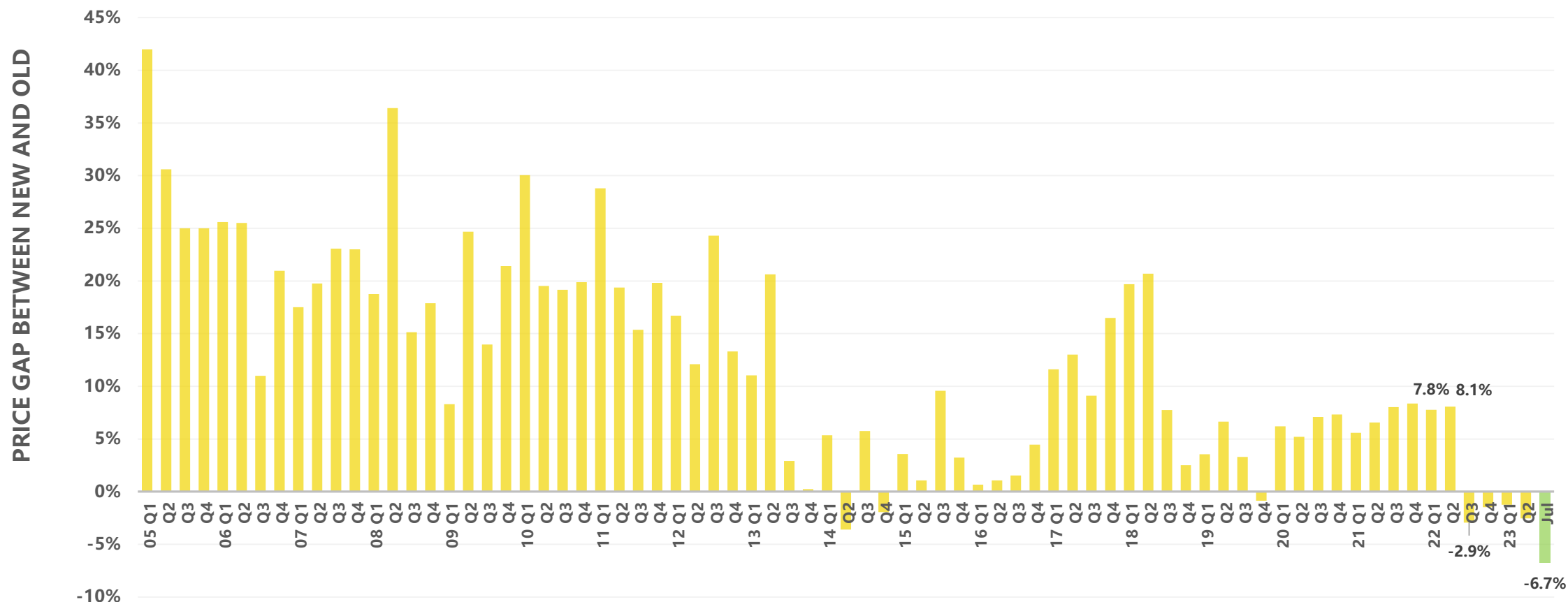
mReferral Mortgage Rate Index (MMI)



* Jun-2023

Source: mReferral

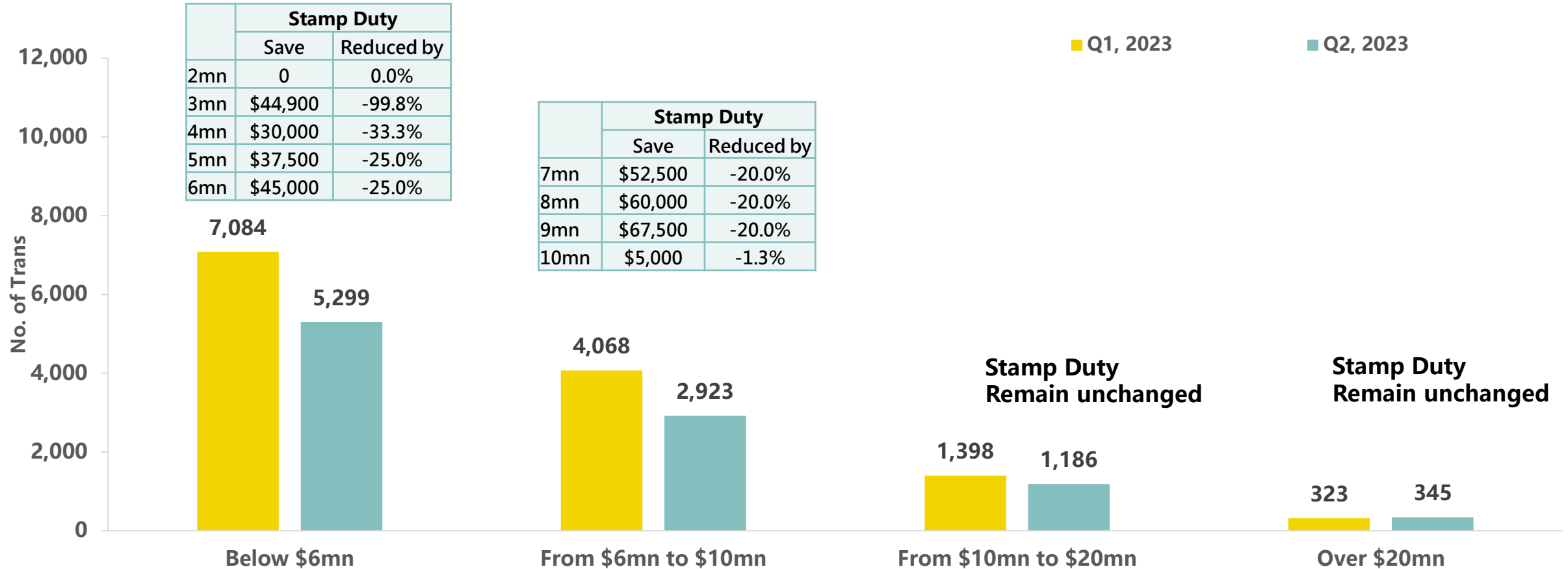
Price Differential between the New and Old Units



Source: Midland Property Data and Research Centre

Impacts of cut in stamp duty have dissipated

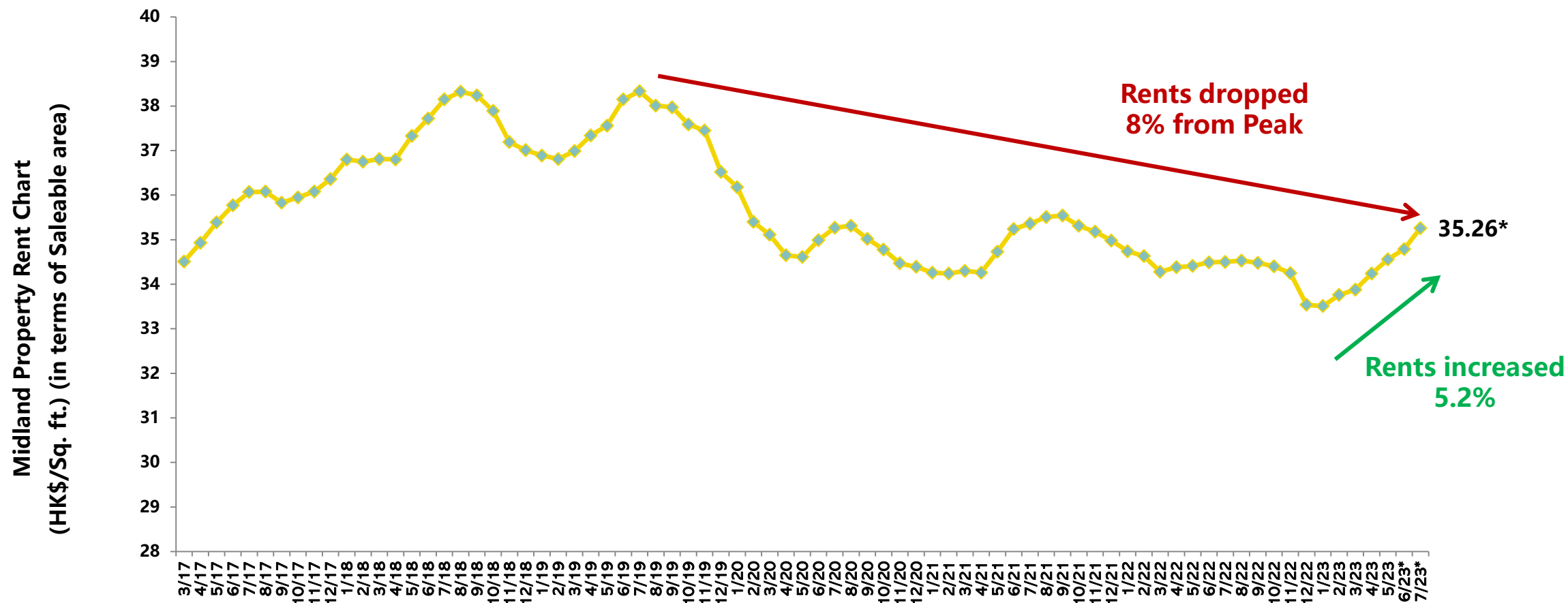
Low-end secondary market turned quiet in Q2



** Transaction volume is from the Land Registry & Midland Realty Research. The statistics generally reflect land transactions executed last month, as it takes about 1 month between the execution of deeds and their lodgment for registration.

Source: Midland Property Data and Research Centre

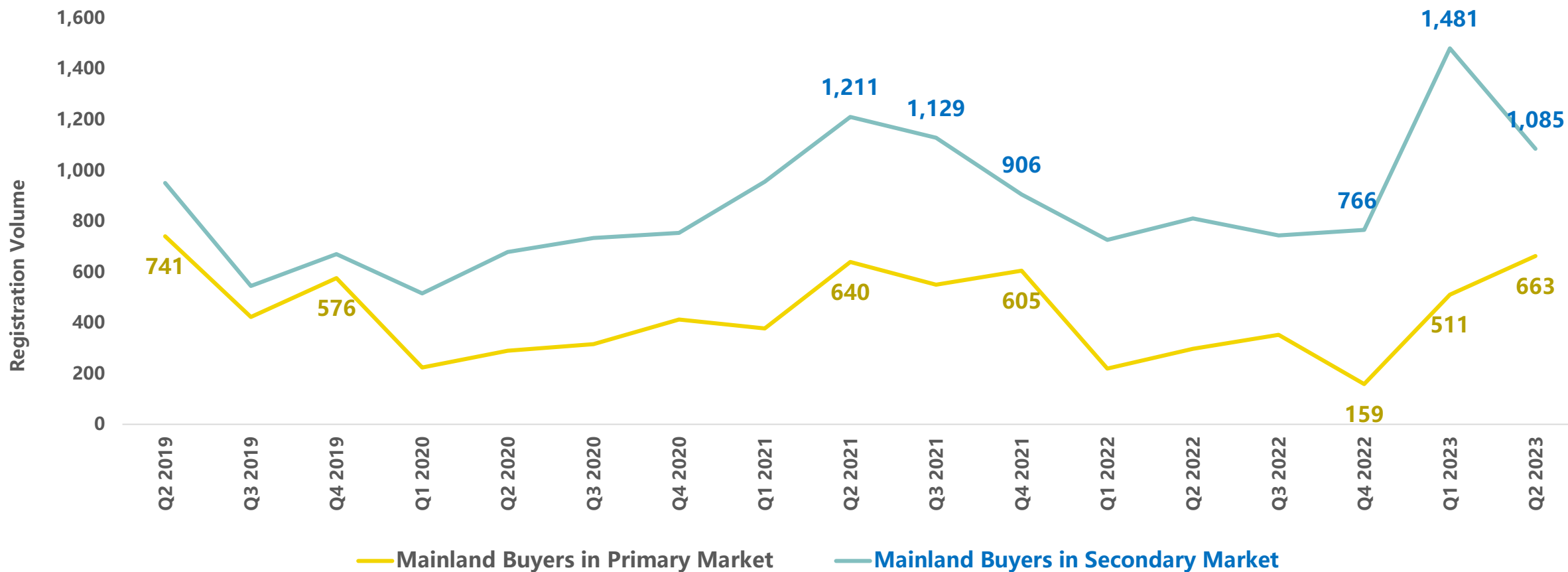
Rental market has outperformed



*Provisional Figures

Source: Midland Property Data and Research Centre

Involvement of Mainlanders



Note:

1) English and Romanized names are the subject in determining if a buyer is mainland;

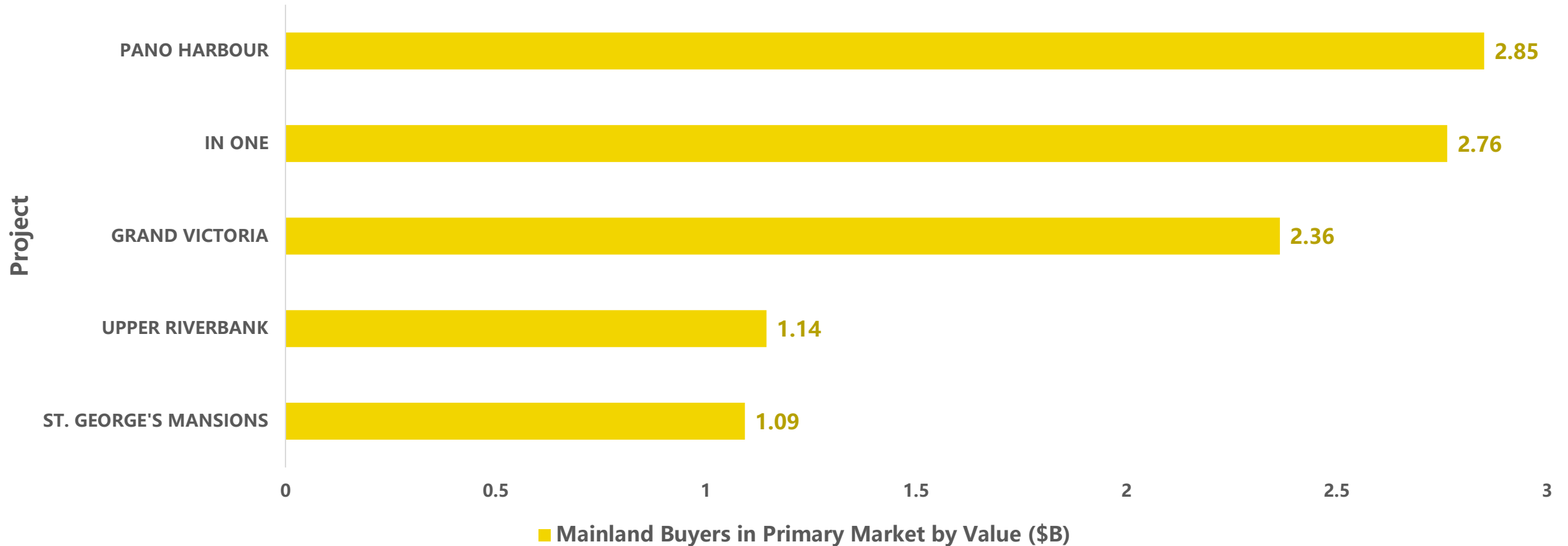
2) Only known cases are considered in calculation, and company cases are excluded;

3) Figures in secondary market include public housing;

4) Because of the time needed in registration, figures generally represent the market one month prior;

Figures are preliminary and subject to change Source: Land Registry and Midland Property Data and Research Centre

Involvement of Mainlanders by Value in primary market in H1 2023



Note:

- 1) English and Romanized names are the subject in determining if a buyer is mainland;
 - 2) Only known cases are considered in calculation, and company cases are excluded;
 - 3) Figures in secondary market include public housing;
 - 4) Because of the time needed in registration, figures generally represent the market one month prior;
- Figures are preliminary and subject to change Source: Land Registry and Midland Property Data and Research Centre

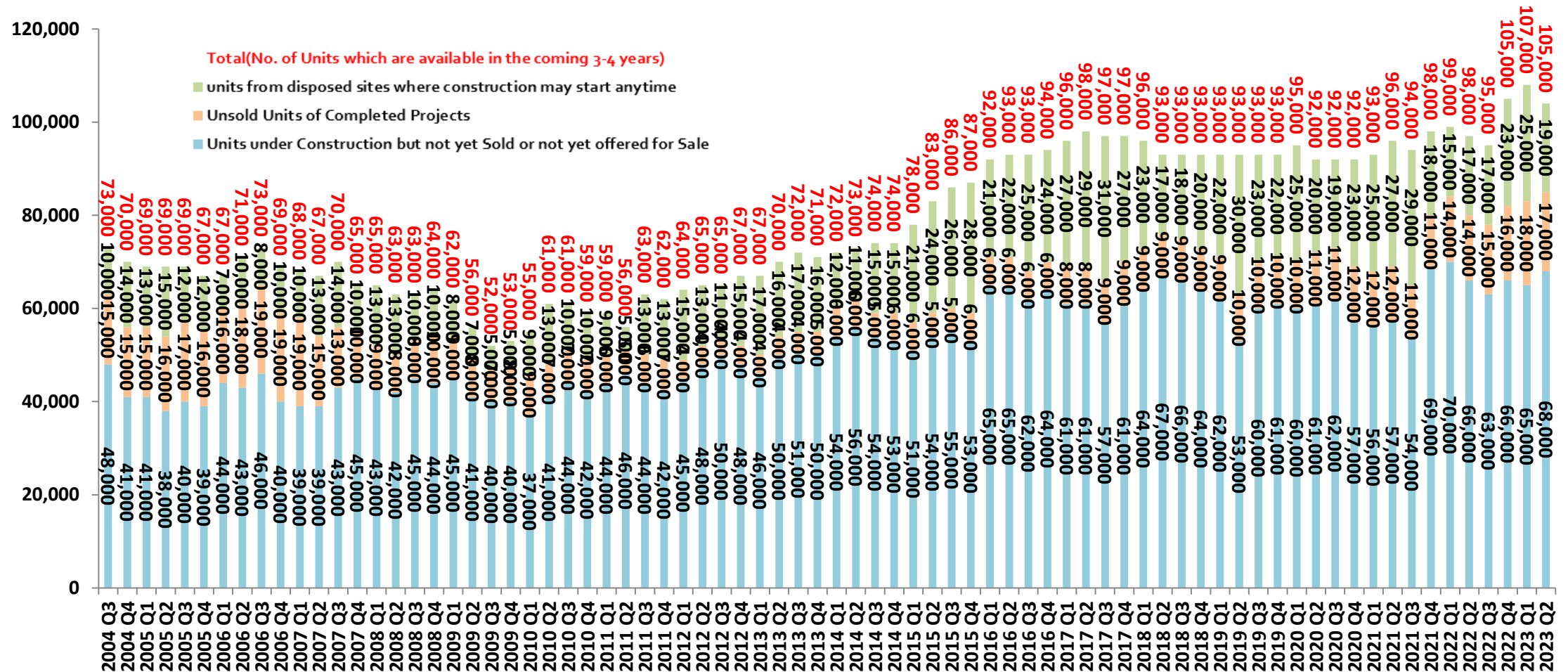


TALENTS RECRUITMENT PROGRAMS

	Number of approved cases in 1H 2023
Top Talent Scheme Pass	~26,000
Quality Migrant Admission Scheme	7,022
General Employment Policy	11,432
Admission Scheme for Mainland Talents and Professionals	7,801
Immigration Arrangements for Non-local Graduates	8,317
Admission Scheme for the Second Generation of Chinese Hong Kong Permanent Residents	44
Technology Talent Admission Scheme	64



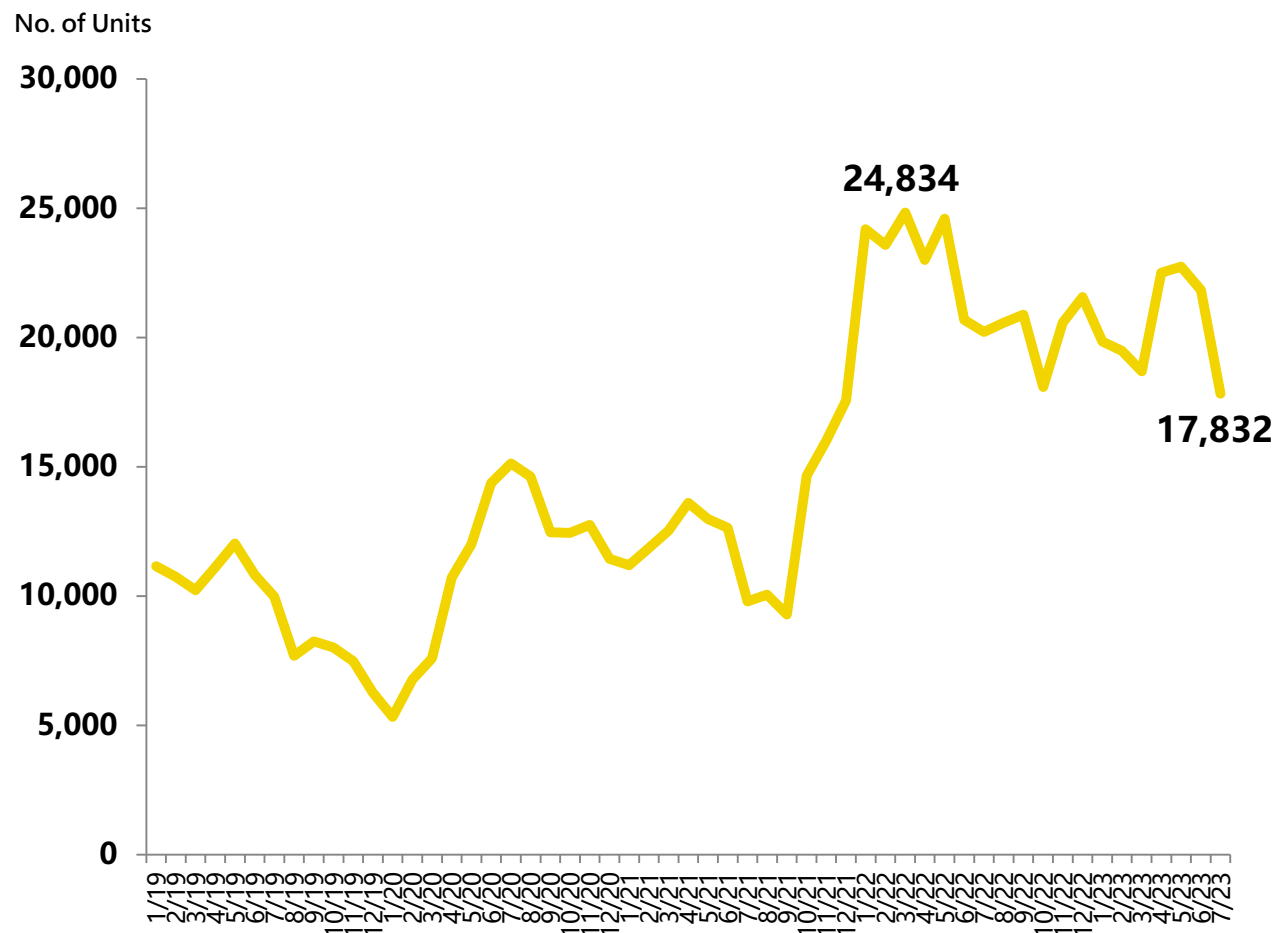
Private Housing Supply exceeded 100K



Source: Transport and Housing Bureau



Pending Approval of Presale Consent



New application for Presale Consent

2023 First 7 Months : 7,897 units

2022 First 7 Months : 14,327 units

(-44.9%)

Presale Consent Approved

2023 First 7 Months : 11,582 units

2022 First 7 Months : 12,336 units

(-6.1%)

The above projects include private and subsidized sale housing
Source : Lands Department & Midland Property Data and Research Centre

Where do the New Projects Come from?

**Presale Consent Approved but not yet launched
(up to 26.8.2023):**

District	Address / Development Name	No. of Units
Mid-Levels	21 Borrett Road (Phase 2)	66
Wong Chuk Hang	Wong Chuk Hang station (Phase 4B)	368
Central	ONE CENTRAL PLACE	121
North Point	Victoria Harbour (Phase 2B-2)	123
North Point	Victoria Harbour (Phase 2B-3)	228
Kai Tak	No. 15 Shing Fung Road (phase 1, 2)	2,138
Kai Tak	No. 19 Shing Fung Road (Phase 1-3)	1,590
Kai Tak	No. 23 Shing Fung Road (Phase 2)	571
Kai Tak	NKIL 6603	702
Kai Tak	No. 18 Shing Fung Road (Phase 1A,1B,2A,2B)	2,060
Kai Tak	No. 26 Shing Fung Road (Phase 1)	256
Kai Tak	No. 10 Concorde Road (Phase 1)	906
Ho Man Tin	No. 233 Prince Edward Road West	75
Beacon Hill	No. 9 Yin Ping Road (Phase 1)	332
Sham Shui Po	No. 280 Tung Chau Street	262
Tuen Mun	Novoland (Phase 3A, 3B)	1,303
Tuen Mun	No. 18 Kwun Chui Road	693
Yuen Long	The YOHO Hub (Phase C)	939
Yuen Long	Grand Mayfair III	680
Yuen Long	No. 1 Hung On Lane (Phase 2)	402
Others		542
Total		14,357

Presale consent Approved : 14,357

Pending Approval of Presale Consent (up to Jul 2023)

District	Address / Development Name	No. of Units
Wong Chuk Hang	Wong Chuk Hang station (Phase 3B & 3C)	1,200
Tai Hang	No. 135 Tai Hang Road	114
Ho Man Tin	Ho Man Tin station (Phase 2A & 2B)	990
Kowloon Tong	188 Lung Cheung Road (Phase 1-4)	133
Cheung Sha Wan	No. 28 Tonkin Street	198
Kai Tak	No. 10 Concorde Road (Phase 2)	584
Kai Tak	No. 2 Shing King Road (Phase 1-3)	1,305
Kowloon Bay	No. 55 Kwun Tong Road	807
Yau Tong	NKIL 6602	792
TKO	Lohas Park station (Phase 12A, 12B & 12C)	1,985
TKO	Lohas Park station (Phase 13A, 13B)	2,550
Tai Po	TPTL 243 (Phase 1)	403
Yuen Long	No. 39 Shap Pat Heung Road	594
Tin Shui Wan	Project at Tin Wing Stop (Phase 1)	1,393
Sai Kung	Shap Sze Heung (Phase 1A,1B, 2A)	2,302
Kwun Tong	No. 21 On Hei Street (Subsidised Sale Flats)	1,403
Others		1,079
Total		17,832

Pending Approval : 17,832

Source : Lands Department & Midland Property Data and Research Centre

Market in 2023

Primary Transaction Volume : 14,000

Secondary Transaction Volume: 40,000

Home Prices: $\pm 0\%$



The image features a white background with decorative geometric shapes in the corners. The top-right corner is composed of overlapping triangles in shades of teal, olive green, and yellow. The bottom-left corner features similar overlapping triangles in teal and olive green.

Thank You