



MIDLAND HOLDINGS

2024 Interim Results

Interim 2024 RESULTS

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Q&A



2024 Interim Results Highlights

2024 Interim Results Highlights

	1H 2024 (HK\$' M)	1H 2023 (HK\$' M)	Y o Y
Revenues	3,319	2,354	+41%
Operating Costs*	3,111	2,334	+33%
Operating Profit	207	51	+306%
Profit for the Period	174	39	+346%

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



346% increase in Profit

Significant Improvements

- A net profit of \$HK174m was recorded.
- Revenues increased 41%

Reasons

01

The successful capture of the rebound in the Hong Kong residential property market

02

Stable market share in Hong Kong and optimisation of the Group's operational efficiencies

03

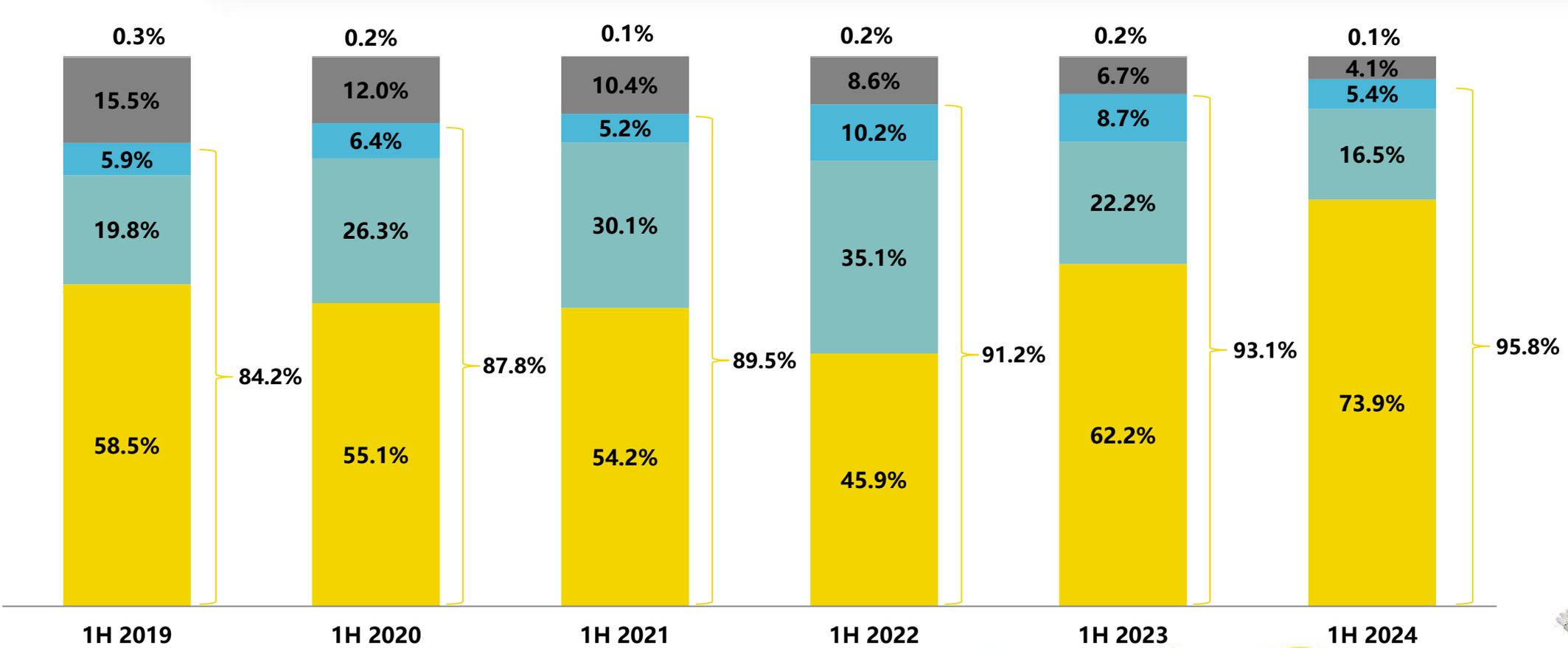
The significant improvement of the results of the Group's operations in Mainland China despite the extremely difficult business environment, following the implementation of a series of strategic initiatives, including the promotion of a new sales management team (with a new chief executive officer) and the series of new measures (such as repositioning of business model and streamlining of Mainland operations) in the final quarter of 2023.

Key Financial Highlights – Revenues

Interim 2024 vs 2023

- The removal of all demand-side management measures for residential properties by the Hong Kong government in late February 2024 provided a strong boost to the Hong Kong property sales activity.
- Revenue from local primary homes sales increase sharply because of (1) developers' volume driven strategy (2) much higher commission rate

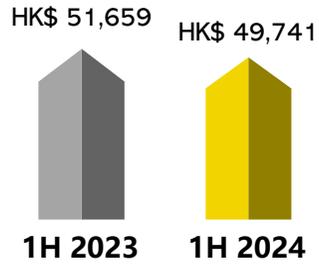
■ Primary homes ■ Secondary homes ■ Rental ■ China properties ■ Macau



Changes in Costs

Advertisements & Promotions

(HK\$'000)

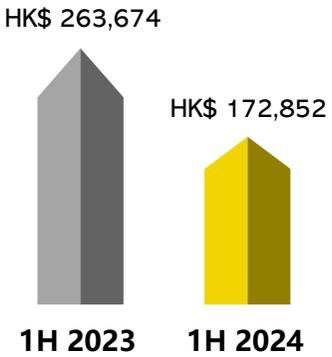


- 3.7 % YoY

Expenses on digital areas stayed flat while that of traditional platform dropped

Rental Expenses*

(HK\$'000)

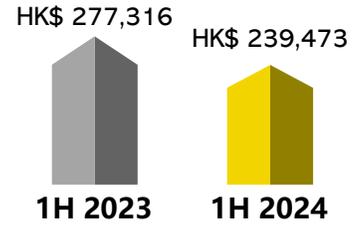


- 34.4 % YoY

Rental expenses continued to fall

Frontline Staff Salaries

(HK\$'000)

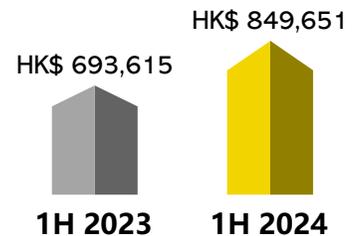


- 13.6 % YoY

Decrease in the average number of frontline staff

Staff Commissions

(HK\$'000)

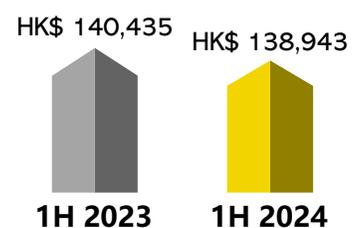


+ 22.5 % YoY

Expenses on Staff commissions rose with the revenues

Non Sales Salaries

(HK\$'000)



- 1.1 % YoY

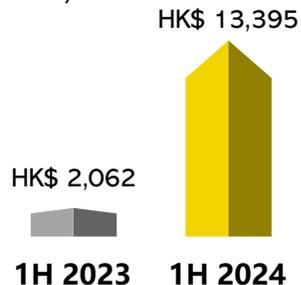
Decrease in the average number of non-sales staff

* 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)

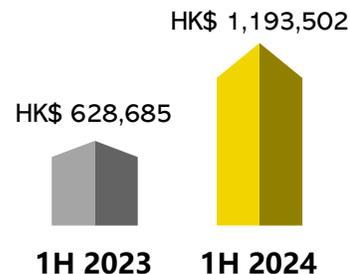


+ 549.6 % YoY

- Increase in the impairment of receivables mainly came from mainland operations
- This cost item was equivalent to about 0.4% of the Group's Revenue

Rebates: To Customers

(HK\$'000)

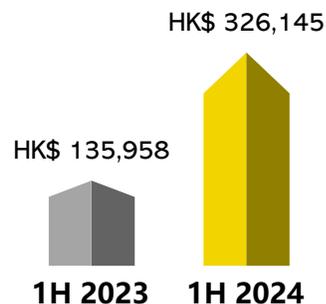


+ 89.8 % YoY

- Huge Jump in the primary sales transaction
- Significant increase in the primary sales commission rate

Rebates: To Co-operative Estate Agents

(HK\$'000)

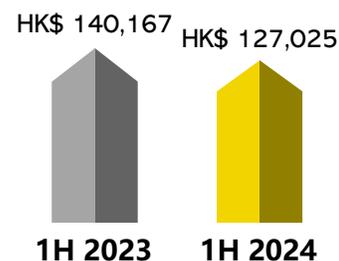


+ 139.9 % YoY

- Huge Jump in the primary sales transaction
- Significant increase in the primary sales commission rate

Depreciation, Amortization and Other Operating Costs

(HK\$'000)



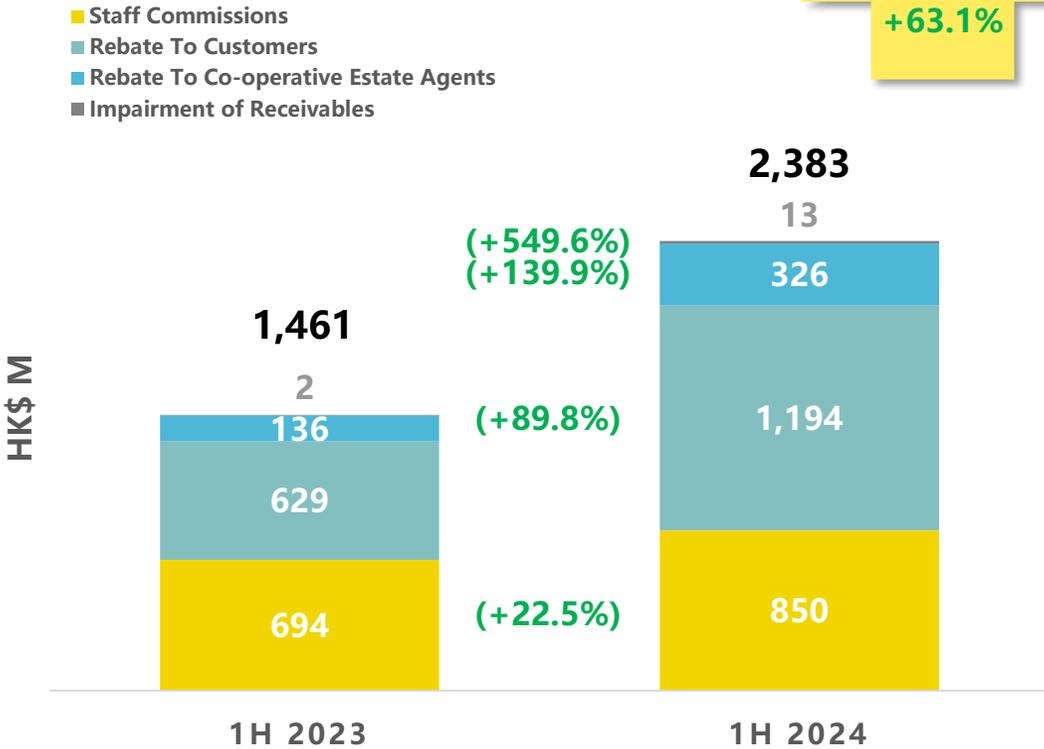
- 9.4 % YoY

Despite upward pressure on some cost items, overall other operating costs dropped as downsizing led to reduction in the expenses related to the daily operation of the branch network

Key Financial Highlights – Variable Vs Hard

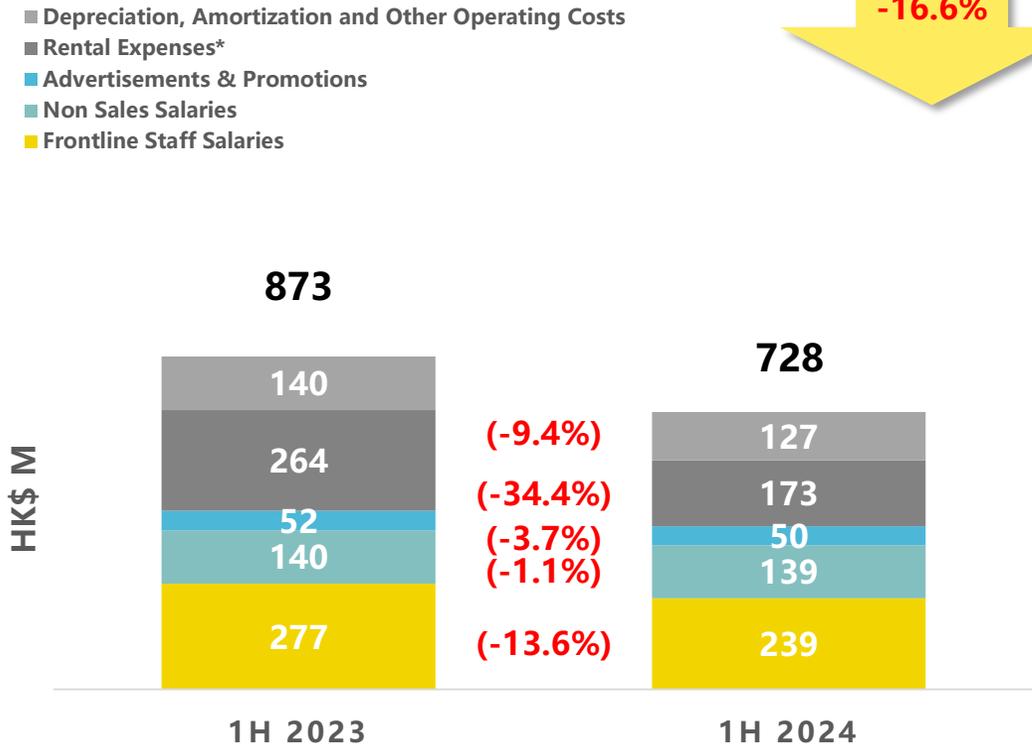
Variable Costs

+63.1%



Hard Costs

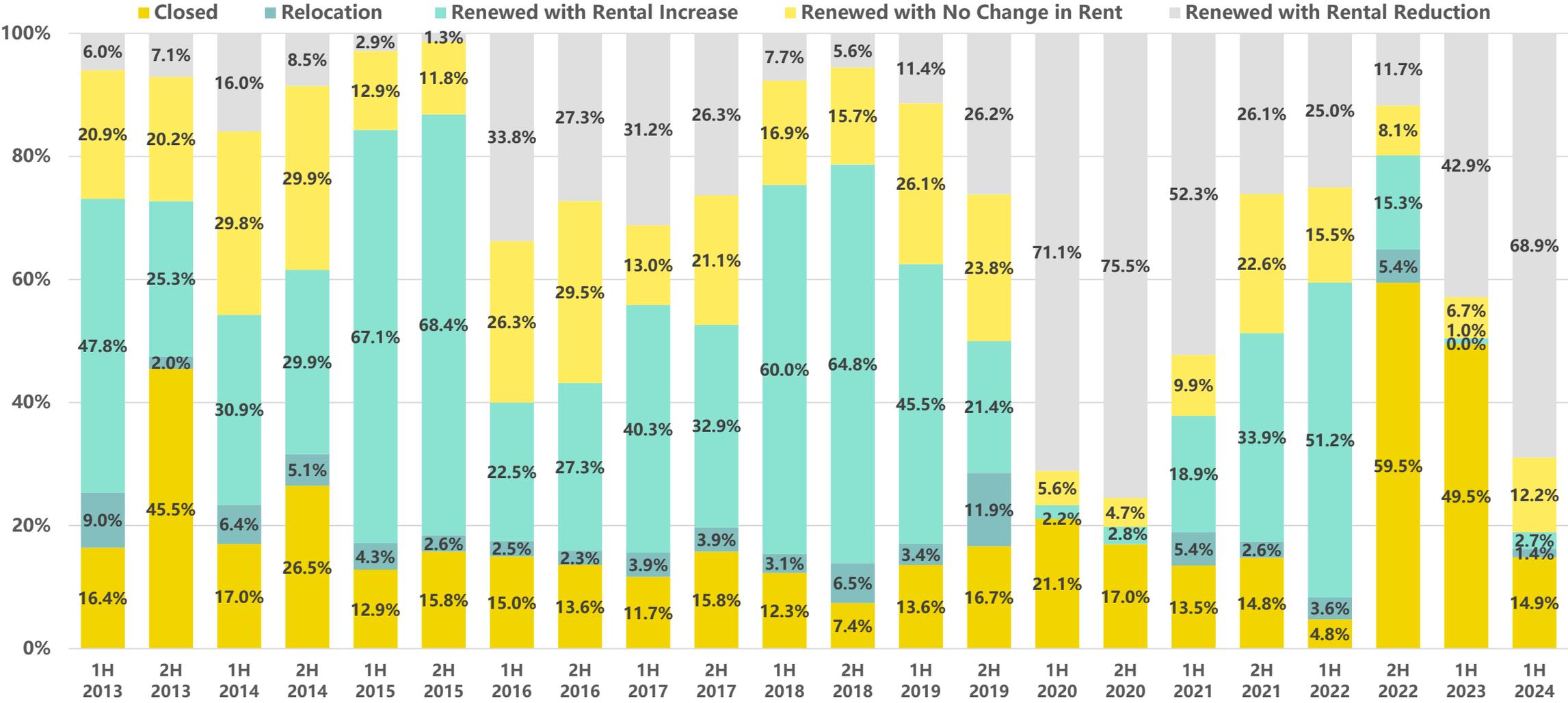
-16.6%



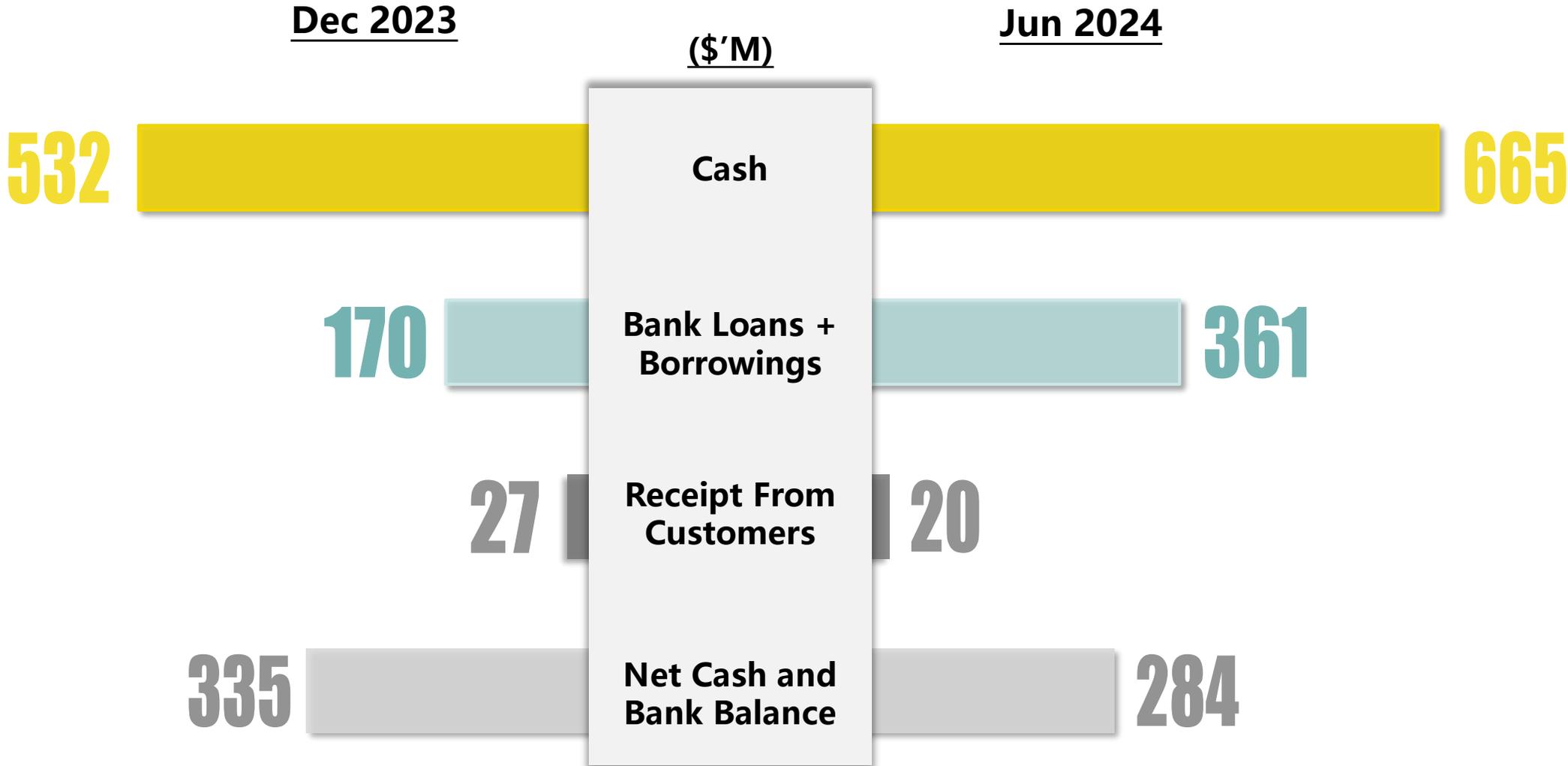
* Rental expenses represented the operating lease charges, the amortization of right-of-use assets and interest expenses on lease liabilities.

HK Operation : Negotiations on Leases

Scrambled for rental reduction



Decrease in Net Cash

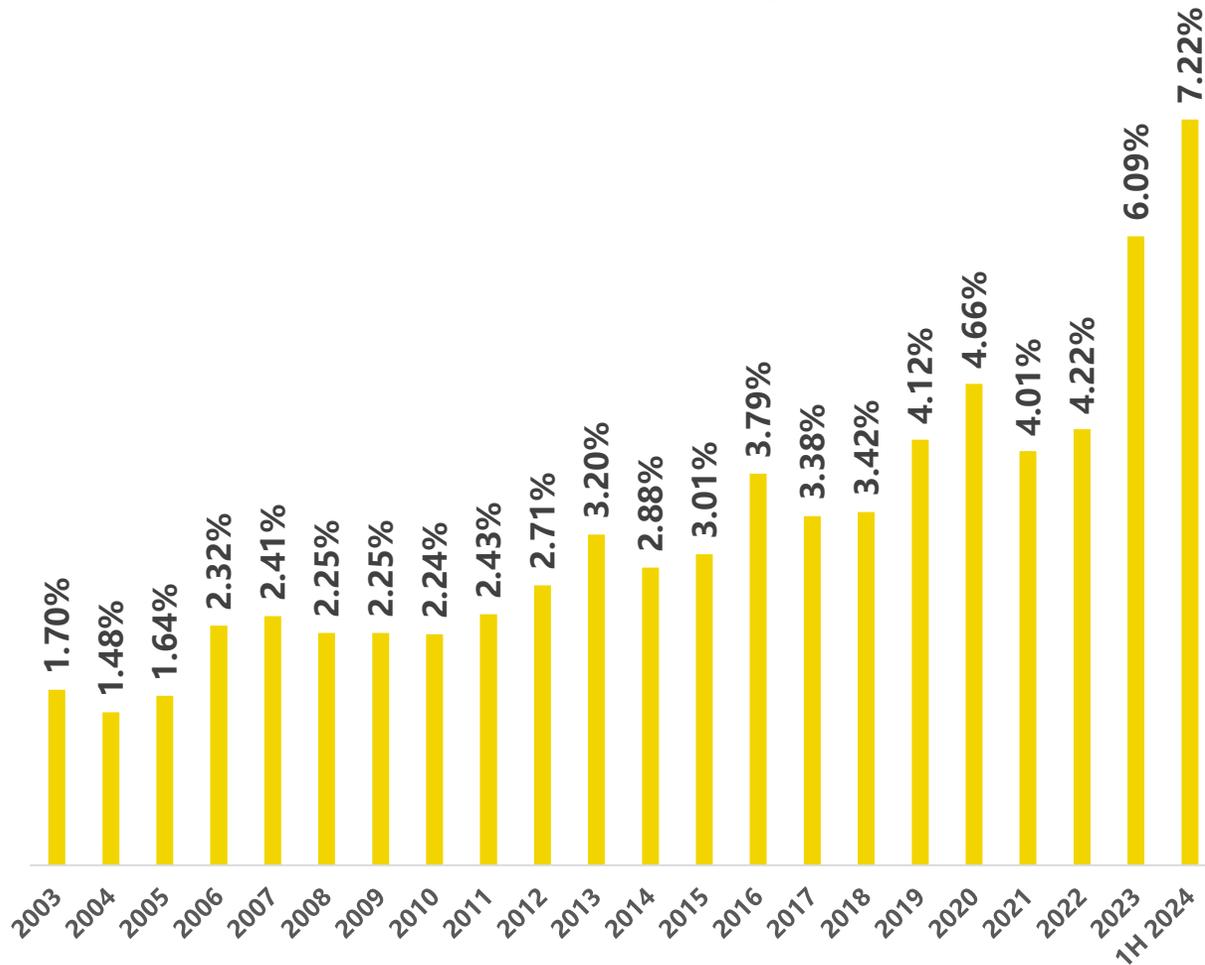




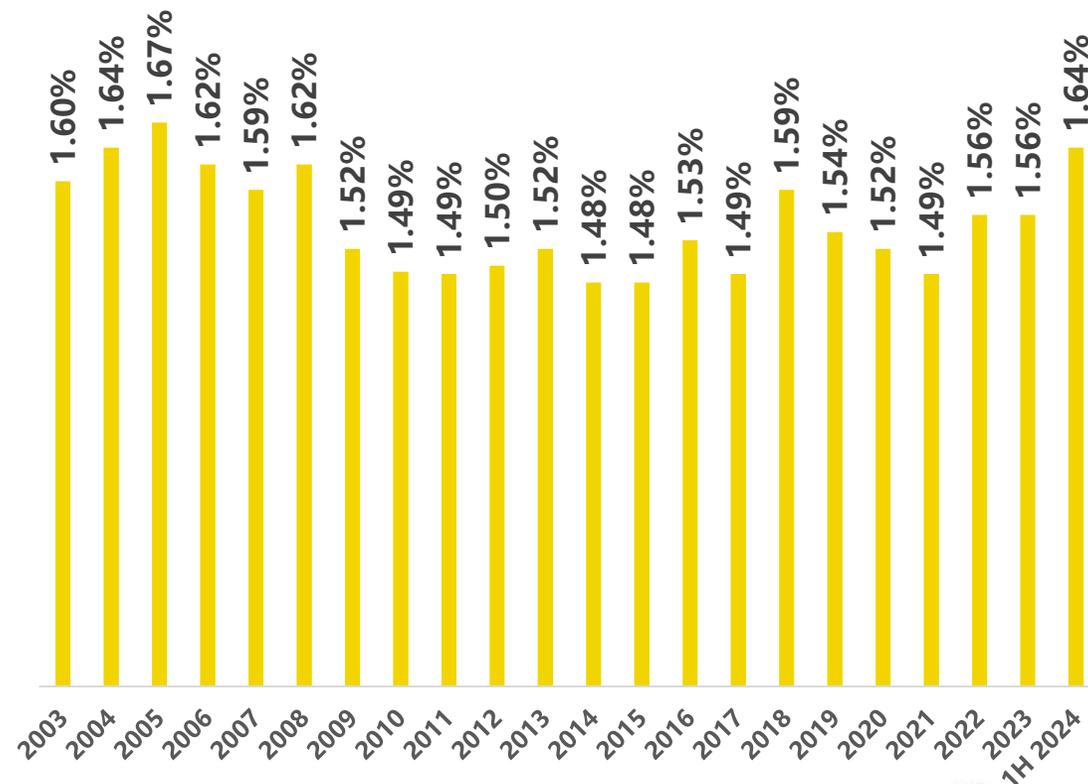
Business Overview

Gross Commission Rate*

As a % of New Property Price



As a % of Resale Property Price

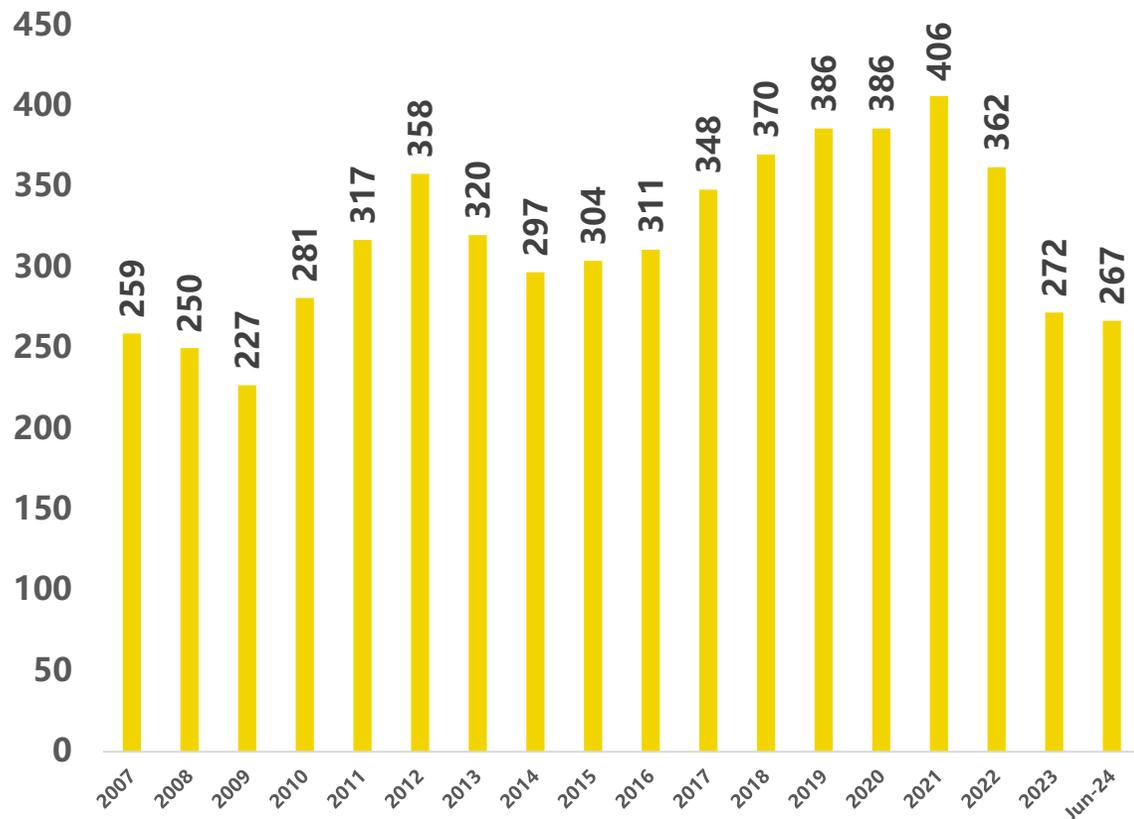


*Local Market

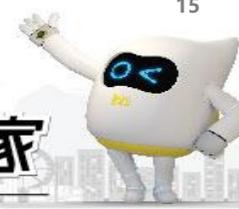
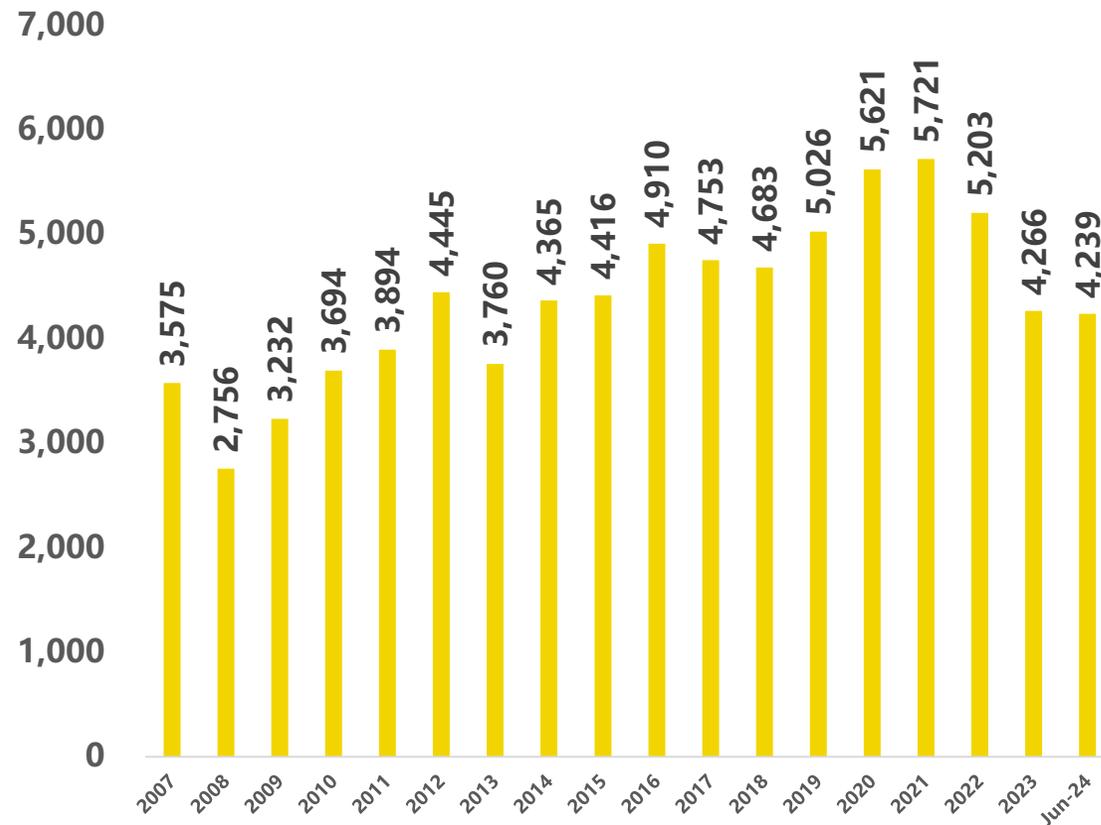


No expansion in HK

Number of Local Branches
(Not including Midland ICI)

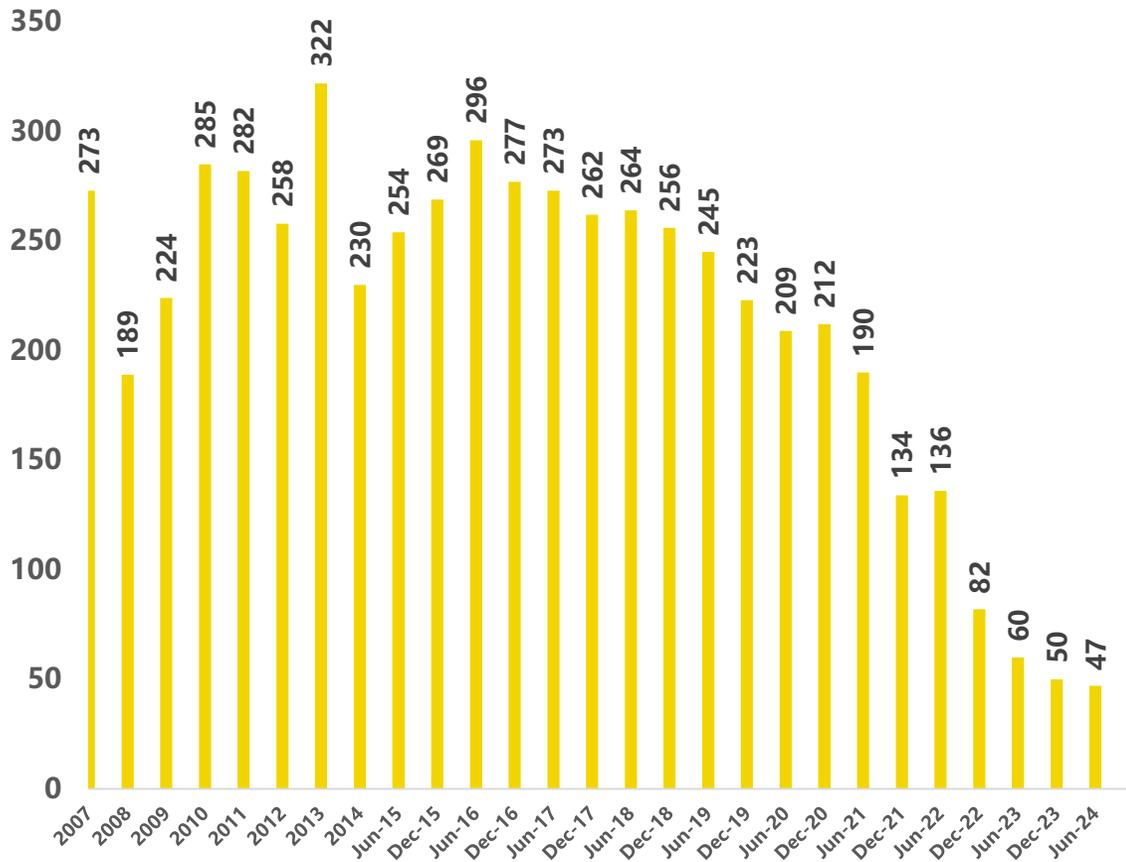


Number of Staff in HK
(Not including Midland ICI)

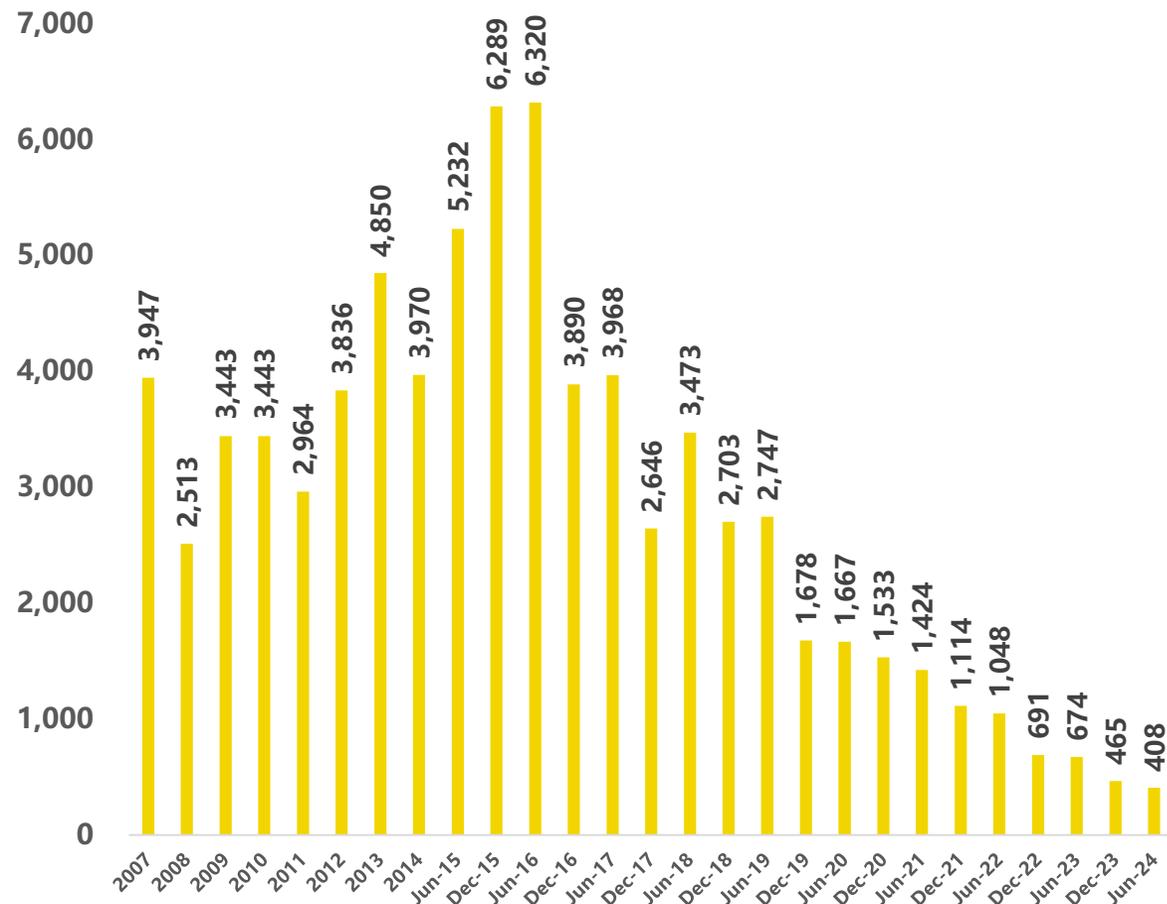


China Division : Strengthening Management Team

Number of Branches in China



Number of Staff in China

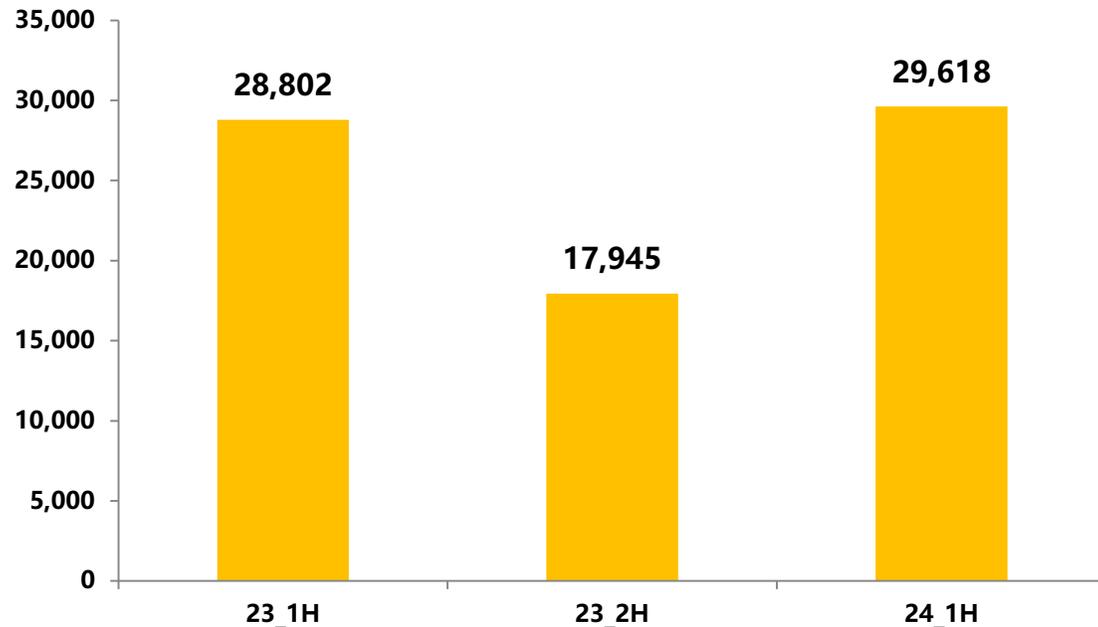




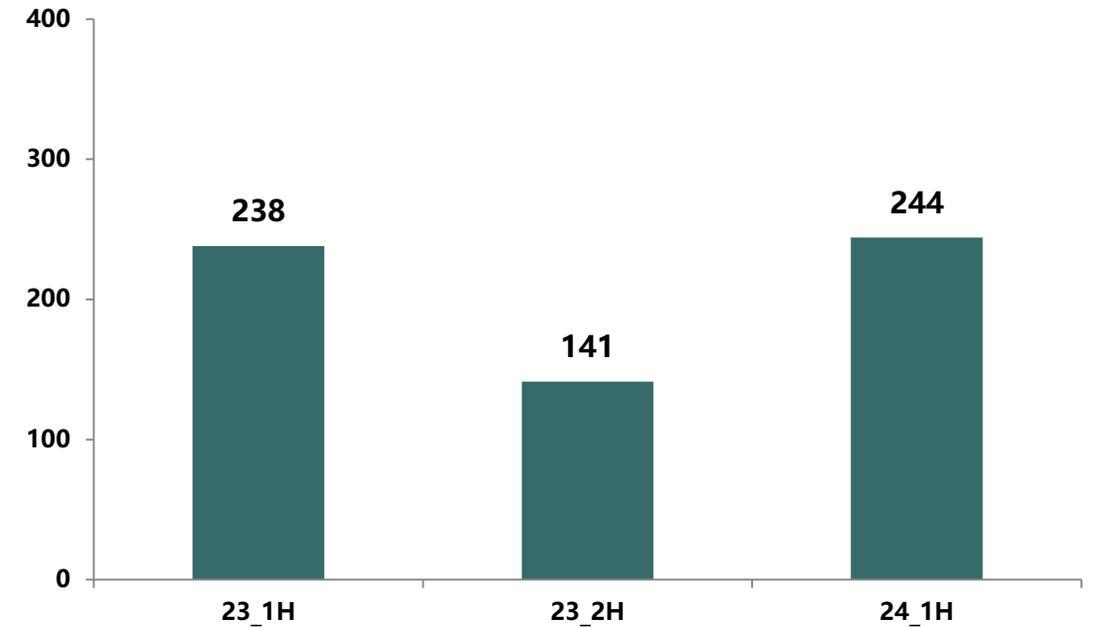
Prospects

1H24 : Impacts of the removal of demand-side management measures

Residential Transaction Volume



Residential Transaction Value (\$Billion)



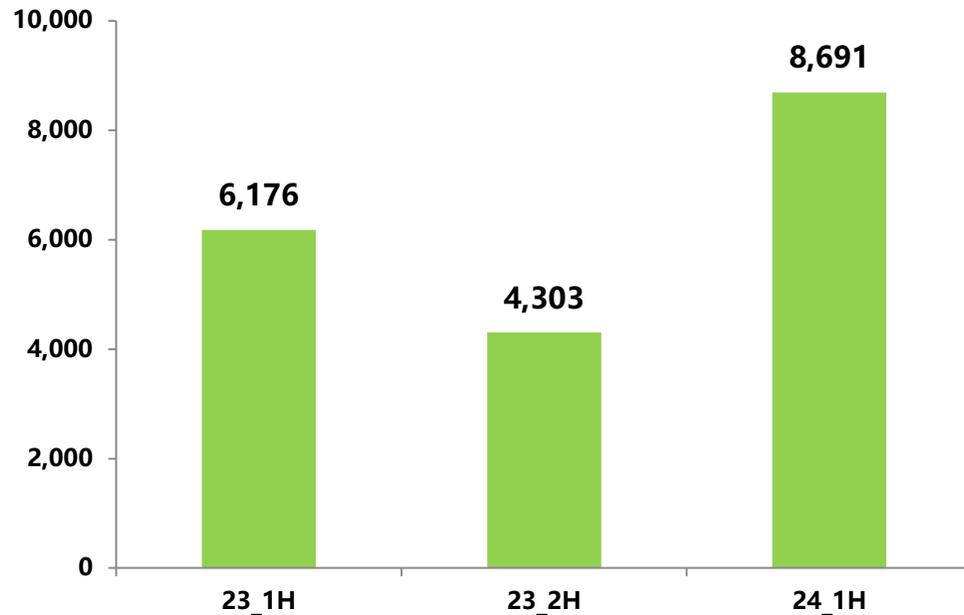
* Based on the information in Sales of First-hand Residential Properties Electronic Platform. Default Transactions are excluded.

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

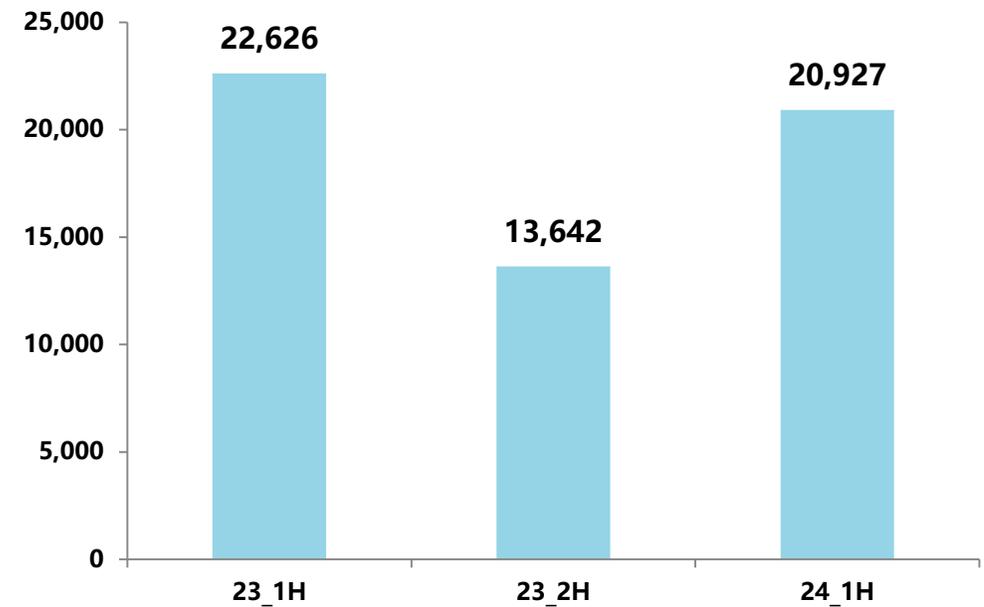
Source: Midland Research Centre

Primary Market Outperformed

Primary Home Transaction Volume*



Secondary Home Transaction Volume**

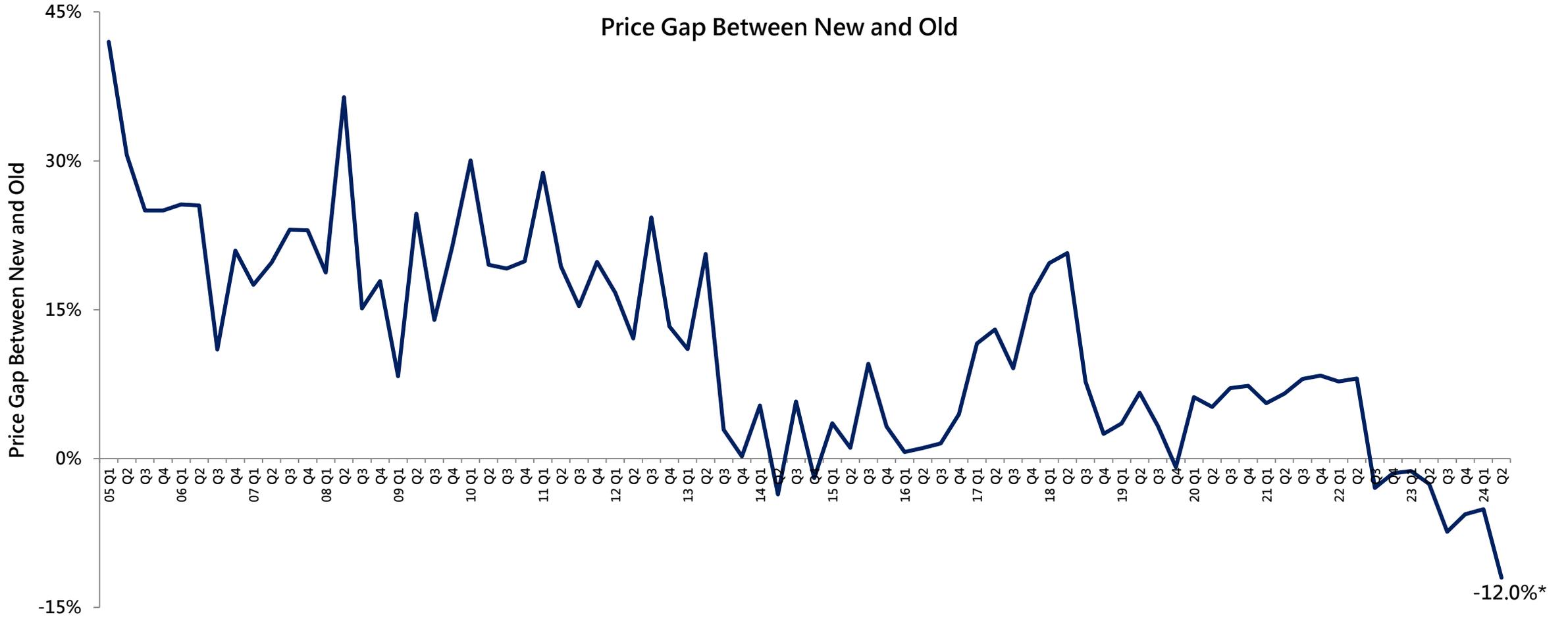


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Source: Midland Research Centre

Volume-driven Not Price



*Provisional Figures
Source: Midland Research Centre



Prices Down again

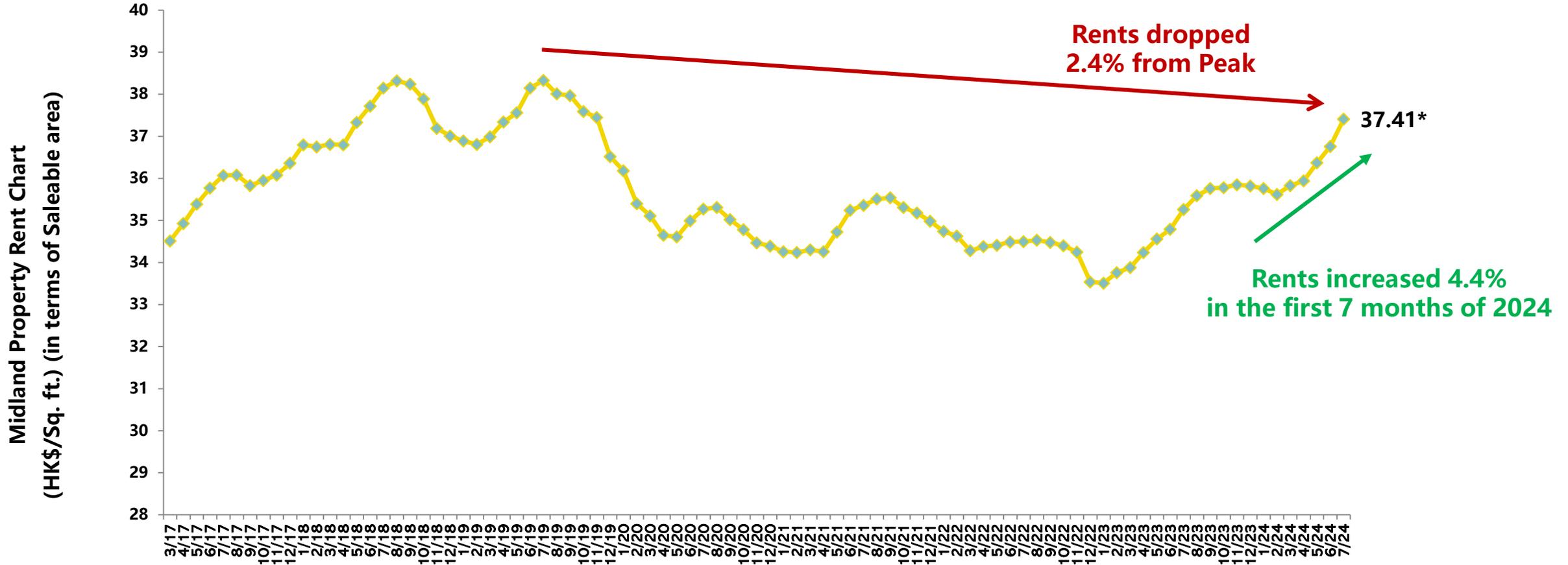


Prices dropped 27% from Peak

129.42*

* As of 2.9.2024
Source: Midland Research Centre

Strong Rental Market

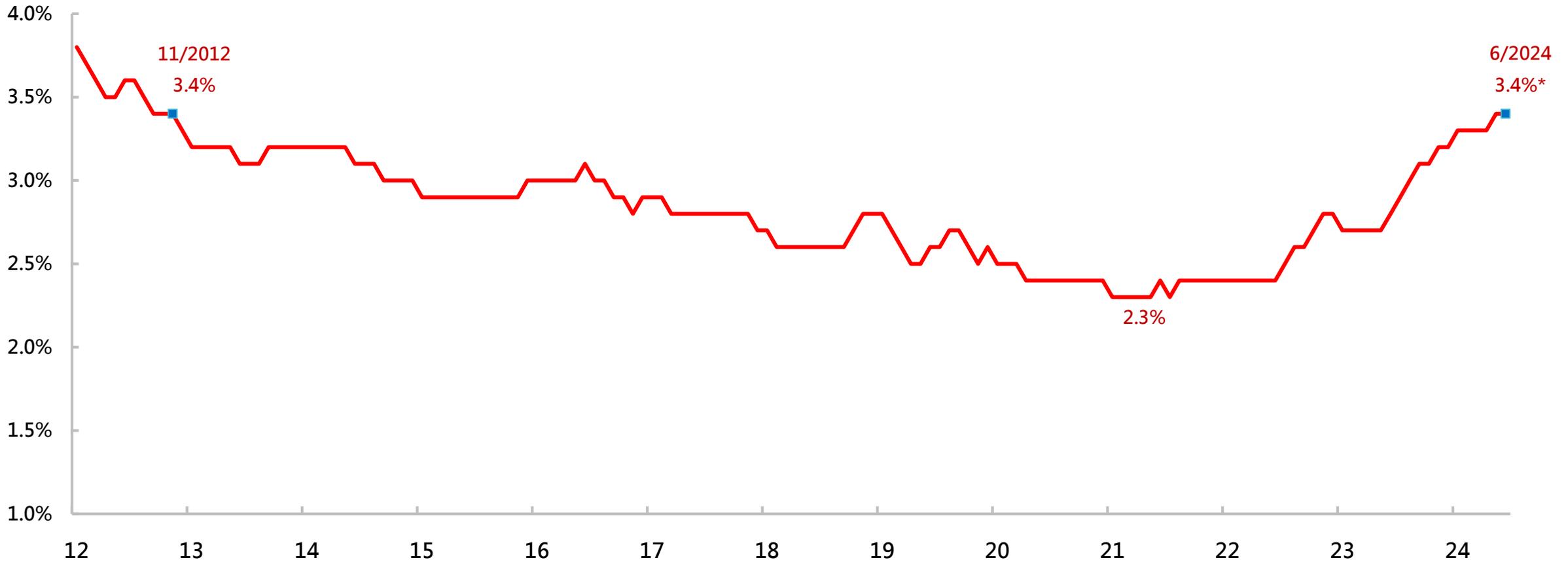


*Provisional Figures
Source: Midland Research Centre



Rental yield has significantly improved

Yields of Class A Private Residential Units (saleable area less than 40 m²)



* Provisional figures
Source : Rating and Valuation Department



Rental Market already benefited last year

	Change in Prices	Change in Rents
1997	+19.0%	+0.9%
1998	-38.2%	-17.2%
1999	-2.4%	-5.5%
2000	-18.6%	-5.2%
2001	-8.2%	-3.7%
2002	-11.3%	-14.2%
2003	+3.4%	-6.7%
2004	+29.0%	+14.3%
2005	+2.7%	+13.3%
2006	+2.9%	+2.8%
2007	+21.3%	+20.2%
2008	-12.5%	-16.0%
2009	+26.9%	+22.6%
2010	+22.4%	+12.4%
2011	+7.7%	+3.1%
2012	+23.3%	+15.8%
2013	+3.1%	+1.9%
2014	+12.6%	+6.9%
2015	+2.5%	-0.7%
2016	+6.4%	+4.3%
2017	+13.8%	+7.2%
2018	+2.5%	+1.8%
2019	+2.5%	-1.3%
2020	-0.9%	-5.8%
2021	+5.0%	+1.7%
2022	-14.9%	-4.1%
2023	-5.8%	+6.8%
2024	-5.9% (up to 2.9.2024)	+4.4% (Jan-Jul)



TALENTS RECRUITMENT PROGRAMS (Statistics on applications approved)



Source: Hong Kong Immigration department



Number of talents & dependants admitted to Hong Kong under various talent admission schemes from 1/2023 to 6/2024

	Number of talents admitted to HK	Number of dependents admitted to HK	Total
Top Talent Pass Scheme	56,952	61,561	118,513
Quality Migrant Admission Scheme	17,147	30,556	47,703
Immigration Arrangements for Non-local Graduates	29,108	6,322	35,430
Admission Scheme for Mainland Talents and Professionals	17,253	14,633	31,886
General Employment Policy	11,744	7,891	19,635
Technology Talent Admission Scheme	173	162	335
Admission Scheme for the Second Generation of Chinese Hong Kong Permanent Residents	112	11	123
Total	132,489	121,136	253,625

Source: Hong Kong Immigration department

Reasons for mainlanders coming to Hong Kong

Power of Hong Kong Passports – Visa free to 172 countries and territories

Freedom of Capital

Low Tax Regime

Education

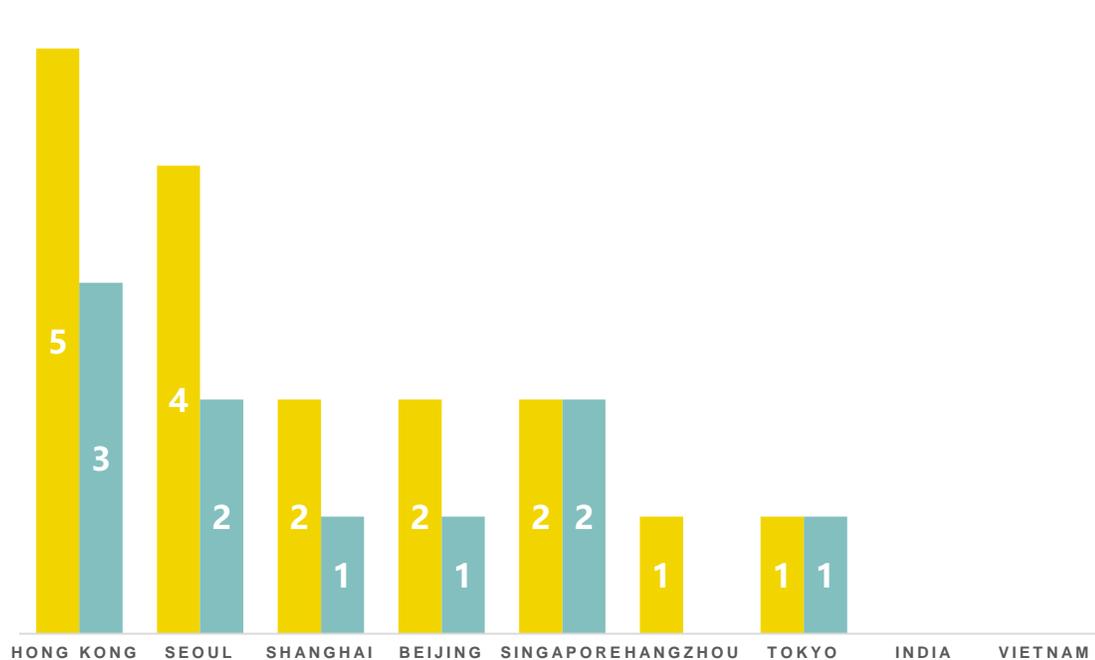
World Class Infrastructure



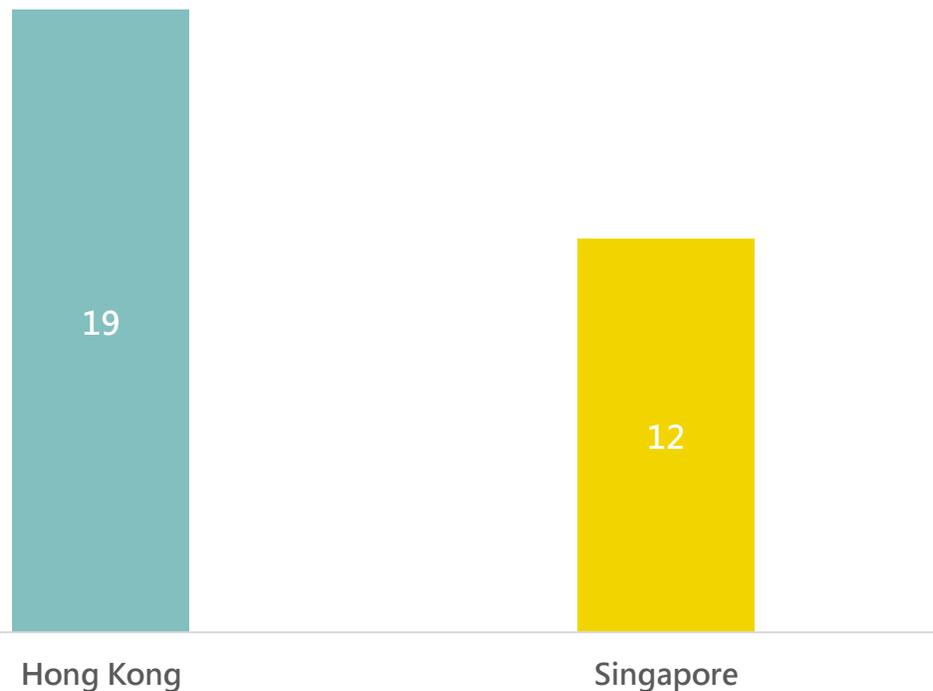
Education Hub

World's Top 100 Universities

■ Top 100 (2025) ■ Top 100 (2015)

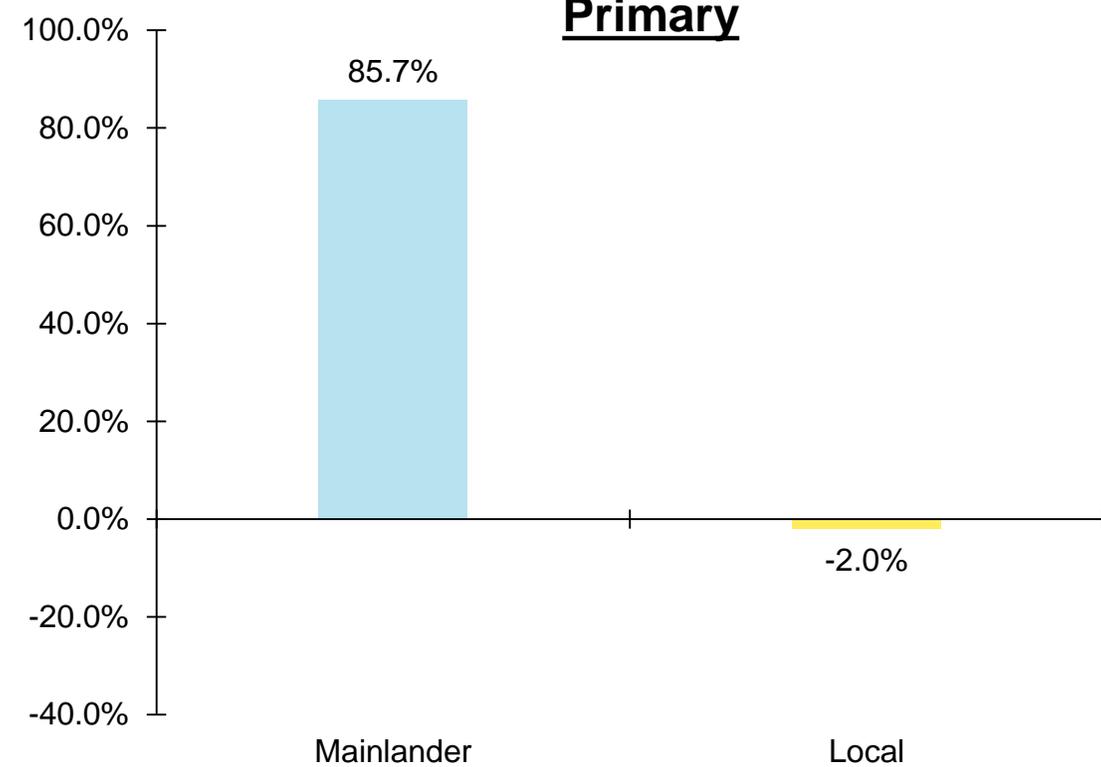


2023 Top 100 IB Schools (Exam Scores)

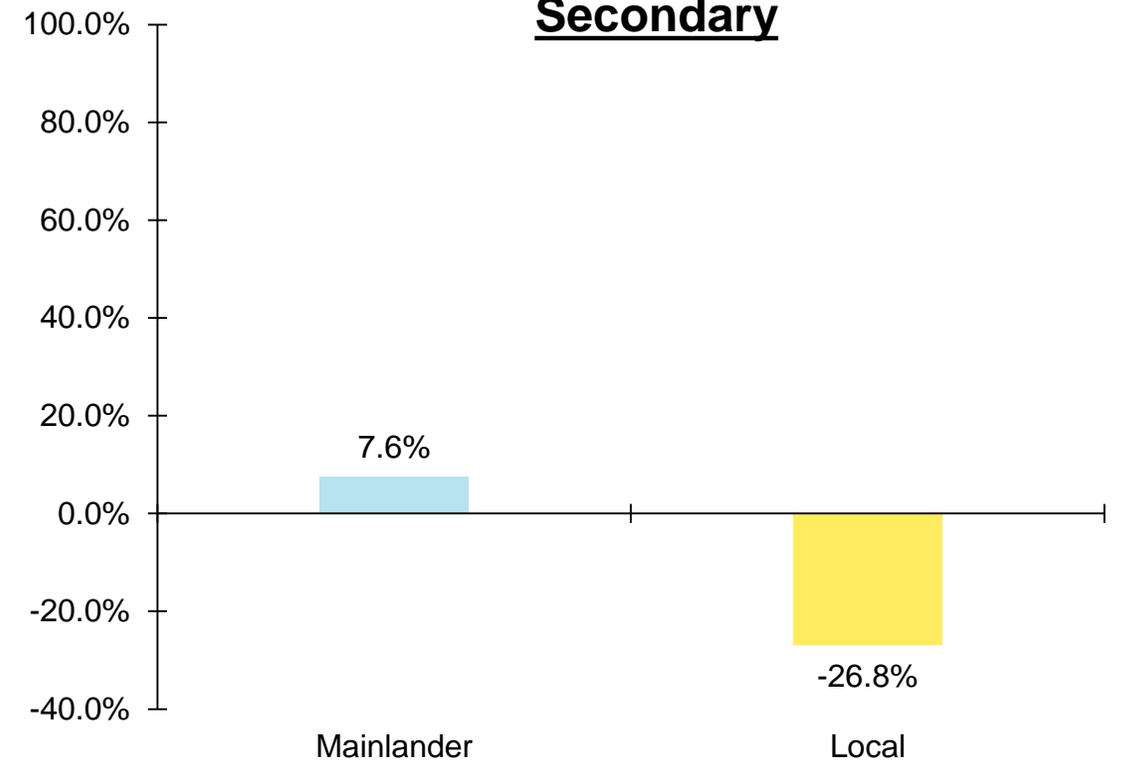


Property Demand : Mainlander Vs Local

YOY* Value



YOY* Value



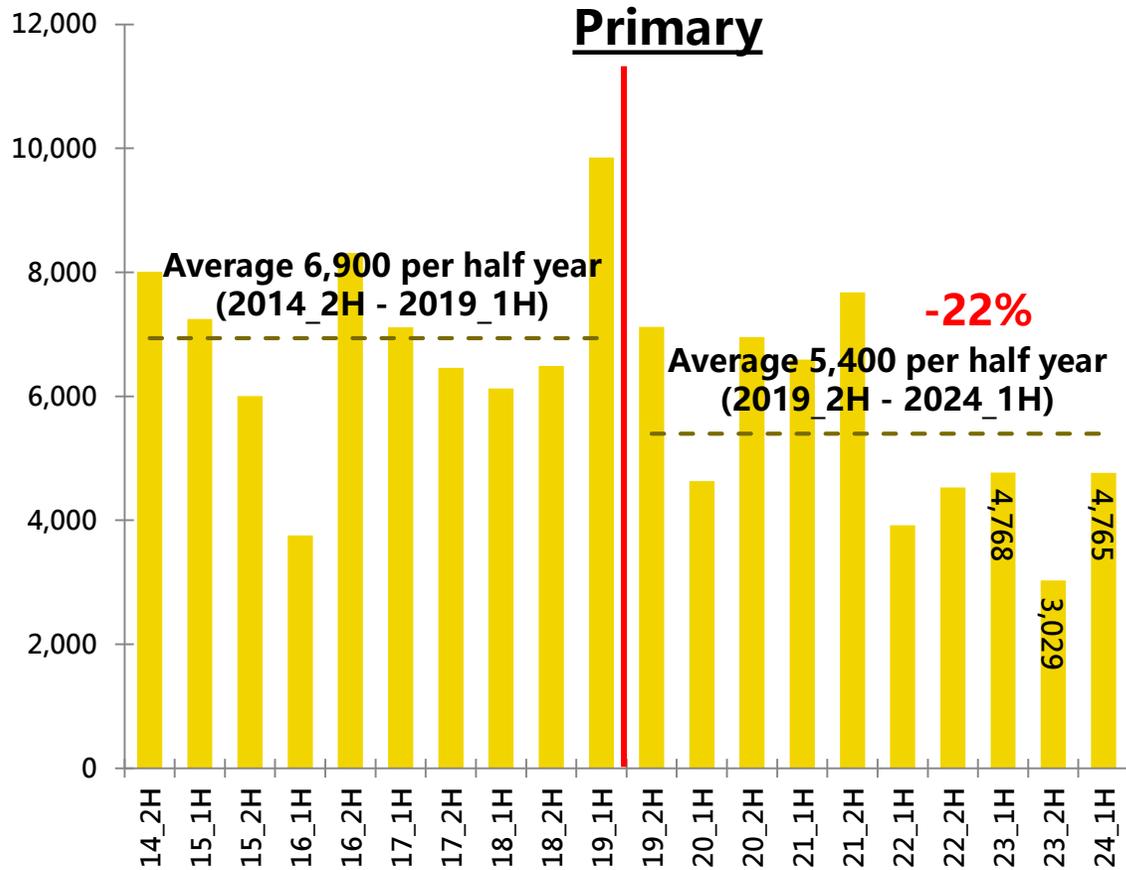
Note:
 *Comparison between the first half of Year 2024 and the first half of Year 2023
 English and Romanized names are the subject in determining if a buyer is mainlander;
 Only known cases are considered in calculation, and company cases are excluded;
 Figures in secondary market include public housing;
 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 Research Centre



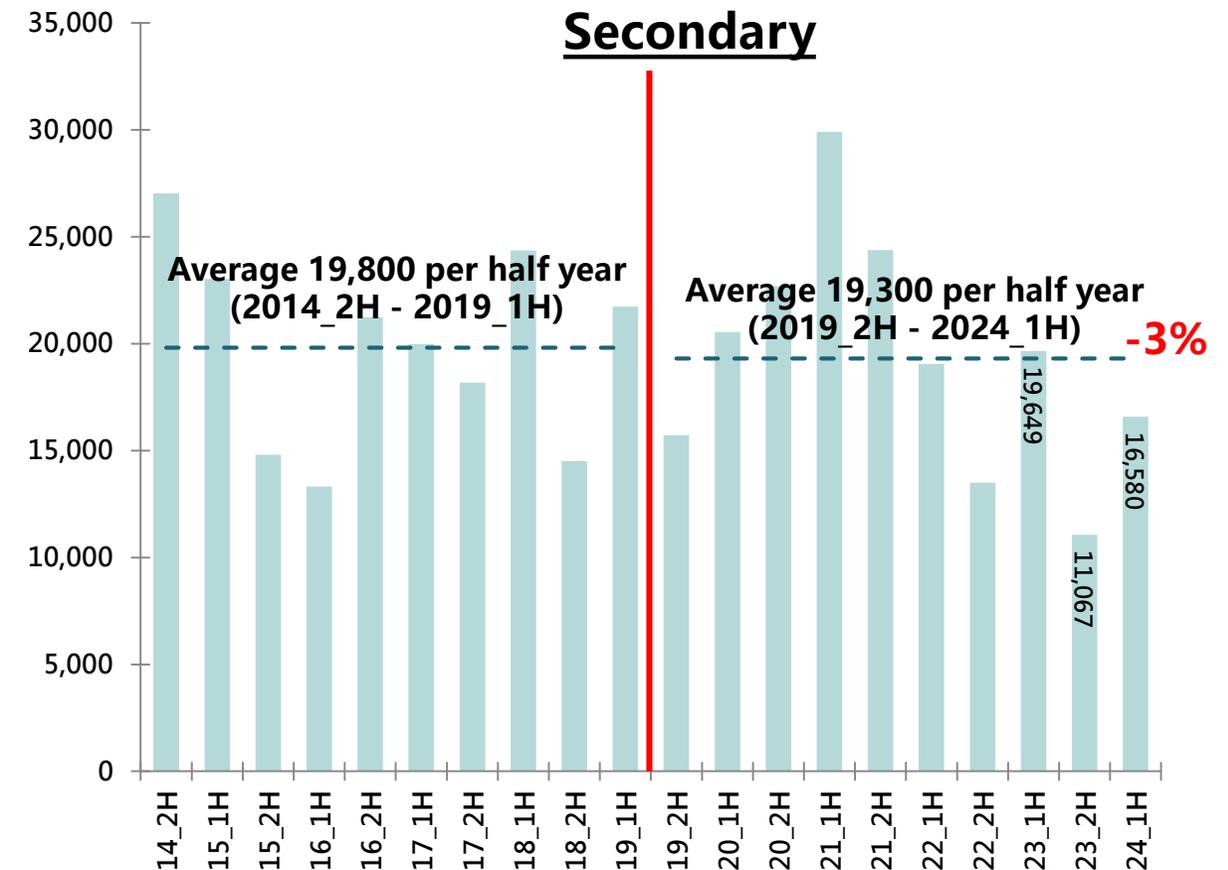
Properties Bought By Local Buyers in the recent decade

Demand of local buyers may rebound if interest rate falls

Volume



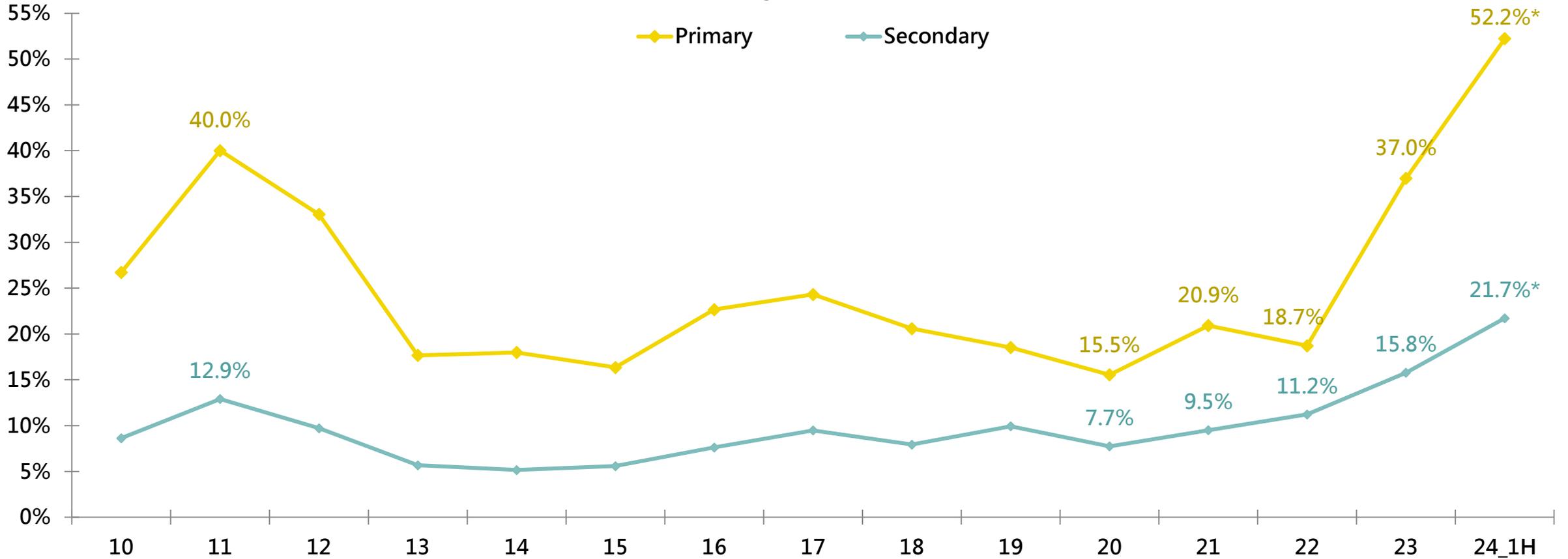
Volume



Source: Midland Research Centre



Involvement of Mainlanders by Value



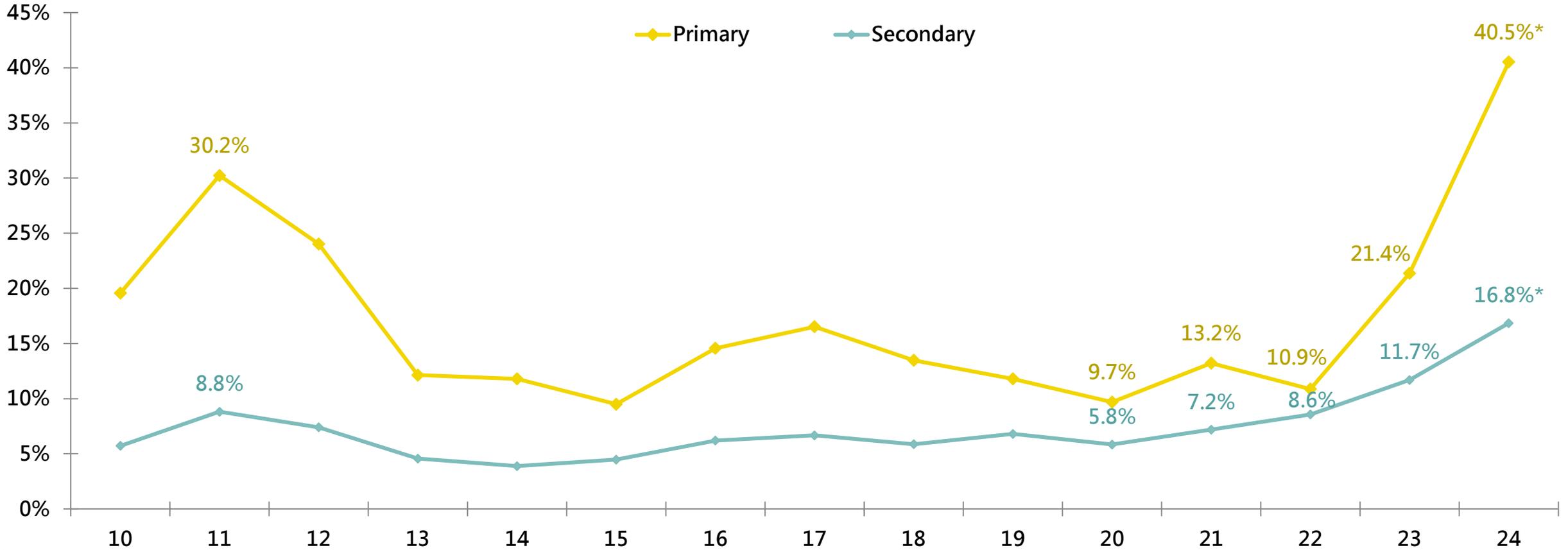
Note:

*First Half 2024

- 1) English and Romanized names are the subject in determining if a buyer is mainlander;
 - 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;
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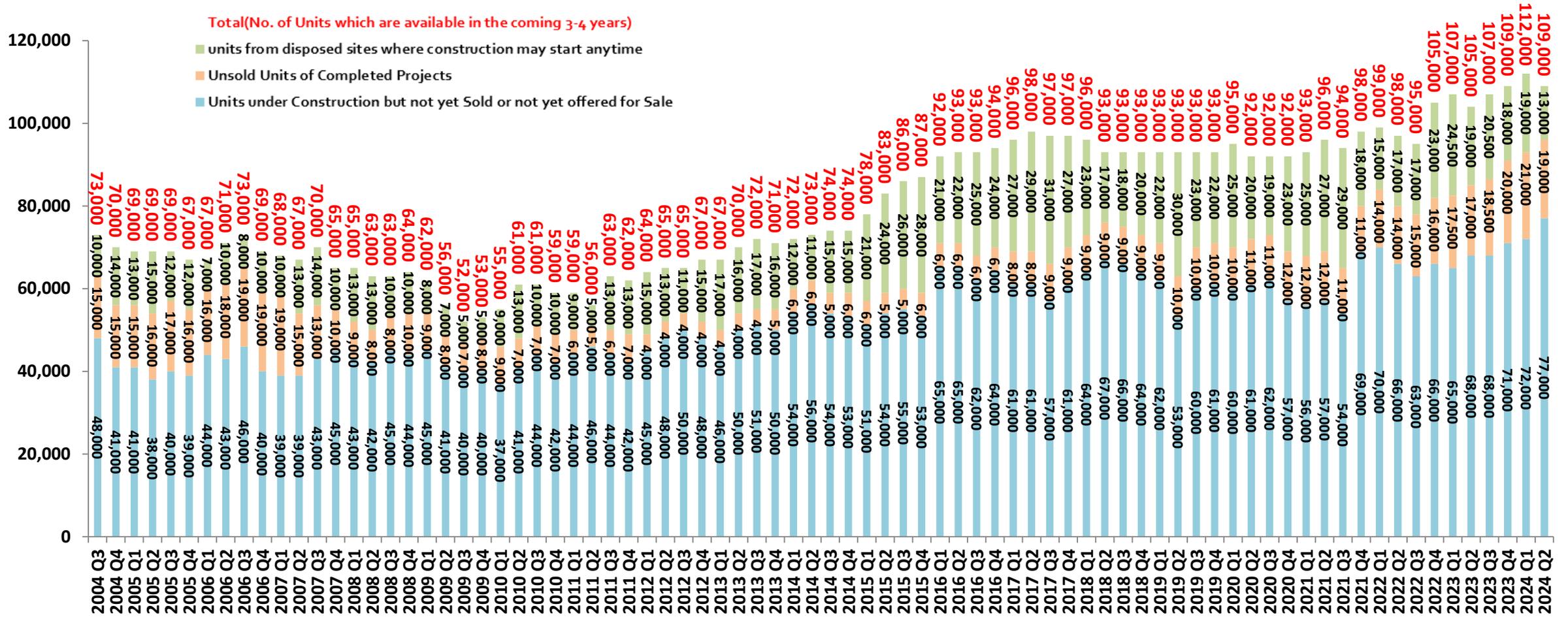
Involvement of Mainlanders by Volume



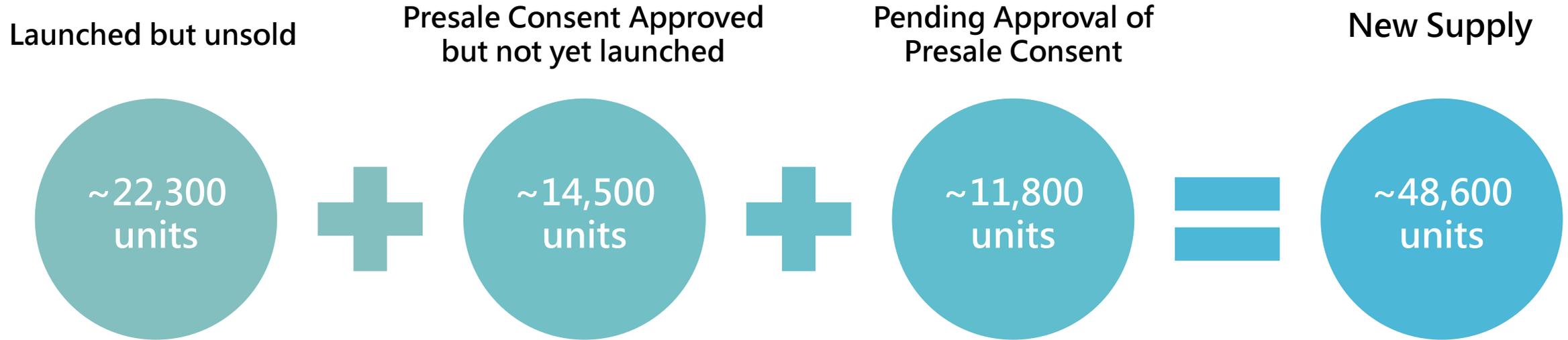
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Private Housing Supply exceeded 100K

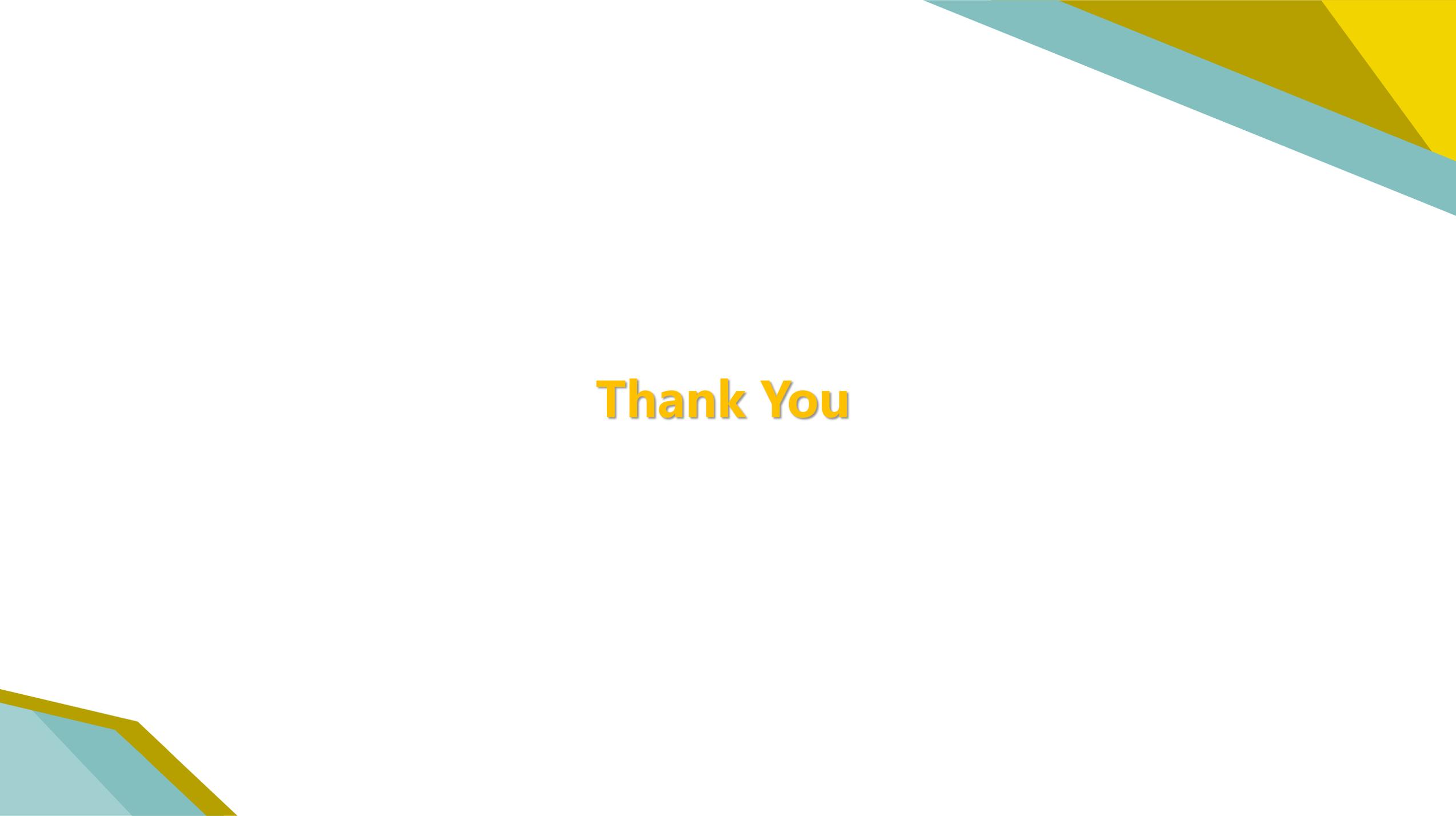


Upcoming Supply



Source : Midland Research Centre, Lands Department
Launched but unsold is as of the end of Jul 2024
Presale consent information is as of the end of Jul 2024
Information of launched but unsold units as of end of Jul 2024





Thank You