美聯集團
MIDLAND HOLDINGS

MIDLAND HOLDINGS LIMITED
美聯集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1200)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013

The board of directors (the “Board”) of Midland Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2013 (the “Interim Period”) together with the comparative period in 2012.

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Note	**Six months ended 30 June**	
		2013	2012
		HK$'000	*HK$'000*
Revenues	3	**1,723,761**	1,895,994
Other income	4	**5,767**	9,229
Staff costs		**(1,026,631)**	(1,062,385)
Rebate incentives		**(170,671)**	(204,469)
Advertising and promotion expenses		**(60,838)**	(45,422)
Operating lease charges in respect of office and shop premises		**(304,338)**	(222,451)
Impairment of receivables		**(93,968)**	(51,036)
Depreciation and amortisation costs		**(27,847)**	(24,373)
Other operating costs		**(155,761)**	(128,416)
Operating (loss)/profit	5	**(110,526)**	166,671
Finance income		**3,189**	6,146
Finance costs		**(106)**	(127)
Share of results of jointly controlled entities		**2,817**	2,829
(Loss)/profit before taxation		**(104,626)**	175,519
Taxation	6	**15,898**	(28,212)
(Loss)/profit for the period		**(88,728)**	147,307

* *For identification purpose only*

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED) (Continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Note	Six months ended 30 June 2013 HK$'000	2012 HK$'000
(Loss)/profit attributable to:			
Equity holders		**(95,175)**	128,004
Non-controlling interests		**6,447**	19,303
		(88,728)	147,307
Dividends	7	**-**	102,968
(Loss)/earnings per share	8	***HK cents***	*HK cents*
Basic		**(13.25)**	17.91
Diluted		**(13.25)**	17.87

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
(Loss)/profit for the period	**(88,728)**	147,307
Other comprehensive income		
Items that may be reclassified to profit or loss		
Currency translation differences	**(662)**	(2,207)
Change in fair value of available-for-sale financial assets	**(551)**	1,413
	(1,213)	(794)
Total comprehensive (loss)/income for the period, net of tax	**(89,941)**	146,513
Total comprehensive (loss)/income for the period attributable to:		
Equity holders	**(96,393)**	127,217
Non-controlling interests	**6,452**	19,296
	(89,941)	146,513

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS AT 30 JUNE 2013

	Note	**As at 30 June 2013** *HK$'000*	As at 31 December 2012 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**198,822**	179,070
Investment properties		**93,813**	101,812
Land use rights		**1,409**	1,411
Interests in jointly controlled entities		**51,756**	53,589
Available-for-sale financial assets		**15,544**	18,706
Deferred taxation assets		**44,048**	21,471
		405,392	376,059
Current assets			
Trade and other receivables	9	**1,576,602**	1,822,655
Financial assets at fair value through profit or loss		**138**	155
Taxation recoverable		**4,610**	-
Cash and bank balances		**1,081,670**	1,289,966
		2,663,020	3,112,776
Total assets		**3,068,412**	3,488,835

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED) (Continued)
AS AT 30 JUNE 2013

	Note	**As at 30 June 2013** *HK$'000*	As at 31 December 2012 *HK$'000*
EQUITY AND LIABILITIES			
Equity holders			
Share capital		**71,805**	71,805
Share premium		**223,505**	223,505
Reserves		**1,149,840**	1,243,437
Proposed dividend		**-**	71,805
		1,445,150	1,610,552
Non-controlling interests		**190,169**	183,717
Total equity		**1,635,319**	1,794,269
Non-current liabilities			
Deferred taxation liabilities		**2,457**	2,417
Current liabilities			
Trade and other payables	10	**1,386,381**	1,658,555
Bank loan		**10,480**	10,926
Taxation payable		**33,775**	22,668
		1,430,636	1,692,149
Total liabilities		**1,433,093**	1,694,566
Total equity and liabilities		**3,068,412**	3,488,835
Net current assets		**1,232,384**	1,420,627
Total assets less current liabilities		**1,637,776**	1,796,686

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The Company is a limited liability company incorporated in Bermuda and listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, Church Street, Hamilton HM11, Bermuda and its head office and principal place of business in Hong Kong is Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong.

The principal activities of the Group are provision of property agency services in Hong Kong, the People's Republic of China (the "PRC") and Macau.

This unaudited condensed consolidated interim financial information is presented in Hong Kong Dollars, unless otherwise stated.

This unaudited condensed consolidated interim financial information was approved by the Board on 23 August 2013.

2 Basis of preparation and significant accounting policies

The condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared under the historical cost convention as modified by the revaluation of investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair values, and also prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2012 except that the Group has adopted the following revised standards and amendments to standards issued by the HKICPA which are relevant to its operations and mandatory for the financial year ending 31 December 2013.

2 Basis of preparation and significant accounting policies (continued)

Effect of adopting amendments to standards

The following amendments to standards are mandatory for annual periods beginning on or after 1 January 2013. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group, except for certain changes in presentation and disclosures.

		Effective for annual periods beginning on or after
HKFRS 1 (Amendment)	Government Loans	1 January 2013
HKFRS 7 (Amendment)	Financial Instruments : Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosures of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurements	1 January 2013
HKFRS(s) (Amendment)	Improvements to HKFRSs 2009-2011	1 January 2013
HKAS 19 (Amendment)	Employee Benefits	1 January 2013
HKAS 27 (Revised 2011)	Separate Financial Statements	1 January 2013
HKAS 28 (Revised 2011)	Investment in Associates and Joint Ventures	1 January 2013
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

New standards, amendments to standards and interpretation that have been issued but are not effective

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the annual period beginning on 1 January 2013 and have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 32 (Amendment)	Financial Instruments Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKAS 36 (Amendment)	Impairment of Assets	1 January 2014
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures	1 January 2015
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment Entities	1 January 2014
HK(IFRIC) – Int 21	Levies	1 January 2014

3 Revenues and segment information

(a) Revenues

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Turnover		
Agency fee	**1,693,018**	1,869,454
Rental from investment properties	**1,730**	1,268
Web advertising	**118**	142
Internet education and related services	**9,970**	8,066
Immigration consultancy services	**17,890**	16,179
Other services	**1,035**	885
	1,723,761	1,895,994

(b) Segment information

The chief operating decision makers have been identified as the executive directors of the Company (the "Executive Directors"). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management determined the operating segments based on these reports.

Management assesses the performance based on the nature of the Group's businesses which are principally located in Hong Kong, the PRC and Macau, and comprises property agency businesses for residential, commercial and industrial properties and shops, and other businesses which mainly include property leasing and immigration consultancy services.

3 Revenues and segment information (continued)

(b) Segment information (continued)

	Six months ended 30 June 2013			
	Property agency			
	Residential properties *HK$'000*	Commercial and industrial properties and shops *HK$'000*	Others *HK$'000*	Total *HK$'000*
Total revenues	1,342,768	409,258	34,709	1,786,735
Inter-segment revenues	(52,070)	(6,938)	(3,966)	(62,974)
Revenues from external customers	1,290,698	402,320	30,743	1,723,761
Segment results	(121,668)	23,716	10,864	(87,088)
Impairment of receivables	57,014	36,954	-	93,968
Depreciation and amortisation costs	23,392	3,289	568	27,249
Share of results of jointly controlled entities	-	-	2,817	2,817
Fair value gain on investment properties	-	-	1,655	1,655
Additions to non-current assets	41,699	5,627	116	47,442

3 **Revenues and segment information (continued)**

(b) **Segment information (continued)**

	Six months ended 30 June 2012			
	Property agency			
	Residential properties *HK$'000*	Commercial and industrial properties and shops *HK$'000*	Others *HK$'000*	Total *HK$'000*
Total revenues	1,532,400	377,504	30,616	1,940,520
Inter-segment revenues	(28,854)	(11,596)	(4,076)	(44,526)
Revenues from external customers	1,503,546	365,908	26,540	1,895,994
Segment results	124,542	72,139	14,936	211,617
Impairment of receivables	27,093	23,943	-	51,036
Depreciation and amortisation costs	20,886	2,404	485	23,775
Share of results of jointly controlled entities	-	-	2,829	2,829
Fair value gain on investment properties	-	-	7,719	7,719
Additions to non-current assets	16,603	1,383	39	18,025

The Executive Directors assess the performance of the operating segments based on a measure of operating results from each reportable segment. Corporate expenses, unrealised loss on financial assets at fair value through profit or loss, realised gain on available-for-sale financial assets, finance income, finance costs and taxation are not included in the segment results.

Revenues between segments arose from transactions which are carried out on terms with reference to market practice. Revenues from external customers reported to the Executive Directors are measured in a manner consistent with that in the consolidated income statement.

3 Revenues and segment information (continued)

(b) Segment information (continued)

A reconciliation of segment results to (loss)/profit before taxation is provided as follows:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Segment results for reportable segments	**(87,088)**	211,617
Corporate expenses	**(22,970)**	(42,790)
Unrealised loss on financial assets at fair value through profit or loss	**(17)**	(9)
Realised gain on available-for-sale financial assets	**2,366**	682
Finance income	**3,189**	6,146
Finance costs	**(106)**	(127)
(Loss)/profit before taxation per consolidated income statement	**(104,626)**	175,519

Geographical information:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Hong Kong and Macau	**1,384,764**	1,713,562
PRC	**338,997**	182,432
Revenues from external customers	**1,723,761**	1,895,994

Revenues are attributed to locations on the basis of the transactions taken place.

4 Other income

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Fair value gain on investment properties	**1,655**	7,719
Gain on disposal of investment properties	**567**	-
Realised gain on available-for-sale financial assets	**2,366**	682
Others	**1,179**	828
	5,767	9,229

5 Operating (loss)/profit

Operating (loss)/profit is arrived at after charging:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Loss on disposal of property, plant and equipment	**271**	2,420
Unrealised loss on financial assets at fair value through profit or loss	**17**	9

6 Taxation

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Current		
Hong Kong profits tax	**5,943**	28,378
Overseas	**696**	125
Deferred	**(22,537)**	(291)
	(15,898)	28,212

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2012: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

7 Dividends

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Interim dividend declared of nil (2012: HK$0.1434) per share	**-**	102,968

The Board does not declare an interim dividend for the Interim Period.

8 (Loss)/earnings per share

The calculation of basic and diluted (loss)/earnings per share is based on the following:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
(Loss)/profit attributable to equity holders	**(95,175)**	128,004
Number of shares for calculation of basic earnings per share (thousands)	**718,046**	714,800
Effect on conversion of share options (thousands)	**-**	1,401
Number of shares for calculation of diluted earnings per share (thousands)	**718,046**	716,201
Basic (loss)/earnings per share (HK cents)	**(13.25)**	17.91
Diluted (loss)/earnings per share (HK cents)	**(13.25)**	17.87

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of shares in issue during the period.

In calculating the diluted (loss)/earnings per share, the weighted average number of shares is adjusted to assume conversion of all dilutive potential shares from share options. Adjustment has been made to determine the number of shares that could have been acquired at fair value (according to the average market price of the shares of the Company) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options. Diluted loss per share for the six months ended 30 June 2013 did not assume the exercise of share options since the exercise of share options would have an anti-dilutive effect.

9 Trade and other receivables

Trade receivables mainly represent agency fee receivables from customers whereby no general credit terms are granted. The customers are obliged to settle the amounts due upon completion of or pursuant to the terms and conditions of the relevant agreements. The ageing analysis of the trade receivables is as follows:

	As at 30 June 2013	As at 31 December 2012
	HK$'000	*HK$'000*
Not yet due	**1,011,159**	1,337,933
Less than 30 days	**83,430**	100,082
31 to 60 days	**43,244**	33,581
61 to 90 days	**30,910**	23,840
Over 90 days	**73,405**	34,286
	1,242,148	1,529,722

The Group's trade and other receivables are mainly denominated in Hong Kong Dollars.

10 Trade and other payables

Commissions payable include mainly the commissions payable to property consultants, co-operative estate agents and clients, which are due for payment only upon the receipt of corresponding agency fees from customers. These balances include commissions payable of HK$110,044,000 (as at 31 December 2012: HK$194,320,000) which are due for payment within 30 days, and all the remaining commissions payable are not yet due.

The Group's trade and other payables are mainly denominated in Hong Kong Dollars.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2013, revenue of the Group fell 9% to HK$1,723,761,000 when compared with the corresponding period last year. During the meantime, the Group recorded a loss for the period of HK$88,728,000. Despite the healthy economic conditions, the demand suppressing policies launched by the government and the upward pressure on costs posted serious challenges to the business operations.

Sharp Drop in Market Activity

The local property market suffered a severe blow from a series of housing policy measures and the continued tightening of the mortgage requirements. Indeed government interventions had become more and more frequent and severe. Last October, the introduction of Buyer's Stamp Duty (BSD) together with the enhanced Special Stamp Duty had already battered the development of housing sector. Few months later, the government prescribed another strong dose of medicine by increasing the tax rate of stamp duty for all types of property transactions. Furthermore, the charging of stamp duty on an agreement for sale instead of the conveyance on sale of a non-residential property also hit the commercial and industrial properties and shops sectors hard. As a result, the Group recorded less profit contribution from Midland IC&I Limited ("Midland IC&I", the listed subsidiary of the Company, in which the Company is interested in approximately 70.8% of its issued share capital) for the six months ended 30 June 2013.

Meantime, Hong Kong Monetary Authority imposed stricter mortgage rules, making buyers difficult in getting property loan. All the above measures have affected the speculators, long-term investors, foreign buyers and upgraders.

Furthermore, schedule of new project sales was interrupted as well. Since the implementation of Residential Properties (First-hand Sales) Ordinance in late April 2013, the pace of new launches has been much slower than normal. Battered by various government measures, the property market turned extremely quiet in the past few months. According to the figures from Land Registry, property sales registrations in the second quarter of this year fell to 14,291 units, a new quarterly low in the past twenty two years. And on a yearly basis, the overall property sales transaction volume* fell 37.5% in the first six months of 2013. Against a backdrop of low unemployment rate and healthy economic growth, the property market should have performed better if the interventions had been less intense.

**Given the normal one-month time lag between property transactions and registrations at Land Registry, the total transaction volume for the first half of this year is based on number of the Agreements for Sale and Purchase of Building Units for registration in the period from February to July this year.*

Fierce Competition

As expected, the property agency industry has started consolidating. Both the number of "statements of particulars of business (SPOB)" which reflects the number of branches within the industry and the number of individual licences peaked off in the second quarter. However, the pace of the industry consolidation has been slow in relation to the contraction of the market activity. Hence the level of competition has become even more intense, in turn reducing the room for the Group to make adjustment in scale. The fierce competitive environment together with the upward pressure on cost led to the increase in operating costs during the reporting period.

Mainland Operations

Our operations on the Mainland showed significant improvement in the first half of 2013. Since 2011, the Group has stepped up its focus strategy and allocated more resources to the southern part of Mainland China. Despite the slowdown of Mainland China's GDP growth, the Mainland property market, especially the new home segment, showed solid performance. During the reporting period, the Group strengthened its presence on the Mainland, and the revenue contribution from our Mainland operations grew significantly in both absolute and percentage terms.

Outlook

The Group holds an even more cautious view than before on the business environment. Undoubtedly, the macroeconomic environment has improved. The US economy recovered steadily in the first half of the year while the economic conditions in Europe did not show signs of further deterioration. Moreover the Central Government is expected to support the China's GDP growth through its prudent monetary policy and proactive fiscal policy. Against such a backdrop, the local economy is likely to grow moderately in 2013. However the property market is not likely to revive as long as those demand suppressing measures are in place.

Unfavorable Housing Policies

Under the influence of the current housing policies, the overall market sales activity is expected to remain subdued in the second half of the year. Convention wisdom suggests that significant decrease in transaction volume will trigger a drop in property prices which may revive the market activity. This self-adjustment process, however, has not taken place. One major reason is that property prices still have not corrected substantially as most of the individual home owners do not have the needs to sell their properties under the current low interest rate environment. Despite the sharp drop in sales activity, the government officials still have not softened their rhetoric on the policies of curbing market demand. The general market consensus is that the government is not likely to lower the dose of medicine, which has been prescribed for the market property anytime soon.

Primary home sales, however, is expected to report growth in the second half of the year when compared with that of the first half of the year. For a start, developers will speed up the pace of new launches because the residential supply is on the rise. According to a report published by Transport and Housing Bureau in June 2013, the number of new units which are available for sale in next three to four years amounted to 70,000 units, more than quintuple the number of the new home sales registrations in 2012. Furthermore, the backlog of new housing projects resulted from the implementation of Residential Properties (First-hand Sales) Ordinance is likely to be released in the second half of the year. Having said that, the Group expects the number of new home sales in the second half of this year to fall short of that in the corresponding period in last year.

Embracing Challenges, Overcoming Difficulties

Year 2013 marks the 40th anniversary of Midland Realty, and throughout all these years, the Group has developed well-adopted and effective approaches of riding the market volatility. The Group will continue to keep monitoring the market situation and the competitive environment and will endeavour to carry out suitable approaches in strengthening market position and controlling cost. The Board and I are confident that the Group can be well-positioned in this policy-driven market. Admittedly, the government policies may have already brought the golden decade of the property market which began after SARS to an end. In response, the growth of our local branch network has been tapering off rapidly. Meantime the Group has strived to expand its revenue source. For instance, the Group has continued to foster co-operation between the residential property division and the non-residential property division of the Group. Indeed, the participation of the residential division in the sale of stratified commercial units has achieved desirable results. Also, our China division has shown improvements in operating efficiencies in recent years. As a matter of fact, the scale of our Mainland operations outgrew that of our local operations in the reporting period. This year, the Group has made one step forward in setting up new business initiative in marketing the overseas properties. Amid this challenging period, the Group has formed "Midland Motivational Motion"-MMM, a special task force to keep inspiring the fighting spirits of our staff through motivations, encouragements and incentives.

FINANCIAL REVIEW

Liquidity, Financial Resources and Funding

As at 30 June 2013, the Group had cash and bank balances of HK$1,081,670,000 (as at 31 December 2012: HK$1,289,966,000), whilst bank loan amounted to HK$10,480,000 (as at 31 December 2012: HK$10,926,000). The Group's bank loan was secured by certain land and buildings and investment property held by the Group of HK$25,241,000 (as at 31 December 2012: HK$25,607,000) and HK$1,100,000 (as at 31 December 2012: HK$1,070,000) respectively and with maturity profile set out as follows:

Repayable	**As at 30 June 2013** *HK$'000*	As at 31 December 2012 *HK$'000*
Within 1 year	**908**	893
After 1 year but within 2 years	**925**	910
After 2 years but within 5 years	**2,882**	2,838
Over 5 years	**5,765**	6,285
	10,480	10,926

Note : The amounts due are based on the scheduled repayment dates set out in the loan agreement and ignore the effect of any repayment on demand clause.

As at 30 June 2013, the Group had unutilised banking facilities amounting to HK$144,171,000 (as at 31 December 2012: HK$184,221,000) from various banks. The Group's cash and bank balances are deposited in Hong Kong Dollars, United States Dollars, Renminbi and Macau Pataca, and the Group's bank loan is in Hong Kong Dollars. No currency hedging tool is used. The bank loans and overdraft facilities were granted to the Group on a floating rate basis.

As at 30 June 2013, the gearing ratio of the Group was 0.64% (as at 31 December 2012: 0.61%). The gearing ratio is calculated on the basis of total bank loans over total equity of the Group. The liquidity ratio of the Group, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 1.9 (as at 31 December 2012: 1.8).

The directors of the Company (the "Directors") are of the view that there are sufficient financial resources to satisfy the Group's capital commitments and on-going working capital requirements.

Capital Structure and Foreign Exchange Exposure

During the Interim Period, there was no material change in the Company's capital structure. The Group generally finances its operations and investing activities with equity holders' funds.

The Group's income and monetary assets and liabilities are mainly denominated in Hong Kong Dollars. The Directors considered that the foreign exchange exposure of the Group is minimal.

Contingent Liabilities

The Company executed corporate guarantees as part of the securities for general banking facilities granted to certain wholly-owned subsidiaries of the Company.

Employee Information

As at 30 June 2013, the Group employed 9,576 full time employees of which 8,306 were sales agents, 580 were back office supportive employees and 690 were frontline supportive employees.

The Group provides remuneration package to employees largely based on industry practice, individual performance, qualification and experience. In addition, discretionary bonus, incentives tied in with profits and share option may be granted to eligible staff by reference to the Group's performance and individual performance. The Group also provides other benefits to its employees such as education subsidies, medical and retirement benefits. On staff development, both in-house and external training and development programmes are conducted on a regular basis.

INTERIM DIVIDEND

The Board does not declare an interim dividend for the Interim Period (2012: HK$0.1434 per ordinary share).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Interim Period.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report as stated in Appendix 14 to the Listing Rules throughout the Interim Period.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company (the "Audit Committee") comprises four Independent Non-executive Directors with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. The Audit Committee has reviewed and discussed with the management the unaudited condensed consolidated interim financial information of the Group for the Interim Period. PricewaterhouseCoopers as the Company's auditor has reviewed the unaudited interim financial information of the Group for the Interim Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Appendix 10 to the Listing Rules.

Specific enquiries had been made to all Directors, they have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions throughout the Interim Period.

PUBLICATION OF INTERIM RESULTS AND 2013 INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.midland.com.hk). The 2013 Interim Report will be despatched to the shareholders of the Company and will be published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to express heartfelt gratitude to our shareholders and customers for their continuous support and to the management and staff for their hard work, support and dedication in the challenging first half of the year.

By Order of the Board
Midland Holdings Limited
WONG Kin Yip, Freddie
Chairman

Hong Kong, 23 August 2013

As at the date of this announcement, the Board comprises eleven Directors, of which seven are Executive Directors, namely Mr. WONG Kin Yip, Freddie, Ms. TANG Mei Lai, Metty, Ms. WONG Ching Yi, Angela, Mr. WONG Tsz Wa, Pierre, Mr. CHAN Kwan Hing, Ms. IP Kit Yee, Kitty and Mr. CHEUNG Kam Shing; and four are Independent Non-executive Directors, namely Mr. KOO Fook Sun, Louis, Mr. SUN Tak Chiu, Mr. WANG Ching Miao, Wilson and Mr. CHAN Nim Leung, Leon.