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Midland IC&I Limited

美聯工商舖有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 459)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board of directors (the “Board”) of Midland IC&I Limited (the “Company”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2014 (the “Interim Period”) together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2014

	Note	Six months ended 30 June	
		2014 HK\$'000	2013 HK\$'000
Revenues	3	245,017	380,829
Other income	4	2,213	4,219
Staff costs		(129,889)	(192,811)
Rebate incentives		(51,742)	(77,063)
Advertising and promotion expenses		(6,585)	(10,368)
Operating lease charges in respect of office and shop premises		(16,931)	(16,280)
Impairment of receivables		(11,920)	(34,388)
Depreciation and amortisation costs		(3,883)	(3,077)
Other operating costs		(14,541)	(21,220)
Operating profit		<u>11,739</u>	29,841
Finance income		1,280	1,211
Finance costs		(91)	(100)
Profit before taxation		<u>12,928</u>	30,952
Taxation	5	(1,404)	(4,257)
Profit for the period attributable to owners of the Company		<u>11,524</u>	26,695
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		-	18
Total comprehensive income for the period attributable to owners of the Company		<u>11,524</u>	<u>26,713</u>

* For identification purpose only

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED) (continued)

For the six months ended 30 June 2014

	<i>Note</i>	Six months ended 30 June 2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	6		
Basic		0.08	0.19
Diluted		0.08	0.19

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2014

		As at 30 June 2014 HK\$'000	As at 31 December 2013 HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		8,352	12,177
Investment properties		57,500	57,400
Deferred taxation assets		3,019	2,064
		<u>68,871</u>	<u>71,641</u>
Current assets			
Trade and other receivables	8	196,019	185,939
Tax recoverable		1	1,496
Cash and bank balances		601,865	572,220
		<u>797,885</u>	<u>759,655</u>
Total assets		<u>866,756</u>	<u>831,296</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		137,000	137,000
Share premium		549,168	549,168
Reserves		(8,190)	(19,714)
Total equity		<u>677,978</u>	<u>666,454</u>
Non-current liabilities			
Deferred taxation liabilities		478	473
Current liabilities			
Trade and other payables	9	176,405	151,788
Bank loan		9,576	10,030
Taxation payable		2,319	2,551
		<u>188,300</u>	<u>164,369</u>
Total liabilities		<u>188,778</u>	<u>164,842</u>
Total equity and liabilities		<u>866,756</u>	<u>831,296</u>
Net current assets		<u>609,585</u>	<u>595,286</u>
Total assets less current liabilities		<u>678,456</u>	<u>666,927</u>

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The Company is a limited liability company incorporated in the Cayman Islands and listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal office in Hong Kong is Room 1801A, 18th Floor, Office Tower One, Grand Plaza, 625 & 639 Nathan Road, Mongkok, Kowloon, Hong Kong.

The principal activities of the Group are provision of property agency services in respect of commercial and industrial properties and shops in Hong Kong.

The ultimate holding company is Midland Holdings Limited, a company incorporated in Bermuda and listed in Hong Kong.

This unaudited condensed consolidated interim financial information has been approved by the Board on 25 August 2014.

2 Basis of preparation and significant accounting policies

The condensed consolidated interim financial information for the six months ended 30 June 2014 has been prepared under the historical cost convention as modified by the revaluation of investment properties, 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 (the "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 2013, 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 2013 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 2014.

2 Basis of preparation and significant accounting policies (Continued)

Effect of adopting amendments to standards

The following amendments to standards are mandatory for accounting periods beginning on or after 1 January 2014. 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 accounting 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 - Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment Entities	1 January 2014
HK(IFRIC) – Int 21	Levies	1 January 2014

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 financial year beginning 1 January 2014 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions	1 July 2014
HKFRS 9	Financial Instruments	To be determined
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
Annual Improvement Projects	Annual Improvements 2010 – 2013 Cycle	1 July 2014

3 Revenues and segment information

(a) Revenues

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Turnover		
Agency fee	243,999	369,929
Internet education and related services	-	9,969
	<u>243,999</u>	<u>379,898</u>
Other revenues		
Rental income from a fellow subsidiary	996	900
Rental income from a third party	22	21
Others	-	10
	<u>245,017</u>	<u>380,829</u>
Total revenues	<u>245,017</u>	<u>380,829</u>

(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 business principally located in Hong Kong, which comprises property agency businesses for commercial and industrial properties and shops, and other business which mainly includes the provision of internet education and related services. The internet education and related services business was disposed of in August 2013.

	Six months ended 30 June 2014				
	Property agency				
	Commercial properties	Industrial properties	Shops	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total revenues	71,679	39,555	142,268	-	253,502
Inter-segment revenues	(3,813)	(2,387)	(3,303)	-	(9,503)
	<u>67,866</u>	<u>37,168</u>	<u>138,965</u>	<u>-</u>	<u>243,999</u>
Revenues from external customers	<u>67,866</u>	<u>37,168</u>	<u>138,965</u>	<u>-</u>	<u>243,999</u>
Segment results	<u>(1,055)</u>	<u>495</u>	<u>17,375</u>	<u>(3)</u>	<u>16,812</u>
Impairment of receivables	774	2,930	8,216	-	11,920
Depreciation and amortisation costs	1,301	1,240	1,219	-	3,760
Additions to non-current assets	21	14	57	-	92
Loss on disposal of property, plant and equipment	-	46	-	-	46
	<u>-</u>	<u>46</u>	<u>-</u>	<u>-</u>	<u>46</u>

3 Revenues and segment information (Continued)

(b) Segment information (Continued)

	Six months ended 30 June 2013				Total HK\$'000
	Property agency				
	Commercial properties HK\$'000	Industrial properties HK\$'000	Shops HK\$'000	Others HK\$'000	
Total revenues	150,287	67,637	176,607	9,986	404,517
Inter-segment revenues	(14,456)	(1,274)	(8,872)	(17)	(24,619)
Revenues from external customers	<u>135,831</u>	<u>66,363</u>	<u>167,735</u>	<u>9,969</u>	<u>379,898</u>
Segment results	<u>17,760</u>	<u>1,747</u>	<u>14,661</u>	<u>486</u>	<u>34,654</u>
Impairment of receivables	9,837	10,454	13,947	150	34,388
Depreciation and amortisation costs	924	880	804	363	2,971
Additions to non-current assets	<u>1,325</u>	<u>2,189</u>	<u>1,911</u>	<u>115</u>	<u>5,540</u>

The Executive Directors assess the performance of the operating segments based on a measure of operating results from each reportable segment. Corporate expenses, fair value gain on investment properties, 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 statement of comprehensive income.

Reportable revenues from external customers are reconciled to total revenues as follows:

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Revenues from external customers for reportable segments	243,999	379,898
Rental income from a fellow subsidiary	996	900
Rental income from a third party	22	21
Others	-	10
Total revenues per consolidated statement of comprehensive income	<u>245,017</u>	<u>380,829</u>

3 Revenues and segment information (Continued)

(b) Segment information (Continued)

A reconciliation of segment results to profit before taxation is provided as follows:

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Segment results for reportable segments	16,812	34,654
Corporate income	2,024	-
Corporate expenses	(7,197)	(8,843)
Fair value gain on investment properties	100	4,030
Finance income	1,280	1,211
Finance costs	(91)	(100)
	<hr/>	<hr/>
Profit before taxation per consolidated statement of comprehensive income	12,928	30,952
	<hr/> <hr/>	<hr/> <hr/>

Segment assets and liabilities exclude corporate assets and liabilities and deferred taxation, which are managed on a central basis. The following is total segment assets and liabilities by reportable segment:

As at 30 June 2014

	Property agency				Total
	Commercial properties	Industrial properties	Shops	Others	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	77,301	41,886	114,670	61	233,918
Segment liabilities	49,406	20,639	89,885	-	159,930
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

As at 31 December 2013

	Property agency				Total
	Commercial properties	Industrial properties	Shops	Others	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	88,962	149,298	90,457	61	328,778
Segment liabilities	53,062	22,639	64,002	-	139,703
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

3. Revenues and segment information (continued)

(b) Segment information (continued)

Reportable segment assets are reconciled to total assets as follows:

	As at 30 June 2014 HK\$'000	31 December 2013 HK\$'000
Segment assets	233,918	328,778
Corporate assets	629,819	500,454
Deferred taxation assets	3,019	2,064
Total assets per consolidated balance sheet	<u>866,756</u>	<u>831,296</u>

Reportable segment liabilities are reconciled to total liabilities as follows:

	As at 30 June 2014 HK\$'000	As at 31 December 2013 HK\$'000
Segment liabilities	159,930	139,703
Corporate liabilities	28,370	24,666
Deferred taxation liabilities	478	473
Total liabilities per consolidated balance sheet	<u>188,778</u>	<u>164,842</u>

4 Other income

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Service fee from a fellow subsidiary	2,024	-
Fair value gain on investment properties	100	4,030
Others	89	189
	<u>2,213</u>	<u>4,219</u>

5 Taxation

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Current		
Hong Kong profits tax	2,354	3,152
Deferred	(950)	1,105
	<u>1,404</u>	<u>4,257</u>

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2013: 16.5%) on the estimated assessable profit for the Interim Period.

6 Earnings per share

The calculation of basic and diluted earnings per share for the period is based on the following:

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Profit attributable to owners of the Company	<u>11,524</u>	<u>26,695</u>
Number of shares for calculation of basic earnings per share (thousands)	13,700,000	13,700,000
Effect on conversion of share options (thousands)	-	1,403
Number of shares for calculation of diluted earnings per share (thousands)	<u>13,700,000</u>	<u>13,701,403</u>
Basic earnings per share (HK cents)	0.08	0.19
Diluted earnings per share (HK cents)	<u>0.08</u>	<u>0.19</u>

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of shares in issue during the period.

In calculating the diluted 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 share 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 earnings per share for the period ended 30 June 2014 did not assume the exercise of share options since the exercise of share options would have an anti-dilutive effect.

7 Interim dividend

The Board does not declare an interim dividend for the Interim Period (six months ended 30 June 2013: Nil).

8 Trade and other receivables

The 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 the 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 2014 HK\$'000	As at 31 December 2013 HK\$'000
Not yet due	150,534	136,803
Less than 30 days	11,738	15,601
31 to 60 days	6,993	4,437
61 to 90 days	2,673	1,293
Over 90 days	8,768	9,728
	180,706	167,862

9 Trade and other payables

Commissions payable to property consultants, co-operative estate agents and clients are due for payment only upon the receipt of corresponding agency fees from customers. These balances include HK\$21,900,000 (as at 31 December 2013: HK\$15,906,000) which are due for payment within 30 days, and all the remaining commissions payable are not yet due.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2014, the Group recorded a net profit of HK\$11,524,000, down 56.8% from the corresponding period in 2013, while revenue for the period decreased by 35.7% to HK\$245,000,000. According to figures from the Land Registry, 2,680 registrations of non-residential properties transactions were recorded in the first half of 2014, involving approximately HK\$36 billion, down 61.4% and 52.2% year-on-year respectively.

Market transactions primarily focused on low-price properties

As the industrial, commercial and shop sectors were continuously hit by the property market cooling measures, transaction volume once fell to the trough in the first half, with no more than 450 transactions on average per month. Amongst the various segments, the impact on the medium-price property was noticeable and transactions were mostly at the low end of the segment with value below HK\$3 million. These properties were popular among investors primarily because of the relatively low investment costs, and provided support to the industrial, commercial and shop sectors in the first half of the year. In response to market conditions, the Group focused on the various projects for subdivision in which its members were appointed as exclusive agents in the first half of the year. Sales performance of such projects was very satisfactory and generated revenue for the Group as well as invigorated the market. In particular, a batch of remaining subdivided units of The CUBE in Tsuen Wan was all sold out in less than a few days in March 2014, while most of the subdivided units in KINGSWOOD CITY, Tin Shui Wai, in which the member of the Group acted as the exclusive agent, were all sold out within a short period of time in April, and raised approximately HK\$450 million for the vendor.

Investors with strong and solid financial strength were actively looking for investment opportunities to take advantage of a lukewarm market. Prices for shops in first-tier districts repeatedly hit record high. Following the sale of a spacious shop on Hennessy Road, Causeway Bay, for HK\$600 million in early 2014, a shop on the ground level on Percival Street, Causeway Bay with a price of HK\$925,000 per square foot (gross floor area), became the record deal in Hong Kong. The high price in urban area prompted investors in shops to switch to second- and third-tier districts, so that transactions of shops over HK\$100 million in Yuen Long and Tuen Mun were frequent. However, behind the record high, transactions dropped substantially and the gap between vendors and purchasers widened. Besides, Citigroup's acquisition of the East Tower in One Bay East in Kowloon Bay from Wheelock Properties at HK\$5.425 billion made adjustment in property prices difficult.

Prices of industrial, commercial and shop sectors remained steady

In the first half of 2014, transaction volume in the industrial, commercial and shop sectors hovered at around a low level. With respect to shops, the slow down in the growth in the number of new tourists visiting Hong Kong, and the downward trend in both retail sales value and volume as compared with the corresponding period last year, has resulted in general pressure on the prices and rental of first-tier shops and a substantial slow down in percentage rise. However, the sales of subdivided units in a number of retail properties kept the number of transactions in shops sector stable. As to commercial properties, in view of a number of favourable news such as the development in Kowloon East, Shanghai-Hong Kong Stock Connect and the sale of uncompleted first-hand commercial premises, en bloc transactions and transactions in relation to spacious properties were recorded occasionally, but this trend was not vibrant. In relation to industrial properties, the market sentiment was relatively stable. Industrial and commercial properties still benefited from the policy of the revitalization of industrial buildings and uses in industrial buildings became more diversified, which supported transactions in industrial and commercial properties. In the lackluster market, the Group continued to maintain its high quality service and to be the reliable partner for investors.

OUTLOOK

The industrial, commercial and shop sectors are anticipated to recover in the second half of 2014 from all-time low in the first half of 2014 in view of a number of recent favourable factors. Transactions in the second quarter rebounded significantly as compared to the first quarter of 2014, but they were still far less than those prior to the introduction of the property market cooling measures. However, the market to a large extent has assimilated such measures, and some investors have already re-entered the market. The Group expects transactions to pick up in the second half which can benefit the Group's business.

In the second half of the year, the boom of low end segment is expected to continue and the trend in commercial premises is expected to be remarkable

The global economy has been expanding at a moderate pace in general, while the U.S. government has finalized its quantitative easing tapering timetable, but fortunately the rate-hike cycle has not yet started. However, the abundance of capital worldwide for the time being and the persistent inflow of Chinese and foreign funds into Hong Kong have fueled improvement in the financial market. Moreover, following the launch of the Shanghai-Hong Kong Stock Connect in the second half of the year, it is expected that both Chinese and foreign institutions will actively set up their bases in Hong Kong. As a result, rental and buying demand for commercial premises is anticipated to be on the rise in the core districts on Hong Kong Island, while investors will, by taking advantage of the low-interest-rate environment, continue to look for industrial and commercial properties and shops for long-term investment. Apart from commercial premises on Hong Kong Island, Kowloon East also shows good prospects. In the first half of the year, a number of en bloc transactions of commercial and industrial buildings were recorded, and relocation of foreign and large corporations to that area also took place. It is expected that the development potential in that area cannot be

underestimated. Following the commissioning of MTR lines in the southern and western districts on Hong Kong Island in the future, property prices in such districts could no doubt be viewed from a higher perspective.

However, given the slow down in the growth in the number of new tourists visiting Hong Kong and the downward trend in both retail sales value and volume as compared to corresponding period last year, it is expected that the increase in the prices and rental of shops will be under pressure. However, due to a short supply of shops and increasing demand for shops for retail, a sharp fall in transaction and price of shops will be unlikely. In a policy-driven market, low-price properties will continue to dominate the market, and a number of subdivided commercial premises and parking spaces will still be available for the Group in the second half of the year to generate revenue.

Fully geared up for turn-around

To fully seize every investment opportunity arising from the expected steady rise in the transaction volume in industrial, commercial and shop sectors as well as the successive launches of first-hand commercial premises, sale of uncompleted residential projects, as well as projects for subdivision, the Group has strengthened talent retention, in order to achieve a higher market share in the industrial and commercial properties and shop sectors.

FINANCIAL REVIEW

Liquidity, Financial Resources and Funding

As at 30 June 2014, the Group had cash and bank balances of HK\$601,865,000 (as at 31 December 2013: HK\$572,220,000), whilst bank loan amounted to HK\$9,576,000 (as at 31 December 2013: HK\$10,030,000). The Group's bank loan was secured by investment properties held by the Group of HK\$57,500,000 (as at 31 December 2013: HK\$57,400,000) and with maturity profile set out as follows:

Repayable	As at 30 June 2014 HK\$'000	As at 31 December 2013 HK\$'000
Within 1 year	922	913
After 1 year but within 2 years	938	930
After 2 years but within 5 years	2,923	2,895
Over 5 years	4,793	5,292
	<hr/> 9,576 <hr/>	<hr/> 10,030 <hr/>

Note: The above 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 2014, the Group had unutilised banking facilities amounting to HK\$15,500,000 (as at 31 December 2013: HK\$15,500,000) from a bank. The Group's cash and bank balances are deposited in Hong Kong Dollars and the Group's bank loan is in Hong Kong Dollars. The bank loans and overdraft facilities were granted to the Group on a floating rate basis.

As at 30 June 2014, the gearing ratio of the Group was 1.4% (as at 31 December 2013: 1.5%). The gearing ratio is calculated on the basis of the Group's total bank loan 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 4.2 (as at 31 December 2013: 4.6).

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 owners' funds.

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

Contingent Liabilities

As at 30 June 2014, the Company executed corporate guarantees amounting to HK\$29,780,000 (as at 31 December 2013: HK\$29,780,000) as the securities for general banking facilities and bank loan granted to its wholly-owned subsidiaries. As at 30 June 2014, HK\$9,576,000 of the banking facilities were utilised by a subsidiary (as at 31 December 2013: HK\$10,030,000).

The Group has been involved in certain claims/litigations in respect of property agency services. After seeking appropriate legal advice, the Directors are of the opinion that either no provision is required or that adequate provision has been made in the financial statements to cover any potential liabilities.

Employee Information

As at 30 June 2014, the Group employed 721 full-time employees (as at 31 December 2013: 746).

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 options 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. In respect of 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 (2013: Nil).

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

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

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code 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 three 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 Appendix 10 to the Listing Rules.

On specific enquiries made, all the Directors confirmed that they had 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 2014 INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.midlandici.com.hk). The 2014 Interim Report will be despatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

I would like to express my heartfelt gratitude to the management team and staff for their hardship in the six months, and take the chance to thank our shareholders and customers for their support.

By Order of the Board
Midland IC&I Limited
WONG Hon Shing, Daniel
Chief Executive Officer and Executive Director

Hong Kong, 25 August 2014

As at the date of this announcement, the Board comprises seven Directors, of which three are Executive Directors, namely Ms. TANG Mei Lai, Metty, Ms. WONG Ching Yi, Angela and Mr. WONG Hon Shing, Daniel; one is Non-executive Director, namely Mr. TSANG Link Carl, Brian (with Mr. CHU Kuo Fai, Gordon as his alternate); and three are Independent Non-executive Directors, namely Mr. YING Wing Cheung, William, Mr. SHA Pau, Eric and Mr. HO Kwan Tat, Ted.