



(1200) 香港聯交所上市公司

IR Presentation

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Financial Highlights

Business Overview

Prospects



2011 Annual Results

	2011	2010	2011 Vs 2010
Revenue (HK\$000)	3,397,723	3,736,952	-9.1%
Operating Costs (HK\$000)	3,221,461	3,113,025	+3.5%
Profit Before Tax (HK\$000)	212,057	687,167	-69.1%
Profit for the Period (HK\$000)	158,782	567,949	-72.0%
Profit Attributable to Equity Holders (HK\$000)	133,557	532,794	-74.9%

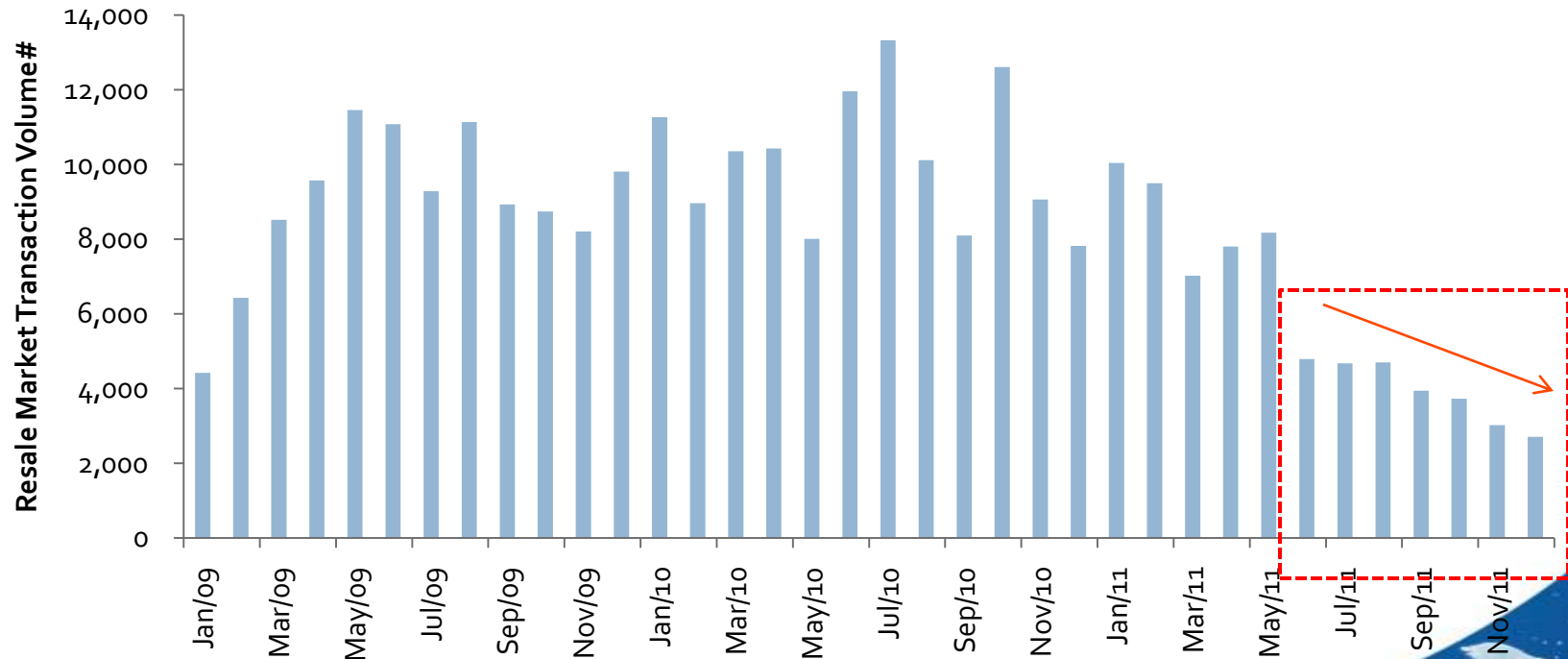


Reasons for Profit Decline

1. Sharp Drop in Sales Transaction Activity in the local market

- a) Introduction of Special Stamp Duty and the Tightening of Mortgage Lending
- b) Poor stock market sentiment in 2011
- c) Euro debt crisis exacerbated

Transaction Activities Fell in 2011

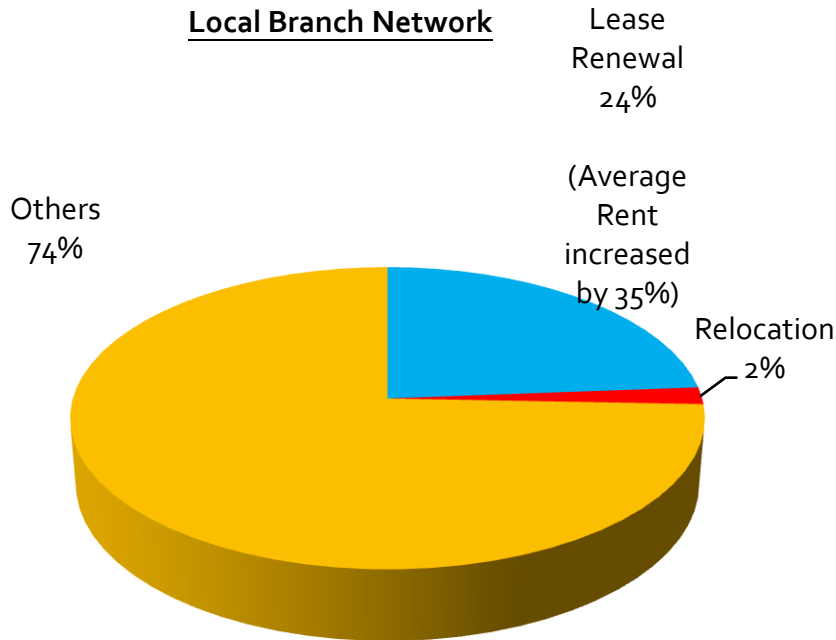


#After adjustment for the one-month time lag
Source : Land Registry and Midland Research

Reasons for Profit Decline

2. Upward pressure on Cost

- a) Min Wage Ordinance
- b) Positive Rental Revision



Change in Operating Cost

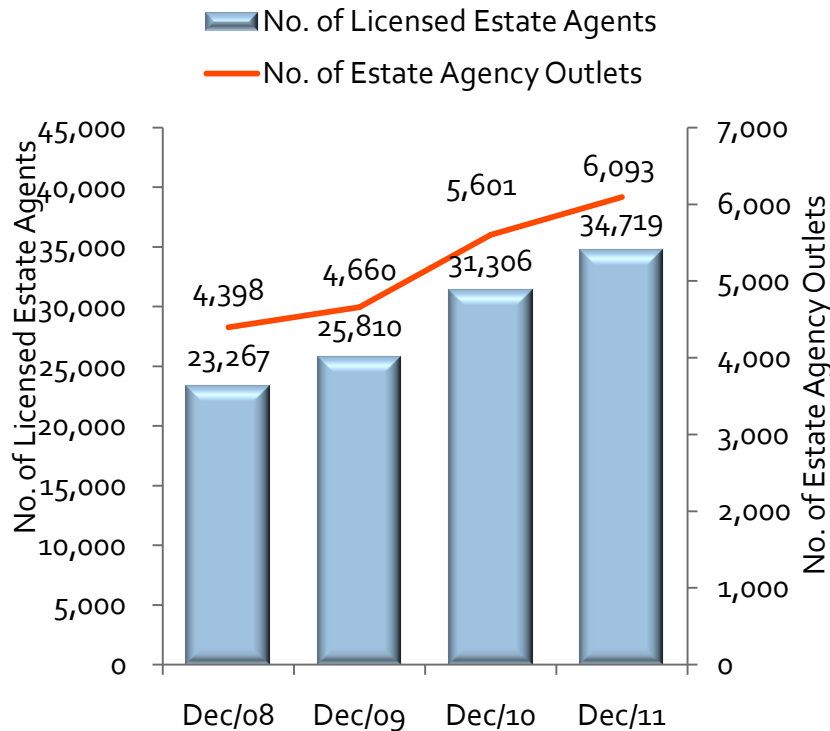
	2011 (HK\$M)	2010 (HK\$M)	+/-
Rent & Rates	403.55	302.83	33.3%
Frontline Staff Salary	543.73	467.54	16.3%
Operating Cost	3,221	3,113	3.5%

Reasons for Profit Decline

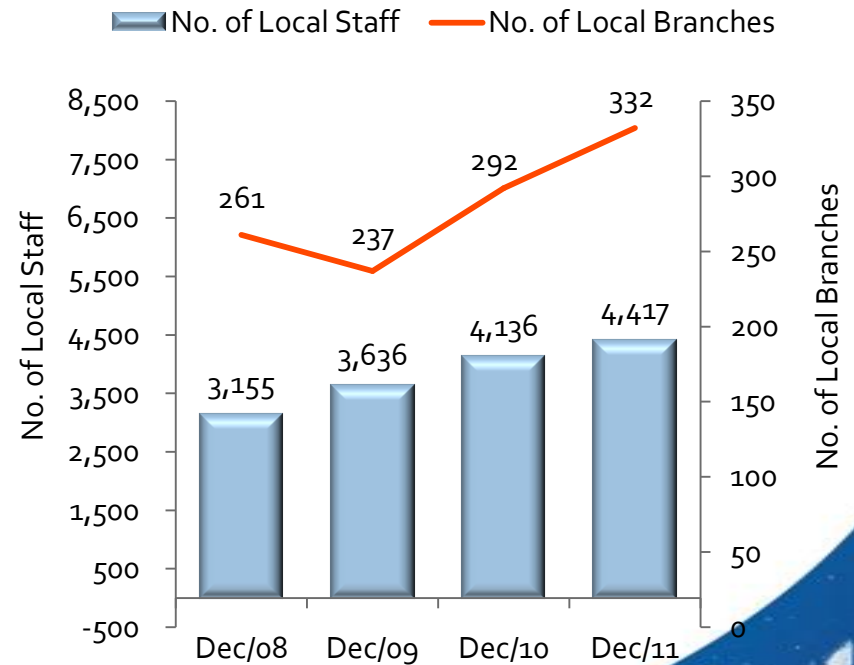
3. Increase in Scale in Hong Kong

- a) Competition intensified
- b) Staff rose 7%
- c) Branch network expanded 14%

Industry



Midland



Reasons for Profit Decline

4. Poor Financial Performance in Mainland China

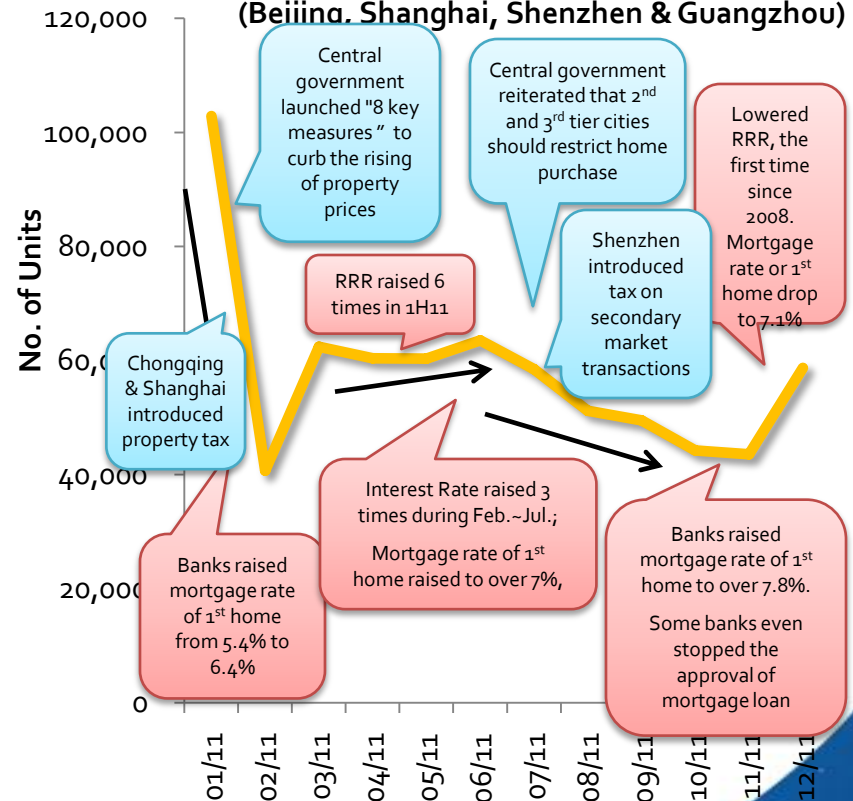
a) Austerity Measures

b) Transaction activity suffered a big blow

Secondary Market Transaction Activity*

Cities	2011 Vs. 2010
Beijing	-38%
Shenzhen	-46%
Guangzhou	-26%
Chengdu	-41%

Property Policy and the Transaction Vol. ** of the Big 4 Major Cities (Beijing, Shanghai, Shenzhen & Guangzhou)



*Overall market transaction volume

**Includes primary and secondary transactions of the 4 major cities

Source : Government Figures & Market Information

The Group Fared Better than the Market

	2010 (\$ M)	2011 (\$ M)	% change
Overall Property Transaction Value	703,825	556,642	-20.9%
Revenue of the group	3,737	3,398	-9.1%

The market activity in 2011 is generally reflected by the value of home sales registrations over Feb 2011 to Jan 2012. This is due to fact that most of the sales transactions are registered with the land registered few weeks after the deals are made.

Local Market Accounted for 90% of the Group's Revenue

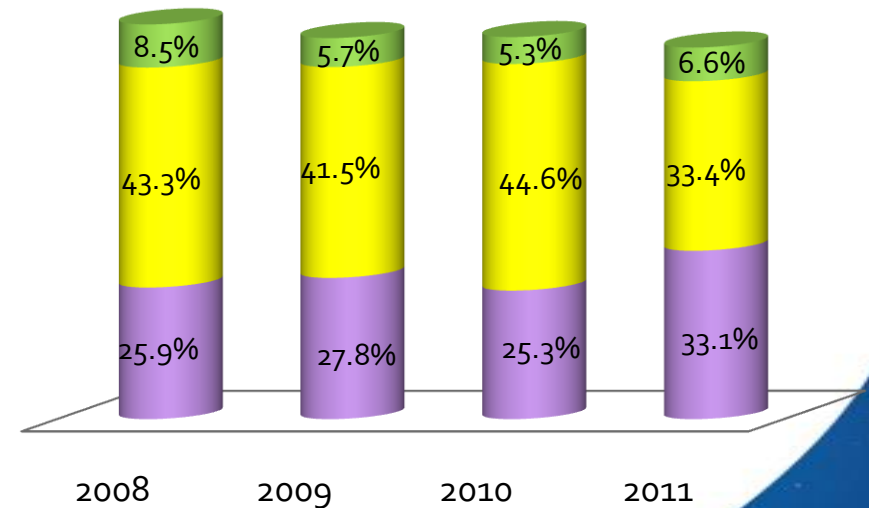
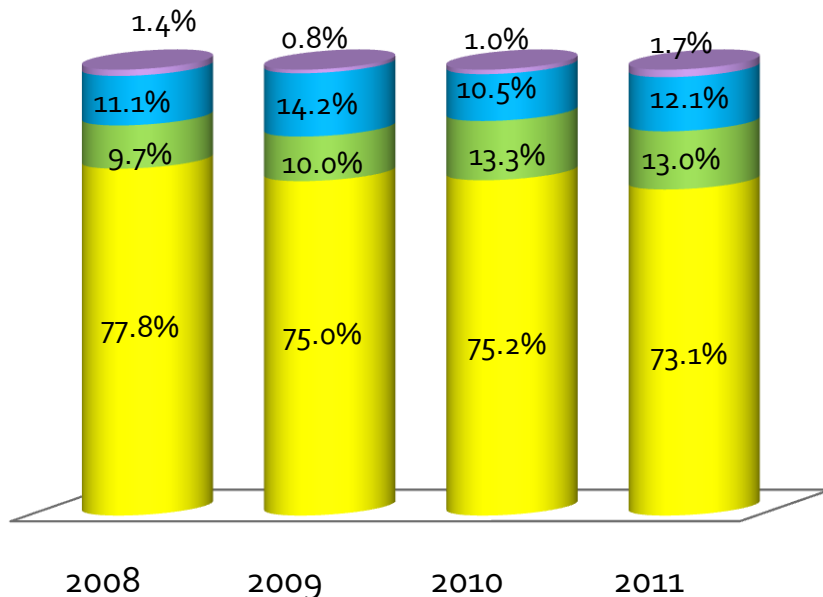
Local Market was still most important driver

In terms of Revenue

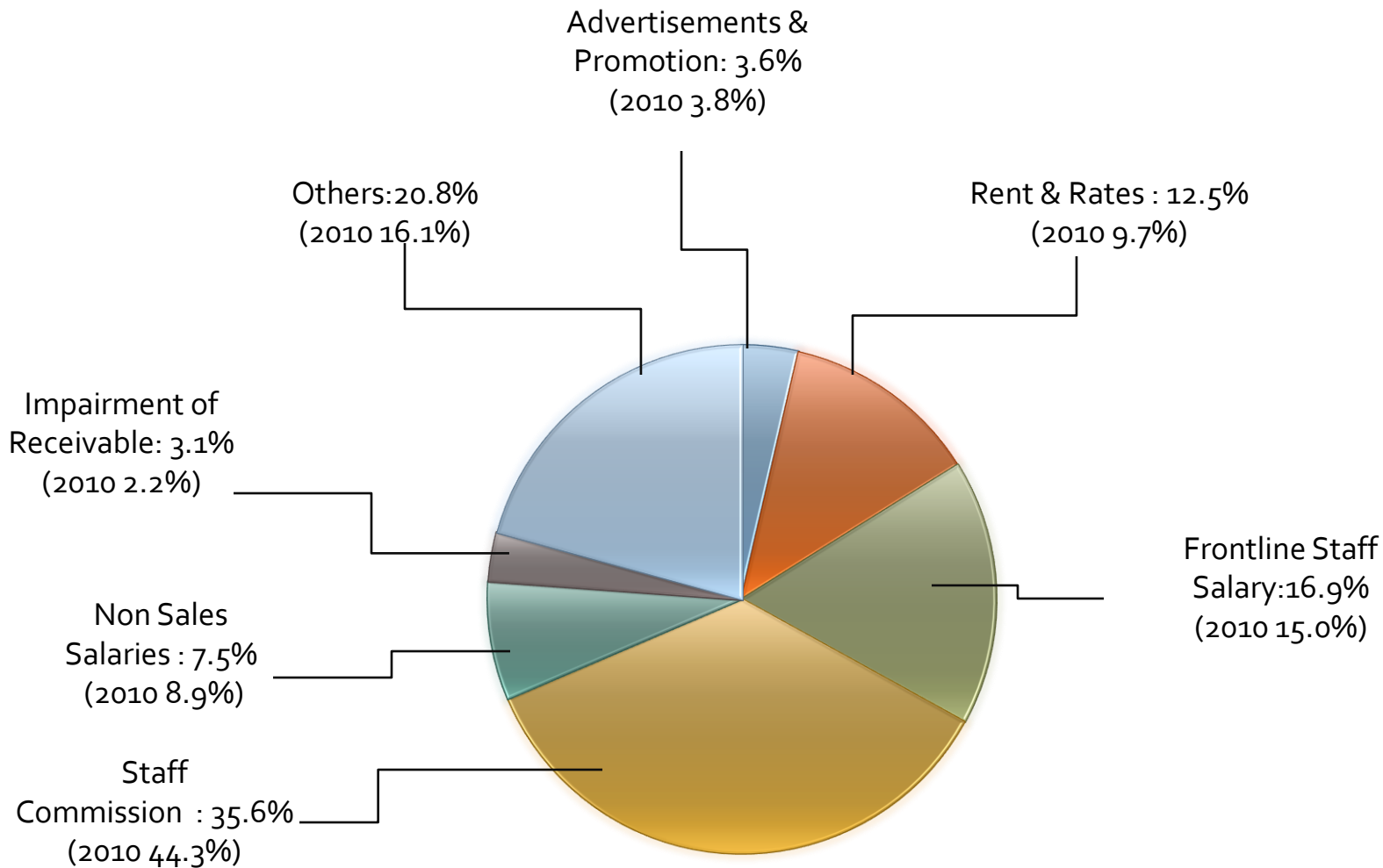
In terms of Revenue from residential sector(HK)

■ Macau
■ China Properties
■ Commercial Buildings
■ Residential

■ RentalMarket
■ Secondary Market
■ Primary Market



2011 Cost Breakdown



Financial Highlights

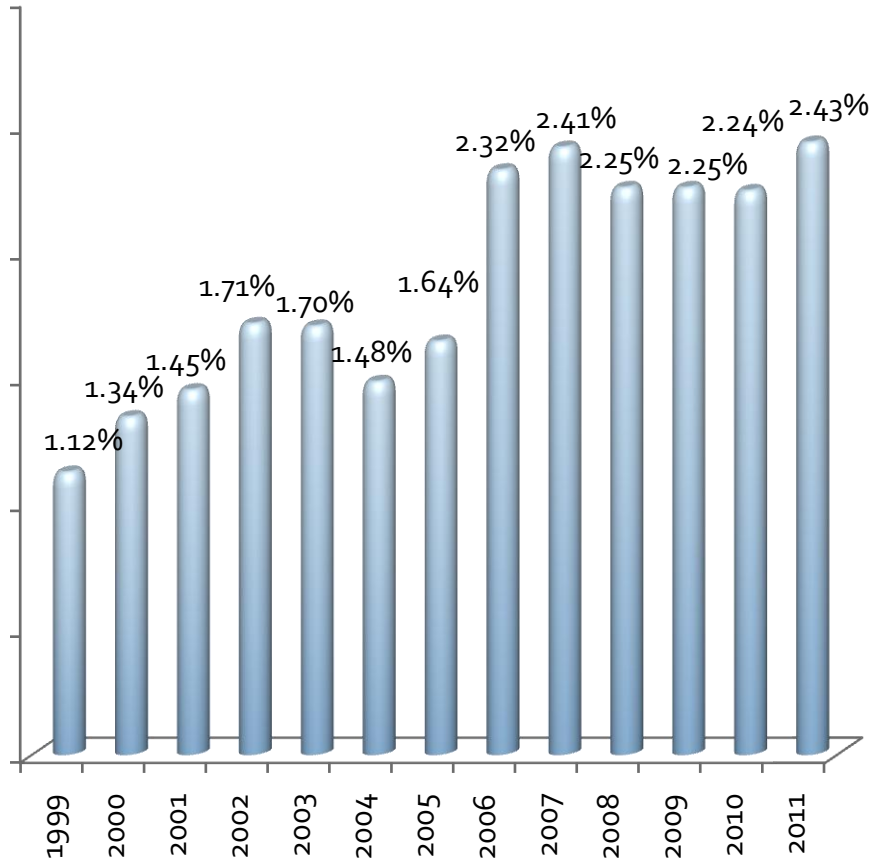
Business Overview

Prospects

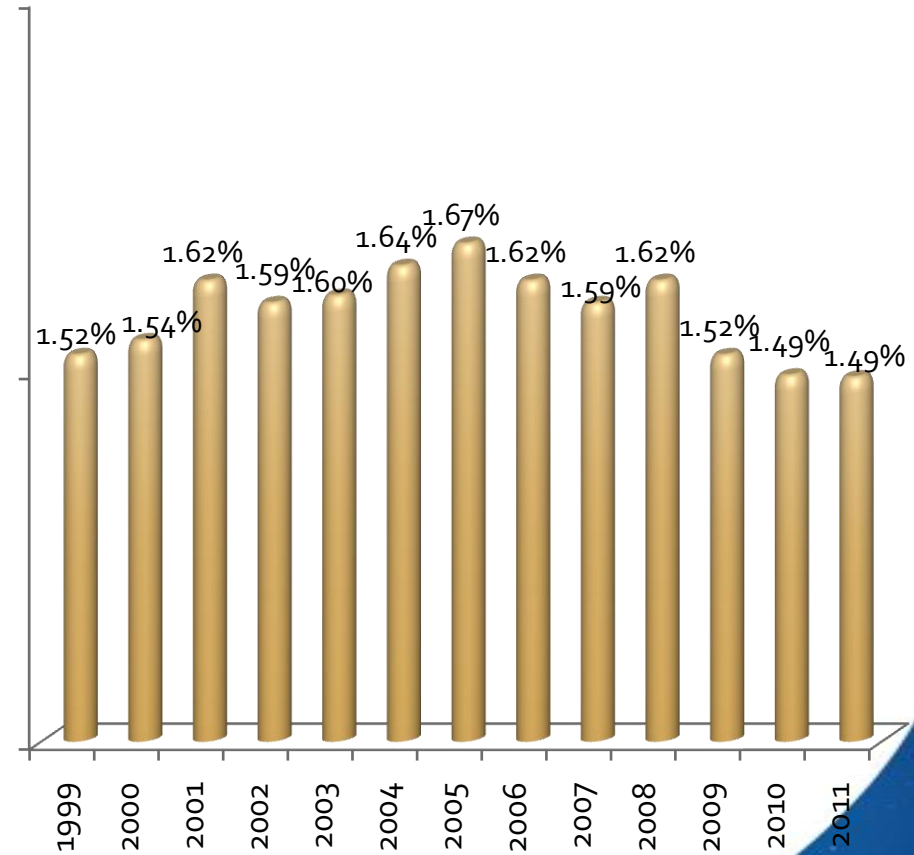


Commission Rate*

Commission rate as a % of the price for a new property

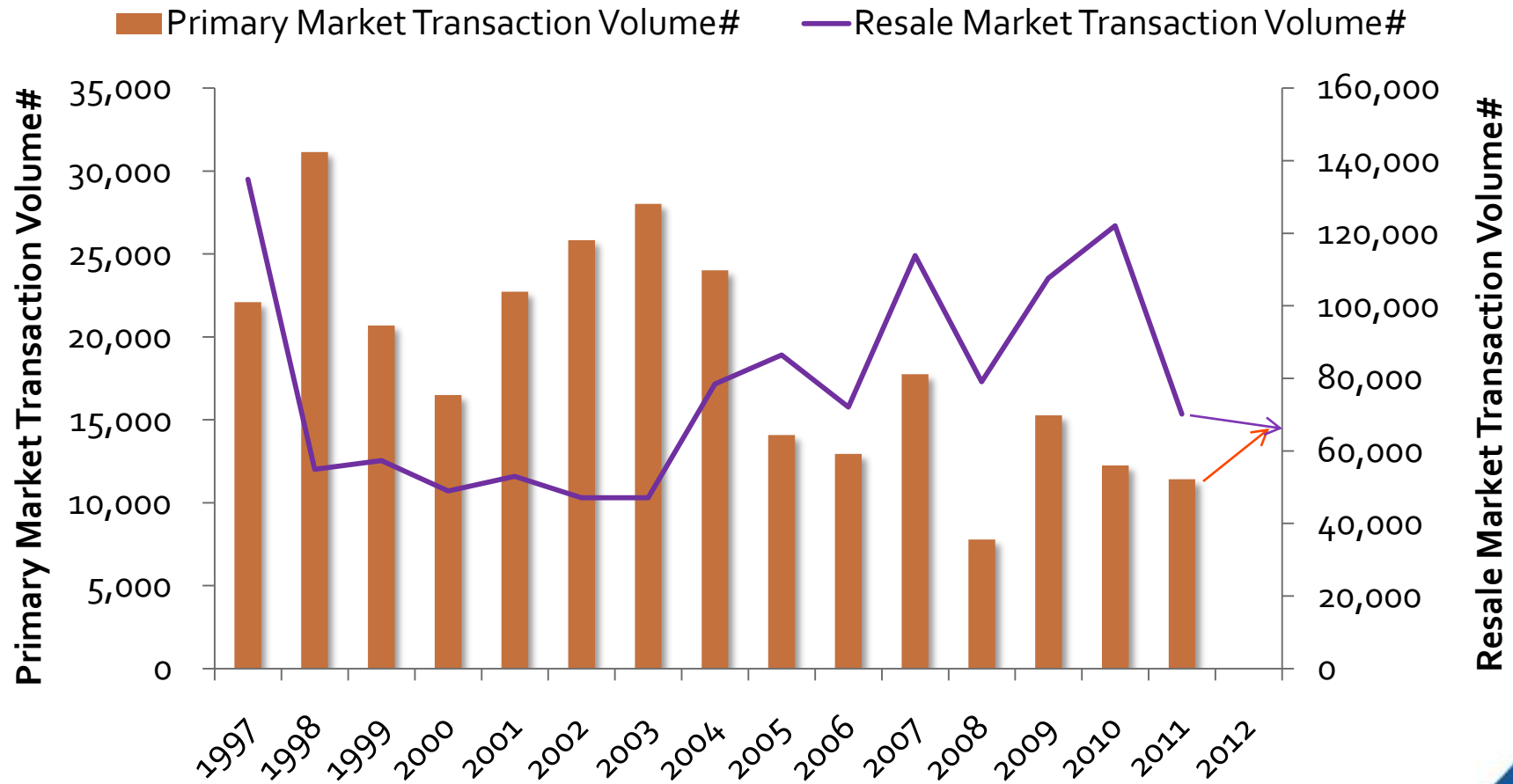


Commission rate as a % of the price for a resale property



*Hong Kong Residential Market

Primary Market is Expected to Outperform in this Year



#After adjustment for the one-month time lag

*Provisional Figure

Source : Land Registry and Midland Research

Sales Management Team has been Strengthened

A new position of Group Sales Management Director has been created

The sales head position in Kowloon has been shared by two veteran sales management staff.

Management team of the commercial division has been strengthened.



Competitive Commission Package

A committee comprising senior management staff has been established to enhance staff satisfaction

A management consultant is appointed to conduct a review on commission package

The group always strives its best to recruit and retain best staff

Committee

Chaired by Chairman and Managing Director, Mr. Freddie Wong
Group Sales Management Director, Mr. Pierre Wong
Deputy Chairman and Deputy Managing Director, Miss Angela Wong
Group Executive Director and CEO (Group Residential), Mr. Vincent Chan
Group Executive Director, Miss Kitty Ip
Group Executive Director, Mr. Victor Cheung
Senior Executive Director of Hong Kong Property, Mr. Jeffrey Ng
CEO (MICS), Mr. Thomas Kut
CEO (IC&I), Mr. Daniel Wong
CEO (Macau), Mr. Ronald Cheung



Multi-Pronged Marketing Efforts

Total Revamp of the website

Property Seminars

The screenshot shows the Midland Realty website homepage. The header features the company logo, a search bar, and navigation links for various services like '網上搵樓' (Online Search) and '最新成交' (Latest Transactions). The main banner displays the headline '樓市穩步 健康發展' (Real Estate Market Steadily Healthy Development) over a cityscape background. Below the banner, there are sections for '物業' (Property), '地區' (Area), and '分行' (Branch), along with a '快速搜尋' (Quick Search) form. A line graph titled '美聯樓價走勢圖' (Midland Property Price Trend Chart) is visible, showing price fluctuations over time. The left sidebar contains a list of navigation options, and the bottom section features a '今日焦點' (Today's Focus) article.



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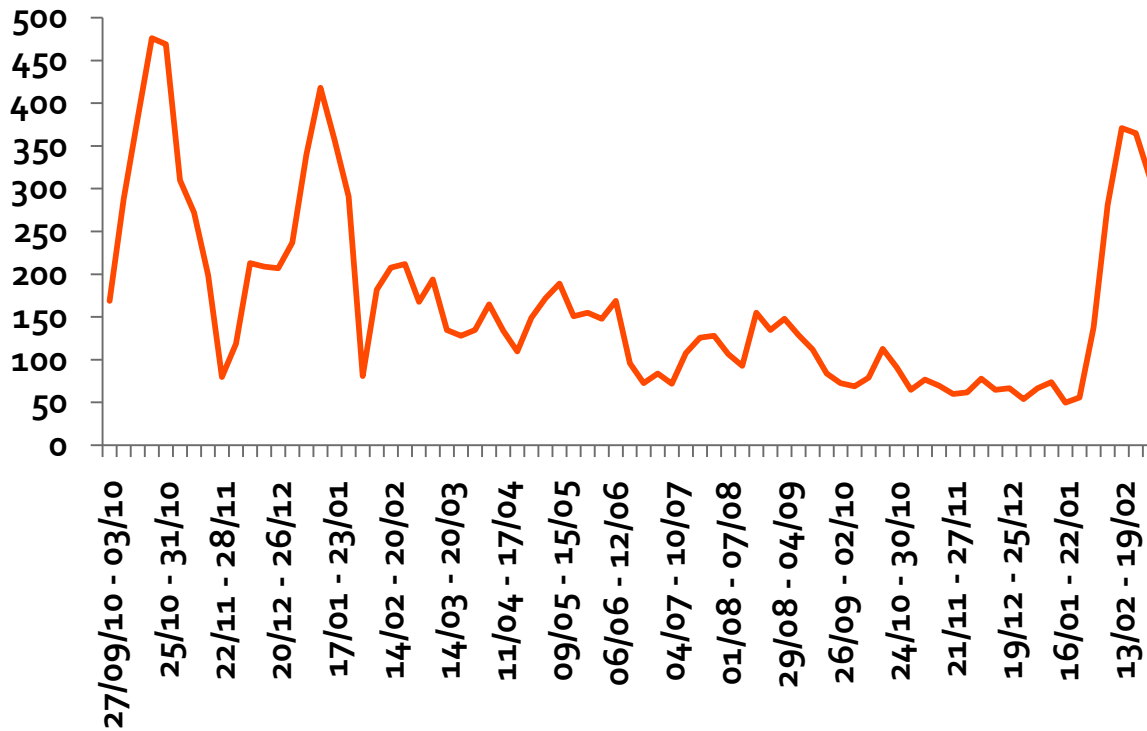
Reasons For Optimism

- Last year, the city's affordability ratio for homes hovered at a fairly relatively level of 40%.
- Speculators had stayed inactive throughout the year.
- There is still considerable potential demand for residential units both from the local population and mainlanders.
- Investment sentiment has improved momentarily
- Cost of funding is still low
- The release of pent up demand



Improvement in Sentiment after the Lunar New Year

Transactions of 35 Popular Estates



27/09/10 - 03/10/10	169	04/07/11 - 10/07/11	72
04/10/10 - 10/10/10	268	11/07/11 - 17/07/11	108
11/10/10 - 17/10/10	383	18/07/11 - 24/07/11	126
18/10/10 - 24/10/10	476	25/07/11 - 31/07/11	128
25/10/10 - 31/10/10	469	01/08/11 - 07/08/11	107
01/11/10 - 07/11/10	310	08/08/11 - 14/08/11	93
08/11/10 - 14/11/10	272	15/08/11 - 21/08/11	155
15/11/10 - 21/11/10	199	22/08/11 - 28/08/11	135
22/11/10 - 28/11/10	80	29/08/11 - 04/09/11	148
29/11/10 - 05/12/10	119	05/09/11 - 11/09/11	129
06/12/10 - 12/12/10	213	12/09/11 - 18/09/11	112
13/12/10 - 19/12/10	209	19/09/11 - 25/09/11	84
20/12/10 - 26/12/10	207	26/09/11 - 02/10/11	73
27/12/10 - 02/01/11	237	03/10/11 - 09/10/11	69
03/01/11 - 09/01/11	340	10/10/11 - 16/10/11	79
10/01/11 - 16/01/11	418	17/10/11 - 23/10/11	113
17/01/11 - 23/01/11	357	24/10/11 - 30/10/11	91
24/01/11 - 30/01/11	291	31/10/11 - 06/11/11	65
31/01/11 - 06/02/11	81	07/11/11 - 13/11/11	77
07/02/11 - 13/02/11	182	14/11/11 - 20/11/11	70
14/02/11 - 20/02/11	208	21/11/11 - 27/11/11	60
21/02/11 - 27/02/11	212	28/11/11 - 04/12/11	62
28/02/11 - 06/03/11	168	05/12/11 - 11/12/11	78
07/03/11 - 13/03/11	194	12/12/11 - 18/12/11	65
14/03/11 - 20/03/11	135	19/12/11 - 25/12/11	67
21/03/11 - 27/03/11	128	26/12/11 - 01/01/12	54
28/03/11 - 03/04/11	135	02/01/12 - 08/01/12	67
04/04/11 - 10/04/11	165	09/01/12 - 15/01/12	74
11/04/11 - 17/04/11	134	16/01/12 - 22/01/12	50
18/04/11 - 24/04/11	110	23/01/12 - 29/01/12	56
25/04/11 - 01/05/11	149	30/01/12 - 05/02/12	138
02/05/11 - 08/05/11	172	06/02/12 - 12/02/12	281
09/05/11 - 15/05/11	189	13/02/12 - 19/02/12	371
16/05/11 - 22/05/11	151	20/02/12 - 26/02/12	365
23/05/11 - 29/05/11	155	27/02/12 - 04/03/12	313
30/05/11 - 05/06/11	148		
06/06/11 - 12/06/11	169		
13/06/11 - 19/06/11	96		
20/06/11 - 26/06/11	73		
27/06/11 - 03/07/11	84		

Source : Midland Branches

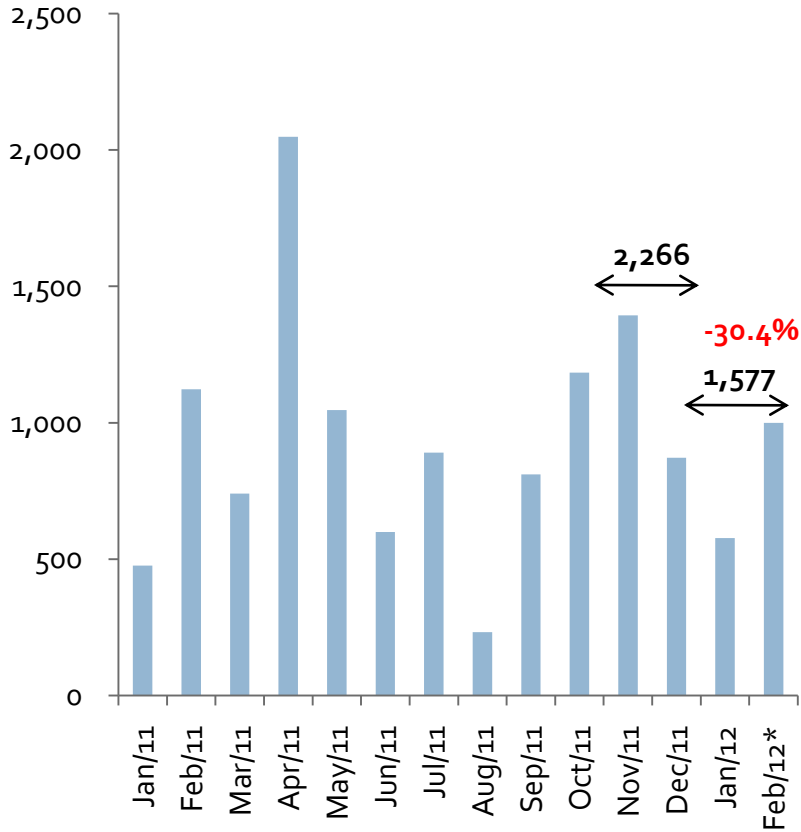
Reasons for the Recent Jump in Sales Activity

- Release of Pend Up Demand
- Low Interest Rate
- Banks have become more aggressive in mortgage lending

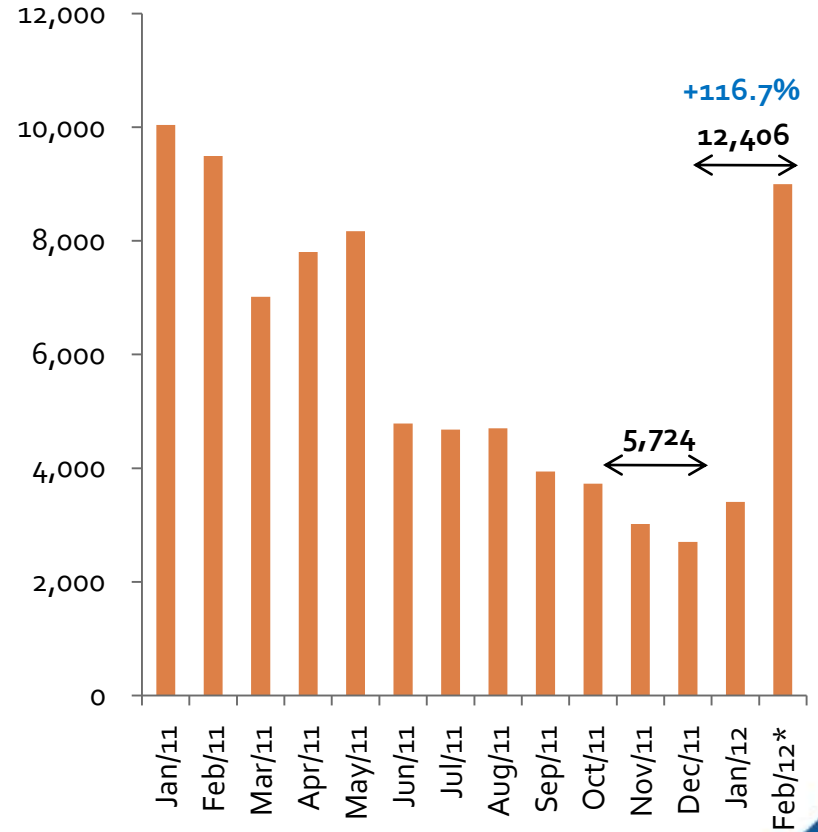


Recovery is led by Secondary Market

Primary Market



Secondary Market



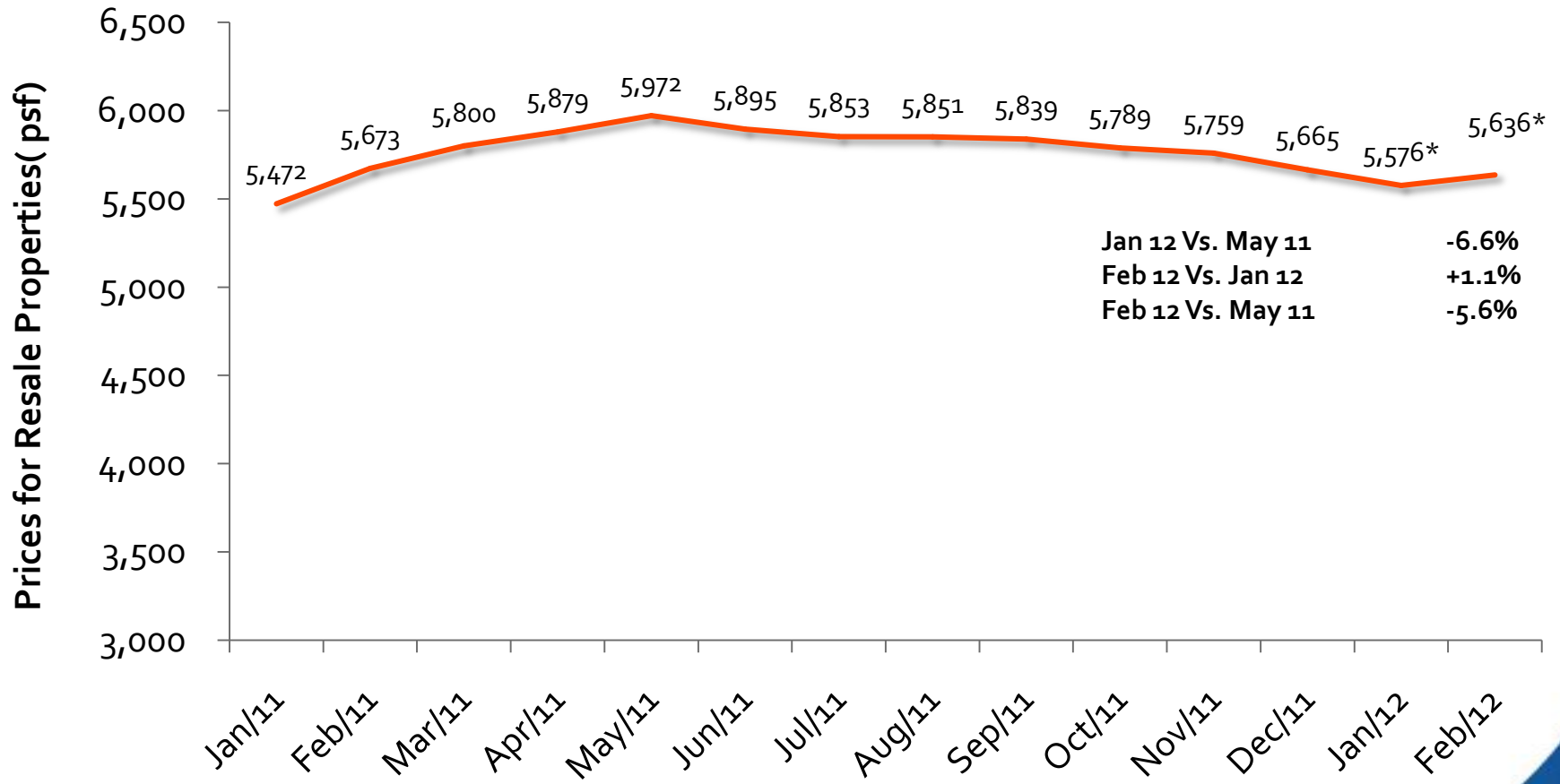
#After adjustment for the one-month time lag

*Provisional Figure

Source : Land Registry and Midland Research



Property Prices have Stabilized after a Mild Correction

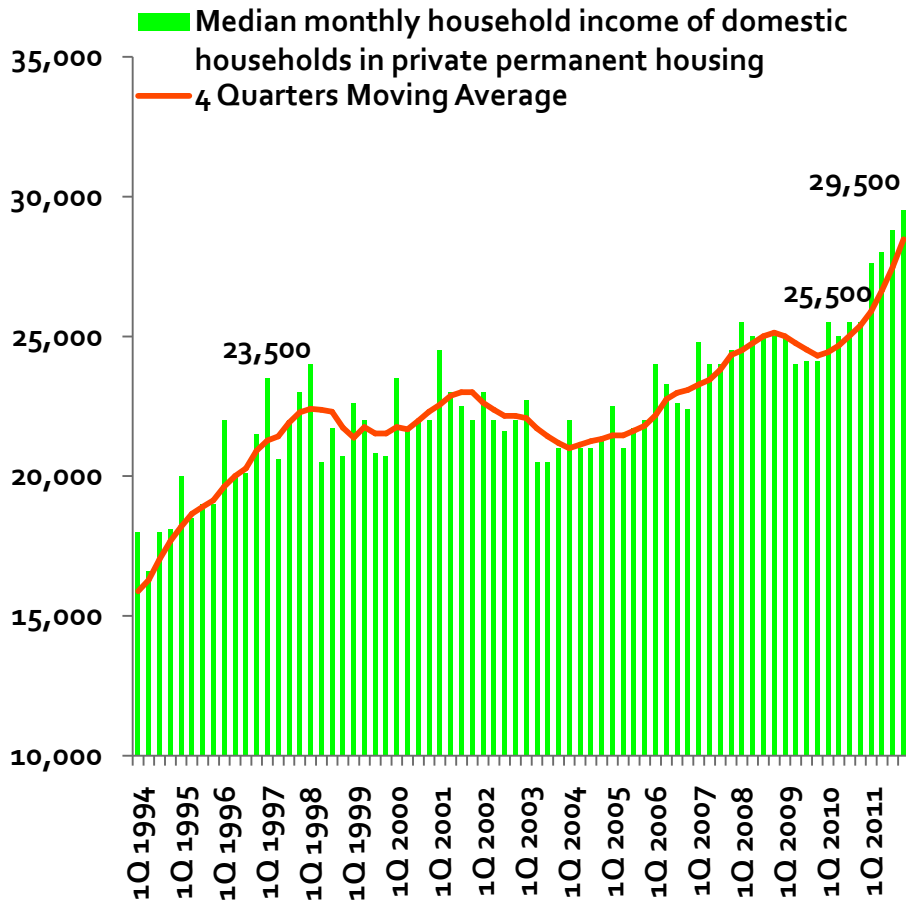


*Provisional Figure
 Source : Midland Research



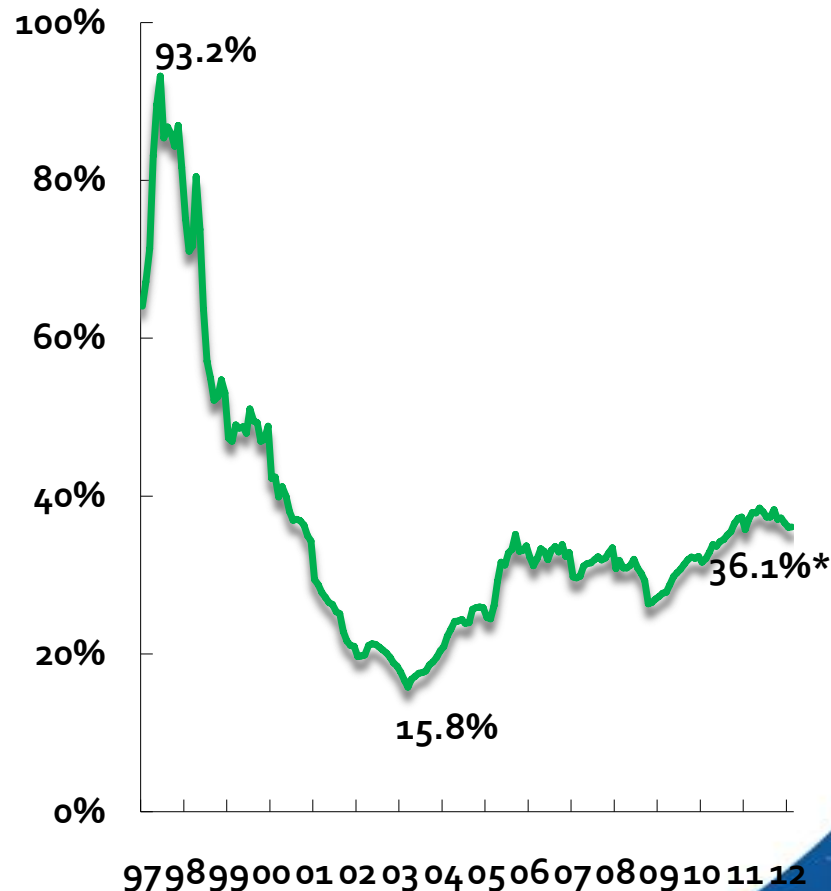
Strong Demand Supported by Strong Fundamentals

Monthly income of Hong Kong People



Source : Census and Statistics Department & Midland Research

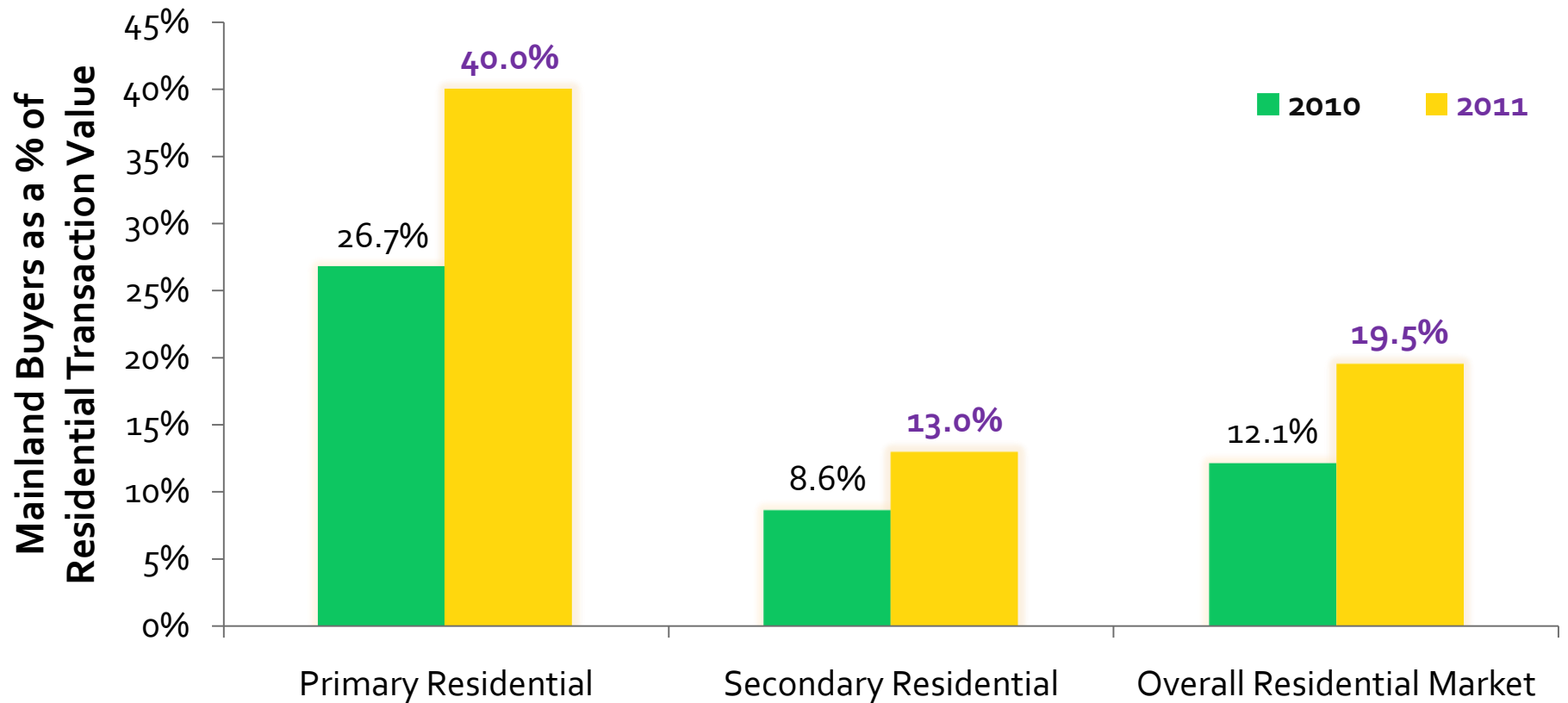
Affordability of HK people



*Provisional Figure

Source : Land Registry and Midland Research

Strong Mainland Demand

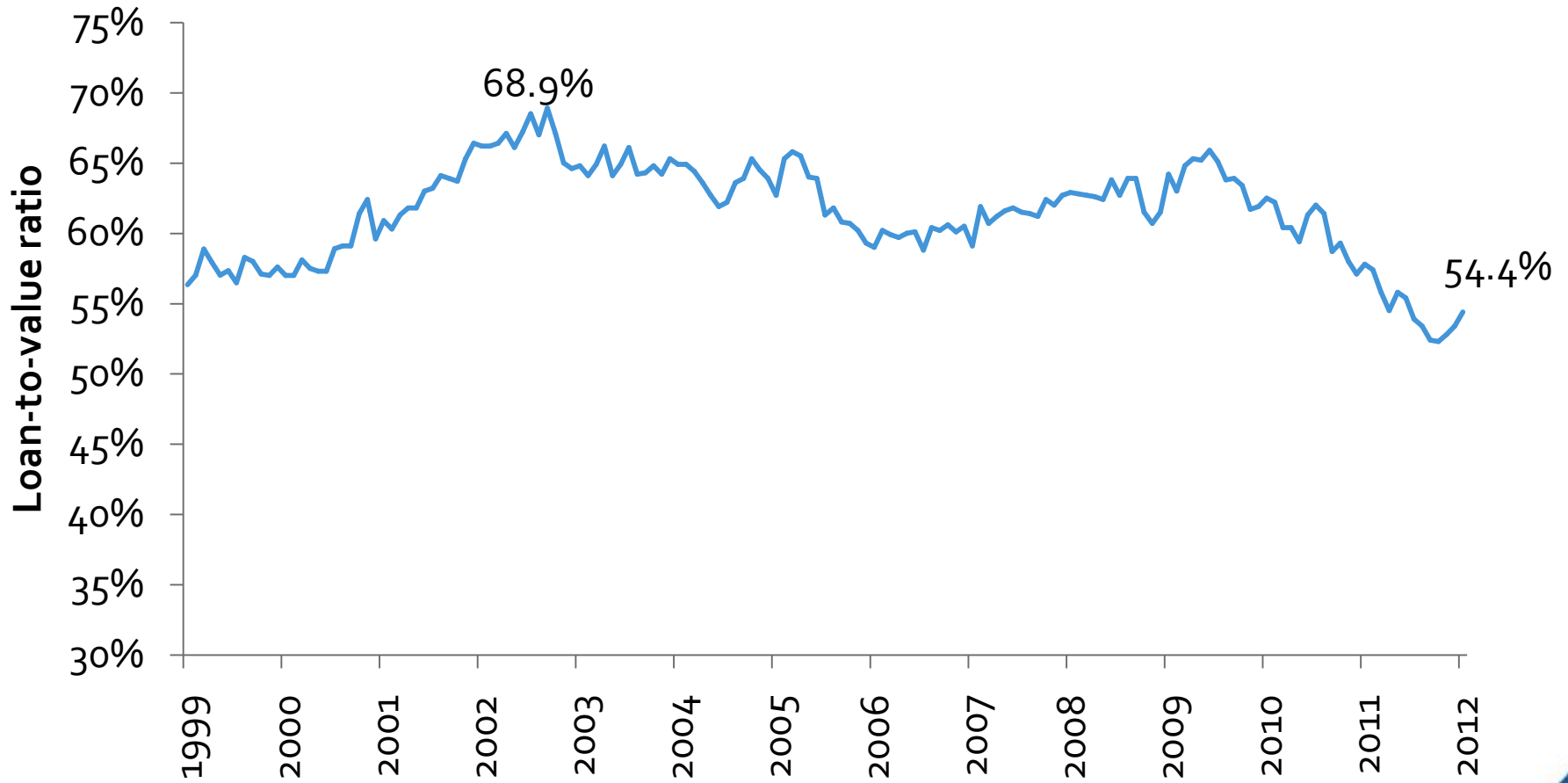


Remarks :

1. Mainland Buyers are identified by their last name. But such classification is based on the convention. This method may overestimate as well as underestimate the actual number of mainland buyers involved in HK Property market
2. Those transactions with buyers not being to be identified are excluded
3. Exclude those property bought by companies
4. Secondary Public Home Transactions are included
5. Above figures are provisional figures

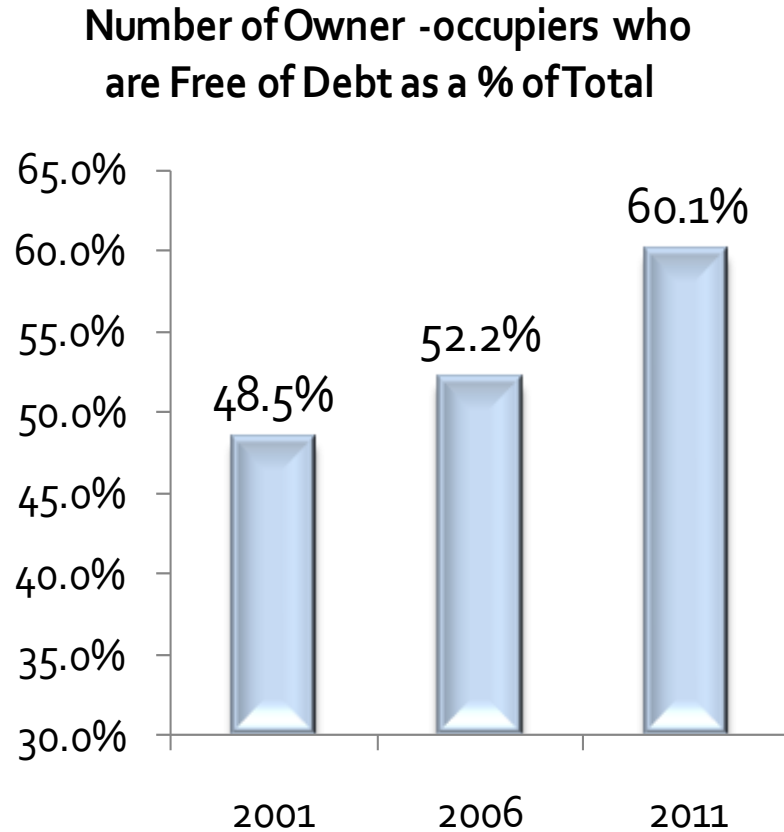
Source : Land Registry and Midland Realty

Falling LTV Ratio



Source : HKMA

60% of Owner-occupiers are Free of Mortgage Debt



Source : Census & Statistics Department

More Land Supply

Regular or Non-regular

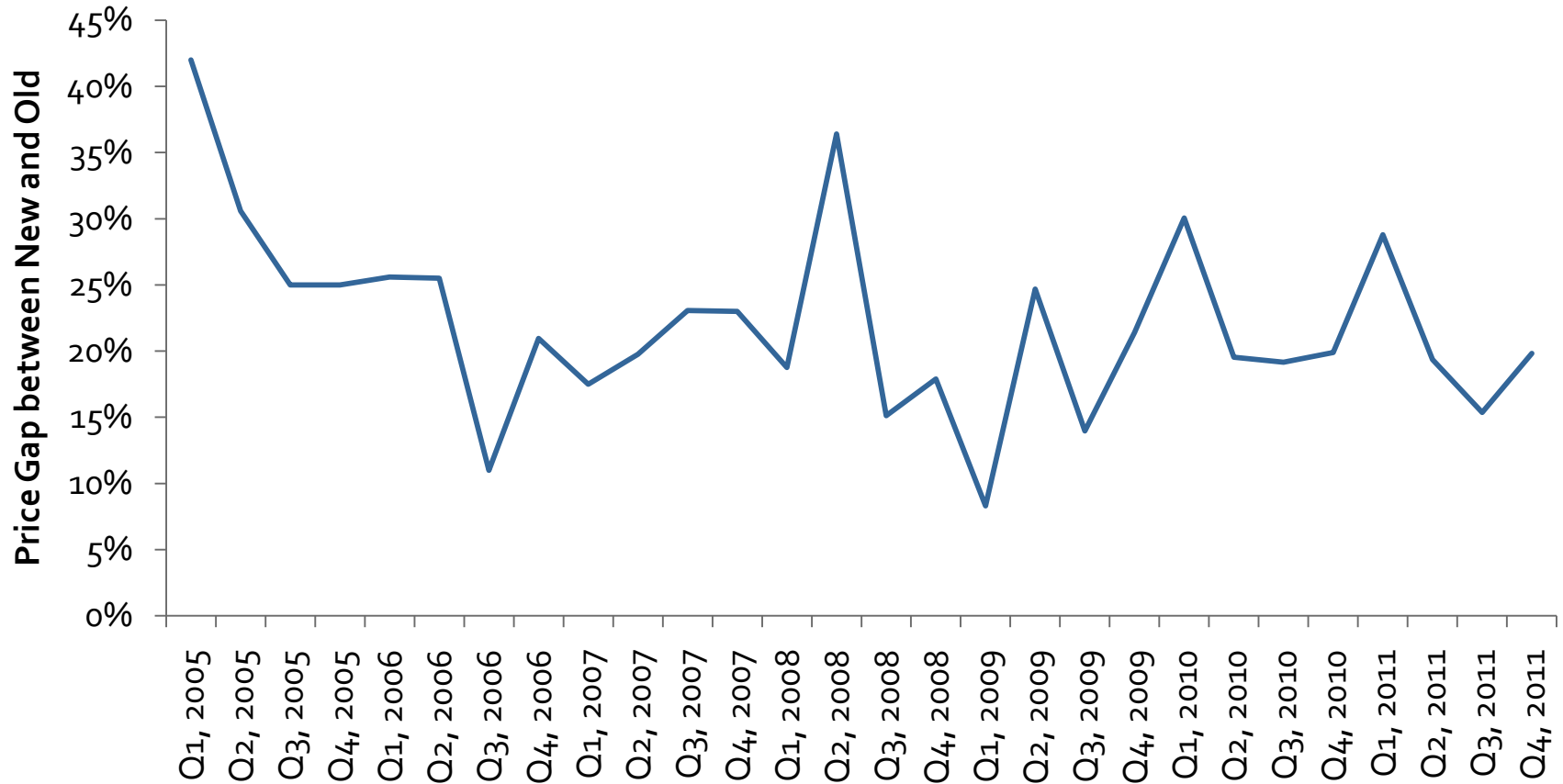
Second Quarter, 2011	Third Quarter, 2011	Fourth Quarter, 2011	First Quarter, 2012	Second Quarter, 2012
Ex-Ko Shan Road Customs & Excise Service Married Quarters, 7 Ko Shan Road, Hung Hom, Kowloon	Ex-Government Supplies Depot, Oil Street, North Point	Cheung Sha Site 406, Lantau	Peng Lei Road, Peng Chau	Area 56A, Kau To, Sha Tin
Junction of Bulkeley Street and Gillies Avenue South, Hung Hom	Shatin Area 56A, Kau To (Site A)	Cheung Sha Site 407, Lantau	Near 110 Repulse Bay Road, Hong Kong	Tseung Kwan O Area 66C1
5-23 Lee Kung Street, Hung Hom	Hoi Fung Path, Stanley	Mui Wo, Lantau	Pik Sha Road, Silverstrand, Clear Water Bay, Sai Kung	Tseung Kwan O Area 66D1
Former Lingnan College Site, Stubbs Road	Kap Pin Long, Sai Kung	Tseung Kwan O Area 66B2	Siu Lam, Tuen Mun	Eastern part of ex-North Point Estate, North Point
62 Begonia Road, Yau Yat Chuen, Kowloon Tong	Tan Kwai Tsuen, Hung Shui Kiu, Yuen Long	Ex-Perowne Barracks North Site, Area 48, Tuen Mun	Junction of Ap Lei Chau Drive and Ap Lei Chau Praya Road	
Ngau Tam Mei, off San Tam Road, near Maple Gardens, Yuen Long	Tseung Kwan O Area 66A	Tsuen Wan 5 (Bayside) and Tsuen Wan 5 (Cityside) projects		
21, 23 and 25 Borrett Road, Mid-Levels West	Near 35 South Bay Road, Hong Kong			
Ping Kwai Road, Ping Shan, Yuen Long	Nam Cheong Station			
Area 55A, Tung Chung, Lantau				
Estimated Total No. of Units : 3,000	Estimated Total No. of Units : 6,000	Estimated Total No. of Units : 5,000	Estimated Total No. of Units : 430	Estimated Total No. of Units : 1,400

Potential New Launches in 2012

HK :	1,634
Kln :	4,055
NT :	16,392
Total :	22,081

Remarkable Projects	Estimated No. of Units
The Coronation	740
LOHAS Park Phase 3	1,628
Tseung Kwan O Area 85	1,777
Tsuen Wan West TW7	1,720
Che Kung Temple Station	981
Tuen Mun Station	1,924
Project at Tai Tong	2,582

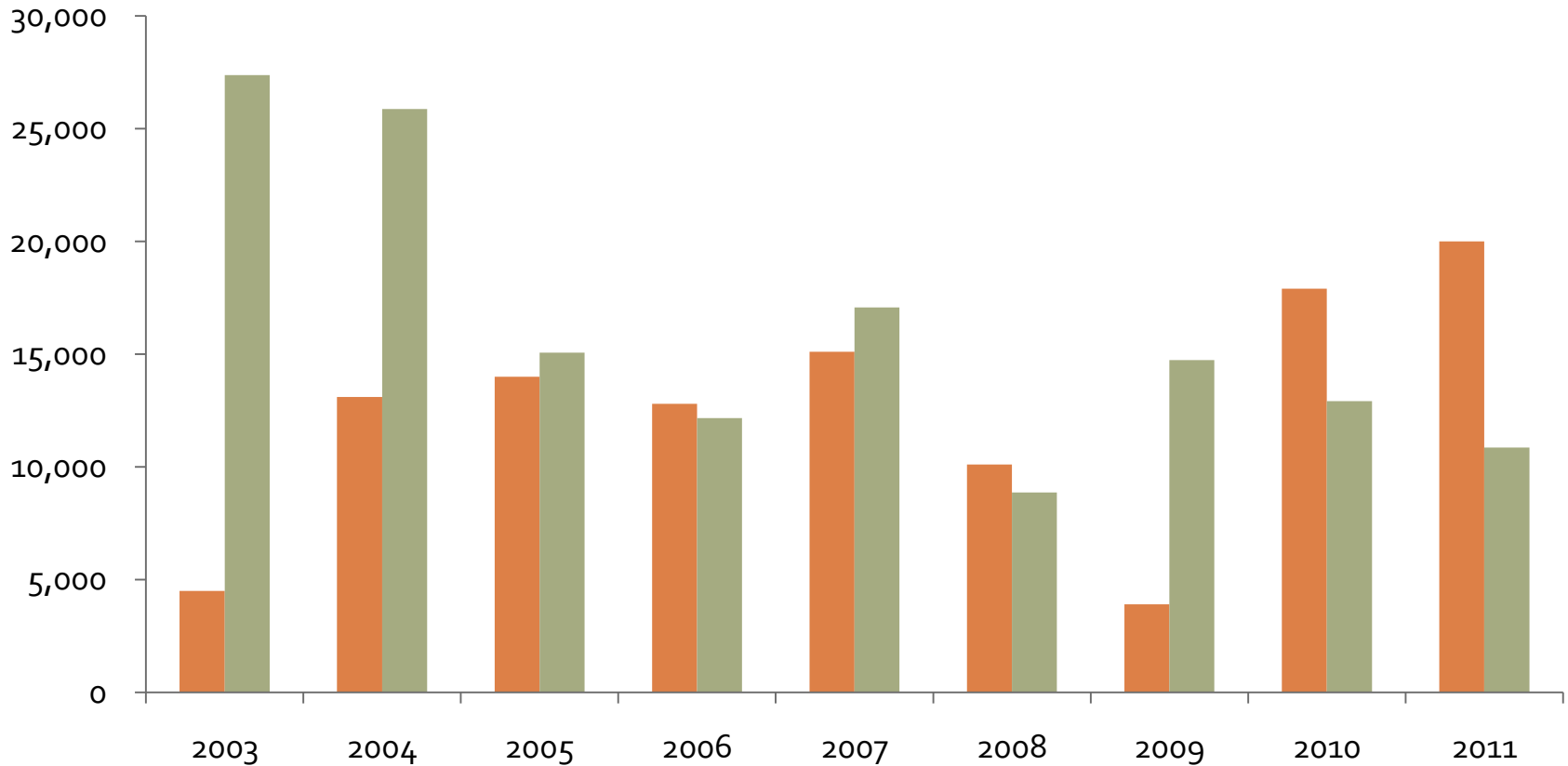
Price Differential continues to Shrink



Source : Midland Research

Still no oversupply

■ No. of Units Replenished* ■ Units Sold**



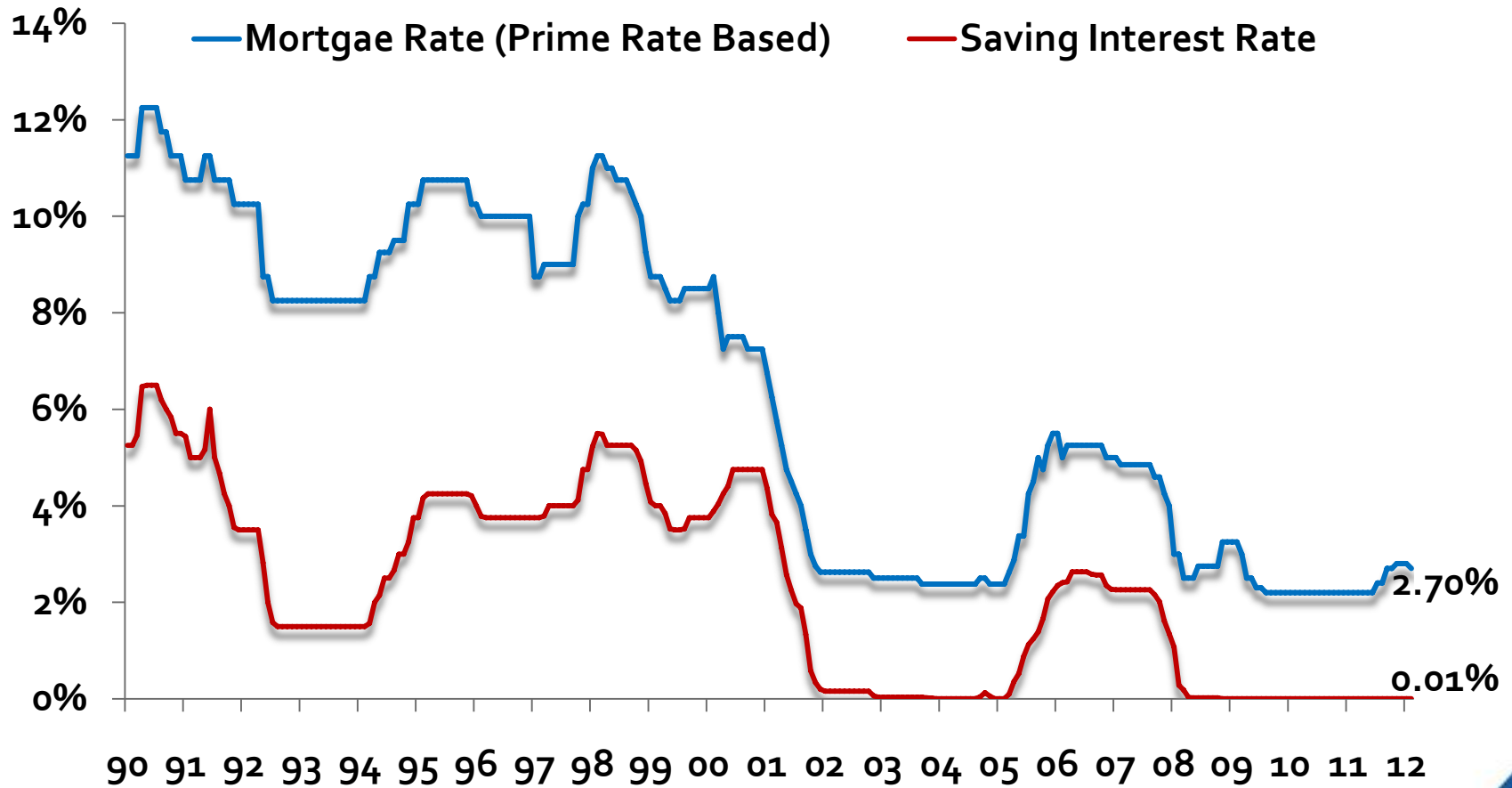
*2003-2010 Figures are based on Legislative Council Document & 2011 Figure is provided by Development Bureau

** Compiled from Land Registry's Records

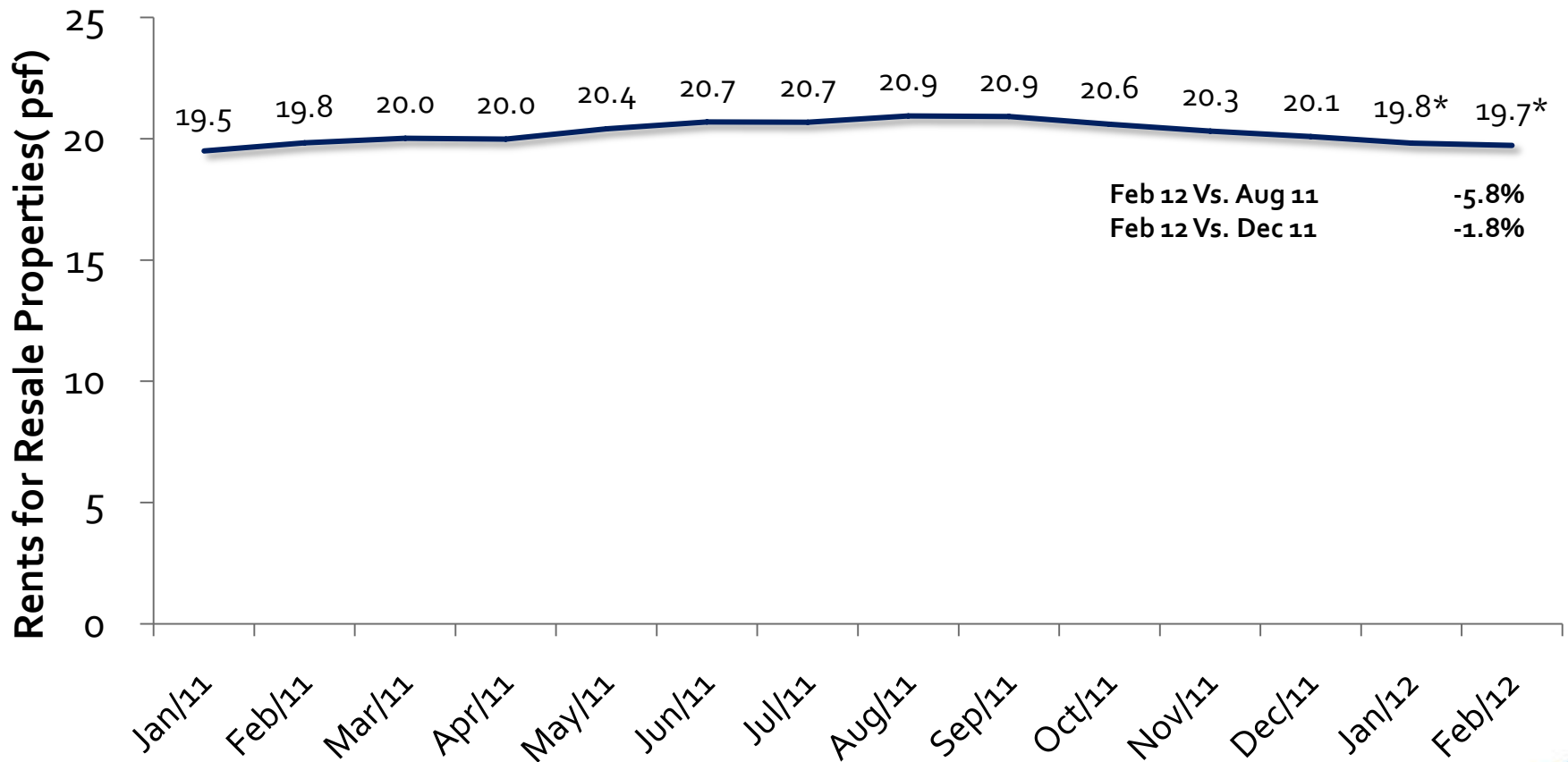
Source : Midland Research



Low Interest Rate Environment



Rental Market



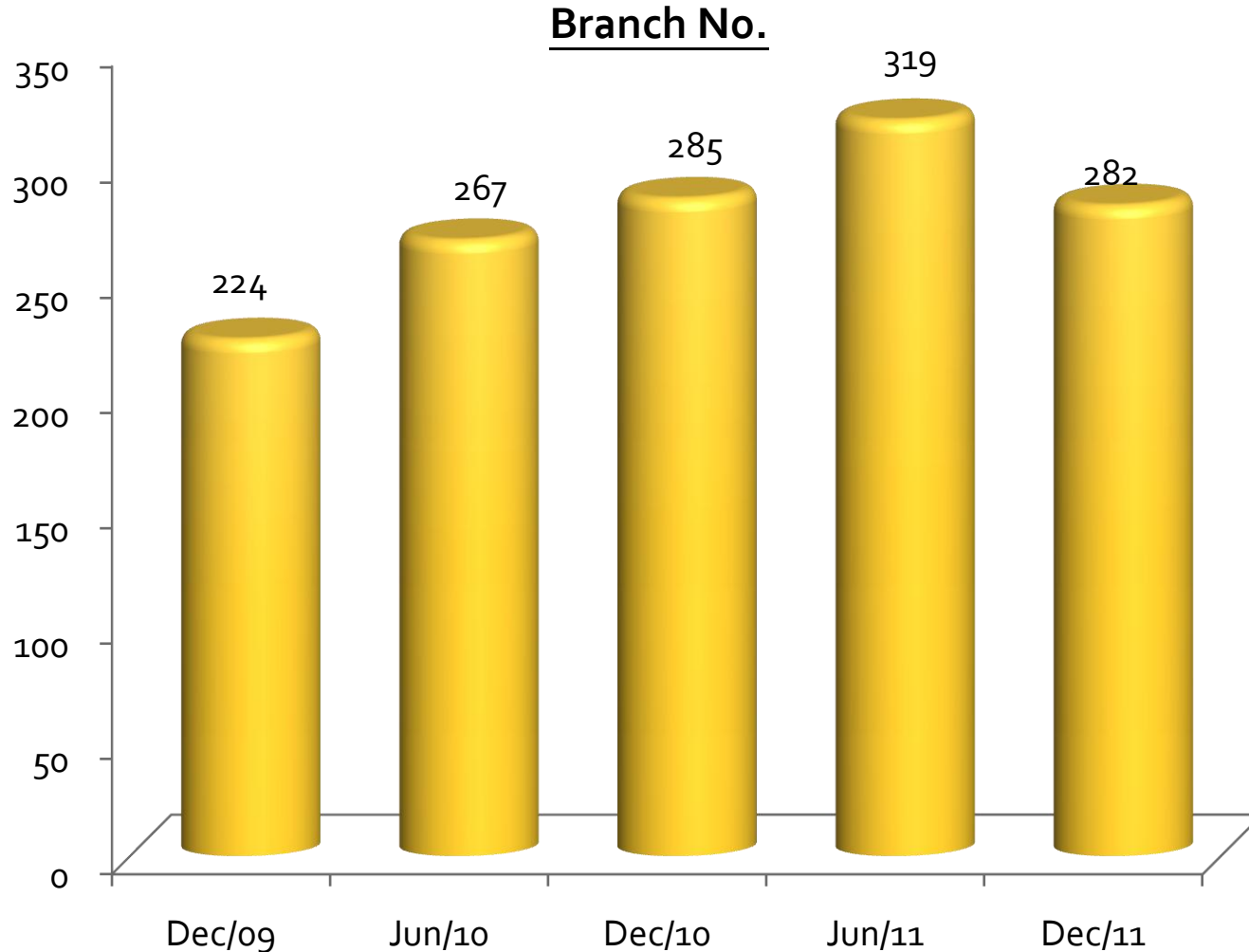
*Provisional Figures

Source : Midland Research

Appendix



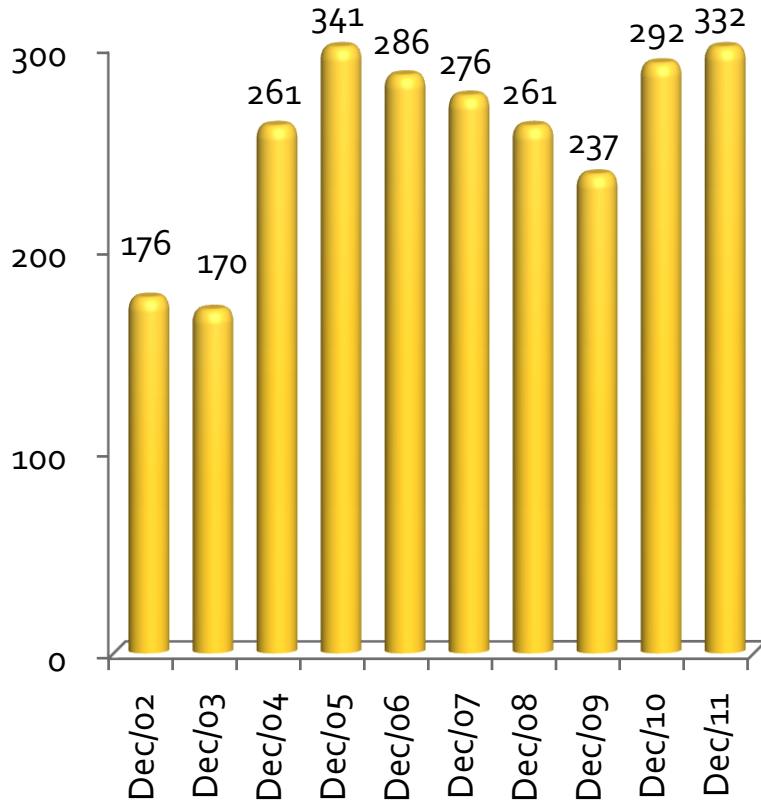
Branch network in Mainland China



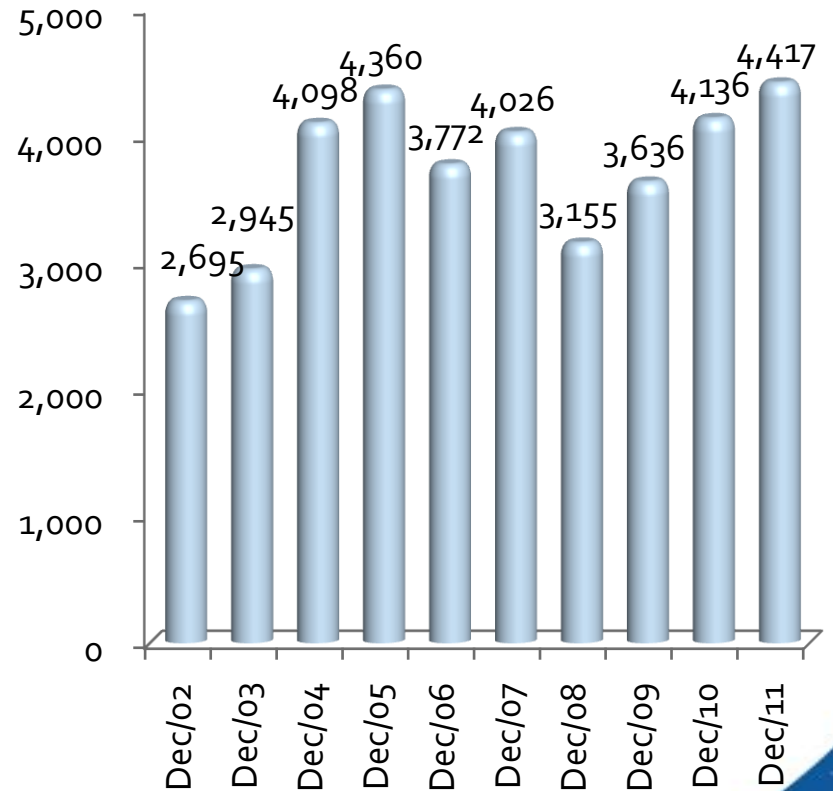
Remarks : Branches in Macau are not included

Increase in Scale in HK

Branch No. Up 14% from the end of 2010



Staff No. Up 7% from the end of 2010



No. of Players Reached New High

