

FOR IMMEDIATE RELEASE

Midland Holdings Limited(1200)

Records Revenue of HK\$ 2.254 Billion in 2008

(Hong Kong, March 20, 2009) – *Midland Holdings Limited* (the Group) [stock code: 1200] announced today the annual results for the year ended December 31, 2008 as follows:

- *The revenue of the group dropped 42 per cent to \$2.254 billion from year 2007.*
- *After making provisions for uncollectible commission and related receivables, the Group reported a loss of HK\$ 41.399 million for the year ended 31st*
- *The Board of Directors recommended a final dividend of 1 cent, and the whole year dividend is 7.5cents.*

Mr. Wong Kin-yip, the Chairman of the Group, said, “The Group posted an encouraging performance in the first half of 2008 but the global financial crisis in the second half presented serious challenges to business operations. The world’s economies suffered a severe blow from the worst financial storm last year. In Hong Kong, the economy and the financial and property markets were also hit seriously.”

The property market was sluggish in the second half of last year as the volume of registered transactions fell to the lowest level since the SARS crisis in 2003. With the sharp decline in local economy over the last few months, the Group took decisive measures to rationalise business operations including cutting back the number of branches and staff. This prudent strategy sets the stage for the Group to maintain sustained business development and to take on the challenges in 2009.

In fact, investor sentiment and property activity already took a turn from the peak of the market last summer, which was aggravated by the financial tsunami in September. Banks had become extremely conservative in extending loans in the fourth quarter of last year following the crisis, thus dampening property transactions significantly. Statistics showed that monthly property registrations dropped to the lowest level for nearly 20 years in November while average property prices fell by almost 20% in the second half of last year.

Longer-Term Optimism

The Group remains optimistic about the prospect for the local property market in the medium and long term because of its strong fundamentals. Market activity will be inevitably disturbed in the short term by various negative factors including rising unemployment, uncertainty of the world’s economies and volatile stock market conditions. The Group has already formulated a complete strategy to meet different market changes and additional measures can be put in place quickly if warranted to further cut back controls for business. Last year, the fall in property prices resulted in more transactions falling through both sales and leasing, which adversely affected the Group’s earnings in 2008 with provisions made for uncollectible receivables and charges related to transaction cancellations. The Group will monitor closely the trend of property deals falling through and take appropriate actions whenever necessary.

A few years back at the start of the property market’s last recovery, a responsibility system was introduced with delegation of power made to chief executives of the Group’s subsidiaries and

associates to motivate staff performance in different divisions. This system worked very well during the market boom but the dramatic market changes after the financial crisis disrupted business performance. In the second half of 2008, the Group decided to readjust the strategy and rationalised business operations under the central leadership. With enhancement of the management team and the board of directions, the Chairman Office was established last year to coordinate and facilitate suitable immediate actions to deal with adversity, take on challenges and capture opportunities at a time of crisis.

Sharpening Mainland Strategy

The mainland property market presents an opportunity for the Group's long-term business expansion. We focus on establishing business operations in key cities with a strategy of expanding into secondary areas in a buoyant market. In the event of a market slowdown, however, the Group will take prompt actions to restructure business including downsizing the branch network and streamlining the workforce.

Wong Kin-yip said "With its business prudence, the Group has built up strong reserves during the upcycles to cope with the impact of a market downturn. Looking ahead, the Group will continue to capitalise on our advantages including our branding, a large customer base and a team of professional staff to raise productivity and competitiveness in the market."

Midland Holdings Limited (stock code: 1200) was founded in 1973. Now, Midland has more than 440 branches and about 5600 employees in Hong Kong, Mainland China and Macau, offering a wide range of professional services including real estate brokerage covering residential, commercial and industrial properties, immigration consultancy, wealth management, mortgage referral, property appraisal services, tenders as well as professional training for estate agency participants.

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To find out more about the Group, please visit www.midland.com.hk.

**ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

The Board of Directors (the "Board" or the "Directors") of Midland Holdings Limited (the "Company" or "Midland") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2008 together with comparative figures for the year ended 31 December 2007 as follows:

Consolidated Income Statement

For the year ended 31 December 2008

	Note	2008 HK\$'000	2007 HK\$'000
Revenue	3	2,254,620	3,871,364
Other income	4	13,789	63,203
Staff costs		(1,277,471)	(2,162,598)
Rebate commissions		(12,512)	(74,604)
Advertising and promotion expenses		(184,784)	(240,839)
Operating lease charges in respect of office and shop premises		(312,220)	(266,222)
Impairment of receivables		(199,756)	(110,807)
Depreciation and amortisation costs		(45,141)	(48,503)
Other operating costs		(284,627)	(247,755)
Operating (loss)/profit	5	(48,102)	783,239
Finance income	6	19,197	24,190
Finance costs	6	(2,499)	(8,547)
Share of results of			
Jointly controlled entities		13,811	14,572
An associated company		231	-
(Loss)/profit before taxation		(17,362)	813,454
Taxation	7	(24,037)	(141,241)
(Loss)/profit for the year		(41,399)	672,213
Attributable to			
Equity holders		(40,895)	659,129
Minority interests		(504)	13,084
		(41,399)	672,213
Dividends	8	54,453	343,522
		HK cent	HK cent
(Loss)/earnings per share	9		
Basic		(5.61)	90.1
Diluted		(5.61)	90.0