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Midland Holdings Limited(1200) Midland Earned HK\$ 713.7M In 2009 A Record High Grasp the V-shaped recovery of the market

(Hong Kong, March 18, 2010) – *Midland Holdings Limited* (the Group) [stock code: 1200] announced today the annual results for the first 12 months ended December 31, 2009 as follows:

- *The revenue of the group was HK\$3,405 million for 2009. The profit was HK\$713.7 million, a record high.*
- *The Board of Directors recommended a final dividend of 43.8 cents per ordinary share, and the whole year dividend is 81.4 cents.*

Mr Wong Kin-yip, Chairman of Midland Holdings Ltd, said “During 2009, the Group managed to turn around and recorded a profit of HK\$713,723,000, a record high, while profit margin increased to 21%. Results from last year indicate that our management has an edge of making the first move to expand and contract at the right time, so as to grasp the V-shaped recovery of the market with effective cost control, and seize every opportunity in the property market as they arise.”

The performance of the Group for the past year outclassed the general market, thanks to the prompt response made by the management with their foresight and sharp execution. Undoubtedly, the buoyant property market last year was one of the key factors for the surge in the Group’s results. But more importantly, the Group cut down costs during the financial tsunami, building a solid foundation for the Group.

Therefore, as the property market bottomed out by the end of 2009, the Group was able to ride on the upsurge in the property market last year to generate profits and resume its moderate expansion plan. In fact, since its establishment, the Group has experienced numerous ups and downs in the property market and last year’s performance once again exemplified that the group has been foresighted, responsive, flexible and strong in implementation.

In 2009, the sharp rebound in fixed asset value was phenomenal. Obviously, property market drove the economy and home prices even rose more than people’s income. The property market last year was not led by the economy. Indeed, it benefited from the ample liquidity that flowed into the property market.

Flexible Cost Structure

Over the past year, the Group implemented effective cost controls while the network was expanded, and achieved a significant growth in profit margin. In fact, the Group aimed at increasing the flexibility of its cost structure while diversifying its marketing strategies, so as to consolidate its leading position in the industry. First of all, the Group rolled out TV commercials in as early as April 2009 in more genres and channels than ever. In addition, the Group launched the Midland Property Price Chart last year and successfully consolidated the professional image of the Group. Moreover, the Group sponsored the Midland Holdings Cup Race Day during the year, which also demonstrated our distinctive competitive edges. Furthermore, the Group frontline implemented a policy to enhance the linkage between the income of the senior frontline staff with profit, which successfully improved our productivity and control over costs.

Healthy Growth of the Property Market

The government indicated in the Financial Budget that precautionary measures would be taken, if necessary, to avoid asset bubble. Minimizing its influence on the market, the government is implementing flexible land supply policy. Such prudent measures are expected to pave the way for a stable market development. The Group remains cautiously optimistic towards the property market in 2010. The Group believes that most of the favourable factors, such as low short-term supply of residential properties, low borrowing rates and the influx of Mainland buyers, which underpinned the property market in

2009 will continue to support the local property market this year. More significantly, buying sentiment of the property market will improve if unemployment rate falls, thus the Group expects the small to middle-sized property markets to outperform. Despite an upsurge of 27% in property prices last year, mortgage repayments consume just over 30% of people's income. Affordability will further improve if salary level rises in 2010. The luxury market is not expected to be spectacular, due to the fact that most premium properties already experienced a staggering growth last year so their appreciation potential would not be as high as those of the small to middle-sized properties. Nevertheless, the underlying demand for luxury properties remains immense, and the transaction volume for the luxury property market is expected to keep rising.

Build strong Foothold in Hong Kong – Strive to expand in Mainland China

Established 37 years ago, the group has built a strong foothold in Hong Kong and has successfully ridden the ups and downs of the market. Since listed on the Stock Exchange, the Group's Hong Kong operation has been profit making. Most importantly, our Hong Kong operation outperformed the market again. Even the market transaction activity in 2009 still fell short of that in 1997 and 2007, the Group's earnings already reached a new high last year. However, the group has never sat on our laurels. Amid of the expansion of small agency, the Group will strive to consolidate our leading position by diversifying market strategies. Meanwhile the Group will try hard to expand in Mainland China.

As stated by Premier Wen Jiabao in a press conference after the National People's Congress, Hong Kong should develop its financial industry aggressively. The Group believes that the wealth effects brought by the property market should benefit the development of the financial sector, thus a robust property market would provide positive impetus to the financial industry. In line with Hong Kong's development, the Group will make endeavor to promote the prosperity of the property market. The large-scale property market seminar held in March this year was organized to enhance the transparency and information flow of the property market.

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Midland Holdings(1200)

Consolidated Income Statement

For the year ended 31 December 2009

	2009 HK\$'000	2008 HK\$'000
Revenues	3,404,856	2,254,620
Other income	27,846	13,789
Staff costs	(1,766,467)	(1,277,471)
Rebate commissions	(46,092)	(12,512)
Advertising and promotion expenses	(217,449)	(184,784)
Operating lease charges in respect of office and shop premises	(251,792)	(312,220)
Impairment of receivables	(78,721)	(199,756)
Depreciation and amortisation costs	(33,315)	(45,141)
Other operating costs	(226,570)	(284,627)
Operating profit/(loss)	<u>812,296</u>	<u>(48,102)</u>
Finance income	2,812	19,197
Finance costs	(1,264)	(2,499)
Share of results of		
Jointly controlled entities	14,124	13,811
An associated company	3,931	231
Profit/(loss) before taxation	<u>831,899</u>	<u>(17,362)</u>
Taxation	(118,176)	(24,037)
Profit/(loss) for the year	<u><u>713,723</u></u>	<u><u>(41,399)</u></u>
Attributable to:		
Equity holders	691,237	(40,895)
Minority interests	22,486	(504)
	<u><u>713,723</u></u>	<u><u>(41,399)</u></u>
Dividends	<u>589,524</u>	<u>54,453</u>
	HK cents	HK cents
Earnings/(loss) per share		
Basic	95.44	(5.61)
Diluted	<u>95.44</u>	<u>(5.61)</u>