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Midland Holdings Limited(1200) Midland Earned HK\$568M In 2010

(Hong Kong, March 17, 2011) – *Midland Holdings Limited* (the Group) [stock code: 1200] announced today the annual results for the first 12 months ended December 31, 2010 as follows:

- *The revenue of the group was HK\$3737million for 2010. The profit for the year was HK\$568 million.*
- *The Board of Directors recommended a final dividend of 20.28 HK cents per ordinary share and “創業38周年” special cash bonus of 11.8 HK cents per ordinary share, and the whole year dividend is 58.88 HK cents.*

Mr Wong Kin-yip, Chairman of Midland Holdings Ltd, said “revenue for the Group rose 10% from 2009 to HK\$3737 million in the 12 months ended 31 December 2010. Profit after tax for the year, however, declined 20% to HK\$568 million on government frequent intervention in China property market which affected our mainland operations and intensified competition in Hong Kong’s real estate agency industry”.

Although the smaller brokerages turned active, the Group continued to have a branding advantage. In fact, having expanded its market position over the past decades, the Group was well prepared for the rising challenge. When the local property market peaked in 1997, the total value of property transactions amounted to HK\$868 billion. That year, the Group’s revenue was HK\$1.77 billion. By comparison, the Group’s revenue for 2010 was 111% more than that in 1997, whereas property sales for the entire market were just HK\$689.48 billion during the year. This was evidence indeed that the Group’s market position has increased considerably over the past decade.

Enhancing operational efficiency

Recognizing that competition was on the rise, the Group established the Chairman’s Office to strengthen its management capacity some years ago. And Central Professional Units was also formed to raise the service quality and professional standards. Last year, we stepped up our efforts in network and manpower expansion. I met regularly with the senior management and the agents to map out strategic directions. For instance, at a “Magic Dinner,” a corporate event, I led senior management to recognize top performers as a means to boost staff morale. Under the shadow of cooling measures implemented by the government, however, our performance on the mainland last year did not match that of 2009. Even so, we are aware of the huge potentials of mainland market and boosted our management resources. In the fourth quarter, we gave Ms. IP Kit Yee, Kitty, the Executive Director of the Company, the additional responsibility of supervising the mainland’s back office and put consultant Mr. CHEUNG Kam Shing in charge of the Group’s mainland affairs. We hope this management maneuver will strengthen the management team of our mainland division.

Thanks to the global economic recovery, Hong Kong’s gross domestic product gained 6.8% in 2010. The unemployment rate also came off from the peak of the global financial crisis. In the coming year, the Group expects that mainland China and the rest of Asia will retain last year’s momentum in economic recovery to benefit Hong Kong. In this light, if interest rates stay low, the local property market will benefit.

On the other hand, we are aware of uncertainties prevailing on the global scene. First, local mortgage

rates is subject to upward pressure. Moreover, the Government has indicated that it might launch more cooling measures on the market anytime. Competition within the industry is also on the rise. Having ridden out various boom-and-bust cycles over the years, management is well prepared to handle volatilities both in the market and on the politico-economic level. I believe that with management and staff pulling together, the Group will meet challenges with adequate resources and flexibility to strengthen its market position in the year 2011.

‘Flying White Horse’ to lead the herd

Placing importance on branding has paid off. During the year, the Group won the “2010 CEO Supreme Brand Awards”. Our “Legend of the White Horse” television commercial series tell of the ups and downs of the Hong Kong property market. The series start off with a white horse “pacing the meadows” to describe how the market emerged from the doldrums of 2003. Then the horse galloped right up to the cliff and stopped. That is the scene to depict that the Group expressed doubt over the sustainability of the market before the onset of the global financial crisis in 2008. Then the white horse grew wings and took flight as a Pegasus, signifying the market recovering from the financial tsunami. In the series produced for last year, the white horse galloped high in the sky, symbolizing that the Group was full of confidence in the property market in 2010. The image of Midland Holdings is now associated with the different postures of the white horse in the TVC. In good times and bad times, the Group can use the flying white horse image to reinforce its leading position in the industry. This, we believe, will be a definite advantage when it comes to recruiting new blood and attracting new clientele.

Public policy to sway market direction

Probably with this in mind, the Government said in its just released Budget that it would increase substantially the supply of land, enough to build between 30,000 to 40,000 private residential units. This is further proof of its resolve to stabilize the market. Since the property market has started to show “irrational exuberance”, we believe that the Government will remain vigilant and launch more measures when necessary. We shall keep a close tab on the market as well and strengthen intra-group communication and interaction between senior management and front-line staff. This way, the entire Group will be better equipped to face issues that tightening controls bring.

The increase in revenue last year was wrought with much effort, given repeated Government intervention in the market. Increasing competition also added to the challenge, keeping all staff – from senior executives to junior operatives – on their toes. Despite such pressure, our colleagues were able to carry out their duties diligently, keep up the spirit and stay earnest and energetic. They were devoted 100% and were immensely resourceful.

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