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To Editors of Finance and Property section:

For Immediate release

**Midland Holdings Limited (1200)
Final Results Announcement (2011)**

Outperforming the market by overcoming harsh operating environment

Revenue reached HK\$ 3,397,723,000

Profit for the year reached HK\$158,782,000

Wong Kin-yip, Chairman and Managing Director of Midland Holding Limited:

Property Market - Prices up, Volume down

Estate Agency Industry – The Survival of Strongest

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

- The revenue of the Group was HK\$3,397,723,000, down 9.1% from 2010
- The profit for the year was HK\$158,782,000, down 72% from 2010
- The Board of Director recommended a special dividend of HK\$0.0834 per ordinary share

Maintain positive stance despite harsh environment

Despite recording respectable interim results, a consolidation in the property market pared registration volume to fall substantially from 70,342 units in the first half to 38,472 units in the second half and posed a major challenge for the Group. For the year ended 31 December, 2011, profit for the year totalled HK\$158,782,000 down 72% from 2010. As a matter of fact, the performance of Hong Kong property market last year was marked by a sharp contrast between the first and the second half. Records at the Land Registry showed that the value of property sales registration in the second half plunged 41.2% from the first half. Once again, the Group was able to outperform the market, with a much smaller drop in turnover of 25% during the same period.

Mr Wong Kin-yip, Chairman and Managing Director of Midland Holdings Ltd said “In 2011, property-related cooling measures and restrictive lending policies took a toll on the market in both Hong Kong and the PRC, making it difficult for real estate agencies to operate. In addition, persistently high retail rental rates, keen competitive environment and the implementation of minimum wage ordinance had placed huge pressure on our cost structure.

Negative factors have temporarily abated Accumulated purchasing power released

Looking forward, the Group believes as the Government had begun to accelerate the land sale process since last year, which would encourage developers to promote more aggressively primary-market units and in the process, and present new business opportunity to the group. In addition, buying power had accumulated over a period of quiet market performance and it will be unleashed on any sign of a positive turn of events. For example, home sales picked up strongly shortly after the Lunar New Year in light of the emergence of some favourable factors and transaction activities is likely to last till the second quarter.

Prices up but volume down

He also expects that prices of property to go up but volume to go down in this year. Overall property prices are projected to increase 5%. However, as most of the housing policies, such as imposing of Special Stamp Duty (SSD) and tightening of loan-to-value ratio, are still in place, he estimates the overall property registration volume to decline 9% from last year level to around 99,000.

Significant increase in supply of small-to-medium-sized units should benefit home buyers

Ms Wong Ching-Yi Angela, Deputy Chairman and Deputy Managing Director of Midland Holdings Ltd said” The Group believes that the property market is anchored on sound fundamentals for several reasons. For a start, the city’s affordability ratio for homes hovered at a fairly reasonable level of 40% in last year. Then, cost of funding is still low; and 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 and the release of pent up

demand”.

In the view of government's determination to significantly increase the supply of small-to-medium-sized units by providing more land for sale, together with restriction on size and number of units, resuming the Homeownership Scheme (HOS) as well as introducing the My Home Purchasing Plan (MHPP), the future supply is expected to increase. All such measures should be able to help the low income group to enter the market.

Market saturation aggravates business environment

With dwindling transaction volume, competition within the industry intensified. According to the Estate Agents Authority, the number of “statement of particulars of business” (SPoB) that a real estate agency must display at its place of business managed to increase 9% for the full year of 2011. One must note, however, that in the fourth quarter, the number of SPoBs edged up merely 1.4%, marking its lowest level in 3 quarters. This was a clear indication that real estate agencies had difficulties in carrying on business.

In this year, Wong Ching-Yi believes that a rebound in home sales activity to the level of 2010 is unlikely. In this light, small agencies are expected to face enormous difficulties but with the government keeping a relatively aggressive stance regarding land sales, we hope developers will take the cue to expand their land bank and speed up the sale of homes in more projects, and that should provide business opportunities to the Group. Despite the Group's views that the real estate agency business will remain challenging in the short term, major real estate agencies will be able to find opportunities in the market.

Survival of the strongest

The property agency industry is now facing the mounting pressure as the current market transaction volume cannot support the livelihood of the individual salesman. On top of that, high rental and staff expenditures have prompted a huge growth in operating costs. Thus, only the strongest players can survive. According to the official figures, number of property agents stood at 34,669 at the end of February while the property transaction in first two months of the year total 9,915 units. Thus, number of transaction closed by an agent per month averaged 0.14 in the two months of the year.

Wealth creation through people oriented approach

The Group always values team play and adopts a people-oriented approach. Wong Ching Yi believes that team play is of utmost importance amid market uncertainty. As such, the Group will continue to adopt the principal of wealth creation through a people-oriented approach. Building the corporate culture through pursuing the policy of promoting the top performers in an equitable, objective and open manner can boost staff morale. And this will have positive impact on the staff productivity and loyalty.

Valuing talent and paying high regards to staff development

Mr. Pierre Wong, Group Sales Management Director, said, "The Group adheres to the people oriented principle and pays high regards to staff training. Under such an ever changing market, raising the employee's professional standard and providing a prosperous career path to the elites should have positive impact on the Group's competitiveness and profitability. Besides, the competition of the agency industry has intensified. So in my view, this is the best moment for the big agency group to recruit talents so as to fuel the growth of the Group.

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