美聯集團
MIDLAND HOLDINGS

MIDLAND HOLDINGS LIMITED

美聯集團有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 1200)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2009

The board of directors (the "Board" or the "Directors") of Midland Holdings Limited (the "Company") 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 2009 together with comparative figures as follows:

Consolidated Income Statement

For the year ended 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
Revenues	3(a)	3,404,856	2,254,620
Other income	4	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)	5	812,296	(48,102)
Finance income	6	2,812	19,197
Finance costs	6	(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		831,899	(17,362)
Taxation	7	(118,176)	(24,037)
Profit/(loss) for the year		713,723	(41,399)
Attributable to:			
Equity holders		691,237	(40,895)
Minority interests		22,486	(504)
		713,723	(41,399)
Dividends	8	589,524	54,453
		HK cents	HK cents
Earnings/(loss) per share	9		
Basic		95.44	(5.61)
Diluted		95.44	(5.61)

* *For identification purposes only*

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	2009 HK$'000	2008 HK$'000
Comprehensive income		
Profit/(loss) for the year	713,723	(41,399)
Other comprehensive income		
Currency translation differences	17	7,866
Revaluation surplus on land and building transferred to investment properties	3,448	–
Change in fair value of available-for-sale financial assets	1,320	(3,459)
	4,785	4,407
Total comprehensive income for the year	718,508	(36,992)
Attributable to:		
Equity holders	696,022	(36,488)
Minority interests	22,486	(504)
	718,508	(36,992)

Consolidated Balance Sheet

As at 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		78,171	72,412
Investment properties		54,870	71,400
Leasehold land and land use rights		95,750	99,222
Interests in jointly controlled entities		48,068	30,212
Interests in an associated company		4,162	231
Available-for-sale financial assets		11,851	11,949
Deferred taxation assets		10,840	13,629
		303,712	299,055
Current assets			
Trade and other receivables	10	1,114,268	698,430
Financial assets at fair value through profit or loss		174	5,278
Assets held for sale		13,000	27,137
Amount due from an associated company		–	9,720
Taxation recoverable		–	25,280
Cash and bank balances		1,477,419	941,977
		2,604,861	1,707,822
Total assets		2,908,573	2,006,877
EQUITY AND LIABILITIES			
Equity holders			
Share capital		72,423	72,423
Share premium		247,484	247,484
Reserves		1,101,846	995,348
Proposed dividend		317,213	7,242
		1,738,966	1,322,497
Minority interests		75,321	52,835
Total equity		1,814,287	1,375,332
Non-current liabilities			
Bank loans		20,578	16,956
Deferred taxation liabilities		967	1,471
		21,545	18,427
Current liabilities			
Trade and other payables	11	1,008,259	602,510
Bank loans		1,915	1,722
Liabilities associated with assets held for sale		–	8,886
Amount due to an associated company		3,200	–
Taxation payable		59,367	–
		1,072,741	613,118
Total liabilities		1,094,286	631,545
Total equity and liabilities		2,908,573	2,006,877
Net current assets		1,532,120	1,094,704
Total assets less current liabilities		1,835,832	1,393,759

Notes:

1. General information

The Company is a limited liability company incorporated in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, Church Street, Hamilton HM11, Bermuda and its principal office in Hong Kong is Rooms 2505-2508, 25th Floor, World-wide House, 19 Des Voeux Road Central, Hong Kong.

The principal activities of the Group are provision of property agency services in Hong Kong, the Mainland China and Macau.

2. Basis of preparation

(a) The financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair values.

(b) Standards, interpretations and amendments effective in 2009

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 1 Amendment	Presentation of Financial Statements
HKAS 16 Amendment	Property, Plant and Equipment
HKAS 19 Amendment	Employee Benefits
HKAS 23 Amendment	Borrowing Costs
HKAS 27 Amendment	Consolidated and Separate Financial Statements
HKAS 28 Amendment	Investments in Associates
HKAS 31 Amendment	Interests in Joint Ventures
HKAS 36 Amendment	Impairment of Assets
HKAS 38 Amendment	Intangible Assets
HKAS 39 Amendment	Financial Instruments: Recognition and Measurement
HKFRS 2 Amendment	Share-based Payment
HKFRS 7 Amendment	Financial Instruments: Disclosures
HKFRS 8	Operating Segments

The adoption of the above new or revised standards and amendments did not have significant effect on the financial statements or result in any significant changes in the Group's significant accounting policies except as described below:

(i) HKFRS 7 Amendment, "Financial Instruments – Disclosures". The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.

(ii) HKFRS 8, "Operating Segments". It replaces HKAS 14, "Segment Reporting" and requires a management approach, under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

(iii) HKAS 1 (Revised), "Presentation of Financial Statements". The revised standard prohibits the presentation of items of income and expenses (relating to non-owner changes in equity) in the statement of changes in equity, requiring non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement.

The HKICPA has issued a number of new standards, interpretations and amendments to standards which are not effective for accounting period beginning 1 January 2009. The Group has not early adopted these new and revised HKFRS.

3. Revenues and segment information

(a) Revenues

	2009 HK$'000	2008 HK$'000
Turnover		
Agency fee	3,347,722	2,215,111
Rental from investment properties	5,390	4,249
Web advertising	1,570	1,896
Internet education services	20,963	19,806
Other services	29,211	13,558
	3,404,856	2,254,620

(b) Segment information

The chief operating decision makers have been identified as the executive directors of the Company (the "Executive Directors"). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management determined the operating segments based on these reports.

Management assesses the performance based on the nature of the Group's business, principally located in Hong Kong, Mainland China and Macau, which comprises property agency businesses for residential, commercial and industrial properties and shops, and other businesses mainly include property leasing, the provision of internet education services and immigration consultancy services.

	Year ended 31 December 2009			
	Property agency			
	Residential properties HK$'000	Commercial and industrial properties and shops HK$'000	Others HK$'000	Total HK$'000
Total revenues	2,959,455	439,993	67,577	3,467,025
Inter-segment revenues	(33,408)	(18,318)	(10,443)	(62,169)
Revenues from external customers	2,926,047	421,675	57,134	3,404,856
Segment results	775,494	102,275	57,002	934,771
Impairment of receivables	71,888	6,797	36	78,721
Depreciation and amortisation costs	28,132	2,068	1,909	32,109
Share of results of				
– jointly controlled entities	(1,501)	–	15,625	14,124
– an associated company	–	–	3,931	3,931
Fair value gains on investment properties	–	–	11,680	11,680
Additions to non-current assets	16,294	3,119	11,781	31,194

	Year ended 31 December 2008			
	Property agency			
	Residential properties HK$'000	Commercial and industrial properties and shops HK$'000	Others HK$'000	Total HK$'000
Total revenues	1,977,769	282,893	50,893	2,311,555
Inter-segment revenues	(23,048)	(20,566)	(13,321)	(56,935)
Revenues from external customers	1,954,721	262,327	37,572	2,254,620
Segment results	21,868	11,650	30,694	64,212
Impairment of receivables	162,160	37,415	181	199,756
Impairment of property, plant and equipment	–	–	1,763	1,763
Depreciation and amortisation costs	37,177	4,001	3,498	44,676
Share of results of				
– jointly controlled entities	1,104	–	12,707	13,811
– an associated company	–	–	231	231
Fair value loss on investment properties and assets held for sale	–	–	1,255	1,255
Additions to non-current assets	42,890	2,815	6,600	52,305

The Executive Directors assess the performance of the operating segments based on a measure of operating results from each reportable segment. Corporate expenses, net unrealised and realised gains/(loss) on financial assets at fair value through profit or loss, finance income, finance costs and taxation are not included in the segment results.

Revenues between segments associated with transactions which are carried out on terms with reference to market practice. Revenues from external customers reported to the Executive Directors are measured in a manner consistent with that in the consolidated income statement.

A reconciliation of segment results to profit/(loss) before taxation is provided as follows:

	2009 HK$'000	2008 HK$'000
Segment results for reportable segments	934,771	64,212
Corporate expenses	(111,143)	(50,501)
Net unrealised and realised gains/(loss) on financial assets at fair value through profit or loss	6,723	(47,771)
Finance income	2,812	19,197
Finance costs	(1,264)	(2,499)
Profit/(loss) before taxation	831,899	(17,362)

Segment assets and liabilities exclude corporate assets and liabilities, deferred taxation, financial assets at fair value through profit or loss, available-for-sale financial assets, all of which are managed on a central basis. These are part of the reconciliation to total balance sheet assets.

As at 31 December 2009

	Property agency			
	Residential properties HK$'000	Commercial and industrial properties and shops HK$'000	Others HK$'000	Total HK$'000
Segment assets	1,283,667	375,176	205,830	1,864,673
Segment assets include:				
Interests in jointly controlled entities	–	–	48,068	48,068
Interests in an associated company	–	–	4,162	4,162
Segment liabilities	847,943	136,045	28,536	1,012,524

As at 31 December 2008

	Property agency			
	Residential properties HK$'000	Commercial and industrial properties and shops HK$'000	Others HK$'000	Total HK$'000
Segment assets	784,061	202,855	222,640	1,209,556
Segment assets include:				
Interests in jointly controlled entities	1,501	–	28,711	30,212
Interests in an associated company	–	–	231	231
Segment liabilities	522,883	55,398	45,312	623,593

Reportable segment assets are reconciled to total assets as follows:

	2009 HK$'000	2008 HK$'000
Segment assets	1,864,673	1,209,556
Corporate assets	1,021,035	766,465
Deferred taxation assets	10,840	13,629
Financial assets at fair value through profit or loss	174	5,278
Available-for-sale financial assets	11,851	11,949
Total assets per the consolidated balance sheet	2,908,573	2,006,877

Reportable segment liabilities are reconciled to total liabilities as follows:

	2009	2008
	HK$'000	HK$'000
Segment liabilities	1,012,524	623,593
Corporate liabilities	80,795	6,481
Deferred taxation liabilities	967	1,471
Total liabilities per the consolidated balance sheet	1,094,286	631,545

4. Other income

	2009	2008
	HK$'000	HK$'000
Dividend income from listed investments	69	1,162
Fair value gains on investment properties	11,680	–
Gains on disposal of investment properties	3,014	91
Gains on disposal of assets held for sale	6,360	12,536
Unrealised and realised gains on financial assets at fair value through profit or loss	6,723	–
	27,846	13,789

5. Operating profit/(loss)

Operating profit/(loss) is arrived at after charging:

	2009	2008
	HK$'000	HK$'000
Loss on disposal of property, plant and equipment	3,384	13,500
Impairment of property, plant and equipment	–	1,763
Net unrealised and realised loss on financial assets at fair value through profit or loss	–	47,771
Fair value loss on investment properties	–	1,095
Fair value loss on assets held for sale	–	160

6. Finance income and costs

	2009 HK$'000	2008 HK$'000
Finance income		
Bank interest income	2,812	19,197
Finance costs		
Interest on bank loans and overdrafts		
Wholly repayable within five years	–	(931)
Not wholly repayable within five years	(1,264)	(1,387)
	(1,264)	(2,318)
Interest on securities margin financing	–	(181)
	(1,264)	(2,499)
Finance income, net	1,548	16,698

7. Taxation

	2009 HK$'000	2008 HK$'000
Current		
Hong Kong profits tax	109,065	10,214
Overseas	6,826	375
Deferred	2,285	13,448
	118,176	24,037

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

8. Dividends

	2009 HK$'000	2008 HK$'000
Interim paid of HK$0.176 (2008: HK$0.065) per share	127,465	47,211
Interim special cash bonus paid of HK$0.20 (2008: Nil) per share	144,846	–
Proposed final of HK$0.438 (2008: HK$0.01) per share	317,213	7,242
	589,524	54,453

At a Board meeting held on 18 March 2010, the directors proposed a final dividend of HK$0.438 per share. This proposed dividend is not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2010.

9. Earnings/(loss) per share

The calculation of basic and diluted earnings/(loss) per share is based on the following:

	2009	2008
	HK$'000	HK$'000
Profit/(loss) attributable to equity holders	691,237	(40,895)
Number of shares for calculating basic earnings/(loss) per share (thousands)	724,231	729,119
Effect on conversion of share options (thousands)	–	–
Number of shares for calculating diluted earnings/(loss) per share (thousands)	724,231	729,119
Basic earnings/(loss) per share (HK cents)	95.44	(5.61)
Diluted earnings/(loss) per share (HK cents)	95.44	(5.61)

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of shares in issue during the year.

In calculating the diluted earnings/(loss) per share the weighted average number of shares is adjusted to assume conversion of all dilutive potential shares from share options. Adjustment has been made to determine the number of shares that could have been acquired at fair value (according to the average annual market share price of the shares of the Company) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options. Diluted earnings/(loss) per share for the year ended 31 December 2009 and 2008 did not assume the exercise of share options outstanding during the year since the exercise of share options would have an anti-dilutive effect.

10. Trade and other receivables

The trade receivables represent principally agency fee receivables from customers whereby no general credit facilities are available. The customers are obliged to settle the amounts upon the completion of the relevant agreements. The ageing analysis of the trade receivables is as follows:

	2009	2008
	HK$'000	HK$'000
Not yet due	807,730	496,509
Less than 30 days	56,310	17,392
31 to 60 days	34,176	8,760
61 to 90 days	22,904	9,084
91 to 180 days	35,417	17,907
	956,537	549,652

11. Trade and other payables

The trade payables and commissions payable include principally the commissions payable to property consultants and cooperative estate agents, which are due for payment only upon the receipt of corresponding agency fees from customers. These balances include commissions payable of HK$71,885,000 (2008: HK$42,559,000) which are due for payment within 30 days, and all the remaining trade payables and commissions payable are not yet due.

REVIEW

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 overall property transactions in 2009 amounted to approximately HK$515.7 billion, up approximately 25% from HK$413.1 billion in 2008, but down 2% from that in 2007. Nonetheless, profits of the Group for the year reached a new high and was 6% higher than that in 2007.

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.

Property Market resumed its uptrend in 2009

The property market witnessed a V-shaped recovery in 2009. Property transaction volume rose by about 20%. It is worth mentioning that sales activities in both mass residential sector and high-end segment, registered a significant growth, reflecting a broad-based recovery last year. According to Midland Property Price Chart, prices for secondary residential properties increased 27% in 2009.

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.

Firstly, low interest rates coupled with the relaxed monetary policies in US, helped lower the borrowing costs for the general public. In such a low interest rate environment, many interbank market-based products emerged last year, which further reduced mortgage interest rates.

Secondly, massive amount of fund flowed into the property market.

Thirdly, as capital from China streaming into Hong Kong, Mainland buyers are particularly active in high-end sector and new property market. In fact, as referenced by the Monetary Authority, market participants estimated that more and more mainlanders buying properties in Hong Kong, and that mainland buyers accounts for almost 10% of the market transactions in 2009.

Fourthly, the scarce property supply in Hong Kong and the fall in the number of completed properties also drove up property prices. Following the financial tsunami, an influx of capital into the property market has given rise to the brick-and-mortar culture.

Fifthly, Hong Kong enjoys geographical edge as a financial centre, and investor immigrant schemes has became more and more popular, which also contributed to the rise in property prices.

Amongst the different types of properties, the luxury property market was the most outstanding, with a rise in prices far outpacing those of small to middle-sized residential properties. The transacted values for luxury properties were relatively higher and an active high-end market was particularly favourable to property agent businesses.

Speedy Expansion in Anticipation of Market Boom

By and large, the property market, with considerate price growth, has been in a good shape since the trough in 2003, Yet market volatility has been enormous. For instance, the percentage difference between the highest and lowest monthly sales volume in 2009 was as much as 200%. Clearly, this poses tremendous challenges to the property agency industry. To cope with market changes, the Group, as proactive as always, started to centralise leadership as early as late 2008, to strengthen the Board and its management team and to enhance operation efficiency and effectiveness.

In fact, with their extensive experiences and sound business strategies, our sales team elites were able to attain outstanding results in selling several new properties when the market trend reversed. Moreover, the Group once again won the Henderson Best-Selling Award in Year 2008 and 2009, an award honouring our No. 1 sales record in selling Henderson Land's projects.

Over the past year, the Group set up more new branches in the PRC than that in the local market. Our Mainland business operation also turned around in 2009.

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.

OUTLOOK

The global economy has showed signs of recovery since past year. Even in the US, the epic center of the financial tsunami, an economic growth of 5.7% was recorded in the final quarter of 2009. Amid a GDP growth of 8.7% of the PRC in the past year, unemployment rates in Hong Kong peaked towards the end of last year. Certainly, the local property market has a solid foundation, improvements in the economy and employment market will provide additional impetus. So the business environment is expected to remain favorable this year. Nonetheless, the economic development this year may be affected by the withdrawal of the stimulus packages by various countries. What's more, the property market will not immune from the interest rates movement. In fact, the PRC has already started to tighten its credit policies, and the US has also raised its discount rates. Consequently, the Group will take a conservative yet proactive approach to stay alert at all times, taking into account all unforeseeable new challenges along expansion.

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.

Stay Alert Ahead of Challenges

The property market fared extremely well 2009 and prices for some properties have even surpassed the 1997 level. However, the Group believes that the fundamentals of the general market still remain strong, and that there is no sign of market bubble. The encouraging sales response to YOHO MIDTOWN, a new property in Yuen Long launched in February 2010, and the better-than-expected land sales results bode well for the market. I am positive on the market outlook, yet the Group will not be over-optimistic and will stay alert at all times. Despite the fact that the economy has shown signs of bottoming out, the road to recovery may be bumpy, and one of the concerns is the pace of withdrawal of the stimulus packages by various countries and its impact on asset price.

On the other hand, movement of interest rates and US dollars will also affect fund flow. There is increasing worry over a possible double-dip recession. The debt crisis of some European countries is a strong piece of evidence that global economic recovery still faces uncertainties. On top of that, the tightening of credit policies in the PRC may also affect the economy.

I am also aware of that the property market has become more volatile recently and it has made the operating environment more challenging. Consequently, the management will constantly monitor changes in the property market closely and maintain our flexibility. The Group will conduct regular reviews to ensure that it will stay at its best shape at all times.

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 successful 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.

Appreciation

The Hong Kong property market has been challenging, and financial tsunami did hit hard on every industry, but many of our staff have stood by the Group through all ups and downs. Without their dedication, the remarkable performance of the Group achieved last year would not have been possible. Looking ahead into the coming year, the market will still be full of challenges and with the hard work and commitment of all our staff, I am confident that the Group will maintain healthy development and will further consolidate its market position. The Group's success is attributable to all staff working together to reach new heights. On behalf of the Board, let me offer our sincere gratitude to all shareholders and customers for their continuous support and to all management and staff for their hard work and dedication throughout the year. Awarding those who strived through the hardship with us in 2009, the Group presented modest bonus to the staff.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, Financial Resources and Funding

As at 31 December 2009, the Group had bank balances and cash of HK$1,477,419,000, whilst bank loans amounted to HK$22,493,000. The Group's bank loans were secured by certain land use right, leasehold land and building held by the Group of HK$46,637,000 and with maturity profile set out as follows:

Repayable	HK$'000
Within 1 year	1,915
After 1 year but within 2 years	1,986
After 2 years but within 5 years	6,405
Over 5 years	12,187

As at 31 December 2009, the Group had unutilised banking facilities amounting to HK$224,940,000 from various banks. The Group's bank balances and cash are deposited in Hong Kong Dollars, United States Dollars, Renminbi and Macau Pataca, and the Group's bank loans are in Hong Kong Dollars and Renminbi. No currency hedging tool is used. The bank loans and overdraft facilities were granted to the Group on a floating rate basis.

As at 31 December 2009, the gearing ratio of the Group was 1%. The gearing ratio is computed on the basis of total bank loans divided by total equity of the Group.

The Directors are of the view that there are sufficient financial resources to satisfy the Group's capital commitments and on-going working capital requirements.

Capital Structure and Foreign Exchange Exposure

During the year ended 31 December 2009, there was no change in the Company's capital structure. The Group generally finances its operations and investing activities with equity holders' funds.

The Group's income and monetary assets and liabilities are mainly denominated in Hong Kong dollar. The Directors considered that the foreign exchange exposure of the Group is minimal.

Contingent Liabilities

The Company executed corporate guarantees as part of the securities for general banking facilities granted to certain wholly-owned subsidiaries and an associated company. In addition, the Company guaranteed the payment of operating lease rentals in respect of certain premises for its wholly-owned subsidiaries.

Employee Information

As at 31 December 2009, the Group employed 7,318 full time employees of which 6,309 were sales agents and 1,009 were back office supportive employees.

The Group provides remuneration package to employees largely based on industry practice, individual performance, qualification and experience. In addition, discretionary bonus, profit sharing and share option may be granted to eligible staff by reference to the Group's performance and individual performance. The Group also provides other benefits to its employees such as education subsidies, medical and retirement benefits. On staff development, both in-house and external training and development programmes are conducted on a regular basis.

FINAL DIVIDEND

The Directors proposed a final dividend of HK$0.438 per ordinary share for the year (2008: HK$0.01 per ordinary share), which, together with the interim dividend of HK$0.176 per ordinary share and the special cash bonus of HK$0.200 per ordinary share paid on 16 October 2009, will constitute a total dividend of HK$0.814 per ordinary share for the year (2008: totally HK$0.075 per ordinary share). Shareholders whose names appear on the register of members of the Company on 7 May 2010, will be entitled to the proposed final dividend, which will be paid on or around 13 May 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 4 May 2010, Tuesday, to 7 May 2010, Friday, both days inclusive, during which period no transfer of shares may be registered.

In order to establish entitlements to the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 3 May 2010, Monday.

CORPORATE GOVERNANCE

The Company has complied with the requirements of all the code provisions set out in the Code of Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 December 2009, except that the roles of the chairman and the chief executive officer of the Company are not segregated under code provision A.2.1 of the CG Code.

Mr. WONG Kin Yip, Freddie ("Mr. WONG") is the Chairman and Managing Director of the Company and is also the founder of the Group. Mr. WONG is responsible for formulating the overall corporate directions and corporate strategies of the Group and is also responsible for leading the management team.

Mr. WONG also carried out the function of chief executive officer of the Company. The daily operation and management of the Company are monitored by the Executive Directors as well as the senior management of the Company, whereas the senior executives of the respective strategic business units of the Group are responsible for performing and overseeing the business operation of the respective business units.

The Board believes that under the leadership of Mr. Wong, the current structure is conducive to strong and consistent leadership and management, with focused power enabling the Company to make and implement business decisions and strategies promptly and efficiently which is beneficial to the business prospects and development of the Group. The Board also considers that the above structure will not impair the balance of power and authority between the Board and the senior management of the Company.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules.

On specific enquiries made, all the Directors have confirmed that they have complied with the required standards as set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions throughout the year ended 31 December 2009.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2009.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2009. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2009 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong standards on Assurance Engagement issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND 2009 ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.midland.com.hk). The 2009 Annual Report will be dispatched to the shareholders and will be available in the websites of the Stock Exchange and the Company in due course.

APPRECIATION

Finally, I would like to take this opportunity to express our sincere gratitude to our shareholders and customers for their continuous support, to the management and staff for their hard work, support and dedication throughout the year.

On behalf of the Board
WONG Kin Yip, Freddie
Chairman and Managing Director

Hong Kong, 18 March 2010

As at the date of this announcement, the Board comprises ten Directors, of which seven are executive Directors, namely, Mr. Wong Kin Yip, Freddie, Ms. Tang Mei Lai, Metty, Mr. Wong Kam Hong, Mr. Chan Kwan Hing, Ms. Wong Ching Yi, Angela, Mr. Kwok Ying Lung and Ms. Ip Kit Yee, Kitty; and three are independent non-executive Directors, namely, Mr. Koo Fook Sun, Louis, Mr. Sun Tak Chiu and Mr. Wang Ching Miao, Wilson.