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 2011

The board of directors (the "Board") of Midland Holdings Limited (the "Company") is pleased to present the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2011 together with the comparative figures as follows:

Consolidated Income Statement

For the year ended 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
Revenues	3(a)	3,397,723	3,736,952
Other income	4	7,055	34,866
Staff costs		(1,932,980)	(2,121,894)
Rebate incentives		(365,474)	(243,809)
Advertising and promotion expenses		(115,905)	(119,063)
Operating lease charges in respect of office and shop premises		(403,549)	(302,833)
Impairment of receivables		(100,433)	(68,521)
Depreciation and amortisation costs		(48,129)	(34,806)
Other operating costs		(254,991)	(222,099)
Operating profit	5	183,317	658,793
Finance income	6	12,527	4,315
Finance costs	6	(229)	(476)
Share of results of			
Jointly controlled entities		16,595	24,227
An associated company		(153)	308
Profit before taxation		212,057	687,167
Taxation	7	(53,275)	(119,218)
Profit for the year		158,782	567,949

* *For identification purposes only*

Consolidated Income Statement (Continued)

For the year ended 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
Profit attributable to:			
Equity holders		133,557	532,794
Non-controlling interests		25,225	35,155
		158,782	567,949
Dividends	8	220,565	426,427
Earnings per share	9	HK cents	HK cents
Basic		18.49	73.57
Diluted		18.49	73.57

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	2011 HK$'000	2010 HK$'000
Profit for the year	158,782	567,949
Other comprehensive income		
Currency translation differences	1,045	5,373
Change in fair value of land and buildings upon transfer of properties to investment properties	-	6,652
Change in fair value of available-for-sale financial assets	(1,256)	(877)
	(211)	11,148
Total comprehensive income for the year	158,571	579,097
Total comprehensive income for the year attributable to:		
Equity holders	133,385	543,942
Non-controlling interests	25,186	35,155
	158,571	579,097

Consolidated Balance Sheet

As at 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		172,078	162,416
Investment properties		82,270	76,095
Interests in jointly controlled entities		58,090	58,295
Interests in an associated company		17	1,270
Available-for-sale financial assets		15,179	13,927
Deferred taxation assets		13,793	19,141
		341,427	331,144
Current assets			
Trade and other receivables	10	1,167,740	1,258,827
Financial assets at fair value through profit or loss		130	163
Taxation recoverable		18,367	-
Cash and bank balances		1,249,009	1,601,926
		2,435,246	2,860,916
Total assets		2,776,673	3,192,060
EQUITY AND LIABILITIES			
Equity holders			
Share capital		71,939	72,423
Share premium		224,354	247,484
Reserves		1,149,490	1,219,361
Proposed dividend		59,584	232,333
		1,505,367	1,771,601
Non-controlling interests		135,826	110,476
Total equity		1,641,193	1,882,077

Consolidated Balance Sheet (Continued)

As at 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current liabilities			
Deferred taxation liabilities		2,700	1,801
Current liabilities			
Trade and other payables	11	1,120,980	1,256,857
Bank loan		11,800	12,663
Amount due to an associated company		-	500
Taxation payable		-	38,162
		1,132,780	1,308,182
Total liabilities		1,135,480	1,309,983
Total equity and liabilities		2,776,673	3,192,060
Net current assets		1,302,466	1,552,734
Total assets less current liabilities		1,643,893	1,883,878

NOTES TO THE FINANCIAL STATEMENTS

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 People's Republic of China (the "PRC") 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 2011

HKAS 24 (Revised)	Related party disclosures
HKAS 32 (Amendment)	Classification of right issues
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters
HK(IFRIC) – Int 14	Prepayments of a minimum funding requirement
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments
HKFRSs (Amendment)	Improvements to HKFRSs 2010

The adoption of the above revised standards and amendments and interpretation to standards did not have significant effect on the financial information or result in any significant changes in the Group's significant accounting policies.

(c) Standard, interpretations and amendments which are not yet effective

The following new standards and amendments to standards have been issued but are not effective for 2011 and have not been early adopted by the Group.

Effective for the year ending 31 December 2012

HKFRS 7 (Amendment)	Disclosures – transfers of financial assets
HKAS 12 (Amendment)	Deferred tax: recovery of underlying assets

Effective for the year ending 31 December 2013

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 19 (Amendment)	Employee benefits
HKAS 27 (Revised 2011)	Separate financial statements
HKAS 28 (Revised 2011)	Investments in associates and joint ventures
HKFRS 9	Financial instruments
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurements

The Group is assessing the impact of these new or revised standards and amendments to standards. The adoption of these new or revised standards and amendments to standards will not result in a significant impact on the results and financial position of the Group except for the adoption of HKAS 12 (Amendment) when the Group is expected to derecognise the deferred tax liabilities arising from investment property measured at fair value and there will be certain changes in presentation and disclosures in the financial statements.

3. Revenues and segment information

(a) Revenues

	2011 HK$'000	2010 HK$'000
Turnover		
Agency fee	3,335,071	3,683,019
Rental from investment properties	2,830	3,193
Web advertising	1,810	1,639
Internet education and related services	20,338	26,682
Immigration consultancy services	36,856	21,349
Other services	818	1,070
	3,397,723	3,736,952

(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 businesses which are principally located in Hong Kong, the PRC and Macau, and comprises property agency businesses for residential, commercial and industrial properties and shops, and other businesses mainly include property leasing and immigration consultancy services.

	Year ended 31 December 2011			
	Property agency			
	Residential properties HK$'000	Commercial and industrial properties and shops HK$'000	Others HK$'000	Total HK$'000
Total revenues	2,863,656	510,682	70,584	3,444,922
Inter-segment revenues	(26,607)	(12,660)	(7,932)	(47,199)
Revenue from external customers	2,837,049	498,022	62,652	3,397,723
Segment results	161,363	99,373	39,632	300,368
Impairment of receivables	72,322	28,111	-	100,433
Depreciation and amortisation costs	41,025	4,932	970	46,927
Share of results of				
- jointly controlled entities	-	-	16,595	16,595
- an associated company	-	-	(153)	(153)
Fair value gain on investment properties	-	-	5,810	5,810
Additions to non-current assets	55,764	5,845	402	62,011

	Year ended 31 December 2010			
	Property agency			
	Residential properties HK$'000	Commercial and industrial properties and shops HK$'000	Others HK$'000	Total HK$'000
Total revenues	3,159,618	584,200	63,466	3,807,284
Inter-segment revenues	(40,204)	(20,595)	(9,533)	(70,332)
Revenue from external customers	3,119,414	563,605	53,933	3,736,952
Segment results	593,607	137,491	61,651	792,749
Impairment of receivables	55,979	12,356	186	68,521
Depreciation and amortisation costs	30,431	2,242	936	33,609
Share of results of				
- jointly controlled entities	-	-	24,227	24,227
- an associated company	-	-	308	308
Fair value gain on investment properties	-	-	18,529	18,529
Fair value gain on assets held for sale	-	-	330	330
Additions to non-current assets	48,324	2,290	98	50,712

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

Revenues between segments arose from 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 before taxation is provided as follows:

	2011 HK$'000	2010 HK$'000
Segment results for reportable segments	300,368	792,749
Corporate expenses	(101,118)	(110,305)
Unrealised loss on financial assets at fair value through profit or loss	(33)	(15)
Realised gain on available-for-sale financial assets	542	899
Finance income	12,527	4,315
Finance costs	(229)	(476)
Profit before taxation	212,057	687,167

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. The following is total segment assets and liabilities by reporting segments.

	As at 31 December 2011			
	Property agency			
	Residential properties HK$'000	Commercial and industrial properties and shops HK$'000	Others HK$'000	Total HK$'000
Segment assets	1,221,611	566,007	184,793	1,972,411
Segment assets include:				
Interests in jointly controlled entities	-	-	58,090	58,090
Interests in an associated company	-	-	17	17
Segment liabilities	965,468	126,589	11,250	1,103,307

	As at 31 December 2010			
	Property agency			
	Residential properties HK$'000	Commercial and industrial properties and shops HK$'000	Others HK$'000	Total HK$'000
Segment assets	1,415,511	537,000	186,239	2,138,750
Segment assets include:				
Interests in jointly controlled entities	-	-	58,295	58,295
Interests in an associated company	-	-	1,270	1,270
Segment liabilities	1,044,160	177,867	20,094	1,242,121

Reportable segment assets are reconciled to total assets as follows:

	2011 HK$'000	2010 HK$'000
Segment assets	1,972,411	2,138,750
Corporate assets	775,160	1,020,079
Deferred taxation assets	13,793	19,141
Financial assets at fair value through profit or loss	130	163
Available-for-sale financial assets	15,179	13,927
Total assets per consolidated balance sheet	2,776,673	3,192,060

Reportable segment liabilities are reconciled to total liabilities as follows:

	2011 HK$'000	2010 HK$'000
Segment liabilities	1,103,307	1,242,121
Corporate liabilities	29,473	66,061
Deferred taxation liabilities	2,700	1,801
Total liabilities per consolidated balance sheet	1,135,480	1,309,983

4. Other income

	2011 HK$'000	2010 HK$'000
Fair value gain on investment properties	5,810	18,529
Fair value gain on assets held for sale	-	330
Gain on disposal of subsidiaries	703	2,719
Gain on disposal of assets held for sale	-	12,389
Realised gain on available-for-sale financial assets	542	899
	7,055	34,866

5. Operating profit

Operating profit is arrived at after charging:

	2011 HK$'000	2010 HK$'000
Loss on disposal of property, plant and equipment	3,929	2,505
Direct operating expenses arising from investment properties that:		
- generated rental income	264	407
- did not generate rental income	140	62
Unrealised loss on financial assets at fair value through profit or loss	33	15
Auditor's remuneration	3,665	3,568

6. Finance income and costs

	2011 HK$'000	2010 HK$'000
Finance income		
Bank interest income	12,527	4,315
Finance costs		
Interest on bank loans and overdrafts		
Wholly repayable within five years	(1)	(14)
Not wholly repayable within five years (Note)	(228)	(462)
	(229)	(476)
Finance income, net	12,298	3,839

Note: The classification by repayment period is based on the scheduled repayment dates set out in the loan agreements and ignores the effect of any repayment on demand clause.

7. Taxation

	2011 HK$'000	2010 HK$'000
Current		
Hong Kong profits tax	46,895	126,418
Overseas	133	202
Deferred	6,247	(7,402)
	53,275	119,218

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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

	2011 HK$'000	2010 HK$'000
Interim paid of HK$0.2233 (2010: HK$0.2680) per share	160,981	194,094
Proposed final of nil (2010: HK$0.2028) per share	-	146,874
Proposed special dividend of HK$0.0834 (2010: Nil) per share	59,584	-
"創業 38 周年" special cash bonus paid of nil (2010: HK$0.118) per share	-	85,459
	220,565	426,427

At a board meeting held on 16 March 2012, the directors of the Company (the "Directors") proposed a special dividend of HK$0.0834 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 2012.

9. Earnings per share

The calculation of basic and diluted earnings per share is based on the following:

	2011 HK$'000	2010 HK$'000
Profit attributable to equity holders	133,557	532,794
Number of shares for calculation of basic earnings per share (thousands)	722,321	724,231
Effect on conversion of share options (thousands)	-	-
Number of shares for calculation of diluted earnings per share (thousands)	722,321	724,231
Basic earnings per share (HK cents)	18.49	73.57
Diluted earnings per share (HK cents)	18.49	73.57

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

In calculating the diluted earnings 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 per share for the year ended 31 December 2011 and 2010 did not assume the exercise of share options since the exercise of share options would have an anti-dilutive effect.

10. Trade and other receivables

Trade receivables mainly represent agency fee receivables from customers whereby no general credit terms are granted. The customers are obliged to settle the amounts due upon completion of or pursuant to the terms and conditions of the relevant agreements. The ageing analysis of the trade receivables is as follows:

	2011 HK$'000	2010 HK$'000
Not yet due	793,157	893,616
Less than 30 days	35,934	71,064
31 to 60 days	30,139	18,128
61 to 90 days	25,011	24,147
Over 90 days	23,826	51,775
	908,067	1,058,730

11. Trade and other payables

Trade payables and commissions payable include mainly the commissions payable to property consultants and co-operative estate agents, which are due for payment only upon the receipt of corresponding agency fees from customers. These balances include commissions payable of HK$85,033,000 (2010: HK$128,559,000) which are due for payment within 30 days, and all the remaining trade payables and commissions payable are not yet due.

REVIEW

Despite recording respectable interim results, a downturn in the property market posed a major challenge for the Group and caused the pared registration volume to fall substantially from 70,342 units in the first half to 38,472 units in the second half. For the year ended 31 December 2011, profit for the year of the Group totalled HK$158,782,000, down 72% from 2010.

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. However, overall competition still intensified. Besides, persistently high retail rental rates, keen competitive environment and the implementation of minimum wage ordinance had placed huge pressure on our cost structure. The Group believes that the operating environment will still have to face the challenge of high cost in the near term but maintains an optimistic long-term view. Meanwhile, we shall seek for market opportunity to raise the Group's profitability and its market share.

Housing policies affect property market performance in 2011

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.

Housing policies, the banks' lending practices and sharp correction in the stock market were largely responsible for the sector's sharp downturn in the second half. As the special stamp duty introduced in the fourth quarter of 2010 made its impact felt in 2011, home sales dropped steadfastly. Moreover, the loan-to-deposit ratio at Hong Kong's banks was on the rise. With less liquidity in the market, some banks took to raising the mortgage lending rate. All the above factors brought about an abrupt downturn in the property market in the second half. Meanwhile, the sovereign debt crisis in the euro zone continued to cast a pall over investor sentiment. The local stock market hit new low since May 2009 in the fourth quarter, dampening further the already lacklustre property sector.

Hit by one negative development after another, overall property transactions recorded at the Land Registry in the last quarter of 2011 hit the lowest level in past 12 quarters. Also hurt by austerity measures and restriction on home-purchase, the PRC property scene was affected, and so was our the PRC business, and thus its financial performance in 2011 was worse than that in the year before.

Market saturation aggravates business environment

With dwindling transaction volume, competition within the industry intensified. Despite a harsh operating environment marked by heated competition, 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.

On the other hand, driven by the robust performance of the retail sector, retail rental rates stayed persistently high. A large rental expense and the minimum wage ordinance implemented in May 2011 exerted more pressure on the Group's rising overhead.

For our mainland operations, given the difference in the operating environment and market conditions, the Group had begun trimming its branch network in the second half and stepped up the focus strategy. Meantime, the Group restructured the management team of its mainland operation so as to strengthen its management capability.

OUTLOOK – CAUTIOUSLY OPTIMISTIC

The Group remains cautiously optimistic on the Hong Kong property market in 2012. Peaking in last May, property prices fell continuously until January 2012. In February, 2012 property prices rebounded with a mild increase. However, whether the recent growth in transaction activity is sustainable depends on the strength of the buying power. It is worth mentioning that the global economic environments and financial markets are expected to stay volatile. In addition, government policies coupled with the mortgage tightening measures will weigh on the market. Nonetheless, the Board will adopt a positive stance to boost staff morale and to seek for market development and raise market share.

The Group takes the view that factors dampening the market last year will persist in the coming year. As such, we shall seek progress with a prudent stance and adjust costs appropriately. Some of the negative forces have abated recently. That the US Federal Reserve made known its plan to retain its low-interest-rate policy until the end of 2014 also would more or less help improve the market. Furthermore, the US economy has shown signs of improvement and the global stock market has rebounded remarkably this year. Besides, 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 for the Group. In this light, while admitting that we need to face various challenges in the near term, we are sanguine about the market's longer-term development.

Housing policies still affect market performance

Undoubtedly, Hong Kong's economic fundamentals remain relatively sound. Despite volatility in global markets, the territory's seasonally adjusted provisional unemployment rate for the fourth quarter actually dipped slightly to 3.3%. Surely, news of massive personnel layoffs continued to plague the financial services sector, one of Hong Kong's economic pillars. But given the increasing participation of the PRC buyers on the local property scene in recent years, we believe that the impact of layoffs thus will be offset in part.

Having said that, global economic conditions and stock market performance, housing and economic policies in the PRC, and local housing policies and bank's attitudes towards mortgage lending will continue to affect the overall property market activity. We are pleased to note that the government did not introduce new property cooling measures in its 2011 Policy Address, nor in Budget speech last February. However, the dampening effect of the special stamp duty and the mortgage restrictions on luxury homes is still being felt. As such, home sales will continue to suffer. Moreover, the debt crisis in the Euro Zone, which shows every sign of being long drawn out, certainly will cloud the outlook of the Hong Kong property market. In the PRC, the central government did relax monetary control by reducing the reserve ratio of banks. But it has yet to indicate that it will loosen its grip on property policies.

Group rises to challenge and moves forward

As per our forecast, residential property prices rose sharply, then fell last year. Despite the fairly steady pricing, the steep plunge in transaction volume had posed a major challenge to the Group and the industry. However, we believe that the property market is anchored on sound fundamentals for several reasons:

- Affordability ratio for homes standing at below 40%, a reasonable level
- A end-users driver market showing that market fundamentals are solid
- Considerable potential demand for residential units both from the local population and mainlanders
- Investment sentiment has improved
- Cost of funding is low
- The release of pent up demand

However, given that the market in 2012 is still overshadowed by adverse public policies, we believe 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 major real estate agencies will be able to find opportunities in the market. 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. That, in turn, will have a positive impact on the Group's income.

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. In fact, home sales picked up strongly shortly after the Lunar New Year in light of the emergence of some favourable factors. Noting how the market fluctuates, we shall stay flexible, resorting to our tried-and-true strategy of adopting multi-pronged marketing efforts to seize the business opportunity. At the appropriate time, we also shall host seminars again to keep the public informed and win over customer support. The "Property Seminar Series 2012" held in early February featuring the industry's superstars as speakers was a case in point. Besides, the Group has just revamped its website, a move which can help strengthen our market position in a cost efficient way.

Strengthening market position

"Understand First Then Invest" a concept that we have been promoting for some time, has been winning over more and more believers among the general public. As a key step towards diversifying sales, we co-hosted with the Open University of Hong Kong the "Midland Training and Development Programme for Property Professionals" last year.

The Group takes the view that Hong Kong residential property market will have a stable development in the long term, although government measures and the debt crisis in Europe will continue to plague it in the near term. Given this scenario, the Group will stay vigilant and strive to raise its market standing by expanding its market share.

Lifting Morale, Achieving Success

From 21 February 2012, upon being re-appointed by the Board, I have resumed the post of managing director of Midland Holdings Limited. My re-appointment was aimed at strengthening management. I also remain chairman of the Group. In re-appointing me, the Board had acknowledged my ability to maximise the strengths of our team of professionals, reinforce the Group's leading position in the market, and add value to the benefit of shareholders.

Last year, Midland IC&I Limited was awarded "Best Asia under A Billion" by Forbes Asia and its Deputy Chairman, Mr. WONG Tsz Wa, Pierre has been appointed as the Group's sales management director.

The Group always values team play and adopts people-oriented approach. I believe that team play is of utmost importance amid market uncertainty. Indeed, the second half of 2011 registered the biggest half yearly decline in secondary home sales registrations in a decade. To deal with the market fluctuation, the Group has taken measures to strengthen the management team. Building the corporate culture through pursuing the policy of promoting the top performers in an equitable, objective and open manner can boost the staff morale. And this will have positive impact on the staff productivity.

Note of thanks

Lastly, on behalf of the Board, please allow me to express gratitude to all staff for a year of hard work. Despite the difficult times, we pulled together as one organisation to put up a respectable performance. Also let me offer our sincere thanks to all shareholders and customers for their continuous support. Thank you.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, Financial Resources and Funding

As at 31 December 2011, the Group had cash and bank balances of HK$1,249,009,000 (2010: HK$1,601,926,000), whilst bank loan amounted to HK$11,800,000 (2010: HK$12,663,000). The Group's bank loan was secured by certain land and buildings and investment property held by the Group of HK$26,339,000 and HK$840,000 respectively (2010: secured by certain land and buildings held by the Group of HK$27,441,000) and with maturity profile set out as follows:

Repayable	2011 HK$'000	2010 HK$'000
Within 1 year	871	853
After 1 year but within 2 years	889	870
After 2 years but within 5 years	2,775	2,716
Over 5 years	7,265	8,224
	11,800	12,663

Note: The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

As at 31 December 2011, the Group had unutilised banking facilities amounting to HK$166,433,000 (2010: HK$188,156,000) from various banks. The Group's cash and bank balances are deposited in Hong Kong Dollars, United States Dollars, Renminbi and Macau Pataca and the Group's bank loan is in Hong Kong Dollars. 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 2011, the gearing ratio of the Group was 0.72% (2010: 0.67%). The gearing ratio is calculated on the basis of total bank loans over total equity of the Group. The liquidity ratio of the Group, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 2.1 (2010: 2.2).

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 2011, the Company had repurchased 8,140,000 own shares on the Stock Exchange at an aggregate consideration of approximately HK$37.0 million, details of which are outlined in the section "Purchase, Sale or Redemption of Shares". 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 Dollars. 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.

Employee information

As at 31 December 2011, the Group employed 7,530 full time employees of which 6,496 were sales agents, 492 were back office supportive employees and 542 were frontline supportive employees.

The Group provides remuneration package to employees largely based on industry practice, individual performance, qualification and experience. In addition, discretionary bonus, incentives tied in with profits 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.

DIVIDEND

The Directors proposed a special dividend of HK$0.0834 per ordinary share for the year (2010: final dividend of HK$0.2028 per ordinary share and "創業38周年" special cash bonus of HK$0.118 per ordinary share) to shareholders whose names appear on the register of members of the Company on Friday, 1 June 2012. Taking into account of the interim dividend payment, the total dividend for the year would amount to HK$0.3067 per ordinary share, totalling HK$220,565,000 for the year (2010: HK$0.5888 per ordinary share, totalling HK$426,427,000), representing a decrease of approximately 48% compared with last year. Subject to approval of the shareholders at the forthcoming annual general meeting of the Company on Friday, 25 May 2012 (the "AGM"), the special dividend will be paid on or around Friday, 8 June 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 23 May 2012 to Friday, 25 May 2012, both days inclusive, during which period no transfers of shares will be registered. Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 22 May 2012 will be entitled to attend and vote at the AGM. All transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms 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 for registration not later than 4:30 p.m. on Tuesday, 22 May 2012.

The proposed special dividend is subject to the approval of the shareholders at the AGM. The record date for the proposed special dividend is at the close of business on Friday, 1 June 2012. For determining the entitlement to the proposed special dividend, the register of members of the Company will be closed on Friday, 1 June 2012, during which period no transfer of shares will be effected. In order to qualify for the proposed special dividend, all transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Abacus Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 31 May 2012.

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 2011, 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 running and overseeing business operations of the respective business units.

Although code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual, the Board considers that the above structure will not impair the balance of power and authority between the Board and the senior management of the Company.

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.

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 2011.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2011, the Company repurchased a total of 8,140,000 ordinary shares of HK$0.10 each of the Company at an aggregate consideration of HK$36,820,640 on the Stock Exchange. Details of the repurchases of such ordinary shares were as follows:

Month of repurchase	Number of ordinary shares repurchased	Purchase price per Share Highest HK$	Purchase price per Share Lowest HK$	Aggregate consideration HK$
May 2011	2,918,000	5.44	5.14	15,494,140
June 2011	396,000	5.21	4.30	1,955,840
December 2011	4,826,000	4.06	3.83	19,370,660
Total	8,140,000			36,820,640
		Total expenses on shares repurchased		141,042
				36,961,682

Out of the 8,140,000 repurchased ordinary shares, 4,842,000 shares were cancelled during the year, and the remaining 3,298,000 shares were cancelled subsequent to the year end date. The issued share capital of the Company was accordingly reduced by the nominal value of the repurchased ordinary shares so cancelled. Subsequent to the year end date, the Company repurchased a further of 1,650,000 ordinary shares of HK$0.10 each of the Company at an aggregate consideration of HK$6,717,128 at prices ranging from HK$4.00 to HK$4.09 per shares on the Stock Exchange. The repurchases were effected by the Board pursuant to the mandate from shareholders, with a view to benefit shareholders as a whole in enhancing the net assets and earnings per share of the Company.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2011. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2011 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 2011 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 2011 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, the Board 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.

By Order of the Board
Midland Holdings Limited
WONG Kin Yip, Freddie
Chairman and Managing Director

Hong Kong, 16 March 2012

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, Ms. WONG Ching Yi, Angela, Mr. WONG Kam Hong, Mr. CHAN Kwan Hing, Ms. IP Kit Yee, Kitty and Mr. CHEUNG Kam Shing; and three are Independent Non-executive Directors, namely Mr. KOO Fook Sun, Louis, Mr. SUN Tak Chiu and Mr. WANG Ching Miao, Wilson.