MIDLAND HOLDINGS LIMITED
美 聯 集 團 有 限 公 司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1200)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

The board of directors (the "Board") of Midland Holdings Limited (the "Company") announces the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013 together with the comparative figures as follows:

Consolidated Income Statement
For the year ended 31 December 2013

	Note	**2013** *HK$'000*	2012 *HK$'000*
Revenues	*3(a)*	**3,343,972**	3,910,670
Other income	*4*	**17,198**	23,407
Staff costs		**(1,876,427)**	(2,141,857)
Rebate incentives		**(481,580)**	(431,228)
Advertising and promotion expenses		**(100,508)**	(110,814)
Operating lease charges in respect of office and shop premises		**(615,200)**	(477,108)
Impairment of receivables		**(126,075)**	(116,575)
Depreciation and amortisation costs		**(58,057)**	(48,010)
Other operating costs		**(312,921)**	(269,676)
Operating (loss)/profit	*5*	**(209,598)**	338,809
Finance income	*6*	**6,187**	11,937
Finance costs	*6*	**(4,043)**	(244)
Share of results of joint ventures		**7,492**	6,999
(Loss)/profit before taxation		**(199,962)**	357,501
Taxation	*7*	**1,848**	(59,779)
(Loss)/profit for the year		**(198,114)**	297,722

* *For identification purpose only*

Consolidated Income Statement (Continued)

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
(Loss)/profit attributable to:			
Equity holders		**(204,037)**	**249,826**
Non-controlling interests		**5,923**	**47,896**
		(198,114)	**297,722**
Dividends	*8*	**-**	**174,773**
		HK cents	***HK cents***
(Loss)/earnings per share	*9*		
Basic		**(28.42)**	**34.89**
Diluted		**(28.42)**	**34.82**

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(198,114)**	297,722
Other comprehensive income		
Items that are reclassified to profit or loss		
Release of currency translation difference arising from deregistration of a subsidiary	**-**	1,408
Release of currency translation differences arising from disposal of subsidiaries	**11**	-
Items that may be reclassified to profit or loss		
Currency translation differences	**(1,455)**	1,123
Change in fair value of available-for-sale financial assets	**448**	1,181
	(996)	3,712
Total comprehensive (loss)/income for the year, net of tax	**(199,110)**	301,434
Total comprehensive (loss)/income for the year attributable to:		
Equity holders	**(205,041)**	253,543
Non-controlling interests	**5,931**	47,891
	(199,110)	301,434

Consolidated Balance Sheet

As at 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**189,606**	179,070
Investment properties		**86,049**	101,812
Land use rights		**1,407**	1,411
Interests in joint ventures		**56,431**	53,589
Available-for-sale financial assets		**15,071**	18,706
Deferred taxation assets		**35,920**	21,471
		384,484	376,059
Current assets			
Trade and other receivables	*10*	**1,450,795**	1,822,655
Financial assets at fair value through profit or loss		**-**	155
Taxation recoverable		**3,627**	-
Cash and bank balances		**1,434,300**	1,289,966
		2,888,722	3,112,776
Total assets		**3,273,206**	3,488,835

Consolidated Balance Sheet (Continued)

As at 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
EQUITY AND LIABILITIES			
Equity holders			
Share capital		**71,805**	71,805
Share premium		**223,505**	223,505
Reserves		**1,042,590**	1,243,437
Proposed dividend		**-**	71,805
		1,337,900	1,610,552
Non-controlling interests		**189,648**	183,717
Total equity		**1,527,548**	1,794,269
Non-current liabilities			
Deferred taxation liabilities		**2,832**	2,417
Current liabilities			
Trade and other payables	*11*	**1,311,153**	1,658,555
Borrowings		**424,011**	10,926
Taxation payable		**7,662**	22,668
		1,742,826	1,692,149
Total liabilities		**1,745,658**	1,694,566
Total equity and liabilities		**3,273,206**	3,488,835
Net current assets		**1,145,896**	1,420,627
Total assets less current liabilities		**1,530,380**	1,796,686

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 head office and principal place of business in Hong Kong is Rooms 2505-8, 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 and available-for-sale financial assets, which are carried at fair values.

(b) Standards, interpretations and amendments effective in 2013

HKAS 1 (Amendment)	Financial Statement Presentation
HKAS 19 (Revised 2011)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurements
Annual Improvements Project	Annual Improvements 2009–2011 Cycle

The adoption of the above new and revised standards and amendments and interpretations to existing standards did not have significant effect on the financial information or result in any significant changes in the Group's significant accounting policies, except for certain changes in presentation and disclosures.

2 Basis of preparation (Continued)

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

The following new standards, amendments to standards and interpretation have been issued but are not effective for 2013 and have not been early adopted by the Group.

Effective for the year ending 31 December 2014

HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment Entities
HK(IFRIC) Interpretation 21	Levies

Effective for the year ending 31 December 2015

HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures
HKFRS 9	Financial Instruments

The Group is assessing the impact of these new standards, amendments to standards and interpretation. The adoption of these new standards, amendments to standards and interpretation will not result in a significant impact on the results and financial position of the Group.

3 Revenues and segment information

(a) Revenues

	2013	2012
	HK$'000	*HK$'000*
Turnover		
Agency fee	**3,297,104**	3,860,234
Rental from investment properties	**3,312**	3,149
Web advertising	**1,916**	1,698
Internet education and related services	**11,479**	17,332
Immigration consultancy services	**27,713**	26,062
Other services	**2,448**	2,195
	3,343,972	3,910,670

(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 which mainly include property leasing and immigration consultancy services.

3 Revenues and segment information (Continued)

(b) Segment information (Continued)

	Year ended 31 December 2013			
	Property agency			
	Residential properties *HK$'000*	Commercial and industrial properties and shops *HK$'000*	Others *HK$'000*	Total *HK$'000*
Total revenues	2,762,773	636,981	54,800	3,454,554
Inter-segment revenues	(63,463)	(39,187)	(7,932)	(110,582)
Revenues from external customers	2,699,310	597,794	46,868	3,343,972
Segment results	(196,897)	13,796	20,991	(162,110)
Impairment of receivables	80,508	45,567	-	126,075
Depreciation and amortisation costs	46,832	8,830	1,198	56,860
Share of results of joint ventures	-	-	7,492	7,492
Fair value gain on investment properties	-	-	5,636	5,636
Additions to non-current assets	62,279	10,909	368	73,556

3 Revenues and segment information (Continued)

(b) Segment information (Continued)

	Year ended 31 December 2012			
	Property agency			
	Residential properties	Commercial and industrial properties and shops	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total revenues	3,120,953	850,255	58,368	4,029,576
Inter-segment revenues	(68,661)	(42,313)	(7,932)	(118,906)
Revenues from external customers	3,052,292	807,942	50,436	3,910,670
Segment results	211,405	183,385	35,167	429,957
Impairment of receivables	69,659	46,916	-	116,575
Depreciation and amortisation costs	41,591	4,803	419	46,813
Share of results of joint ventures	-	-	6,999	6,999
Fair value gain on investment properties	-	-	19,247	19,247
Additions to non-current assets	51,624	7,918	1,134	60,676

The Executive Directors assess the performance of the operating segments based on a measure of operating results from each reportable segment. Corporate expenses, fair value (loss)/gain 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.

3 Revenues and segment information (Continued)

(b) Segment information (Continued)

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

	2013 HK$'000	2012 HK$'000
Segment results for reportable segments	**(162,110)**	429,957
Corporate expenses	**(43,505)**	(86,111)
Fair value (loss)/gain on financial assets at fair value through profit or loss	**(12)**	25
Realised gain on available-for-sale financial assets	**3,521**	1,937
Finance income	**6,187**	11,937
Finance costs	**(4,043)**	(244)
(Loss)/profit before taxation per consolidated income statement	**(199,962)**	357,501

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 2013			
	Property agency			
	Residential properties HK$'000	Commercial and industrial properties and shops HK$'000	Others HK$'000	Total HK$'000
Segment assets	**1,585,208**	**790,347**	**196,689**	**2,572,244**
Segment assets include:				
Interests in joint ventures	**-**	**-**	**56,431**	**56,431**
Segment liabilities	**1,051,577**	**189,138**	**28,453**	**1,269,168**

3 Revenues and segment information (Continued)

(b) Segment information (Continued)

	As at 31 December 2012			
	Property agency			
	Residential properties	Commercial and industrial properties and shops	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	1,553,034	971,189	223,870	2,748,093
Segment assets include:				
Interests in joint ventures	-	-	53,589	53,589
Segment liabilities	1,222,010	378,686	22,270	1,622,966

Reportable segment assets are reconciled to total assets as follows:

	2013	2012
	HK$'000	*HK$'000*
Segment assets	**2,572,244**	2,748,093
Corporate assets	**649,971**	700,410
Deferred taxation assets	**35,920**	21,471
Financial assets at fair value through profit or loss	**-**	155
Available-for-sale financial assets	**15,071**	18,706
Total assets per consolidated balance sheet	**3,273,206**	3,488,835

Reportable segment liabilities are reconciled to total liabilities as follows:

	2013	2012
	HK$'000	*HK$'000*
Segment liabilities	**1,269,168**	1,622,966
Corporate liabilities	**473,658**	69,183
Deferred taxation liabilities	**2,832**	2,417
Total liabilities per consolidated balance sheet	**1,745,658**	1,694,566

3 Revenues and segment information (Continued)

(b) Segment information (Continued)

Geographical information:

	2013	2012
	HK$'000	*HK$'000*
Hong Kong and Macau	**2,676,326**	3,486,196
PRC	**667,646**	424,474
Revenues from external customers	**3,343,972**	3,910,670

Revenues are attributed to locations where the transactions took place.

4 Other income

	2013	2012
	HK$'000	*HK$'000*
Fair value gain on investment properties	**5,636**	19,247
Gain on disposal of investment properties	**2,254**	-
Gain on disposal of subsidiaries	**2,205**	-
Realised gain on available-for-sale financial assets	**3,521**	1,937
Fair value gain on financial assets at fair value through profit or loss	**-**	25
Others	**3,582**	2,198
	17,198	23,407

5 Operating (loss)/profit

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

	2013	2012
	HK$'000	*HK$'000*
Loss on disposal of property, plant and equipment	**5,043**	4,564
Direct operating expenses arising from investment properties that:		
- generated rental income	**294**	281
- did not generate rental income	**159**	130
Fair value loss on financial assets at fair value through profit or loss	**12**	-
Auditor's remuneration		
- audit services	**3,466**	4,124
- non-audit services	**1,208**	1,313

6 Finance income and costs

	2013	2012
	HK$'000	*HK$'000*
Finance income		
Bank interest income	**6,187**	11,937
Finance costs		
Interest on bank loans, overdrafts and other loan		
Wholly repayable within five years	**(3,847)**	(20)
Not wholly repayable within five years (*Note*)	**(196)**	(224)
	(4,043)	(244)
Finance income, net	**2,144**	11,693

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

	2013	2012
	HK$'000	*HK$'000*
Current		
Hong Kong profits tax	**11,544**	65,178
Overseas	**678**	751
Deferred	**(14,070)**	(6,150)
	(1,848)	59,779

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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

	2013	2012
	HK$'000	*HK$'000*
Interim dividend paid of nil (2012: HK$0.1434) per share	**-**	102,968
Proposed final dividend of nil (2012: HK$0.10) per share	**-**	71,805
	-	174,773

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013.

9 (Loss)/earnings per share

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

	2013	2012
	HK$'000	*HK$'000*
(Loss)/profit attributable to equity holders	**(204,037)**	249,826
Number of shares for calculation of basic earnings per share (*thousands*)	**718,046**	716,137
Effect on conversion of share options (*thousands*)	**-**	1,394
Number of shares for calculation of diluted earnings per share (*thousands*)	**718,046**	717,531
Basic (loss)/earnings per share (*HK cents*)	**(28.42)**	34.89
Diluted (loss)/earnings per share (*HK cents*)	**(28.42)**	34.82

9 (Loss)/earnings per share (Continued)

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

In calculating the diluted (loss)/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 loss per share for the year ended 31 December 2013 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:

	2013	2012
	HK$'000	*HK$'000*
Not yet due	**1,053,958**	1,337,933
Less than 30 days	**34,703**	100,082
31 to 60 days	**36,841**	33,581
61 to 90 days	**9,736**	23,840
Over 90 days	**33,700**	34,286
	1,168,938	1,529,722

11 Trade and other payables

Commissions payable include mainly the commissions payable to property consultants, co-operative estate agents and clients, which are due for payment only upon the receipt of corresponding agency fees from customers. These balances include commissions payable of HK$110,125,000 (2012: HK$194,320,000) which are due for payment within 30 days, and all the remaining commissions payable are not yet due.

Management Discussion and Analysis

Business Review

The downturn in the Hong Kong property market, increased competition in the sector and upward pressure on cost posed major challenges for the Group in 2013. For the year ended 31 December 2013, the Group recorded a loss attributable to equity holders of HK$204,037,000, with turnover amounting to HK$3,343,972,000, down 14% as compared to the previous year.

During 2013, the agency industry faced the toughest business environment in decades, with property market activity falling to a 23-year record low and the agency business experiencing a high degree of competition. With various demand-side cooling measures in place, the market activities of "upgraders", long-term investors, foreign buyers and speculators have all been substantially affected. Following the enactment of various stamp duty regulations, the number of property sales registrations fell 38% to 70,503 for the year. The performance of the primary residential sector was less impacted as some developers were willing to offer incentive and rebate schemes to buyers. For the year, sales registrations for primary residential units dropped 23%, while those for secondary residential units fell by 40%. Moreover, sales registrations in the non-residential property sector declined 42% due to the government cooling measures.

Property prices, however, remained resilient in spite of the cooling measures. According to the Group's estimates, residential property prices in Hong Kong rose by 2.7% in 2013. Indeed, the Group is of the view that some of the measures implemented to cool the property market and curb price increases have largely been unsuccessful. Hence, in July 2013, we joined together with other property agencies in Hong Kong to publicize our view against the tightening measures and have also played an active role in lobbying legislators. However, so far there has been no progress in amending the legislation.

Undoubtedly, the low level of sales transactions has placed pressure on the industry, and this has resulted in some consolidation of agencies in the sector. However, the pace of this industry consolidation has been unexpectedly slow. The slow pace of consolidation has exacerbated the fiercely competitive environment in the agency sector. Amidst this backdrop, the Group focused considerable efforts on controlling operating cost. Through measures such as reducing the size of our branch network in Hong Kong and scaling back our local staff, we were able to achieve some savings. As the Chairman of the Company, I also took the initiative to reduce the size of my remuneration package in late August 2013. However, operating cost still increased in 2013 because of fierce competition, upward pressure on cost and our expansion in mainland China. For instance, rental expenditure significantly increased by 29% during the reporting period.

In the meantime, management strived hard to raise the productivity of our frontline operations. In the second half of the year, a special performance-based bonus scheme was introduced to incentivize our senior sales staff to achieve better market share for the launches of primary residential projects. Consequently, Midland Realty International Limited became the best-selling agency for the sales of various prestigious primary residential projects such as The Rise, The Visionary and the Century Gateway.

We also implemented programs to boost staff morale, such as our new reward program, Midland Miles, which aims to provide incentives and recognition to hardworking and outperforming employees. Other motivational programs, such as the 2013 Property Agent Award Ceremony, were also held to honor top performers within the Group.

In Mainland China, Shenzhen continued to be our stronghold. During the reporting period, the scale of our Mainland operations (including Macau) expanded in terms of the number of staff and branches.

Outlook

The Group maintains its cautious view on the outlook of the property market. It is unlikely that there will be any relaxation of cooling measures in the coming year. Although the pace of industry consolidation may speed up in the final quarter of 2013 or during 2014, we expect the competition in the sector to remain intense. Despite the challenging environment, the Board is confident that the management team, together with the newly promoted senior sales management executives, can add value for our shareholders through improving the Group's operational efficiency and strengthening its market position.

Policies are not likely to change

Housing polices have become the most dominant factor affecting the Hong Kong property market for quite some time and will continue to remain so in the near future. Indeed, a growing number of investors are shifting their focus to the overseas property market. Undeniably, because of the recent increase in new project launches property prices are softening and may continue to decline. In January and February of 2014, home prices fell by 1.2%. Asset values are expected to fall.

On the global front, the US and EU economies are both gradually improving. Despite the US government's tapering policies, the pace of tapering is likely to be modest. Moreover, the low interest rate environment is likely to continue in 2014 despite the change in the rate hikes guidance. Meanwhile, China achieved an outstanding real GDP growth of 7.7% last year, which was relatively high compared to other leading economies. The Group is confident that the reform measures instituted by the Central Government will result in healthy and sustainable growth for China.

In Hong Kong, the current low interest rate promotes investment activities, while the low unemployment rate reflects a healthy economy. As investment channels in Hong Kong are limited, the underlying demand for property is expected to remain strong. However, potential buyers are standing on the sidelines because their housing demand is suppressed by the administrative measures. Moreover, most property owners are not willing to sell as trading up flats may result in an extra tax burden on them. Although property prices may drop in 2014, secondary property sales activity is likely to shrink further.

The primary market, however, is expected to outperform the secondary market in 2014. Since the underlying housing supply is set to rise, developers will be launching new projects. Thus, primary units are expected to be priced at a reasonable level to promote turnover. As a matter of fact, developers are able to mitigate the impact of the government measures by offering cash rebates and incentive schemes. This can be evidenced by the strong market response to some new projects launched in the final quarter of 2013.

Primary market focused

As mentioned beforehand, the secondary market is expected to be relatively inactive in 2014. In response, the Group will continue to focus on the primary residential sector. Unlike small agencies, we have access to the sales of primary properties and have developed a solid presence in this sector. With the softening property prices and the tough business environment, we expect closures of agencies that are not competitive or fiscally strong.

Strengthening the sales management team

Our employees have always been the Group's most valuable asset. They are the culture, passion and drive of the Group. To maintain our competitiveness in the market and foster a culture of proactiveness, the Group reorganized the residential division and promoted four veteran sales management executives, who are all experienced, dedicated and highly respected within the industry, to strengthen our sales management team. With an average tenure within the Group of more than twenty years, these executives are mature and hardworking, and have a successful track record of producing results despite the tough business environment. In their senior sales management positions, these executives have helped the Group to secure meaningful market share in recent new launches.

Cost containment

Costs have come under immense pressure under the current competitive business environment. We have a clear goal in containing cost, which is to strike a balance between competitiveness and profitability.

The primary market-focused strategy allows us to be less dependent on our branch network. Meantime, the Group has to take industry dynamics into the consideration, which include the slow pace of branch contraction by competitors. Depending on the pace of consolidation within the industry, the size of our network will continue to be scaled down, along with the corresponding cost. In addition, the Group successfully renewed twenty leases in Hong Kong with negotiated rental reductions. As the property market enters the correction stage, we will carry out a comprehensive cost cutting plan during 2014.

Having said that, the Group is well aware that any future cost-cutting measures will be constrained by the moves of our competitors and the persistent pressure on cost in the industry. Thus, cost control is more difficult than before. Taking these factors into consideration, the Group has outlined a three-year plan to navigate through and effectively deal with the market challenges and to strengthen our market position. The key initiatives of this plan include:

1. Reorganizing our talent pool
2. Enhancing productivity
3. Streamlining the workflow
4. Reviewing our commission scheme
5. Reviewing our branch network
6. Boosting employee morale

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group mainly finances its business operations with its internal resources and loan facilities from banks and other parties.

As at 31 December 2013, the Group had cash and bank balances of HK$1,434,300,000 (2012: HK$1,289,966,000). 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 1.7 (2012: 1.8).

As at 31 December 2013, the interest-bearing bank and other borrowings of the Group amounted to HK$334,011,000 (2012: HK$10,926,000) and HK$90,000,000 (2012: Nil) respectively, with maturity profile set out as follows:

Repayable	**2013** ***HK$'000***	2012 *HK$'000*
Within 1 year	**414,894**	893
After 1 year but within 2 years	**930**	910
After 2 years but within 5 years	**2,895**	2,838
Over 5 years	**5,292**	6,285
	424,011	10,926

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.

The gearing ratio, which is calculated on the basis of total borrowings over total equity of the Group, was 27.76% (2012: 0.61%). Increase in the gearing ratio was mainly due to the increase in interest-bearing bank and other borrowings. Despite of the increase in gearing ratio, the current ratio of the Group is still maintained at a stable level as mentioned above.

With the implementation of the Residential Properties (First-hand Sales) Ordinance in April 2013, there is a change in the market practice for the sales arrangement for first hand residential properties which in turn increases the short term funding requirement of the Group. Therefore, new loan facilities have been secured to cope with the market changes.

As at 31 December 2013, the Group has unutilised borrowing facilities amounting to approximately HK$95,795,000 (2012: HK$184,221,000) from various banks and other parties. The borrowing facilities were granted to the Group on a floating rate basis. The directors of the Company (the "Directors") will continue to adopt a prudent financial policy so as to sustain an optimal level of borrowings to meet the Group's funding requirements.

As at 31 December 2013, certain land and buildings and investment property held by the Group of HK$71,740,000 (2012: HK$50,214,000) and HK$1,000,000 (2012: HK$14,430,000) were pledged to secure banking facilities granted to the Group.

The Group's cash and bank balances are deposited in Hong Kong Dollars, Renminbi and Macau Pataca and the Group's borrowings are in Hong Kong Dollars. No currency hedging tool is used.

The Group's business has been conducted primarily in Hong Kong and its monetary assets and liabilities are mainly denominated in Hong Kong Dollars. The Group is exposed to Renminbi exchange rate risk as the assets and liabilities of the Group's PRC subsidiaries were primarily denominated in Renminbi. Since it is expected that there shall not be sharp depreciation of Renminbi against Hong Kong Dollars in near future, the Directors consider that no hedging measure against Renminbi exchange rate exposure is necessary at this stage but will closely monitor its fluctuations.

Contingent Liabilities

As at 31 December 2013, the Company executed corporate guarantee as part of the securities for general banking and other loan facilities of HK$542,700,000 granted to certain wholly-owned subsidiaries (2012: HK$180,200,000). At 31 December 2013, HK$425,701,000 of these facilities were utilised by the subsidiaries (2012: HK$11,479,000).

Employee Information

As at 31 December 2013, the Group employed 9,492 full time employees (2012: 9,291) of which 8,214 were sales agents, 576 were back office supportive employees and 702 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 and incentives tied in with profits 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. In respect of staff development, both in-house and external training and development programmes are conducted on a regular basis.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: HK$0.10 per ordinary share).

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report as stated in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange throughout the year ended 31 December 2013.

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 to the Listing Rules.

On specific enquiries made, all the Directors confirmed that they had complied with the required standard as set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions throughout the year ended 31 December 2013.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2013.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the financial statements of the Company for the year ended 31 December 2013. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 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 Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND 2013 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.midland.com.hk). The 2013 Annual Report will be despatched to the shareholders of the Company and will be published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

As the Chairman of the Company, I would like to take this opportunity to thank our colleagues for their diligence, dedication and loyalty in this extremely tough business environment. I also want to thank our Board of Directors and our shareholders for their continued support.

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

Hong Kong, 28 March 2014

As at the date of this announcement, the Board comprises eleven Directors, of which five are Executive Directors, namely Ms. TANG Mei Lai, Metty, Ms. WONG Ching Yi, Angela, Mr. WONG Tsz Wa, Pierre, Ms. IP Kit Yee, Kitty and Mr. CHEUNG Kam Shing; two are Non-executive Directors, namely Mr. WONG Kin Yip, Freddie and Mr. KAN Chung Nin, Tony; and four are Independent Non-executive Directors, namely Mr. KOO Fook Sun, Louis, Mr. SUN Tak Chiu, Mr. CHAN Nim Leung, Leon and Mr. WONG San.