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 ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the "Board") of Midland Holdings Limited (the "Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024 together with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	**2024**	2023
		HK$'000	*HK$'000*
Revenues	*3(a)*	**6,084,239**	4,082,694
Other (loss)/income, net	*4*	**(2,572)**	5,264
Rebates		**(2,697,600)**	(1,432,983)
Staff costs		**(2,273,433)**	(1,867,059)
Advertising and promotion expenses		**(94,919)**	(103,107)
Operating lease charges in respect of office and shop premises		**(29,663)**	(33,388)
Depreciation of right-of-use assets		**(285,606)**	(430,413)
Depreciation of property and equipment		**(33,334)**	(46,195)
Net impairment losses on financial assets		**(69,186)**	(9,250)
Other operating costs	*5*	**(213,340)**	(183,466)
Operating profit/(loss)		**384,586**	(17,903)
Bank interest income		**5,647**	3,835
Interest on bank borrowings, overdrafts and other borrowings		**(13,749)**	(12,988)
Interest on lease liabilities		**(13,816)**	(15,993)
Share of results of joint ventures		**8,268**	13,840
Profit/(loss) before income tax		**370,936**	(29,209)
Income tax expense	*6*	**(50,613)**	(12,707)
Profit/(loss) for the year attributable to equity holders of the Company		**320,323**	(41,916)
		HK cents	*HK cents*
Earnings/(loss) per share			
Basic and diluted	*8*	**44.67**	(5.85)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	HK\$'000	*HK\$'000*
Profit/(loss) for the year	**320,323**	(41,916)
Other comprehensive income/(loss)		
Items that will not be reclassified to profit or loss		
Change in fair value of financial assets at fair value through other comprehensive income	**46**	(7)
Remeasurement of post-employment benefit obligation	**7,716**	1,026
Item that may be reclassified to profit or loss		
Currency translation differences	**8,438**	13,840
Other comprehensive income for the year, net of tax	**16,200**	14,859
Total comprehensive income/(loss) for the year attributable to equity holders of the Company, net of tax	**336,523**	(27,057)

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2024

	Note	**2024**	2023
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property and equipment		**93,635**	119,990
Right-of-use assets		**205,097**	263,342
Investment properties		**25,436**	30,284
Interests in joint ventures		**19,938**	11,670
Financial assets at fair value through other comprehensive income		**512**	668
Deferred tax assets		**25,390**	69,749
Loan receivables	*9*	**220**	989
Other non-current asset		**10,110**	10,110
		380,338	506,802
Current assets			
Trade and other receivables	*10*	**3,616,173**	2,529,671
Tax recoverable		**478**	383
Loan receivables	*9*	**193**	184
Cash and cash equivalents		**711,127**	532,147
		4,327,971	3,062,385
Total assets		**4,708,309**	3,569,187

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2024

	Note	**2024** *HK$'000*	2023 *HK$'000*
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**71,709**	71,709
Share premium		**222,235**	222,235
Reserves		**699,770**	363,247
Total equity		**993,714**	657,191
LIABILITIES			
Non-current liabilities			
Other payables and accruals		**37,683**	41,966
Deferred tax liabilities		**6,153**	8,241
Lease liabilities		**58,708**	65,001
		102,544	115,208
Current liabilities			
Trade and other payables	*11*	**3,443,571**	2,400,700
Borrowings		**-**	169,890
Lease liabilities		**164,034**	221,948
Tax payable		**4,446**	4,250
		3,612,051	2,796,788
Total liabilities		**3,714,595**	2,911,996
Total equity and liabilities		**4,708,309**	3,569,187

NOTES TO THE CONSOLIDATED 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, 2 Church Street, Hamilton HM 11, 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 the provision of property agency services in Hong Kong, Mainland China and Macau, property leasing, immigration consultancy services and money lending services.

The audited consolidated annual results is presented in Hong Kong dollars, unless otherwise stated.

The audited consolidated annual result has been approved by the Board on 28 March 2025.

2 Basis of preparation

2.1 Compliance with HKFRS and Hong Kong Companies Ordinance

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2.2 Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through other comprehensive income, which are carried at fair values.

2.3 Amended standards and interpretations effective in 2024

The adoption of the amended standards and interpretations does not have a material impact on the Group's results of operations or financial position.

2.4 New and amended standards and interpretations which are not yet effective

The Group has not early applied the new and amended standards and interpretations that have been issued but not yet effective. The adoption of these new and amended standards and interpretations is not expected to have a material impact on the Group's results of operations or financial position.

3 Revenues and segment information

(a) Revenues

	2024 HK$'000	2023 HK$'000
Revenues from contracts with customers within the scope of HKFRS 15		
Disaggregated by major service lines		
- Agency fee	**6,070,571**	4,063,351
- Immigration consultancy services	**6,900**	10,739
- Web advertising	**980**	1,358
- Other services	**4,176**	4,236
	6,082,627	4,079,684
Revenues from other sources		
- Rental income	**1,511**	1,810
- Interest income from loan receivables	**101**	1,200
Total revenues	**6,084,239**	4,082,694

Revenues and results of property agency business is further analysed as follows:

	2024 HK$'000	2023 HK$'000
Revenues from property agency business	**6,070,571**	4,063,351
Rebates (note)	**(2,697,600)**	(1,432,983)
Revenues less rebates	**3,372,971**	2,630,368
Net segment operating costs and income	**(2,939,837)**	(2,660,261)
Segment results of property agency business (as below)	**433,134**	(29,893)

Note: The amount represents the committed liability to individual buyers or co-operative agents arising directly from the relevant transactions.

(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 reports in order to assess performance and allocate resources. The Executive Directors determine the operating segments based on these reports.

The Executive Directors assess the performance based on the nature of the Group's businesses comprising the property agency businesses for residential, commercial and industrial properties and shops, and other businesses which mainly include property leasing, immigration consultancy services, money lending services and mortgage referral services. The Group's businesses are principally located in Hong Kong, Mainland China and Macau.

3 Revenues and segment information (continued)

(b) Segment information (continued)

	Year ended 31 December 2024				
	Property agency				
	Residential properties *HK$'000*	Commercial and industrial properties and shops *HK$'000*	Subtotal *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenues	6,023,997	46,574	6,070,571	21,521	6,092,092
Inter-segment revenues	-	-	-	(7,853)	(7,853)
Revenues from external customers	6,023,997	46,574	6,070,571	13,668	6,084,239
Timing of revenue recognition					
- At a point in time	6,023,997	46,574	6,070,571	4,176	6,074,747
- Over time	-	-	-	7,880	7,880
Rental income	-	-	-	1,511	1,511
Interest income from loan receivables	-	-	-	101	101
	6,023,997	46,574	6,070,571	13,668	6,084,239
Revenues	6,023,997	46,574	6,070,571	13,668	6,084,239
Rebates	(2,690,140)	(7,460)	(2,697,600)	-	(2,697,600)
Revenues less rebates	3,333,857	39,114	3,372,971	13,668	3,386,639
Segment results	431,576	1,558	433,134	44	433,178
Depreciation of right-of-use assets	(284,824)	(562)	(285,386)	(220)	(285,606)
Depreciation of property and equipment	(31,555)	(824)	(32,379)	(490)	(32,869)
Net impairment losses on financial assets	(66,992)	(1,826)	(68,818)	(368)	(69,186)
Share of results of joint ventures	-	-	-	8,268	8,268
Fair value losses on investment properties	-	-	-	(4,706)	(4,706)
Impairment losses on right-of-use assets, net of reversals	(5,024)	(1,706)	(6,730)	-	(6,730)
Impairment losses on property and equipment	(598)	(203)	(801)	-	(801)
Net loss on disposal of property and equipment	(159)	(39)	(198)	-	(198)
Additions to property and equipment	7,937	436	8,373	19	8,392

For the purpose of segmental information analysis, expenditures incurred for leases are not regarded as capital expenditures.

3 Revenues and segment information (continued)

(b) Segment information (continued)

	Year ended 31 December 2023				
	Property agency				
	Residential properties *HK$'000*	Commercial and industrial properties and shops *HK$'000*	Subtotal *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenues	4,022,117	41,234	4,063,351	26,260	4,089,611
Inter-segment revenues	-	-	-	(6,917)	(6,917)
Revenues from external customers	4,022,117	41,234	4,063,351	19,343	4,082,694
Timing of revenue recognition					
- At a point in time	4,022,117	41,234	4,063,351	4,236	4,067,587
- Over time	-	-	-	12,097	12,097
Rental income	-	-	-	1,810	1,810
Interest income from loan receivables	-	-	-	1,200	1,200
	4,022,117	41,234	4,063,351	19,343	4,082,694
Revenues	4,022,117	41,234	4,063,351	19,343	4,082,694
Rebates	(1,420,295)	(12,688)	(1,432,983)	-	(1,432,983)
Revenues less rebates	2,601,822	28,546	2,630,368	19,343	2,649,711
Segment results	(20,310)	(9,583)	(29,893)	43,572	13,679
Depreciation of right-of-use assets	(429,016)	(1,360)	(430,376)	(37)	(430,413)
Depreciation of property and equipment	(44,123)	(1,032)	(45,155)	(575)	(45,730)
Net impairment losses on financial assets	(8,478)	(772)	(9,250)	-	(9,250)
Share of results of joint ventures	-	-	-	13,840	13,840
Net fair value losses on investment properties	-	-	-	(2,456)	(2,456)
Impairment losses on right-of-use assets, net of reversals	(7,824)	(2,019)	(9,843)	-	(9,843)
Impairment losses on property and equipment	(2,244)	(476)	(2,720)	-	(2,720)
Gain on disposal of land and building	-	-	-	19,465	19,465
Net loss on disposal of other property and equipment	(2,209)	(242)	(2,451)	-	(2,451)
Gain on disposal of assets held for sales	-	-	-	10,512	10,512
Additions to property and equipment	19,982	112	20,094	295	20,389

Note: The share of results and interests in joint ventures mainly represent the financial information of mReferral Corporation Limited and its subsidiaries that are material to the Group.

3 Revenues and segment information (continued)

(b) Segment information (continued)

The Executive Directors assess the performance of the operating segments based on a measure of operating results from each reportable segment. Corporate expenses, bank interest income, interest on bank borrowings, overdrafts and other borrowings and income tax expense 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/(loss) before income tax is provided as follows:

	2024 ***HK$'000***	2023 *HK$'000*
Segment results for reportable segments	**433,178**	13,679
Corporate expenses	**(54,140)**	(33,735)
Bank interest income	**5,647**	3,835
Interest on bank borrowings, overdrafts and other borrowings	**(13,749)**	(12,988)
Profit/(loss) before income tax	**370,936**	(29,209)

Segment assets and liabilities exclude corporate assets and liabilities, deferred taxation, other non-current asset and financial assets at fair value through other comprehensive income, all of which are managed on a central basis. Sets out below is an analysis of assets and liabilities by reporting segments:

	As at 31 December 2024				
	Property agency				
	Residential properties ***HK$'000***	**Commercial and industrial properties and shops** ***HK$'000***	**Subtotal** ***HK$'000***	**Others** ***HK$'000***	**Total** ***HK$'000***
Segment assets	**4,118,224**	**26,389**	**4,144,613**	**57,182**	**4,201,795**
Segment assets include:					
Interests in joint ventures	**-**	**-**	**-**	**19,938**	**19,938**
Segment liabilities	**3,648,554**	**24,284**	**3,672,838**	**9,223**	**3,682,061**

3 Revenues and segment information (continued)

(b) Segment information (continued)

	As at 31 December 2023				
	Property agency				
	Residential properties *HK$'000*	Commercial and industrial properties and shops *HK$'000*	Subtotal *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment assets	2,983,489	14,497	2,997,986	56,162	3,054,148
Segment assets include:					
Interests in joint ventures	-	-	-	11,670	11,670
Segment liabilities	2,688,055	23,141	2,711,196	13,716	2,724,912

Reportable segment assets are reconciled to total assets as follows:

	2024 *HK$'000*	2023 *HK$'000*
Segment assets	**4,201,795**	3,054,148
Corporate assets	**470,502**	434,512
Deferred tax assets	**25,390**	69,749
Other non-current asset	**10,110**	10,110
Financial assets at fair value through other comprehensive income	**512**	668
Total assets	**4,708,309**	3,569,187

Reportable segment liabilities are reconciled to total liabilities as follows:

	2024 *HK$'000*	2023 *HK$'000*
Segment liabilities	**3,682,061**	2,724,912
Corporate liabilities	**26,381**	178,843
Deferred tax liabilities	**6,153**	8,241
Total liabilities	**3,714,595**	2,911,996

3 Revenues and segment information (continued)

(b) Segment information (continued)

Geographical information:

	2024	2023
	HK$'000	*HK$'000*
Revenues from external customers		
Hong Kong and Macau	**5,745,377**	3,786,954
Mainland China	**338,862**	295,740
	6,084,239	4,082,694

Revenues are attributed to the locations where the transactions took place.

4 Other (loss)/income, net

	2024	2023
	HK$'000	*HK$'000*
Net fair value losses on investment properties	**(4,706)**	(2,456)
License fee income	**1,203**	1,325
Others	**931**	6,395
	(2,572)	5,264

5 Other operating costs

The major other operating costs are as follows:

	2024	2023
	HK$'000	*HK$'000*
Direct operating expenses arising from investment properties that:		
– generated rental income	**208**	183
– did not generate rental income	**-**	31
Office and branch operating expenses (note (i))	**86,406**	98,451
Government rent and rates, building management fee of leased properties	**40,779**	44,056
Legal and professional fees	**22,541**	18,550
Staff recruitment, training and welfare	**6,212**	7,196
Insurance expenses	**16,035**	10,170
Bank charges	**15,700**	13,281
Impairment losses on right-of-use assets, net of reversals (note (ii))	**6,730**	9,843
Impairment losses on property and equipment (note (ii))	**801**	2,720
Net loss/(gain) on disposal of property and equipment	**198**	(17,014)
Gain on disposal of assets held for sales	**-**	(10,512)
Net foreign exchange loss	**3,910**	3,046
Donations	**807**	724
Motor car expenses	**1,256**	1,416
Auditor's remuneration		
– audit services	**2,332**	1,900
– interim results review	**-**	573

Notes:

(i) Office and branch operating expenses include utilities expenses, communication expenses, printing and stationery, transportation, licence fee and repair and maintenance.

(ii) The Group regards each business unit in each city as a separately identifiable cash-generating unit. Management carries out an impairment assessment on cash-generating units when an impairment indicator exists and the carrying amounts may not be recoverable. The carrying amount of the related assets is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

6 Income tax expense

	2024	2023
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax	**9,556**	10,507
Overseas	**-**	65
Deferred income tax	**41,057**	2,135
	50,613	12,707

Hong Kong profits tax has been calculated at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the year, except for one subsidiary of the Company which is a qualifying corporation under the two-tiered profits tax rate regime.

For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong profits tax for this subsidiary was calculated at the same basis in 2023.

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates.

7 Dividend

The Board does not recommend the payment of any dividend for the year ended 31 December 2024 (2023: nil).

8 Earnings/(loss) per share

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

	2024	2023
Profit/(loss) attributable to equity holders for the calculation of basic and diluted earnings/(loss) per share (HK$'000)	**320,323**	(41,916)
Weighted average number of shares for the calculation of basic and diluted earnings/(loss) per share (thousands)	**717,086**	717,086
Basic earnings/(loss) per share (HK cents)	**44.67**	(5.85)
Diluted earnings/(loss) per share (HK cents)	**44.67**	(5.85)

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.

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings/(loss) per share to take into account the weighted average number of additional shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

For the years ended 31 December 2024 and 2023, the diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as the exercise of share options of the Company would have an anti-dilutive effect.

9 Loan receivables

A maturity profile of the loan receivables as at the end of the reporting periods, based on the maturity date and net of provision, is as follows:

	2024 ***HK$'000***	2023 *HK$'000*
Within 1 year	**193**	184
Over 1 year but less than 2 years	**220**	582
Over 2 years but less than 3 years	**-**	27
Over 3 years	**-**	380
	413	1,173

The Group's loan receivables are denominated in Hong Kong dollars.

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 the completion of transactions or pursuant to the terms and conditions of the relevant agreements. The ageing analysis of the trade receivables is as follows:

	2024	2023
	HK$'000	*HK$'000*
Current (not yet due)	**3,339,190**	2,187,987
Less than 31 days past due	**43,833**	25,911
31 to 60 days past due	**21,366**	28,647
61 to 90 days past due	**7,567**	5,360
More than 90 days past due	**18,579**	57,173
	3,430,535	2,305,078

The Group's trade and other receivables are mainly denominated in Hong Kong dollars and Renminbi.

11 Trade and other payables

Commissions and rebate payables to property consultants, co-operative estate agents and property buyers are due for payment only upon the receipt of corresponding agency fees from customers. These balances include commissions and rebate payables of HK$495,273,000 (2023: HK$295,165,000) in respect of which the corresponding agency fees have been received, and are due for payment within 30 days after year end. All the remaining commissions and rebate payables are not yet due.

The Group's trade and other payables are mainly denominated in Hong Kong dollars and Renminbi.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group announces that for the year ended 31 December 2024, it recorded a revenue of approximately HK$6,084 million, representing an increase of 49% as compared with the year ended 31 December 2023. Profit attributable to equity holders amounted to approximately HK$320 million for the year ended 31 December 2024 as compared to the loss attributable to equity holders of approximately HK$42 million for the year ended 31 December 2023.

The sharp turnaround of the Group's results is mainly attributable to:

(1) the significant improvement in operating results of the Group's business units "Midland Realty 美聯物業" and "Hong Kong Property 香港置業" for the year ended 31 December 2024 as compared with that for 2023. Such improvement was attributable to (i) the successful capture of the rebound in the Hong Kong residential property market in 2024; (ii) the Group's stable market share in Hong Kong; and (iii) optimisation of the Group's operational efficiencies; and

(2) the turnaround of the Group's operations in Mainland China following the implementation of a series of strategic initiatives, including the promotion of a new sales management team and a series of new measures (such as repositioning of business model and streamlining of operations) since the final quarter of 2023.

A point worth noting is that revenue of the Group increased by 49% year-on-year, outperforming the increment of the total value of the local residential property sales registrations in Hong Kong during the year 2024. The outperformance can be mainly attributed to a series of high-quality and effective management initiatives taken by the Group in recent years.

Relaxation of Tightening Measures and Mortgage Policies

The year 2024 started on a positive note for the Hong Kong property market, largely driven by the Hong Kong government's decision in late February 2024 to completely remove the tightening measures introduced in previous years, revitalizing the sales activity of the residential property market. This policy relaxation, combined with the strong response to various talent schemes, helped stimulate buying demand across both the primary and secondary residential property markets.

In 2024, property sales registrations increased by 17.1% and reached a new 3-year high, with the residential property market being the primary driver, posting a 22.8% rise. Furthermore, attracted by factors such as the Top Talent Pass Scheme ("TTPS") and Hong Kong's education opportunities, an influx of Mainland Chinese talents further drove up rental levels and boosted investment-driven demand.

Market Slowed Down in the Middle of the Year

However, the market's positive momentum was not sustained throughout the year. As geopolitical uncertainties and concerns over an escalation of the U.S.-China trade war dampened market sentiment, signs of a slowdown of property market sales activity emerged in mid-2024. The number of property sales registrations fell materially in the third quarter. This was mainly because housing demand from Mainlanders took time to regain strength after the initial surge following the removal of tightening measures.

Despite the slowdown of property market, rents continued to rise and outperform property prices. This divergence in rents and property prices was partly attributed to the growth of underlying housing demand, boosted by the influx of talents and non-local students admitted to schools in Hong Kong.

Influx of Talents and Cuts in Interest Rate

The market resumed moderate growth in the second half of 2024 after the central government announced a new round of stimulus programmes to bolster the economy. In November 2024, property sales registrations increased substantially and reached a new high since April 2024. Developers, however, maintained a volume-driven strategy, leading to a slight dip in property prices. But, the robust performance was further supported by reductions in interest rate. The two rounds of rate cuts brought the mortgage rate down to 3.625%, more or less the same as the rental yields of 3.6% for small-sized units. This helped tip the balance, as potential homebuyers found it financially sensible to buy rather than rent.

Another key factor contributing to the Hong Kong property market's resilience was the influx of Mainland Chinese investors and talents. According to the official data, the Hong Kong government approved approximately 92,000 applications for the TTPS in 2023 and 2024. As the education of offspring is one of the primary reasons Mainland buyers invest in property in Hong Kong, this inflow of talents helped sustain underlying housing demand.

Moreover, the number of multiple property buyers, believed to be mostly Mainland investors, increased in 2024. These investors were keen to purchase investment properties in Hong Kong due to the relatively high rental returns compared to that in tier-one Mainland cities.

Navigating Challenging Market Dynamics and Breaking the Mold

The Hong Kong property market was on a rollercoaster ride in the year 2024, marked by periods of optimism and resurgence, as well as phases of uncertainty and slowdown. Despite the increase in market transaction activities during the year, the overall conditions remained extremely difficult, with ups and downs throughout the year. Amidst this volatile landscape, the Group remained steadfast in its commitment to adapting to the evolving market dynamics and implementing strategic initiatives to capture emerging opportunities.

Sales Management Reshuffle and Operational Structure Streamlining

One of the key strategic moves undertaken by the Group in 2024 was a comprehensive reshuffle and enhancement of the sales management teams across Hong Kong, Macau and Mainland China. The young management team has injected vitality and mobility into the Group, leading to remarkable business results. Under the leadership of the newly appointed Group Chief Executive Officer (Residential), this restructuring effort successfully led to improved cross-border sales cooperation, enhanced operational efficiencies, and a turnaround of financial results in the Group's Hong Kong and Mainland property agency operations. The positive impacts were evident in the Group's sales productivity, and reached a new high in more than a decade, outpacing the market's overall performance.

Embracing Digital Transformation and Optimising Physical Footprint

Recognising the evolving consumer preferences and the growing importance of digital platforms, the Group intensified its efforts to embrace digital transformation. Significant investments were made to enhance the Group's digital marketing capabilities and internal online sales platforms. In a strategic move to further improve operational efficiency and foster innovation, the Group established the Marketing and Innovation Technology Centre which oversees the introduction of cutting-edge real estate technologies and shoulders the onerous responsibility of driving the innovation technology process. The setting up of this unit would unleash more innovative ideas and enable the seamless integration of cutting-edge technologies across all of the Group's digital platforms. These initiatives empowered the Group's frontline staff with greater work mobility, flexibility, and access to property information across all districts and market intelligence at any time and from anywhere.

Concurrently, the Group optimised its physical footprint by strategically reducing the size of its branches, while maintaining a strong presence in key markets. This dual approach of embracing digital platforms and optimising branch network enabled the Group to achieve operational efficiencies and continue delivering exceptional service to its clients.

OUTLOOK

Boldly Deal with Economic Headwinds Turn Crisis into Opportunities

Looking ahead to 2025, the Hong Kong economic outlook remains fraught with challenges. For a start, the Hong Kong government is facing a significant budget deficit in the 2024-25 financial year. To mitigate the deficit, the Hong Kong government has proposed a fiscal consolidation programme to contain expenditures, increase revenue, and issue government bonds to achieve a balanced budget. Moreover, the government has set GDP forecast for 2025 at a moderate range of 2 to 3% due to the prolonged high-interest-rate environment and geopolitical uncertainties.

It is surely encouraging that Mainland China's economy grew by 5% in 2024, meeting the central government's target for the year. Economic growth accelerated in the fourth quarter of 2024, with GDP expanding by 5.4% year-on-year, up from 4.6% in the previous quarter. This positive momentum came from the central government's stimulus measures designed to boost economic activities.

However, the outlook is not without challenges. Geopolitical tensions and the threat of potential tariffs imposed by the U.S. government could pose risks to China's economic outlook. To maintain the current development momentum while navigating these external uncertainties, the central government is expected to stay vigilant and provide further policy support if necessary.

Bright Spots: Buoyant Stock Market Benefiting the Property Market

Despite the tensions between China and the U.S. posing challenges for Hong Kong's economy, there are signs of improvement and new growth drivers on the horizon. Firstly, the tariffs the U.S. imposed on Chinese goods are much lower-than-expected, raising hopes in the market that a broader trade war could be averted.

Additionally, the Hong Kong stock market performed well in 2024, setting the stage for potentially as much as 80 new listings in 2025, which are expected to raise up to HK$130 to 150 billion in total in Hong Kong, according to Deloitte China. Active IPO market together with the optimisation of the thresholds for dual primary listing and secondary listing and the establishment of a dedicated "technology enterprises channel" to facilitate the relevant companies in preparing for listing applications could reinvigorate the city's status as a leading financial hub. Furthermore, the Hong Kong government is actively promoting mega events and attractions to draw in Mainland Chinese tourists and boost local consumer spending. The new Kai Tak Sports Park, which has opened in March 2025, is the city's largest sports and entertainment infrastructure project to date. The "concert economy" generated by high-profile concerts by renowned artists at the new venue will have the potential to revitalise Hong Kong's tourism sector.

The Worst is Over for the Property Market

As Hong Kong's property market navigated through the challenges in recent years, the outlook for 2025 appears to be cautiously optimistic. The government has announced in the Budget to slash the stamp duty for property transactions valued at HK$4 million or below to HK$100, hence, sales transactions for small-sized units are expected to rise.

Notably, the underlying housing supply in Hong Kong peaked in the first quarter of 2024 and has continued to decline in subsequent quarters. The drop in housing supply, though mild, has helped further stabilise the property market, contributing to an overall positive sentiment. The number of completed unsold units has continued to climb. Since such leftover inventory incurs higher holding costs, developers may maintain a volume-driven strategy in the near term in an attempt to offload these units. With new units offered at a discount, overall property prices are not likely to stage any significant rally, but transaction volume is likely to rise.

Recent developments in the Chinese technology industry may also prove favourable for the Hong Kong property market. The meeting between Chinese President Xi Jinping and Chinese business leaders in February 2025, including technology industry entrepreneurs, was seen to be a supportive sign for the tech industry. Coupled with DeepSeek positioning itself as a key player in the global artificial intelligence sector and achieving instant and widespread success, the technology industry in Mainland China could experience renewed growth and attract more investments. This potential resurgence could have a positive spillover effect on Hong Kong's residential property market, such as attracting high-earning professionals and tech entrepreneurs to seek investment properties in Hong Kong, providing an additional boost to Hong Kong's residential property market.

On the whole, the combination of the promising factors of favourable housing policies, gradually declining housing supply, and the inflow of Mainland talents could usher in an opportunity of encouraging recovery for the Hong Kong property market in 2025. Both rents and property prices are anticipated to stabilize. However, it will be essential for us to closely monitor external economic conditions and their potential impact on the property market to ensure a sustainable and balanced recovery.

Strategic Priorities

As the Group looks ahead, its strategic priorities are firmly centred on capitalising on the recovery of the Hong Kong property market while proactively adapting to evolving industry dynamics. The Group remains cautiously optimistic about the outlook, closely monitoring five key developments that may shape the market landscape:

1. Pace of Market Recovery: The Group will closely monitor the pace of the property market's recovery in Hong Kong, as a sustained rebound is crucial for the Group to maintain a positive trajectory. In 2024, interest rates were cut twice and mortgage rate is now lower than rental yield. However, the prospective trajectory of interest rates is uncertain as the economic policies of the current U.S. President is highly unpredictable. If tariff imposition rekindles the inflation scare, the impacts of forthcoming interest rate trend on the market will be hard to ascertain.

2. Developers' Sales Strategies: Despite the peaking of private housing supply, the Group anticipates that developers will continue to speed up the pace of offloading inventories, pursuing a volume-driven strategy in the near term, creating a relatively favourable environment for the business of estate agents. However, the Group will remain vigilant for any shifts in developers' sales strategy.

3. Industry Dynamics: The number of estate agents and "statements of particulars of business" continued to decline throughout 2024, registering a mild overall decrease for the full year. Against a backdrop of increase in transaction activity, this downward trend may indicate a shift in the relative importance of physical branches and digital platforms for the estate agency industry.

4. Customers' Preference: The Group remains committed to embracing digital innovation, optimising its operational efficiency, and delivering exceptional service to its clients. By staying attuned to market dynamics and proactively adapting its strategies, the Group is well-positioned to capitalise on emerging opportunities and navigate the ever-changing landscape of the Hong Kong property market.

5. Integration of Services: With Mainland buyers emerging as a major force in the Hong Kong property market, the Group recognises the importance of further integrating its sales operations with newly established units such as Midland Education Consultancy. This strategic move aims to provide comprehensive services tailored to the unique needs of Mainland clients, fostering long-term client relationships and driving sustained growth. In 2025, the Group will establish the family office services unit for providing a comprehensive suite of well-rounded services to Mainland clients.

Building the Midland Ecosystem

One of the Group's advantages is that the first stage of transformation was completed in 2024. Built on a solid foundation, a long history, and 52 years of loyal customers, the Group possesses competitive advantages in the industry and maintains a cautiously optimistic outlook for the market and operating environment in 2025. We are firmly committed to our strategic initiatives and prepared to navigate changes and seize opportunities.

The Group will continue to push forward with the transformation of our frontline staff into "smart agents". Indeed, some of them are already able to leverage new technologies, online platforms, and social media to attract customers, while also optimising the online property transaction experience to cater to evolving market demands.

At the same time, the Group is building a more diversified "Midland Ecosystem", a horizontal development, where increased collaboration across different business units will unlock greater profit opportunities.

FINANCIAL REVIEW

Liquidity and financial resources

The Group mainly finances its business operations with its internal resources and various borrowing facilities.

As at 31 December 2024, the Group had cash and bank balances of HK$711,127,000 (2023: HK$532,147,000).

As at 31 December 2024, the Group did not have any interest-bearing borrowings. As at 31 December 2023, the interest-bearing borrowings of the Group amounted to HK$169,890,000 and with maturity profile set out as follows:

	2024	2023
	HK$'000	*HK$'000*
Loans from related parties repayable within 1 year	**-**	169,890

During the year ended 31 December 2022, the Group entered into loan agreements with Mr. WONG Kin Yip, Freddie ("Mr. WONG"), a director and the controlling shareholder of the Company, and a company of which Mr. WONG is the ultimate beneficial owner, to obtain financing. These loans were not secured by any assets of the Group and had been fully repaid during the year.

As at 31 December 2024, the net gearing ratio of the Group, which is calculated on the basis of net borrowings[1] (total borrowings less cash and bank balances) over the total equity of the Group, maintained at zero per cent (2023: zero per cent). The gross gearing ratio, which is calculated on the basis of total borrowings over the total equity, was also zero per cent (2023: 25.9%). The liquidity ratio, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 1.2 (2023: 1.1). The return on equity, which is the ratio of profit/(loss) for the year over the total equity of the Group, was 32.23% (2023: -6.38%).

As at 31 December 2024, the Group had unutilised borrowing facilities amounting to HK$1,168,000,000 (2023: HK$1,405,000,000) from various banks. The borrowing facilities were granted to the Group on a floating rate basis. The directors of the Company (the "Directors") will continue to adopt an appropriate financial policy so as to sustain an optimal level of borrowings to meet the Group's funding requirements.

As at 31 December 2024, borrowing facilities granted to the Group were secured, inter alia, by floating charge over certain receivables of the Group with carrying value of approximately HK$3,286,341,000 (2023: HK$2,238,916,000).

The Group's cash and bank balances are denominated in Hong Kong dollars, Renminbi and Macau Pataca, and the Group's borrowings are in Hong Kong dollars and Renminbi. 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 Company's subsidiaries in Mainland China are primarily denominated in Renminbi. Individual companies within the Group have limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. The Directors consider that no hedging measure against Renminbi exchange rate exposure is necessary at this stage but will closely monitor its fluctuations.

[1] Net borrowings is zero when the amount of cash and bank balances is more than total borrowings.

Information on the Group's loan portfolio and money lending business

As at 31 December 2024, the outstanding loan receivable was HK$413,000 (2023: HK$1,173,000) represented loans to employees. The outstanding loan balance involved 5 cases (2023: 13 cases) with different borrowers.

As at 31 December 2024, the largest outstanding loan receivable was HK$145,000 (representing approximately 35% of the outstanding loan portfolio as a whole). Impairment loss on loan amounted to HK$368,000 was made during the year (2023: nil).

As at 31 December 2023, the amount of loan receivables from the five largest borrowers was HK$1,034,000, representing approximately 88% of the outstanding loan portfolio as a whole.

The credit business of the Group is operated by Midland Credit Limited ("Midland Credit"), the Group's money lending unit.

All loans advanced by Midland Credit are subject to approval on a case-by-case basis by a credit committee, which comprises members of the senior management who possess expertise in the property and financing fields.

In general, each loan application must go through three stages before granting to the borrower, namely (i) document collection and verification; (ii) credit risk assessment; and (iii) approval of the credit committee.

The credit risk assessment is based on the financial strength and repayment ability of the borrower, the collateral provided, prevailing market and competitive conditions and interest rate environment.

Interest rates on loans are offered based on the assessed degree of credit risks, loan period, loan amount, availability of funds, and any other relevant business relationships with the borrower.

The Group manages its loan portfolio to minimise concentration by the relationship between borrowers to maintain a diversified client base and lessen credit risk exposures. Midland Credit's collection team will conduct periodic review of its portfolio to monitor risks of default.

Contingent liabilities

In November 2023, the Competition Commission (the "Commission") commenced proceedings at the Competition Tribunal (the "Tribunal Proceedings") against the Company and certain subsidiaries and officers of the Group (the "Respondents") alleging their contravention and/or involvement in contravention of the First Conduct Rule of the Competition Ordinance (Cap. 619 of the Laws of Hong Kong) during the period allegedly from late 2022 to early 2023.

As advised by the legal advisors of the Group, the Tribunal Proceedings are currently subject to judicial challenge due to two parallel applications of Judicial Review (the "JR Application") and Permanent Stay of Proceedings (the "Stay Application") lodged by the Company and its two subsidiaries against the Competition Commission on 18 March 2024. Leave for the JR Application was granted by the High Court on 20 March 2024 after the application.

The substantive hearing for both the JR Application and the Stay Application took place on 8 and 9 August 2024, and the outcome of these two applications would have a significant impact on the Tribunal Proceedings, including permanent stay or dismissal of the whole case. The High Court previously indicated that the judgment of the JR Application and the Stay Application (the "Judgment") would be handed down by 31 March 2025. Recently, the High Court has informed the parties that the Judgment will only be available by 29 May 2025. It should also be noted that this date is also subject to a potential extension depending on the workload of the Court and other factors.

On the other hand, the Tribunal Proceedings are still at an early stage, and the Respondents are not required to file their defence documents or any other pleadings pending the outcome of the JR Application and the Stay Application. Further, due to the uncertain impact of the Judgment, the Competition Tribunal has recently approved to vacate the trial dates of the Tribunal Proceedings (originally scheduled in third quarter of 2025) upon joint application of the parties. If the trial is eventually required, it shall be refixed upon seeking further directions from the Competition Tribunal after receiving the Judgment.

In addition to pursuing the JR Application and the Stay Application, the Company shall continue to defend the Tribunal Proceedings (if any) vigorously. As such, it is not practicable to make a sufficiently reliable estimation of the potential liability (if any) due to the high degree of uncertainty of the whole case. Taking into account all relevant circumstances, no provision is made in the consolidated financial statements of the Group as at 31 December 2024.

Apart from disclosed above, the Group has been involved in certain claims/litigations in respect of property agency services, including a number of cases in which third party customers alleged that certain Group's employees, when advising the customers, had made misrepresentations about the properties that the customers intended to acquire. After seeking legal advice, the management is of the opinion that either an adequate provision has been made in the consolidated financial statements to cover any potential liabilities or that no provision is required as based on the current facts and evidence there is no indication that an outflow of economic resources is probable.

EMPLOYEE INFORMATION

As at 31 December 2024, the Group employed 4,593 full time employees (2023: 4,731) of which 3,962 were sales agents, 411 were back office supportive employees and 220 were frontline supportive employees.

The emolument policy regarding employees of the Group is largely based on industry practice, individual performance, qualification and experience. In addition, discretionary bonus, incentives tied in with profits and share options 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 2024 (2023: nil).

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions as set out in the Corporate Governance Code stated in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2024.

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 C3 to the Listing Rules.

On specific enquiries made, all the Directors confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions at all applicable times during the year ended 31 December 2024.

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 2024.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2024. The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF 2024 ANNUAL RESULTS ANNOUNCEMENT AND 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 2024 Annual Report will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

I would like to sincerely thank our staff for their steadfast commitment and diligence, and to express my deep gratitude to our clients and partners for their unswerving support. The Group firmly believes that we will usher in a brighter future in the same way we have overcome challenges – by working together and supporting each other.

By Order of the Board
Midland Holdings Limited
WONG Ching Yi, Angela
Deputy Chairman, Managing Director and Executive Director

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises seven Directors, of which four are Executive Directors, namely Mr. WONG Kin Yip, Freddie, Ms. WONG Ching Yi, Angela, Mr. WONG Tsz Wa, Pierre and Mr. SZE Ka Ming; and three are Independent Non-Executive Directors, namely Mr. HO Kwan Tat, Ted, Mr. SUN Tak Chiu and Mr. CHAN Nim Leung Leon.