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PROPOSED SHARE CONSOLIDATION

The Board proposes to put forward to the Shareholders a proposal of Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.1 each in the share capital of the Company. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the EGM.

The Existing Shares are currently traded on the main board of the Stock Exchange in board lot of 10,000 Existing Shares. Upon the Share Consolidation becoming effective, the Consolidated Shares will continue to be traded in board lot of 10,000 Consolidated Shares.

A circular containing, among other things, further details of the Share Consolidation together with a notice of the EGM, is expected to be despatched to the Shareholders on or before 9 June 2017.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.1 each in the share capital of the Company.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares.

**For identification purpose only*

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$500,000,000 divided into 50,000,000,000 Existing Shares of a par value of HK\$0.01 each, of which 18,052,826,086 Existing Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective and assuming that no Existing Shares are issued or bought back from the date of this announcement until the effective date of the Share Consolidation, the authorised share capital of the Company shall become HK\$500,000,000 divided into 5,000,000,000 Consolidated Shares of a par value of HK\$0.1 each, of which 1,805,282,608 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other in accordance with the articles of association of the Company.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

Listing application

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal in is being or is proposed to be sought.

Reasons for the Share Consolidation

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. In view of the prevailing trading price of the Existing Shares, the Board proposes to implement the Share Consolidation. It is expected that the Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange. Furthermore, as the theoretical market value of each board lot of the Consolidated Shares upon the Share Consolidation becoming effective as illustrated in the sub-section headed “Board lot size” below will be higher than the market value of each board lot of the Existing Shares, the transaction cost as a proportion of the market value of each board lot will be lower. It is expected that the liquidity in trading of the Consolidation Shares will increase accordingly.

It is also believed that the adjusted share price as a result of the Share Consolidation will enhance the corporate image of the Company so as to make investing in the Consolidated Shares more attractive to a broader range of institutional and professional investors and thus help to further broaden the shareholder base of the Company.

Accordingly, the Directors consider that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the shares of the Company regardless of the number of share certificates held by such holder.

Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Existing Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

Board lot size

Currently, the Existing Shares are traded on the main board of the Stock Exchange in the board lot of 10,000 Existing Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 10,000 Consolidated Shares.

Based on the closing price of HK\$0.045 per Existing Share (equivalent to the theoretical closing price of HK\$0.45 per Consolidated Share) as at the date of this announcement, the value of each board lot of the Existing Shares is HK\$450 and the theoretical market value of each board lot of the Consolidated Shares, assuming the Share Consolidation had become effective, would be HK\$4,500.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a securities firm to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular of the Company to be despatched to the Shareholders in relation to the Share Consolidation.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

Exchange of share certificate

Subject to the Share Consolidation becoming effective, the Shareholders may between 9:00 a.m. and 4:30 p.m. on any business day from Wednesday, 28 June 2017 to Thursday, 3 August 2017 (both days inclusive) submit Existing Share Certificates to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expenses of the Company, for New Share Certificates. Thereafter, Existing Share Certificates will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each Existing Share Certificate submitted for cancellation or each New Share Certificate issued, whichever the number of share certificates cancelled/issued is higher.

After 4:00 p.m. on Tuesday, 1 August 2017 Existing Share Certificates will only remain effective as documents of title and may be exchanged for New Share Certificates at any time but will not be accepted for delivery, trading and settlement purposes.

Adjustments in relation to the other securities of the Company

Share Options

As at the date of this announcement, the Company has outstanding Share Options entitling the holders thereof to subscribe for a total of 125,000,000 Existing Shares. Under the terms and conditions of the Share Option Scheme, the Share Consolidation may lead to adjustments to the number of shares of the Company available for issue under the unutilised scheme limit of the Share Option Scheme, and/or the exercise price and/or the number of shares of the Company falling to be issued upon the exercise of the Share Options. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

Convertible Note

As at the date of this announcement, there is an outstanding Convertible Note with a principal amount of HK\$200 million which is convertible into 4,347,826,086 Existing Shares at the prevailing conversion price of HK\$0.046. The Share Consolidation may lead to adjustment to the conversion price and the number of shares of the Company falling to be issued upon the exercise of the conversion right attaching to the Convertible Note in accordance with the terms and conditions of the Convertible Note. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

Save as disclosed above, the Company does not have any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares, as at the date of this announcement.

EXPECTED TIMETABLE

The expected timetable of the implementation of the Share Consolidation is set out below:

Despatch date of circular with notice and form of proxy of the EGM Friday, 9 June 2017

Latest date and time for lodging transfer documents 4:30 p.m. on Wednesday, 21 June 2017

Closure of register of members Thursday, 22 June 2017 to
Tuesday, 27 June 2017
(both dates inclusive)

Latest date and time for lodging form
of proxy for the EGM 12:15 p.m. on Sunday, 25 June 2017

Date and time of the EGM 12:15 p.m. on Tuesday, 27 June 2017
(or immediately after the annual general meeting
of the Company convened to be held on the same day
shall have been concluded or adjourned)

Announcement of the poll results of the EGM Tuesday, 27 June 2017

The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation

Effective date of the Share Consolidation Wednesday, 28 June 2017

First day of free exchange of Existing Share
Certificates for New Share Certificates Wednesday, 28 June 2017

Dealings in the Consolidated Shares commences 9:00 a.m. on Wednesday, 28 June 2017

Original counter for trading in the
Existing Shares in board lot of 10,000
Existing Shares (in the form of Existing
Share Certificates) temporarily closes 9:00 a.m. on Wednesday, 28 June 2017

Temporary counter for trading in the
Consolidated Shares in board lot of 1,000
Consolidated Shares (in the form of
Existing Share Certificates) opens 9:00 a.m. on Wednesday, 28 June 2017

Original counter for trading in the
Consolidated Shares in board lot of 10,000
Consolidated Shares (in the form of
New Share Certificates) re-opens 9:00 a.m. on Wednesday, 12 July 2017

Parallel trading in the Consolidated Shares
(in the form of New Share Certificates and
Existing Share Certificates) commences 9:00 a.m. on Wednesday, 12 July 2017

Designated broker starts to stand in the
market to provide matching services for
odd lots of the Consolidated Shares 9:00 a.m. on Wednesday, 12 July 2017

Temporary counter for trading in the
Consolidated Shares in board lot of 1,000
Consolidated Shares (in the form of
Existing Share Certificates) closes 4:00 p.m. on Tuesday, 1 August 2017

Parallel trading in the Consolidated Shares
(in the form of New Share Certificates and
Existing Share Certificates) ends 4:00 p.m. on Tuesday, 1 August 2017

Designated broker ceases to stand in the
market to provide matching services for
odd lots of the Consolidated Shares 4:00 p.m. on Tuesday, 1 August 2017

Last day for free exchange of Existing
Share Certificates for New Share Certificates Thursday, 3 August 2017

All times and dates in this announcement refer to Hong Kong local times and dates. The expected timetable set out above is indicative only and may be subject to change. Further announcement(s) will be made by the Company as and when appropriate.

GENERAL

The Share Consolidation will be subject to, among other things, Shareholders' approval at the EGM. The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation.

A circular containing, among other things, further details of the Share Consolidation together with a notice of the EGM, will be despatched to the Shareholders on or before 9 June 2017.

Shareholders are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser if they are in doubt about any of the above matters.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalized terms used shall have the following meanings:

“Board”	the board of Directors
“Company”	Midland IC&I Limited (stock code: 459), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“CCASS”	the Central Clearing and Settlement System established and operated by the HKSCC
“Consolidated Share(s)”	ordinary share(s) with par value of HK\$0.1 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Convertible Note”	the convertible note due 2021 in the outstanding principal amount of HK\$200 million issued by the Company to a company indirectly wholly-owned by Mr. WONG Kin Yip, Freddie on 22 March 2017
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Consolidation
“Existing Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company
“Existing Share Certificate(s)”	existing share certificate(s) in the colour of yellow for the Existing Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“New Share Certificate(s)”	new share certificate(s) in the colour of green with yellow border for the Consolidated Shares
“Share Consolidation”	the proposed consolidation of every ten (10) Existing Shares into one (1) Consolidated Share
“Shareholder(s)”	holder(s) of the Existing Share(s) or the Consolidated Shares, as the case may be
“Share Option(s)”	option(s) to subscribe for new shares of the Company granted under the Share Option Scheme
“Share Option Scheme”	share option scheme adopted by the Company on 19 September 2008
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
Midland IC&I Limited
WONG Hon Shing, Daniel
Chief Executive Officer and Executive Director

Hong Kong, 18 May 2017

As at the date of this announcement, the Board comprises eight Directors, of which two are Executive Directors, namely Ms. WONG Ching Yi, Angela and Mr. WONG Hon Shing, Daniel; three are Non-Executive Directors, namely Mr. KAN Chung Nin, Tony, Ms. TANG Mei Lai, Metty and Mr. TSANG Link Carl, Brian (with Mr. CHU Kuo Fai, Gordon as his alternate); and three are Independent Non-Executive Directors, namely Mr. YING Wing Cheung, William, Mr. SHA Pau, Eric and Mr. HO Kwan Tat, Ted.