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Midland IC&I Limited

美聯工商舖有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 459)

CONTINUING CONNECTED TRANSACTIONS

On 27 April 2016, Midland Alliance, an indirect wholly-owned subsidiary of the Company, entered into the Lease with Shun Yik in relation to the leasing of certain office premises. Shun Yik is a connected person of the Company since it is directly wholly owned by an associate of Ms. TANG, the Chairman and a Non-Executive Director of the Company, and Ms. WONG, an Executive Director of the Company. Accordingly, the Lease constitutes a continuing connected transaction for the Company under Rule 14A.31 of the Listing Rules.

The Lease, the Existing Lease and the Existing Licence aggregated together are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE LEASE

PRINCIPAL TERMS OF THE LEASE

1. Date

27 April 2016

2. Parties

- (i) Midland Alliance, an indirect wholly-owned subsidiary of the Company, as tenant; and
- (ii) Shun Yik, a company incorporated in the British Virgin Islands with limited liability and directly wholly owned by an associate of Ms. TANG and Ms. WONG, as landlord. The principal business of Shun Yik is property investment.

* For identification purpose only

3. Premises

Nos.11-17, 7th Floor, Tower B, New Mandarin Plaza, No.14 Science Museum Road, Kowloon

4. Term

Two years from 1 May 2016 to 30 April 2018 (both days inclusive)

5. Rental

HK\$195,000 per month from 1 May 2016 to 30 April 2017 and HK\$207,000 per month from 1 May 2017 to 30 April 2018 (exclusive of management fee, air-conditioning charges, Government rent and rates), payable in advance on the first day of each calendar month

6. Rent-free period

Nil

7. Option to renew

Nil

THE EXISTING LEASE AND THE EXISTING LICENCE

The Group had entered into the Existing Lease and the Existing Licence prior to the Lease. The Existing Lease and the Existing Licence on their own are fully exempt from shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules. If the Existing Lease, the Existing Licence and the Lease are aggregated, these transactions aggregated together are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

PRINCIPAL TERMS OF THE EXISTING LEASE

1. Date

21 August 2014

2. Parties

- (i) Midland Alliance; and
- (ii) Shun Yik

3. Premises

No.17, 7th Floor, Tower B, New Mandarin Plaza, No.14 Science Museum Road, Kowloon

4. Term

One year eight months and seven days from 25 August 2014 to 30 April 2016 (both days inclusive)

5. Rental

HK\$33,000 per month (exclusive of management fee, air-conditioning charges, Government rent and rates), payable in advance on the first day of each calendar month

6. Rent-free period

Nil

7. Option to renew

Nil

PRINCIPAL TERMS OF THE EXISTING LICENCE

1. Date

15 December 2015

2. Parties

- (i) Crown Lucky Investment Limited, an indirect wholly-owned subsidiary of the Company, as licensee; and
- (ii) Moral Winner Investment Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly owned by an associate of Ms. TANG and Ms. WONG, as licensor. The principal business of Moral Winner Investment Limited is property investment.

3. Nature of licence

Licence to install billboard at the lower part of the external wall facing Shanghai Street of the building known as “No. 33 Argyle” at Nos. 611-617 Shanghai Street and No. 33 Argyle Street, Kowloon

4. Term

Two years from 1 November 2015 to 31 October 2017 (both days inclusive)

5. Licence fee

HK\$82,000 per month (exclusive of rates), payable in advance on the first day of each calendar month

6. Right to terminate

During the term of the licence, either party is entitled to terminate the licence by giving to the other party one month's prior notice in writing

ANNUAL CAPS, RENTALS AND LICENCE FEES

In addition to the Lease, the Existing Lease and the Existing Licence, the Group has also leased certain property under the Previous Lease entered into with an associate of Ms. TANG and Ms. WONG. Further details are set out in the announcement of the Company dated 7 April 2014.

The total annual rentals and licence fees paid/payable under the Lease, the Existing Lease, the Existing Licence and the Previous Lease taken together for each of the financial years ending 31 December 2016, 2017 and 2018 are HK\$3,324,000, HK\$3,256,000 and HK\$828,000 respectively. Based on the said total annual rentals and licence fees paid/payable, the aggregate annual caps for all these leases and licence for each of the financial years ending 31 December 2016, 2017 and 2018 is HK\$3,400,000, HK\$3,300,000 and HK\$900,000 respectively.

REASONS FOR ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

The Group is principally engaged in the provision of property agency services in respect of industrial and commercial properties and shops in Hong Kong.

The premises under the Lease and the Existing Lease are and will be used as office for the real estate agency business of the Group. The billboard under the Existing Licence is and will be used for marketing and promotion of the real estate agency business of the Group. The terms of the Lease, the Existing Lease and the Existing Licence are determined after arm's length negotiation between the parties with reference to independent valuation and the prevailing market conditions. The Directors (including the independent non-executive Directors) are of the view that the Lease, the Existing Lease and the Existing Licence are entered into on normal commercial terms, in the ordinary and usual course of business of the Group and that their terms and the annual caps set out above are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Shun Yik is a connected person of the Company since it is directly wholly owned by an associate of Ms. TANG and Ms. WONG. Accordingly, the Lease constitutes a continuing connected transaction for the Company under Rule 14A.31 of the Listing Rules.

The Lease is on normal commercial terms. The Lease on its own is fully exempt from shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules as the largest of the total annual rentals paid/payable under the Lease for the financial years ending 31 December 2016, 2017 and 2018 is less than HK\$3,000,000 and the applicable percentage ratios (other than the profits ratio) under Chapter 14A of the Listing Rules in respect thereof are less than 5%. If the Lease, the Existing Lease and the Existing Licence are aggregated together pursuant to Rule 14A.81/14A.83 of the Listing Rules, the largest of their Annual Rentals for the financial years ending 31 December 2016, 2017 and 2018 exceeds HK\$3,000,000 and the applicable percentage ratios (other than the profits ratio)

in respect thereof are still less than 5%. Accordingly, the Lease, the Existing Lease and the Existing Licence aggregated together are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Ms. TANG and Ms. WONG are considered to be interested in the Lease, the Existing Lease and the Existing Licence and have abstained from voting at the Board meeting on the relevant resolutions approving the same.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“Annual Rental”	the total annual rentals and licence fees paid/payable under the Lease, the Existing Lease and the Existing Licence for any financial year ending 31 December 2016, 2017 and 2018
“associate”	has the meaning as ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Midland IC&I Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Existing Lease”	the tenancy agreement dated 21 August 2014 entered into between Midland Alliance and Shun Yik, details of which are set out under the section headed “Principal terms of the Existing Lease” in this announcement
“Existing Licence”	the licence agreement dated 15 December 2015 entered into between Crown Lucky Investment Limited and Moral Winner Investment Limited, details of which are set out under the section headed “Principal terms of the Existing Licence” in this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease”	the tenancy agreement dated 27 April 2016 entered into between Midland Alliance and Shun Yik, details of which are set out under the section headed “Principal terms of the Lease” in this announcement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the PRC
“Midland Alliance”	Midland Alliance Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Ms. TANG”	Ms. TANG Mei Lai, Metty, the Chairman and a Non-Executive Director of the Company
“Ms. WONG”	Ms. WONG Ching Yi, Angela, an Executive Director of the Company
“PRC”	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Previous Lease”	the tenancy agreement dated 7 April 2014 entered into between Midland Alliance and Shun Yik, details of which are disclosed in the announcement of the Company dated 7 April 2014
“Shun Yik”	Shun Yik International Limited, a company incorporated in the British Virgin Islands with limited liability and directly wholly owned by an associate of Ms. TANG and Ms. WONG
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
Midland IC&I Limited
MUI Ngar May, Joel
Company Secretary

Hong Kong, 27 April 2016

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