

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Midland IC&I Limited

美聯工商舖有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 459)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF THE ENTIRE EQUITY INTEREST
IN THE TARGET COMPANY**

THE ACQUISITION

The Board is pleased to announce that on 10 May 2021, the Purchaser, a wholly-owned subsidiary of the Company, the Vendors and the Agent have entered into the Agreement, pursuant to which, the Purchaser has agreed to acquire, and the Vendors have agreed to sell, the Sale Shares and the Sale Debt at a consideration of HK\$36,500,000. Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

(A) INTRODUCTION

The Board is pleased to announce that on 10 May 2021, the Purchaser, a wholly-owned subsidiary of the Company, the Vendors and the Agent have entered into the Agreement, pursuant to which, the Purchaser has agreed to acquire, and the Vendors have agreed to sell, the Sale Shares and the Sale Debt at a consideration of HK\$36,500,000. Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

* For identification purpose only

(B) THE ACQUISITION

The Agreement

Date

10 May 2021

Parties

- (i) the Purchaser;
- (ii) the Vendors; and
- (iii) the Agent

Assets to be acquired

Pursuant to the Agreement, the Purchaser has agreed to acquire, and the Vendors have agreed to sell, the Sale Shares and the Sale Debt. The principal asset of the Target Company is the entire interest in the Property located at Shop 2B on Ground Floor, Roca Centre, Nos. 460-470 King's Road & Nos. 12-18 Shu Kuk Street, Hong Kong, with a gross floor area of approximately 900 sq. ft. The Property is currently leased to an independent third party under a tenancy agreement with a term of three years commencing from 1 August 2019 and expiring on 31 July 2022 at a monthly rent of HK\$90,000 (exclusive of management fee, air conditioner fee, government rent and rates), with an option to renew by such tenant for one further term of two years commencing from 1 August 2022 and expiring on 31 July 2024 at a monthly rent of HK\$99,000 (exclusive of management fee, air conditioner fee, government rent and rates). It is intended that the Property will continue to be leased out for rental income after completion of the Acquisition.

Consideration of the Acquisition

The consideration of the Acquisition is HK\$36,500,000, which will be settled in cash by stages using internal resources of the Group as follows: (i) HK\$1,825,000 upon the signing of the Agreement; (ii) HK\$1,825,000 on or before 15 June 2021; and (iii) the balance of HK\$32,850,000 upon completion of the Acquisition, which shall take place on or before 6 September 2021.

The consideration was determined after arm's length negotiation between the Purchaser and the Vendors having taken into account, among others, (i) the prevailing market conditions, (ii) the net asset value of the Target Company, (iii) the estimated market value of the Property, and (iv) the prospects of the business activity of the Target Company.

Conditions Precedent

Completion of the Acquisition is conditional upon and subject to satisfaction of the following conditions:-

- (i) the Purchaser having completed its due diligence review on the business, financial, legal and other aspects of the Target Company and satisfied with the results thereof;
- (ii) the Vendors having procured the Target Company to give and prove a good title to the Property in accordance with Sections 13A and 13 of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong); and
- (iii) all the representations, undertakings and warranties given by the Vendors under the Agreement and a formal agreement for sale and purchase are and shall remain true, accurate, correct and complete and not misleading in all respects up to the completion of the Acquisition.

Completion

Subject to the fulfillment of the conditions precedent as set out in the Agreement (or waived by the Purchaser), the completion of the Acquisition shall take place on or before 6 September 2021.

(C) INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability, and is principally engaged in property investment.

As disclosed above, the principal asset of the Target Company is the entire interest in the Property.

Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company. The financial results of the Target Company will be consolidated into the Group's financial statements.

(D) REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal activities of the Group are provision of property agency services in respect of commercial and industrial properties and shops, properties investment, credit business and securities investment in Hong Kong.

The Acquisition is in line with the Group's strategy and represents an expansion of the Group's existing property investment business. It is expected that the Property will continue to be leased out for rental income and will provide an additional and stable rental income to the Group. The Acquisition would allow the Group to further broaden the income source and to enjoy the possible capital appreciation of the Property.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

(E) INFORMATION OF THE PARTIES

The Purchaser, a wholly-owned subsidiary of the Company, is a company incorporated in Hong Kong with limited liability and its principal business activity is property investment.

The Agent, a wholly-owned subsidiary of the Company, is a company incorporated in Hong Kong with limited liability and is principally engaged in provision of property agency services in Hong Kong.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Vendors are independent third parties of the Company and its connected persons; and (ii) the Vendors are two individuals and the legal and beneficial owners of the Sale Shares and the Sale Debt.

(F) LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

(G) DEFINITIONS

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

“Acquisition”	the acquisition pursuant to the Agreement
“Agent”	Midland Realty (Shops II) Limited, a wholly-owned subsidiary of the Company, a company incorporated in Hong Kong with limited liability
“Agreement”	the provisional agreement for sale and purchase entered into on 10 May 2021 among the Purchaser, the Vendors and the Agent
“Board”	the board of Directors
“Company”	Midland IC&I Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 459)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	Shop 2B on Ground Floor, Roca Centre, Nos. 460-470 King’s Road & Nos. 12-18 Shu Kuk Street, Hong Kong
“Purchaser”	South Glory Investment Limited, a wholly-owned subsidiary of the Company, a company incorporated in Hong Kong with limited liability
“Sale Debt”	the right to all debts owing by the Target Company to the Vendors and their associates (if any) as at completion on the terms and subject to the conditions in the Agreement
“Sale Shares”	the entire issued share capital of the Target Company
“Share(s)”	the ordinary share(s) with nominal value of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Pacific Continental Limited, a company incorporated in Hong Kong with limited liability, the registered and beneficial owner of the Property

“Vendors” IP Tai Lam and TSE Sau Ping, the legal and beneficial owners of the Sale Shares and the Sale Debt

“%” per cent.

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

Hong Kong, 10 May 2021

As at the date of this announcement, the Board comprises five Directors, of which three are Executive Directors, namely Mr. WONG Kin Yip, Freddie, Ms. WONG Ching Yi, Angela and Mr. WONG Hon Shing, Daniel; and two are Independent Non-Executive Directors, namely Mr. SHA Pau, Eric and Mr. HO Kwan Tat, Ted.