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

**THE ACQUISITION**

The Board is pleased to announce that on 13 May 2021, the Purchaser, a wholly-owned subsidiary of the Company, the Vendor and the Agent have entered into the Agreement, pursuant to which, the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Sale Share and the Sale Debt at a consideration of HK\$34,800,000. 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 13 May 2021, the Purchaser, a wholly-owned subsidiary of the Company, the Vendor and the Agent have entered into the Agreement, pursuant to which, the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Sale Share and the Sale Debt at a consideration of HK\$34,800,000. 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**

13 May 2021

#### **Parties**

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

#### **Assets to be acquired**

Pursuant to the Agreement, the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Sale Share and the Sale Debt. The principal asset of the Target Company is the entire interest in the Property located at Shop No. 8 (366 Des Voeux Road West) on G/F, Chung Ah Building, Nos. 352-358, 358A, 360, 360A & 362-366 Des Voeux Road West, Hong Kong, with a gross floor area of approximately 857 sq. ft. The Property is currently leased to an independent third party under a tenancy agreement with a term of two years commencing from 11 September 2020 and expiring on 10 September 2022 at a monthly rent of HK\$80,000 (exclusive of management fee, government rent and rates), with an option to renew by such tenant after 11 September 2022 and the landlord has the right to increase rental by not more than 10%. 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\$34,800,000, which will be settled in cash by stages using internal resources of the Group as follows: (i) HK\$1,700,000 upon the signing of the Agreement; (ii) HK\$1,700,000 on or before 25 June 2021; and (iii) the balance of HK\$31,400,000 upon completion of the Acquisition, which shall take place on or before 15 September 2021.

The consideration was determined after arm's length negotiation between the Purchaser and the Vendor 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 Vendor 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 Vendor 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 15 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 leasing.

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

Set out below is the financial information extracted from the audited financial statements of the Target Company for the years ended 31 March 2019 and 2020 as provided by the Vendor:

	For the year ended 31 March	
	2020	2019
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Net profit before tax	506	465
Net profit after tax	482	427

As at 31 March 2020, the audited net asset value of the Target Company is HK\$1,133,000.

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.



“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 13 May 2021 among the Purchaser, the Vendor 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 No. 8 (366 Des Voeux Road West) on G/F, Chung Ah Building, Nos. 352-358, 358A, 360, 360A & 362-366 Des Voeux Road West, Hong Kong
“Purchaser”	Grand Opal Development 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 Vendor and his/her associates (if any) as at completion on the terms and subject to the conditions in the Agreement
“Sale Share”	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”	Power Kingdom International Limited, a company incorporated in Hong Kong with limited liability, the registered and beneficial owner of the Property
“Vendor”	MOK Yau Kwan, the sole legal and beneficial owner of the Sale Share and the Sale Debt
“%”	per cent.

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

Hong Kong, 13 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.*