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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)

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

THE ACQUISITION

The Board is pleased to announce that on 18 August 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\$25,900,000. 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 18 August 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\$25,900,000. Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

(B) THE ACQUISITION

The Agreement

Date

18 August 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 D on Ground Floor, Wah Fat Mansion, Nos. 1M, 1N & 1P-1T Tung Choi Street, Kowloon, Hong Kong, with a gross floor area of approximately 800 sq. ft. The Property is currently leased to an Independent Third Party under a tenancy agreement with a term of two years commencing from 2 May 2020 and expiring on 1 May 2022 (both days inclusive) at a monthly rent of HK\$48,000 (exclusive of management fee and government rates), with an option to renew by such tenant for a period of four years from 2 May 2022 to 1 May 2026 (both days inclusive) at a monthly rent of HK\$54,800. 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\$25,900,000, which will be settled in cash by stages using internal resources and/or external financing of the Group as follows: (i) HK\$800,000 upon the signing of the Agreement; (ii) HK\$1,790,000 on or before 1 September 2021; and (iii) the balance of HK\$23,310,000 upon completion of the Acquisition, which shall take place on or before 29 October 2021 (or such later date as the Vendor and the Purchaser may agree in writing).

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.

Formal sale and purchase agreement

The Vendor and the Purchaser shall negotiate in good faith and use all their respective reasonable endeavours to enter into a formal agreement for sale and purchase on or before 1 September 2021. In the event that the Vendor and the Purchaser shall fail to reach agreement on the terms of the formal agreement for sale and purchase on or before 1 September 2021, the Agreement shall remain valid and of full force and effect and the parties thereto shall continue to fulfill their respective obligations thereunder.

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; and
- (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 (Chapter 219 of the Laws of Hong Kong).

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 29 October 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 Vendor is an Independent Third Party; and (ii) the Vendor is an individual and the sole legal and beneficial owner of the Sale Share 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 18 August 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

“Independent Third Party”	a person or a company which is third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	Shop D on Ground Floor, Wah Fat Mansion, Nos. 1M, 1N & 1P-1T Tung Choi Street, Kowloon, Hong Kong
“Purchaser”	Well Lucky International 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 of the Acquisition 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”	Kohan Investment Limited, a company incorporated in Hong Kong with limited liability, the registered and beneficial owner of the Property
“Vendor”	CHAN Pui Ying, 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, 18 August 2021

As at the date of this announcement, the Board comprises six Directors, of which three are Executive Directors, namely Mr. WONG Kin Yip, Freddie, Ms. WONG Ching Yi, Angela and Mr. LO Chin Ho, Tony; and three are Independent Non-Executive Directors, namely Mr. SHA Pau, Eric, Mr. HO Kwan Tat, Ted and Mr. WONG Chung Kwong.