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DISCLOSEABLE TRANSACTION PROVISION OF MORTGAGE LOAN

PROVISION OF MORTGAGE LOAN

On 26 October 2021, Legend Credit, an indirect wholly-owned subsidiary of the Company, entered into the Mortgage Loan Agreement with the Borrowers and the Mortgageors, pursuant to which, Legend Credit agreed to lend to the Borrowers the Loan in the principal amount of HK\$55,000,000 at an effective interest rate of 8.5% per annum.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan exceeds 5% but is less than 25%, the grant of the Loan constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

On 26 October 2021, Legend Credit, an indirect wholly-owned subsidiary of the Company, entered into the Mortgage Loan Agreement with the Borrowers and the Mortgageors, pursuant to which, Legend Credit agreed to lend to the Borrowers the Loan in the principal amount of HK\$55,000,000 at an effective interest rate of 8.5% per annum.

PRINCIPAL TERMS OF THE MORTGAGE LOAN AGREEMENT

The principal terms of the Mortgage Loan Agreement are summarised as below:

Date	:	26 October 2021
Lender	:	Legend Credit, an indirect wholly-owned subsidiary of the Company
Borrower(s)	:	the Borrowers
Mortgagor(s)	:	the Borrowers
Loan	:	in the principal amount of HK\$55,000,000
Effective interest rate	:	8.5% per annum
Drawdown date	:	1 November 2021
Maturity date	:	1 November 2022
Repayment term	:	The Loan shall be repaid in 12 successive monthly instalments. The Borrowers shall repay the interests on a monthly basis with the principal amount to be repaid at loan maturity.
Repayment date	:	The date in each calendar month (subsequent to the calendar month of drawdown) that numerically corresponds to the drawdown date, or (if there is no such date in a calendar month) the last day of the calendar month. If any repayment date falls on a Saturday, Sunday or public holiday, payment shall be made on the next business day.
Early repayment	:	The Borrowers may repay the principal amount of the Loan and all accrued interest in full or partially ahead of the maturity date of the Loan by giving prior written notice to Legend Credit.
Default rate	:	8.5% per annum on a day-to-day basis on any sum which is not paid when due.
Security	:	A first legal charge to be created by the Mortgagors under the Mortgage in respect of a property located in Hong Kong with a valuation of approximately HK\$74,000,000 conducted by an independent property valuer on 26 October 2021 engaged by the Company.

INFORMATION ON THE CREDIT RISK RELATING TO THE LOAN

The grant of the Loan is collateralised. The collateral provided by the Borrowers in respect of the Loan is sufficient as the loan-to-value ratio of the mortgaged property for the Loan is approximately 74.3% based on the value of the mortgaged property for the Loan as determined by an independent property valuer.

The grant of the Loan was made based on the Company's credit assessments on the financial strength and repayment ability of the Borrowers and the collateral provided by the Borrowers, which is a residential property located at the prime site in Hong Kong. After taking into account the factors as mentioned above, the Company considers that the credit risks of granting the Loan to the Borrowers are relatively low.

REASONS FOR AND THE BENEFIT OF THE MORTGAGE LOAN AGREEMENT

The provision of the Loan was a transaction carried out as part of the ordinary and usual course of business activities of the Group. The terms of the Mortgage Loan Agreement (including but not limited to the interest rate) were arrived at by the parties after arm's length negotiations, with reference to the prevailing commercial practice, the security provided and the amount of the Loan. The Loan will be funded by internal resources of the Group. The grant of the Loan will provide additional interest income to the Group.

The Directors consider that the terms of the Mortgage Loan Agreement are on normal commercial terms and are fair and reasonable and the entering into of the Mortgage Loan Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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WAIVER APPLICATION

The Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.58(2) of the Listing Rules, which requires the disclosure on the identities of the Borrowers, based on the following reasons:-

- (i) the granting of the Loan is not regarded as a material transaction of the Company as compared to the Company's overall financial position;
- (ii) the Company has practical difficulties in complying with the aforesaid disclosure requirement as the Borrowers have confirmed to the Group that they are not willing to disclose their identities in this announcement;
- (iii) the disclosure on the identities of the Borrowers does not shed light on their financial standing or repayment abilities and will serve little purpose in assisting the Shareholders and potential investors to evaluate the creditworthiness of the Borrowers and the risks and exposure of the Loan; and

- (iv) the Company has made alternative disclosures in respect of the Loan in this announcement, including but not limited to the details of the collateral and the loan-to-value ratio of the collateral in respect of the Loan, which would be much more meaningful for the Shareholders and potential investors in assessing the risk and exposure of the Loan as well as the repayment abilities of the Borrowers.

As at the date hereof, the Stock Exchange has not granted the waiver to the Company. In the event that the waiver is not so granted, the Company will publish a supplemental announcement to disclose the identities of the Borrowers.

GENERAL INFORMATION

Information on the Group and Legend Credit

The Company is an investment holding company and the principal business 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.

Legend Credit, an indirect wholly-owned subsidiary of the Company, is a limited liability company incorporated under the laws of Hong Kong and is a licensed money lender under the Money Lenders Ordinance and its principal business is money lending.

Information on the Borrowers and the Mortgagors

Each of the Borrowers, who is also a Mortgagor, is an individual. The Borrowers are merchants who are principally engaged in property development in the PRC, and are of father, mother and son relationship. The Borrowers are tenants in common of the property mortgaged to Legend Credit under the Mortgage as security of the Loan.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, each of the Borrowers, who is also a Mortgagor, is an Independent Third Party.

DEFINITIONS

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

“Board”	the board of Directors
“Borrowers”	three individuals, the borrowers under the Mortgage Loan Agreement, all of whom are Independent Third Parties
“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)
“Directors”	the directors 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 PRC
“Independent Third Party(ies)”	person(s) or company(ies) which is/are third party(ies) independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Legend Credit”	Legend Credit Limited, a limited liability company incorporated under the laws of Hong Kong and is a licensed money lender under the Money Lenders Ordinance (Money Lender’s Licence No. 0197/2021)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the mortgage loan in the principal amount of HK\$55,000,000 granted by Legend Credit to the Borrowers pursuant to the Mortgage Loan Agreement
“Money Lenders Ordinance”	the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)
“Mortgage”	the mortgage to be created by the Mortgagors in favour of Legend Credit over the property to secure the obligations of the Borrowers under the Mortgage Loan Agreement
“Mortgage Loan Agreement”	the mortgage loan agreement dated 26 October 2021 entered into among Legend Credit, the Borrowers and the Mortgagors
“Mortgagors”	the Borrowers, the mortgagors under the Mortgage Loan Agreement, being the tenants in common of the property secured under the Mortgage and each of them is referred to as a Mortgagor
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Shareholders”	holders of shares of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“0%”

per cent.

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

Hong Kong, 26 October 2021

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