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SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO PROVISION OF MORTGAGE LOAN

Reference is made to the discloseable transaction announcement of Midland IC&I Limited (the “**Company**”) dated 26 October 2021 in relation to the provision of mortgage loan in the principal amount of HK\$55,000,000 (the “**Announcement**”). Unless otherwise specified, capitalised terms used in this announcement have the same meanings as those defined in the Announcement.

WAIVER APPLICATION

In relation to the application for a waiver from strict compliance with Rule 14.58(2) of the Listing Rules in respect of the requirement to disclose the identities of the Borrowers (the “**Waiver Application**”), the Company further submitted the following reasons for the Stock Exchange’s consideration:-

- (i) the Borrowers have indicated that they were not willing to disclose their names in the Announcement during the negotiation stage of the Loan transaction;
- (ii) having taken into account (a) the Borrowers’ request; (b) that the Loan is by far the most sizable loan transaction since the commencement of the Group’s money lending business; (c) that the Loan can generate substantial interest income for the Group; and (d) that there was an occasion in which a potential client refused to enter into transaction with the Group solely based on that his/her identity was required to be disclosed pursuant to the requirements of the Listing Rules, the Board considered that the Waiver Application would be in the interest of the Company and the Shareholders;
- (iii) Legend Credit entered into the Mortgage Loan Agreement on 26 October 2021 and the Company published the Announcement on 26 October 2021 while the Stock Exchange was considering the Waiver Application. The Board considered that the Company still has practical difficulties in complying with Rule 14.58(2) of the Listing Rules after the entering into of the Mortgage Loan Agreement as detailed below:-

- (a) even if the Loan will be drawn down in accordance with the schedule, pursuant to the terms of the Mortgage Loan Agreement and the Money Lenders Ordinance, the Borrowers will have the liberty to repay the Loan to Legend Credit at any time during the term and Legend Credit has no legal basis to request for any early repayment fee or any funding cost incurred or any loss that may suffer as a result of early repayment of the Loan by the Borrowers;
- (b) in the event that the waiver from strict compliance with Rule 14.58(2) of the Listing Rules (the “**Waiver**”) is not granted by the Stock Exchange, the Company may be facing a difficult situation in which the Borrowers refuse to disclose their names while the Company is regulatory obliged to inform the Borrowers of its disclosure obligations to comply with Rule 14.58(2) of the Listing Rules and publish an announcement to disclose the names of the Borrowers. The Company believes that the only solution for resolving this possible dilemma is that the Borrowers immediately arrange for the refinancing of the Loan while keep pressing the Company for non-disclosure of their identities; and
- (c) in the premises, the Company believes that the Borrowers can exercise their rights of early repayment and immediately arrange for the refinancing of the Loan by entering into a transaction with the Company’s competitors which are not listed companies and the Company and the Shareholders may suffer loss as a result of an early termination of the Mortgage Loan Agreement. This may also have an impact on the Company’s strategy in developing its growing money lending business.

GRANT OF WAIVER

The Board is pleased to announce that on 8 November 2021, the Stock Exchange has granted the Waiver to the Company, on the condition that the Company discloses the Waiver (including details and reasons) by way of this announcement. The Stock Exchange may withdraw or change the Waiver if the Company’s situation changes and the grant of the Waiver does not necessarily indicate that the Stock Exchange will grant waivers to similar transactions in the future.

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

Hong Kong, 10 November 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.