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DISCLOSEABLE TRANSACTION PROVISION OF MORTGAGE LOAN

PROVISION OF MORTGAGE LOAN

On 23 February 2022, Legend Credit, an indirect wholly-owned subsidiary of the Company, entered into the Mortgage Loan Agreement with the Borrower and the Mortgagor, pursuant to which, Legend Credit agreed to lend to the Borrower the Loan in the principal amount of HK\$51,000,000 at an effective interest rate of 9% 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% and 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 23 February 2022, Legend Credit, an indirect wholly-owned subsidiary of the Company, entered into the Mortgage Loan Agreement with the Borrower and the Mortgagor, pursuant to which, Legend Credit agreed to lend to the Borrower the Loan in the principal amount of HK\$51,000,000 at an effective interest rate of 9% per annum.

PRINCIPAL TERMS OF THE MORTGAGE LOAN AGREEMENT

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

Date	:	23 February 2022
Lender	:	Legend Credit, an indirect wholly-owned subsidiary of the Company
Borrower	:	the Borrower
Mortgagor	:	the Borrower
Loan	:	in the principal amount of HK\$51,000,000
Effective interest rate	:	9% per annum
Drawdown date	:	28 February 2022
Maturity date	:	28 February 2023
Repayment term	:	The Loan shall be repaid in 12 successive monthly instalments. The Borrower 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 Borrower 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 at least one month's prior written notice to Legend Credit. If full or partial repayment is made by the Borrower before the due date of the 6 th instalment, the Borrower shall pay a sum equivalent to 1.5% of the prepaid amount as early repayment fee to Legend Credit together with the said prepayment.
Default rate	:	9% per annum on a day-to-day basis on any sum which is not paid when due.
Security	:	A first legal charge/Mortgage and rental assignment in respect of a residential property located in Happy Valley, Hong Kong with a valuation of approximately HK\$78,000,000 conducted by an independent property valuer on 10 February 2022 engaged by the Company.

INFORMATION ON THE CREDIT RISK RELATING TO THE LOAN

The grant of the Loan was collateralised. The collateral provided by the Borrower in respect of the Loan is sufficient as the loan-to-value ratio of the mortgaged property for the Loan is approximately 65.38% 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 Borrower, including the collateral provided by the Borrower, which is a residential property located at the prime site in Hong Kong. After taking into account the factors as disclosed above, the Company considers that the credit risks of granting the Loan to the Borrower 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

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the amount of the Loan exceeds 5% and 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.

WAIVER APPLICATION AND GRANT OF WAIVER

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

- (i) the grant 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 Borrower has confirmed to the Group that he will not consent to the disclosure of his identity in this announcement;

“Borrower”	the borrower under the Mortgage Loan Agreement, being an individual and an Independent Third Party
“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) and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the mortgage loan in the principal amount of HK\$51,000,000 granted by Legend Credit to the Borrower pursuant to the Mortgage Loan Agreement
“Money Lenders Ordinance”	the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)
“Mortgage”	the mortgage created by the Mortgagor in favour of Legend Credit over the property to secure the obligations of the Borrower under the Mortgage Loan Agreement
“Mortgage Loan Agreement”	the mortgage loan agreement dated 23 February 2022 entered into among Legend Credit, the Borrower and the Mortgagor
“Mortgagor”	the Borrower, the mortgagor under the Mortgage Loan Agreement, being the sole owner of the property secured under the Mortgage

“PRC”	the People’s Republic of China which, for the sole purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Shareholders”	holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 23 February 2022

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.