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CONNECTED TRANSACTIONS LEASE AND LICENCE WITH CONNECTED PERSONS

The Group had from time to time on separate occasions in its ordinary and usual course of business entered into different lease agreement and licence agreement with certain connected persons of the Company, which constitute connected transactions of the Company.

LISTING RULES IMPLICATIONS

Each of the Lease and the Licence is fully exempt from shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules. Given that one or more of the applicable percentage ratios in respect of the aggregate value of the right-of-use assets under the Lease and the Licence within a 12-month period, on the basis of the estimated book value of the right-of-use assets of approximately HK\$3,600,000 taking into account the present value of the payments, exceed 0.1% but are less than 5% and the estimated aggregate value of the right-of-use assets exceeds HK\$3,000,000, the Lease and the Licence, if aggregated, are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Group had from time to time on separate occasions in its ordinary and usual course of business entered into different lease agreement and licence agreement with certain connected persons of the Company, which constitute connected transactions of the Company. Principal terms of the Lease and the Licence are provided for information as follows.

PRINCIPAL TERMS OF THE LEASE

1. Date

28 April 2022

2. Parties

- (i) Midland Alliance, an indirect wholly-owned subsidiary of the Company, as tenant
- (ii) Shun Yik, a company wholly-owned by Mr. WONG, as landlord. The principal business activity of Shun Yik is property investment.

3. Premises

Office Nos. 11-17, 7th Floor, Tower B, New Mandarin Plaza, 14 Science Museum Road, Kowloon, Hong Kong

4. Term

One year from 1 May 2022 to 30 April 2023 (both days inclusive)

5. Rental

HK\$220,000 per month (exclusive of management fee, air-conditioning charges, Government rent and rates), payable in advance by the Group from its internal resources on the first day of each calendar month

PRINCIPAL TERMS OF THE LICENCE

1. Date

19 November 2021

2. Parties

- (i) Crown Lucky, an indirect wholly-owned subsidiary of the Company, as licensee
- (ii) Moral Winner, a company wholly-owned by Mr. WONG, as licensor. The principal business activity of Moral Winner is property investment.

3. Nature of Licence

Licence to install signage at the designated space of the external wall facing Shanghai Street of the building known as “No. 33 Argyle” at No. 33 Argyle Street, Kowloon, Hong Kong

4. Term

One year from 1 December 2021 to 30 November 2022 (both days inclusive)

5. Licence fee

HK\$73,000 per month (exclusive of rates), payable in advance by the Group from its internal resources on the first day of each calendar month

REASONS FOR AND BENEFITS OF THE LEASE AND THE LICENCE

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.

The premises under the Lease are used as office, while the signage under the Licence is used for marketing and promotion, in each case in the ordinary and usual course of the real estate agency business of the Group.

The terms and rental and/or licence fees under the Lease and the Licence were separately determined after separate arm’s length negotiations between the relevant parties with reference to the then prevailing rental and market conditions. The Directors (including the independent non-executive Directors) are of the view that the Lease and the Licence were entered into on normal commercial terms, in the ordinary and usual course of business of the Group and that their terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Mr. WONG and his associates, Ms. WONG Ching Yi, Angela and Mr. WONG Alexander Yiu Ming, each being an executive Director, were taken to be materially interested in the transactions and have abstained from voting on the relevant resolutions at the Board meeting.

LISTING RULES IMPLICATIONS

Mr. WONG is the Chairman, an executive Director and a substantial shareholder of the Company. Since Shun Yik and Moral Winner are wholly-owned by Mr. WONG, they are associates of Mr. WONG and connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Lease and the Licence constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The right-of-use assets under the Lease and the Licence will be recognised by the Group in its consolidated balance sheet in accordance with HKFRS 16. Accordingly, the entering into of the Lease and the Licence and the transactions contemplated thereunder will be deemed as acquisition of right-of-use assets by the Group.

Each of the Lease and the Licence is fully exempt from shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules. Given that one or more of the applicable percentage ratios in respect of the aggregate value of the right-of-use assets under the Lease and the Licence within a 12-month period, on the basis of the estimated book value of the right-of-use assets of approximately HK\$3,600,000 taking into account the present value of the payments, exceed 0.1% but are less than 5% and the estimated aggregate value of the right-of-use assets exceeds HK\$3,000,000, the Lease and the Licence, if aggregated, are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Lease and the Licence were not made under any master agreement, were negotiated and concluded at the different times, involved different assets and were in line with the principal business of the Group.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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
“Crown Lucky”	Crown Lucky Investment Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease”	the tenancy agreement dated 28 April 2022 entered into between Midland Alliance and Shun Yik, details of which are set out under the section headed “Principal Terms of the Lease” in this announcement
“Licence”	the licence agreement for signage(s) dated 19 November 2021 entered into between Crown Lucky and Moral Winner, details of which are set out under the section headed “Principal Terms of the Licence” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Midland Alliance”	Midland Alliance Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Moral Winner”	Moral Winner Investment Limited, a company incorporated in Hong Kong with limited liability
“Mr. WONG”	Mr. WONG Kin Yip, Freddie, the Chairman, an executive Director and a substantial shareholder of the Company

“percentage ratio(s)”	has the meaning as ascribed to it under the Listing Rules
“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
“Shun Yik”	Shun Yik International Limited, a company incorporated in the British Virgin Islands with limited liability
“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, 28 April 2022

As at the date of this announcement, the Board comprises eight 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 four are Independent Non-Executive Directors, namely Mr. SHA Pau, Eric, Mr. HO Kwan Tat, Ted, Mr. WONG Chung Kwong and Mr. LI Wai Keung.