

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.*



**美聯工商舖有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 459)**

**MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO  
THE ACQUISITION OF THE ENTIRE ISSUED SHARES OF  
MOST WEALTH (HONG KONG) LIMITED  
INVOLVING ISSUE OF  
CONSIDERATION SHARES AND CONVERTIBLE NOTE**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**

**ALTUS.**

**THE ACQUISITION AND THE PROPERTY**

The Board is pleased to announce that on 10 January 2017 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, and the Seller entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Seller has conditionally agreed to sell the entire issued shares of the Target Company.

The principal asset of the Target Company is the entire interest in a property located at Nos. 33 and 35 Java Road, Hong Kong. The Property is currently under the Property Enhancement Project and is expected to be used as serviced apartments and shops on or before the Target Date. Completion of the Acquisition is subject to a number of conditions as set out in this announcement below.

*\*For identification purposes only*

The Consideration is agreed at HK\$400.0 million (subject to the Cash Adjustment) which is at a discount of HK\$15.0 million or approximately 3.6% to the preliminary estimated market value of the Property upon completion of the Property Enhancement Project of HK\$415.0 million. The Consideration will be settled at Completion by a combination of (i) the allotment and issue of the Consideration Shares in the amount of HK\$200.0 million; and (ii) the issue of the Convertible Note in the amount of HK\$200.0 million. At Completion, 4,347,826,086 Consideration Shares will be allotted and issued at the Issue Price of HK\$0.046 per Consideration Share by the Company to the Seller. The Convertible Note is interest-free, unsecured, with a maturity of four years from its date of issue and carrying rights to convert into Conversion Shares at the initial Conversion Price of HK\$0.046 per Conversion Share. Upon full conversion of the Convertible Note at the initial Conversion Price, a total number of 4,347,826,086 Conversion Shares will be allotted and issued.

### **LISTING RULES IMPLICATIONS**

As one or more of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed 25% but all of them are less than 100%, the Acquisition constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, as the Seller is an associate of Ms. Tang Mei Lai, Metty, a non-executive Director, and Ms. Wong Ching Yi, Angela, an executive Director, the Seller is therefore a connected person of the Company under the Listing Rules, and the Acquisition also constitutes a connected transaction for the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **DESPATCH OF CIRCULAR**

The Company will despatch the Circular in accordance with the requirements under the Listing Rules as soon as practicable containing, among other things, (i) further information on the Acquisition Agreement (and the transactions contemplated thereunder); (ii) the accountant's report on the Target Company; (iii) the unaudited pro forma financial information of the Enlarged Group; (iv) the valuation report on the Property; (v) the recommendation of the Independent Board Committee; (vi) the advice of the Independent Financial Adviser regarding the terms of the Acquisition Agreement (and the transactions contemplated thereunder); and (vii) other information as required to be contained in the Circular under the Listing Rules. The Circular together with a notice of the EGM and a form of proxy are expected to be despatched to the Shareholders on or before 2 February 2017.

### **WARNING**

**Completion of the Acquisition is subject to the satisfaction and/or waiver of the conditions precedent under the Acquisition Agreement and therefore, may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **(A) INTRODUCTION**

The Board is pleased to announce that on 10 January 2017 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, and the Seller entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Seller has conditionally agreed to sell the entire issued shares of the Target Company. The principal asset of the Target Company is the entire interest in the Property. The Property is currently under the Property Enhancement Project and is expected to be used as serviced apartments and shops on or before the Target Date.

## **(B) THE ACQUISITION**

### **The Acquisition Agreement**

Date: 10 January 2017 (after trading hours)

Parties: (i) the Purchaser, a wholly-owned subsidiary of the Company;  
(ii) the Purchaser's guarantor: the Company; and  
(iii) the Seller: Mr. Wong

The Seller is Mr. Wong, who is the spouse of Ms. Tang Mei Lai, Metty (a non-executive Director) and the father of Ms. Wong Ching Yi, Angela (an executive Director). As at the date of this announcement, Mr. Wong is also a Shareholder holding 929,150,720 Shares, representing approximately 6.78% of the existing issued share capital of the Company. Mr. Wong is the chairman and a non-executive director of Midland Holdings and holds 185,830,144 Midland Holdings Shares, representing approximately 25.88% of the issued share capital of Midland Holdings as at the date of this announcement.

### **Assets to be acquired**

Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire and the Seller has conditionally agreed to sell the entire issued shares of the Target Company. The principal asset of the Target Company is the entire interest in the Property which is currently under the Property Enhancement Project and is expected to be used as serviced apartments and shops on or before the Target Date.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company.

## **The Consideration**

The Consideration is agreed at HK\$400.0 million, subject to the Cash Adjustment mentioned below. The Consideration was agreed after arm's length negotiations between the Purchaser and the Seller having taken into account, among others, (i) the prevailing market conditions and the preliminary estimated market value of the Property upon completion of the Property Enhancement Project of HK\$415.0 million; (ii) the undertaking by the Seller to procure completion of the Property Enhancement Project; and (iii) the prospects of the business activity of the Target Company.

The Consideration will be settled at Completion by a combination of (i) the allotment and issue of the Consideration Shares in the amount of HK\$200.0 million; and (ii) the issue of the Convertible Note in the amount of HK\$200.0 million. At Completion, 4,347,826,086 Consideration Shares will be allotted and issued at the Issue Price of HK\$0.046 per Consideration Share by the Company to the Seller. The Convertible Note is interest-free, unsecured, with a maturity of four years from its date of issue and carrying rights to convert into Conversion Shares at the initial Conversion Price of HK\$0.046 per Conversion Share. Upon full conversion of the Convertible Note at the initial Conversion Price, a total number of 4,347,826,086 Conversion Shares will be allotted and issued. A summary of the principal terms of the Convertible Note is set out in section (D) headed "The Convertible Note" in this announcement below.

The Cash Adjustment will be paid in cash and settled on a dollar-for-dollar basis by: (i) the Purchaser to the Seller if the net amount of the Other Assets and Liabilities of the Target Company is positive at Completion; or (ii) the Seller to the Purchaser if the net amount of the Other Assets and Liabilities of the Target Company is negative at Completion. The Cash Adjustment, if payable by the Purchaser, will not exceed HK\$20.0 million.

## **Conditions precedent**

Completion is subject to the following conditions being satisfied (or waived, if applicable):

- (a) the Purchaser having issued a written notice to the Seller that the Purchaser is satisfied with the due diligence review on the Target Company and its assets, including that the solicitors of the Purchaser having approved the title of the Target Company to the Property;
- (b) the ordinary resolution(s) for approving the Acquisition Agreement and the transactions contemplated thereunder having been duly passed by the Shareholders or, where applicable, the Independent Shareholders at EGM;
- (c) the Listing Committee having granted the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares on the Stock Exchange;
- (d) no indication from the Stock Exchange having been received to the effect that the listing of Shares will or may be withdrawn or objected to for any reason attributable to the transactions contemplated under the Acquisition Agreement or the Completion;

- (e) no material adverse change having occurred in relation to the Target Company which has or, in the reasonable opinion of the Purchaser, is likely to have a material adverse effect on the financial position, business or assets and property (including its title interests and rights to and in the Property), or results of operations of the Target Company;
- (f) no material adverse change having occurred in relation to the Company or the Group as a whole which has or, in the reasonable opinion of the Seller, is likely to have a material adverse effect on the financial position, business or assets and property, or results of operations of the Company or the Group as a whole;
- (g) the representations, warranties and undertakings made or given by the Seller under the Acquisition Agreement being true and accurate, and not misleading, in any material respects;
- (h) the representations, warranties and undertakings made or given by the Purchaser and the Company under the Acquisition Agreement being true and accurate, and not misleading, in any material respects;
- (i) the issue of a valuation report by a professional independent valuer that the appraised value of the Property shall be at least HK\$400.0 million; and
- (j) the mortgage registered against the Property shall be discharged.

The Purchaser may waive any of the conditions in (a), (e), and (g) above (if and to the extent such waiver will not result in non-compliance of the Listing Rules and other regulatory requirements) and the Seller may waive any of the conditions in (f) and (h) above by notice in writing to the other party. In the event that any of the conditions shall not have been fulfilled (or waived, where applicable) in all respects prior to the Long Stop Date, the Acquisition Agreement shall be terminated automatically. As at the date of this announcement, none of the above conditions has been fulfilled.

## **Completion**

Upon fulfillment and/or waiver of all the conditions precedent set out above, completion shall take place on the Completion Date.

## **Property Enhancement Project**

As at the date of the Acquisition Agreement, the Property Enhancement Project is in progress. The Seller will undertake to the Purchaser that (a) the Seller shall procure that the Property Enhancement Project will be executed and completed on or before Target Date; and (b) the Seller shall bear all the costs of the Property Enhancement Project in accordance with the terms and conditions of the Acquisition Agreement. If after payment of the Cash Adjustment, the final costs for completion of the Property Enhancement Project is different from the estimated costs of approximately HK\$59 million, the difference shall be payable by the Seller to the Purchaser (in the case where the final costs exceed the estimated costs) or by the Purchaser to the Seller (in the case where the estimated costs exceed the final costs) on a dollar-for-dollar basis in cash. The difference payable by the Purchaser will not exceed HK\$20 million in any event.

## **(C) THE CONSIDERATION SHARES**

The Consideration Shares will be issued at the Issue Price of HK\$0.046 per Share, which:

- (i) represents a discount of approximately 4.2% to the closing price of HK\$0.048 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) represents a discount of approximately 2.1% to the average closing price of HK\$0.047 per Share for the last 10 trading days up to and including the Last Trading Day;
- (iii) is equal to the average closing price of approximately HK\$0.046 per Share for the last 30 trading days up to and including the Last Trading Day;
- (iv) represents a premium of approximately 4.5% over the average closing price of approximately HK\$0.044 per Share for the last 90 trading days up to and including the Last Trading Day;
- (v) represents a premium of approximately 7.0% over the average closing price of approximately HK\$0.043 per Share for the last 180 trading days up to and including the Last Trading Day; and
- (vi) represents a discount of approximately 9.8% to the unaudited consolidated net asset value attributable to equity holders of the Company per Share of approximately HK\$0.051, calculated based on the Group's unaudited consolidated net asset value of approximately HK\$701.8 million as at 30 June 2016 and 13,705,000,000 Shares currently in issue.

When allotted and issued at Completion, the Consideration Shares will represent approximately:

- (i) 31.72% of the existing issued share capital of the Company as at the date of this announcement;
- (ii) 24.08% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares; and
- (iii) 19.41% of the issued share capital of the Company as enlarged by the allotments and issues of the Consideration Shares and the Conversion Shares upon the full conversion of the Convertible Note at the initial Conversion Price.

The Consideration Shares are to be issued by the Company under the specific mandate to be sought from the Independent Shareholders at the EGM. The Consideration Shares, when allotted and issued, will rank pari passu in all respects with all the Shares then in issue.

The Issue Price was determined with reference to, among other things, the prevailing trading price of the Shares in recent months, the financial performance of the Group and the current market conditions.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

#### **(D) THE CONVERTIBLE NOTE**

A summary of the principal terms of the Convertible Note is set out below.

Principal amount: HK\$200.0 million.

Issuer: The Company.

Conversion Price: The initial Conversion Price is HK\$0.046 per Conversion Share, which is equal to the Issue Price. Please refer to section (C) headed “The Consideration Shares” for the comparison of the initial Conversion Price.

Interest rate: Nil.

Maturity date: The fourth anniversary of the issue date of the Convertible Note.

Conversion: The holder of the Convertible Note shall have the right to convert on or before the maturity date of the Convertible Note the whole or any part(s) of the principal amount of the Convertible Note into Conversion Shares at the Conversion Price.

Adjustments to the Conversion Price: The initial Conversion Price will be subject to adjustments for share consolidation, share sub-division, capitalisation issues, capital distributions, rights issues, and certain other dilutive events, including issue of new Shares at a subscription price below 95% of the then prevailing market price of the Shares and issue of convertible securities with conversion prices below 95% of the then prevailing market price of the Shares.

Voting: The holder of the Convertible Note shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being the holder of the Convertible Note.

**Listing:** No application will be made for the listing of, and permission to deal in, any of the Convertible Note on the Stock Exchange or any other stock exchange.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which shall fall to be allotted and issued upon the exercise of any conversion right attaching to the Convertible Note.

**Transferability:** The Convertible Note may be assigned or transferred at any time by the holder of the Convertible Note.

**Redemption:** Unless previously converted, purchased or cancelled in accordance with the conditions of the Convertible Note, the Convertible Note will be redeemed by the Company on the maturity date at 100% of its principal amount outstanding.

**Security:** The Convertible Note is unsecured.

**Default interest:** In the event that the Company commits default of its repayment obligations under the Convertible Note, a default interest at 2% per annum plus the prevailing Hong Kong Dollar best lending rate quoted by The Hongkong and Shanghai Banking Corporation Limited will accrue on the relevant amounts overdue until full repayment is actually made.

The maximum number of 4,347,826,086 Conversion Shares upon full conversion of the Convertible Note at the initial Conversion Price represent approximately:

- (i) 31.72% of the issued share capital of the Company as at the date of this announcement;
- (ii) 24.08% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares; and
- (iii) 19.41% of the issued share capital of the Company as enlarged by the allotments and issues of the Consideration Shares and the maximum number of the Conversion Shares.

The maximum number of the Conversion Shares to be issued has the aggregate nominal value of approximately HK\$43.48 million.

The Conversion Shares are to be issued by the Company under specific mandate to be sought from the Independent Shareholders at the EGM. The Conversion Shares, when allotted and issued, will rank pari passu in all respects with all the Shares then in issue.



The initial Conversion Price was arrived at after arm's length negotiations between the parties to the Acquisition Agreement after taking into account, among others, the prevailing trading price of the Shares in recent months, the financial performance of the Group, the current market conditions and the Issue Price.

**(E) INFORMATION ON THE TARGET COMPANY AND THE PROPERTY**

**Information on the Target Company**

The Target Company is a property investment company incorporated in Hong Kong with limited liability. The principal asset of the Target Company is the entire interest in the Property.

The Target Company was set up for the purpose of acquisition and holding of the Property. As at 16 December 2016, the aggregate acquisition cost of the Property was approximately HK\$315 million, comprising the cost of acquisition of the Property of approximately HK\$270 million, the acquisition transaction costs of approximately HK\$14 million and the paid or accrued renovation costs of approximately HK\$31 million. After taking into account the unbilled renovation costs of approximately HK\$28 million, the total costs of the Property upon completion of the Property Enhancement Project is expected to increase to approximately HK\$343 million.

**Financial information of the Target Company**

Set out below is the financial information extracted from the financial statements of the Target Company for the two years ended 31 January 2016 and for the period from 1 February 2016 to 16 December 2016:

	<b>For the period from 1 February 2016 to 16 December 2016</b>	<b>For the year ended 31 January</b>	
	<i>HK\$ '000</i>	<b>2016</b> <i>HK\$ '000</i>	<b>2015</b> <i>HK\$ '000</i>
<b>Net profit/(loss) before tax</b>	–	(115)	1,013
<b>Net profit/(loss) after tax</b>	–	(96)	780
	<b>As at 16 December 2016</b> <i>HK\$ '000</i>		
<b>Net assets attributable to shareholder</b>	342,901		

## Information on the Property

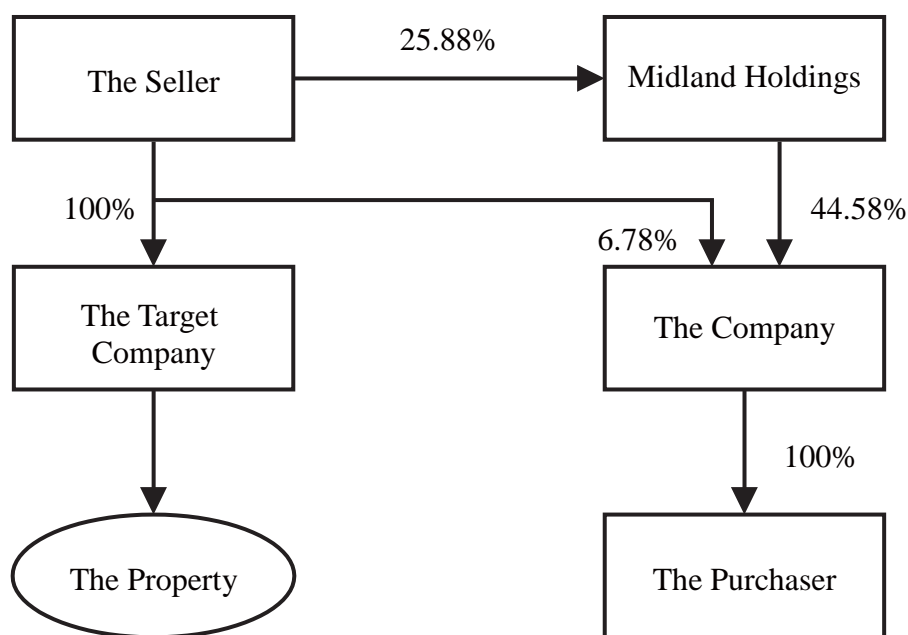
The Property is located at Nos. 33 and 35 Java Road, Hong Kong. It comprises a 13-storey (including cockloft) residential-cum-retail building completed in 1966. It is currently under the Property Enhancement Project and is expected to be used as serviced apartments and shops on or before the Target Date. The ground floor will accommodate a lobby with 2 lifts and 2 shops facing Java Road with cocklofts thereabove. 40 serviced apartment units, including a duplex unit, will be provided on the first to eleventh floors. Fixtures, fittings and furniture will be provided within each apartment unit. The saleable floor area of the Property is approximately 18,234 sq. ft. and the total registered site area is approximately 2,450 sq. ft.. It is intended that the day-to-day operations and management of the serviced apartments and the shops in the Property will be conducted by a property management company which is qualified to manage a property similar to the Property.

The preliminary estimated market value of the Property upon completion of the Property Enhancement Project is approximately HK\$415 million. The Company has engaged Jones Lang LaSalle Limited, an independent property valuer, to conduct an independent valuation of the Property. The valuation report on the Property will be set out in the Circular to be despatched to the Shareholders.

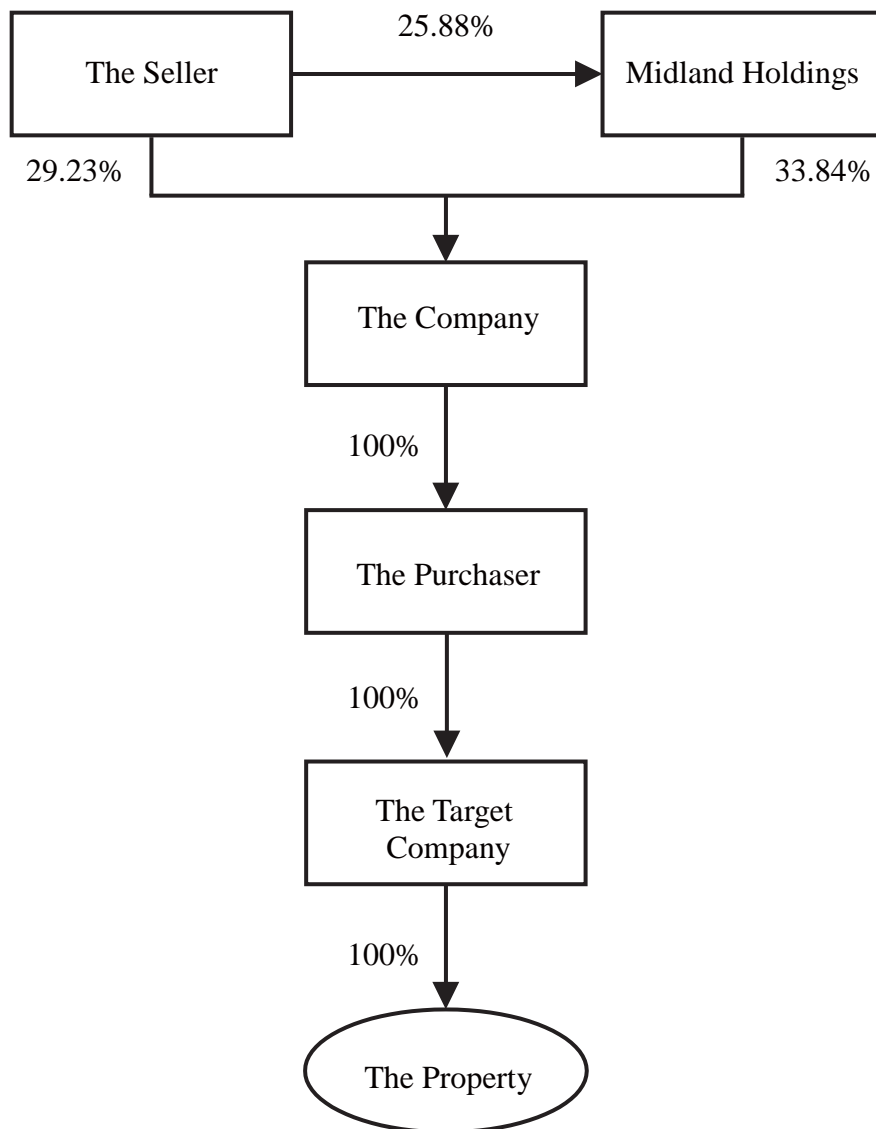
## Shareholding structures of the Target Company

Set out below are the simplified shareholding structure charts of the Target Company as at the date of this announcement and immediately after Completion (assuming that there are no changes in the issued share capital of each of the companies other than changes as a result of the transactions contemplated under the Acquisition Agreement):

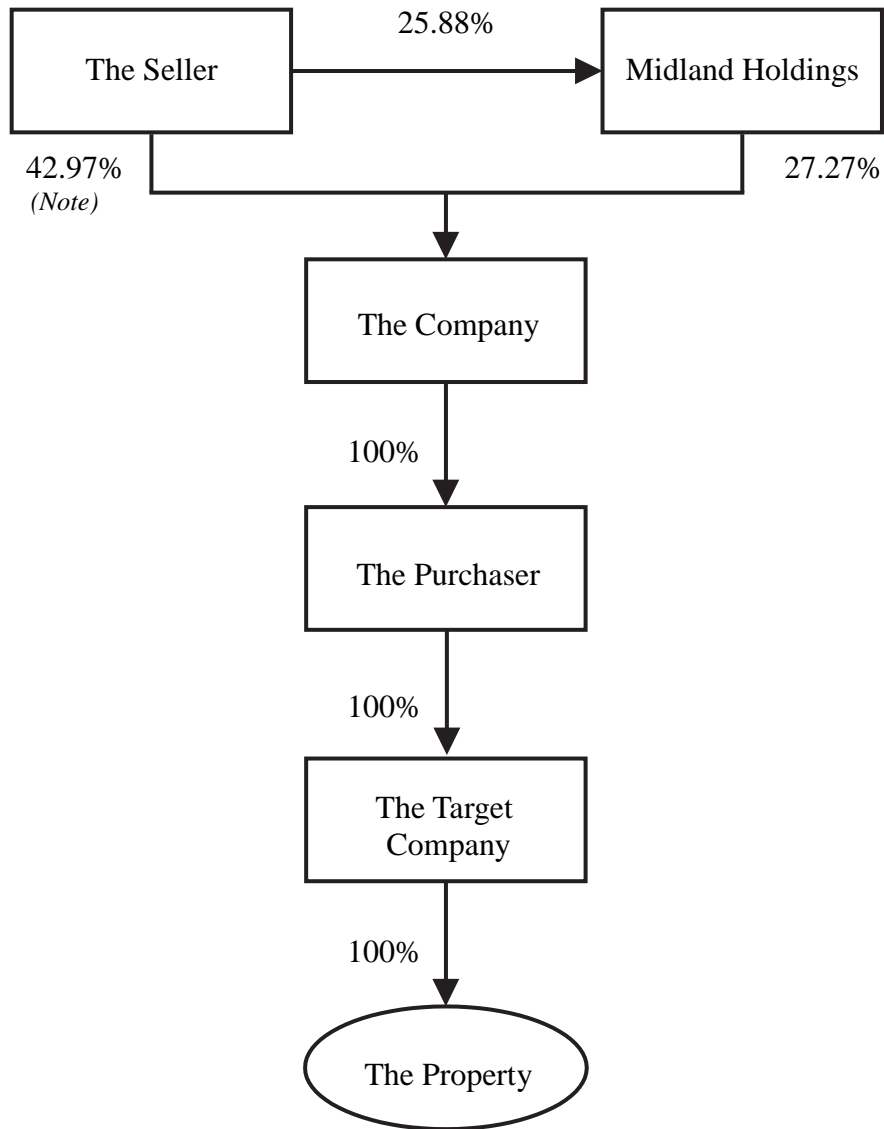
*As at the date of this announcement*



*Immediately upon Completion and before conversion of any of the Convertible Note*



*Immediately upon Completion and after full conversion of the Convertible Note*



*Note: The above is for illustration and disclosure purposes only. It does not imply or indicate any intention or decision on the part of the Seller as to the timing or extent of conversion of the Convertible Note. The relevant parties will observe and comply with the requirements of the Listing Rules or the Takeovers Code in connection with the conversion of the Convertible Note if and when it takes place.*

## (F) 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 in Hong Kong.

The financial performance of the Group has not been satisfactory in recent years. Revenue of the Group, mainly comprising the agency fee income derived from property agency business, has declined in the last four years, down by approximately 42.3% from approximately HK\$814.4 million in 2012 to approximately HK\$470.1 million in 2015. Profit attributable to the Shareholders has shrunk by approximately 98.6% from approximately HK\$175.8 million in 2012 to approximately HK\$2.4 million in 2015. The Company also recorded a loss attributable to the Shareholders of approximately HK\$9.2 million for the six months ended 30 June 2016. The deterioration in the historical financial performance of the Group was principally due to the adjustment of ad valorem stamp duty made by the Hong Kong Government in non-residential properties in early 2013, which has raised the transaction costs for investors and buyers of the non-residential properties and has cooled off that sector significantly. The unpromising performance of the stock market and the depreciation of Renminbi in 2015 and the first half of 2016 added further pressure to the property market, which, in turn, adversely affected the financial performance of the Group. Furthermore, based on the statistics published by the Land Registry, both the total transaction volume and total transaction value of the non-residential properties in Hong Kong for 2016 (up to November 2016) were lower than that for 2015 by around 20% and 30%. Although the Group's financial performance is expected to improve in the second half of 2016, mainly due to the strengthened market position and better cost efficiency of the Group as announced by the Company on 6 December 2016, and demand of non-residential properties in Hong Kong is expected to have a higher growth (as compared to the residential property market) following the increase of the stamp duty for residential property transactions to a flat rate of 15% in November 2016, the overall business environment of the Group appears to remain challenging due to the aforesaid cool-down policies and the lacklustre local and global economic performance.

As stated in the Company's interim reports for the six months ended 30 June 2015 and 30 June 2016 (the "**Interim Reports**"), the Group will proactively explore new business initiatives with particular focus on opportunities related to or those which may create synergies with the existing principal activities of the Group; and will pursue diversified investment strategies with objectives to create value for the Group and enhance shareholders' return.

After decades of involvement in the Hong Kong property market, the Group has accumulated significant experience in industrial, commercial and shops sectors of the property industry. By leveraging its in-depth knowledge of the local property market, the Group has also participated directly in the market by acquiring and letting out office unit and car parking space for rental income in recent years.

The Acquisition is in line with the Group's stated strategy of exploring new business opportunities above and represents an expansion of the Group's existing business activities. The serviced apartments and the shops in the Property will be let out for rental income. The Acquisition will not only provide an additional and stable rental income to the Group but will also broaden the income source and avoid total reliance on the volatile agency fee income, the Group may also enjoy the possible capital appreciation of the Property.

Based on the knowledge of the Company, Midland Holdings, being the controlling Shareholder, would not consider the acquisition of the Property as it intends to continue to focus on its principal business of provision of residential property agency services in Hong Kong, China, Macau and overseas and it does not have any present intention to diversify its business.

The allotments and issues of the Consideration Shares and the Conversion Shares upon full conversion of the Convertible Note to the Seller will lead to better alignment of interests between the Company and the Seller upon Completion and is beneficial to the Company and the Shareholders as a whole.

The issues of the Consideration Shares and the Convertible Note to settle the Consideration would not affect the immediate liquidity position of the Group and would allow the Company to complete the Acquisition without any significant cash outlay. The preserved cash could allow the Group to (i) withstand the potential lacklustre performance of the Group's core agency services business; (ii) provide services to prospective purchasers of property in Hong Kong referred by certain subsidiaries of Midland Holdings by procuring the issuance of a cashier's order after receiving each referral; and (iii) develop property investment and property development businesses in future.

In addition, the issue of the Convertible Note to settle part of the Consideration has the added benefits to the Company as (i) the issuance of Convertible Note can avoid the immediate dilution to the existing shareholding of the Independent Shareholders; and (ii) the Convertible Note is interest-free.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into that of the Group.

The Directors (excluding the members of the Independent Board Committee whose views will, after receiving the advice from the Independent Financial Adviser, be set out in the letter from the Independent Board Committee in the Circular to be despatched to the Shareholders) are of the view that, though not in the ordinary and usual course of business of the Group, the entering of the Acquisition Agreement is on normal commercial terms and the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## (G) SHAREHOLDING STRUCTURES OF THE COMPANY

Set out below is the shareholding table of the Company (i) as at the date of this announcement; (ii) immediately upon Completion and before conversion of any of the Convertible Note; and (iii) immediately upon Completion and after full conversion of the Convertible Note.

Shareholders	(i) As at the date of this announcement		(ii) Immediately upon Completion and before conversion of any of the Convertible Note		(iii) Immediately upon Completion and after full conversion of the Convertible Note <sup>Note</sup>	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Midland Holdings	6,109,769,975	44.58%	6,109,769,975	33.84%	6,109,769,975	27.27%
The Directors	23,000,000	0.17%	23,000,000	0.13%	23,000,000	0.10%
Public Shareholders	6,643,079,305	48.47%	6,643,079,305	36.80%	6,643,079,305	29.66%
The Seller	929,150,720	6.78%	5,276,976,806	29.23%	9,624,802,892	42.97%
Total	<u>13,705,000,000</u>	<u>100.00%</u>	<u>18,052,826,086</u>	<u>100.00%</u>	<u>22,400,652,172</u>	<u>100.00%</u>

*Note: The above table is for illustration and disclosure purposes only. It does not indicate or imply any intention or decision on the part of the Seller as to the timing or extent of conversion of the Convertible Note. The relevant parties will observe and comply with the requirements of the Listing Rules or the Takeovers Code in connection with the conversion of the Convertible Note if and when it takes place.*

## (H) LISTING RULES IMPLICATIONS

### Listing Rules implications

As one or more of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed 25% but all of them are less than 100%, the Acquisition constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, as the Seller is an associate of Ms. Tang Mei Lai, Metty, a non-executive Director, and Ms. Wong Ching Yi, Angela, an executive Director, the Seller is therefore a connected person of the Company under the Listing Rules, and the Acquisition also constitutes a connected transaction for the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **The Independent Board Committee and the Independent Financial Adviser**

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Ying Wing Cheung, William, Mr. Sha Pau, Eric, and Mr. Ho Kwan Tat, Ted, in compliance with the Listing Rules, has been established to consider the terms of the Acquisition and advise the Independent Shareholders as to whether the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and to give its recommendation as to the voting in respect of the resolution(s) to be proposed at the EGM for approving the Acquisition, after taking into account the recommendation of the Independent Financial Adviser. In this connection, Altus has been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

### **Despatch of circular**

The Company will despatch the Circular in accordance with the requirements under the Listing Rules as soon as practicable containing, among other things, (i) further information on the Acquisition Agreement (and the transactions contemplated thereunder); (ii) the accountant's report on the Target Company; (iii) the unaudited pro forma financial information of the Enlarged Group; (iv) the valuation report on the Property; (v) the recommendation of the Independent Board Committee; (vi) the advice of the Independent Financial Adviser regarding the terms of the Acquisition Agreement (and the transactions contemplated thereunder); and (vii) other information as required to be contained in the Circular under the Listing Rules. The Circular together with a notice of the EGM and a form of proxy are expected to be despatched to the Shareholders on or before 2 February 2017.

### **(I) EGM**

The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things, the Acquisition Agreement and the transaction(s) contemplated thereunder. Any Shareholder who is materially interested in the Acquisition shall abstain from voting on the resolution(s). As at the date of this announcement, save for Mr. Wong, who is interested in 929,150,720 Shares, no other Shareholder is required to abstain from voting on the resolution(s) to approve the Acquisition Agreement and the transactions contemplated thereunder.

### **(J) WARNING**

**Completion of the Acquisition is subject to the satisfaction and/or waiver of the conditions precedent under the Acquisition Agreement and therefore, may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**



## **(K) DEFINITIONS**

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the entire issued shares of the Target Company by the Purchaser from the Seller pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement entered into on 10 January 2017 (after trading hours) among the Purchaser, the Company and the Seller in respect of the Acquisition
“associate(s)”	has the same meaning as defined in the Listing Rules
“Board”	the board of the Directors
“Business Day”	a day (other than any Saturday and Sunday) on which banks are opened in Hong Kong to general public for business
“Cash Adjustment”	the amount equivalent to the net amount of the Other Assets and Liabilities of the Target Company at Completion
“Circular”	the circular to be despatched to the Shareholders in relation to the Acquisition
“Company”	Midland IC&I Limited (stock code: 459), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition
“Completion Date”	the date falling on the fifth Business Day after all the conditions precedent as specified by the Acquisition Agreement have been fulfilled or waived (or such other date as the Seller and the Purchaser may agree in writing)
“connected person(s)”	has the same meaning as defined in the Listing Rules
“Consideration”	the consideration of HK\$400.0 million (subject to Cash Adjustment) payable by the Purchaser for the Acquisition pursuant to the Acquisition Agreement
“Consideration Shares”	4,347,826,086 new Shares to be allotted and issued by the Company to the Seller pursuant to the Acquisition Agreement as payment of part of the Consideration

“controlling Shareholder”	has the same meaning as defined in the Listing Rules
“Convertible Note”	the convertible note in the aggregate principal amount of HK\$200.0 million to be issued by the Company to the Seller pursuant to the Acquisition Agreement as payment of part of the Consideration
“Conversion Price”	HK\$0.046, subject to adjustments as set out in accordance with the terms and conditions of the Convertible Note, if applicable
“Conversion Shares”	the new Shares to be allotted and issued upon conversion of the Convertible Note
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Acquisition Agreement and the transactions contemplated thereunder
“Enlarged Group”	the Group as enlarged by the Acquisition
“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 Committee”	an independent committee of the Board constituted, in compliance with the Listing Rules, to advise the Independent Shareholders as regards the terms of the Acquisition Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Altus”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (Asset Management) regulated activities under the Securities Futures Ordinance (Chapter 571 of the laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition
“Independent Shareholders”	the Shareholders other than the Seller and his associates
“Issue Price”	the issue price of HK\$0.046 per Consideration Share

“Last Trading Day”	10 January 2017, being the last trading day of the Shares before the publication of this announcement
“Listing Committee”	has the same meaning as defined in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2017 (or such later date as the parties to the Acquisition Agreement may otherwise agree in writing)
“Midland Holdings”	Midland Holdings Limited (stock code: 1200), a company incorporated in Bermuda with limited liability and the controlling Shareholder of the Company, the shares of which are listed on the main board of the Stock Exchange
“Midland Holdings Shares”	the ordinary shares with par value of HK\$0.1 each in the issue share capital of Midland Holdings
“Other Assets and Liabilities”	the Target Company’s total assets (other than the Property and all the fixtures, fittings, equipment and other items and system added or installed in the Property under the Property Enhancement Project) less the total liabilities and the estimated outstanding costs (which have not yet accrued in the financial statement of the Target Company and is calculated with reference to the estimated costs of approximately HK\$59 million) for completion of the Property Enhancement Project
“PRC” or “China”	the People’s Republic of China and, for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Property”	a property located at Nos. 33 and 35 Java Road, Hong Kong
“Property Enhancement Project”	the asset enhancement project for, among other things, the fitting-out, adaptation, refurbishment, renovation, retro-fitting, repair and maintenance of the Property for use as serviced apartments and shops in accordance with all those material contracts and contract documents in respect thereof and the relevant approved plans and specifications

“Purchaser”	Beyond Summit Investments Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“Seller” or “Mr. Wong”	Mr. Wong Kin Yip, Freddie, a Shareholder holding approximately 6.78% of the issued share capital of the Company as at the date of this announcement, who is the spouse of Ms. Tang Mei Lai, Metty, a non-executive Director, and the father of Ms. Wong Ching Yi, Angela, an executive Director
“Share(s)”	the ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on the Takeovers and Mergers
“Target Company”	Most Wealth (Hong Kong) Limited, a company incorporated in Hong Kong with its entire issued shares currently held by the Seller
“Target Date”	30 June 2017, subject to extension of time as may be granted under the material contracts in respect of the Property Enhancement Project
“%”	per cent.

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

Hong Kong, 10 January 2017

*As at the date of this announcement, the Board comprises eight Directors, of which two are executive Directors, namely Ms. WONG Ching Yi, Angela and Mr. WONG Hon Shing, Daniel; three are non-executive Directors, namely Mr. KAN Chung Nin, Tony, Ms. TANG Mei Lai, Metty and Mr. TSANG Link Carl, Brian (with Mr. CHU Kuo Fai, Gordon as his alternate); and three are independent non-executive Directors, namely Mr. YING Wing Cheung, William, Mr. SHA Pau, Eric and Mr. HO Kwan Tat, Ted.*