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MIDLAND IC&I LIMITED

美聯工商舖有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 459)

CONTINUING CONNECTED TRANSACTION

The Board announces that on 7 April 2014, MAL, an indirect wholly-owned subsidiary of the Company, entered into the New Tenancy Agreement to rent the Premises from SYIL for 2 years from 1 May 2014 at a monthly rental of HK\$162,000.

SYIL is a company wholly-owned by an associate of Ms. TANG Mei Lai, Metty, the Chairman, the Managing Director and an Executive Director of the Company and Ms. WONG Ching Yi, Angela, the Executive Director of the Company. Accordingly, the New Tenancy Agreement constitutes a continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules.

The highest of the applicable percentage ratios in respect of the annual rental payable under the New Tenancy Agreement (on its own and when aggregated with the licence fees payable under the Existing Licence) exceeds 0.1% but all of these ratios are less than 5%. Thus, the New Tenancy Agreement and the Existing Licence are subject to the reporting, annual review and announcement requirements only but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DETAILS OF THE NEW TENANCY AGREEMENT

MAL, an indirect wholly-owned subsidiary of the Company, entered into the New Tenancy Agreement to rent the Premises from SYIL. The principal terms of the New Tenancy Agreement are as follows:-

* For identification purpose only

Date : 7 April 2014

Landlord : SYIL

Tenant : MAL

Premises : Nos.11-16 on 7/F, Tower B, New Mandarin Plaza, No.14 Science Museum Road, Kowloon, Hong Kong

Term : 2 years commencing from 1 May 2014 and expiring on 30 April 2016 (both days inclusive)

Rental : Monthly rental of HK\$162,000. The monthly rental is exclusive of government rent, rates, air-conditioning charges and management fee in respect of the Premises, and MAL shall be responsible for the payment of such fees and charges pursuant to the New Tenancy Agreement.

Option to renew : Nil

Rent-free period : Nil

DETAILS OF THE PREVIOUS TENANCY AGREEMENT

The New Tenancy Agreement is to renew the lease of the Premises under the Previous Tenancy Agreement, details of the principal terms of which are summarised below:-

Date : 30 April 2012

Landlord : SYIL

Tenant : MAL

Premises : Nos.11-16 on 7/F, Tower B, New Mandarin Plaza, No.14 Science Museum Road, Kowloon, Hong Kong

Term : 2 years commenced from 1 May 2012 and expired on 30 April 2014 (both days inclusive)

Rental : Monthly rental of HK\$144,601. The monthly rental is exclusive of government rent, rates, air-conditioning charges and management fee in respect of the Premises, and MAL shall be responsible for the payment of such fees and charges pursuant to the Previous Tenancy Agreement.

Option to renew : Nil

Rent-free period : Nil

The Group had entered into the Existing Licence prior to the New Tenancy Agreement. The Existing Licence on its own is not subject to any reporting, annual review, announcement or independent shareholders' approval requirements. On the basis that the New Tenancy Agreement and the Existing Licence would be aggregated together, these transactions collectively would be subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules.

PRINCIPAL TERMS OF THE EXISTING LICENCE

1. Date

23 September 2013

2. Parties

- (i) Crown Lucky Investment Limited, an indirect wholly-owned subsidiary of the Company, as licensee; and
- (ii) Moral Winner Investment Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly owned by an associate of Ms. TANG Mei Lai, Metty and Ms. WONG Ching Yi, Angela, as licensor. The principal business of Moral Winner Investment Limited is property investment.

3. Nature of licence

Licence to install signage(s) at the lower part of the external wall facing Shanghai Street of the building known as "No. 33 Argyle" at Nos. 611-617 Shanghai Street and No. 33 Argyle Street, Kowloon

4. Term

Two years from 1 November 2013 to 31 October 2015 (both days inclusive)

5. Licence fee

HK\$68,000 per month (exclusive of Government rent and rates, management fees, electricity charges and all other relevant charges (if any)), payable in advance on the first day of each calendar month

ANNUAL CAPS

The total annual rental and licence fees payable under the New Tenancy Agreement and the Existing Licence taken together for each of the three years ending 31 December 2014, 2015 and 2016 is HK\$2,112,000, HK\$2,624,000 and HK\$648,000 respectively. Based on the said total annual rental and licence fees payable, the aggregate annual cap for the New Tenancy Agreement and the Existing Licence for each of the three years ending 31 December 2014, 2015 and 2016 is HK\$2,300,000, HK\$2,800,000 and HK\$800,000 respectively.

REASONS FOR ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

Regarding the New Tenancy Agreement, the Premises have been leased to MAL as an office for the real estate agency business of the Group. Rental payments under the New Tenancy Agreement were agreed to by the Group on arm's length basis with reference to comparable transactions and the current market conditions for properties of similar size and location.

Regarding the Existing Licence, the signage(s) installed pursuant to the Existing Licence is/are and will be used for marketing and promotion of the property agency business of the Group.

The Directors, including the independent non-executive Directors, are of the view that the New Tenancy Agreement and the Existing Licence are entered into in the ordinary and usual course of business of the Group, and that the terms of the New Tenancy Agreement and the Existing Licence are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

SYIL is wholly owned by an associate of Ms. TANG Mei Lai, Metty, the Chairman, the Managing Director and an Executive Director of the Company and Ms. WONG Ching Yi,

Angela, the Executive Director of the Company. The lease of the Premises under the New Tenancy Agreement therefore constitutes a continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules.

Moral Winner Investment Limited is a company indirectly wholly owned by an associate of Ms. TANG Mei Lai, Metty and Ms. WONG Ching Yi, Angela. The licence to install signage under the Existing Licence therefore constitutes a continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules.

The highest of the applicable percentage ratios in respect of the annual rental payable under the New Tenancy Agreement (on its own and when aggregated with the licence fees payable under the Existing Licence) exceeds 0.1% but all of these ratios are less than 5%. Thus, the New Tenancy Agreement and the Existing Licence are subject to the reporting, annual review and announcement requirements only but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of the New Tenancy Agreement and the Existing Licence will be included in the annual report of the Company for each of the relevant financial years in accordance with Rule 14A.46 of the Listing Rules.

As Ms. TANG Mei Lai, Metty and Ms. WONG Ching Yi, Angela are associates of the ultimate beneficial owner of SYIL and Moral Winner Investment Limited, as well as the directors of SYIL, Moral Winner Investment Limited and the Company, they are considered to be interested in the New Tenancy Agreement and the Existing Licence and had abstained from voting on the resolutions at the Board meeting approving the same.

INFORMATION ON THE COMPANY

The principal activities of the Group are provision of property agency services in respect of commercial and industrial properties and shops in Hong Kong.

DEFINITIONS

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

“associate”	has the meaning ascribed thereto 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 Stock Exchange
“Director(s)”	the director(s) of the Company
“Existing Licence”	the licence agreement dated 23 September 2013 entered into between Crown Lucky Investment Limited and Moral Winner Investment Limited, details of which are set out under the section headed “Principal Terms of the Existing Licence” in this announcement
“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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MAL”	Midland Alliance Limited, a company incorporated in the Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“New Tenancy Agreement”	a tenancy agreement dated 7 April 2014 made between SYIL as landlord and MAL as tenant in respect of the leasing of the Premises
“Premises”	Nos.11-16 on 7/F, Tower B, New Mandarin Plaza, No.14 Science Museum Road, Kowloon, Hong Kong owned by SYIL
“Previous Tenancy Agreement”	a tenancy agreement dated 30 April 2012 made between SYIL as landlord and MAL as tenant in respect of the leasing of the Premises
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“SYIL”

Shun Yik International Limited, a company incorporated in the British Virgin Islands with limited liability, the principal activity of which is property investment. SYIL is wholly owned by an associate of Ms. TANG Mei Lai, Metty and Ms. WONG Ching Yi, Angela

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

Hong Kong, 7 April 2014

As at the date of this announcement, the Board comprises seven Directors, of which three are Executive Directors, namely Ms. TANG Mei Lai, Metty, Ms. WONG Ching Yi, Angela and Mr. WONG Hon Shing, Daniel; one is Non-executive Director, namely Mr. TSANG Link Carl, Brian (with Mr. CHU Kuo Fai, Gordon as his alternate); three are Independent Non-executive Directors, namely Mr. YING Wing Cheung, William, Mr. SHA Pau, Eric and Mr. HO Kwan Tat, Ted.