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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)

(GEM Stock Code: 8090)

(Main Board Stock Code: 459)

**TRANSFER OF LISTING
FROM GEM TO THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED**

Financial adviser to the Company



Reference is made to the announcement issued by the Company dated 3 April 2008 and 21 May 2008 in relation to the latest development of the Transfer of Listing from GEM to the Main Board of the Stock Exchange.

Further to the press release by the Stock Exchange dated 2 May 2008 setting out, inter alia, the new transfer arrangements from GEM to Main Board, the Board would like to announce that the Company has made a formal application on 4 July 2008 to the Stock Exchange for the Transfer of Listing. The Company has applied for the listing of, and permission to deal in, (i) the 8,300,000,000 Shares in issue; (ii) 83,000,000 Shares which may be issuable upon the exercise of the outstanding options which were granted under the 2005 Share Option Scheme; and (iii) any Shares to be issued upon conversion of the Convertible Note.

All pre-conditions for the Transfer of Listing, insofar as applicable, have been fulfilled in relation to the Company and the Shares.

On 8 August 2008, the Company has received in-principle approval from the Listing Committee for the Transfer of Listing application. Dealings in the Shares on the Main Board (Stock code: 459) will commence at 9:30 a.m. on 18 August 2008. Immediately prior to the listing of the Shares on the Main Board, the listing of the Shares on GEM will be withdrawn. The last day of dealings in the Shares on GEM is expected to be on 15 August 2008.

* For identification purposes only

INTRODUCTION

Reference is made to the announcement issued by the Company dated 3 April 2008 and 21 May 2008 in relation to the latest development of the Transfer of Listing from GEM to the Main Board of the Stock Exchange.

Further to the press release by the Stock Exchange dated 2 May 2008 setting out, inter alia, the new transfer arrangements from GEM to Main Board, the Board would like to announce that the Company has made a formal application on 4 July 2008 to the Stock Exchange for the Transfer of Listing. The Company has applied for the listing of, and permission to deal in, (i) the 8,300,000,000 Shares in issue; (ii) 83,000,000 Shares which may be issuable upon the exercise of the outstanding options which were granted under the 2005 Share Option Scheme; and (iii) any Shares to be issued upon conversion of the Convertible Note.

All pre-conditions for the Transfer of Listing as set out in Rule 9A.02 of the Main Board Listing Rules, insofar as applicable, have been fulfilled in relation to the Company and the Shares.

On 8 August 2008, the Company has received in-principle approval from the Listing Committee for the Transfer of Listing application. Dealings in the Shares on the Main Board (Stock code: 459) will commence at 9:30 a.m. on 18 August 2008. Immediately prior to the listing of the Shares on the Main Board, the dealings in the Shares on GEM will be terminated. The last day of dealings in the Shares on GEM is expected to be on 15 August 2008.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and will not involve any transfer or exchange of the existing share certificates. No change will be made to the board lot size, trading currency of the Shares and the share registrars of the Shares in connection with the Transfer of Listing. Shares will be traded under the new stock code 459 in board lots of 10,000 Shares each following the Transfer of Listing.

REASONS FOR THE TRANSFER OF LISTING

The Directors believe that listing of the Shares on the Main Board will enhance the profile of the Group and could improve trading liquidity of the Shares. The Directors also consider that listing of the Shares on the Main Board will be beneficial to the future growth, financing flexibility and business development of the Group. As at date of this announcement, no plan of change in nature of business of the Group following the Transfer of Listing is contemplated by the Directors.

The Transfer of Listing will not involve issue of any new Shares by the Company.

RELATIONSHIP WITH THE MIDLAND GROUP

Midland is the controlling Shareholder, indirectly holding approximately 51.81% of the issued share capital of the Company. As at the date of this announcement, the Midland Group is one of the leading listed real estate agencies in Hong Kong. Midland and its subsidiaries (other than the Group) mainly focus on estate agency business in respect of residential properties in Hong Kong, the PRC and Macau.

The Group and the Midland Group have referred, and may in the future continue to refer, estate agency business to each other. Business referral arrangements of such kind between property agencies are a common practice in the field of property brokerage business. The referral transactions contemplated under the Cross Referral Services Agreement will be able to generate business of the Group and increase its revenue. Further details are provided in the section headed “Connected transactions with Midland and its associates” below.

The Group operates its business independently in different locations from that of the Midland Group. It is currently capable of and will, after the Transfer of Listing, continue to be capable of managing its business independent of its controlling Shareholder.

The Directors confirm that the other businesses of the Midland Group do not compete, or are not likely to compete, either directly or indirectly with the businesses of the Group. As at the date of this announcement, none of the Directors nor any of the management Shareholders (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group. The Company and Midland have further entered into the Non-Competition Deed in June 2007, further details of which are provided in the section headed “Non-competition undertaking” below.

NON-COMPETITION UNDERTAKING

The Non-Competition Deed was entered into for safeguarding the Group’s interest in the business from any potential competition arising from the business operations of the Midland Group. Pursuant to the Non-Competition Deed, the Midland Group has agreed not to be engaged, interested or involved (whether alone or in conjunction with other third parties) in any business that is in direct or indirect competition with the Relevant Business (as defined below) carried out by those members of the Group (through Ketanfall Group) in Hong Kong. “Relevant Business” means the business of doing estate agency work in respect of industrial and commercial properties (including shops) in Hong Kong, as currently carried out by the Group.

The Non-Competition Deed will automatically end on the earliest of (i) the date when Midland, together with its associates (other than the Group), ceases to be the controlling Shareholder; (ii) the date when the Company ceases to be listed on the Stock Exchange; or (iii) the date falling on the fifteenth anniversary of the Non-Competition Deed.

The restrictions under the Non-Competition Deed shall not, however, forbid:

- (a) any business opportunity (and agreements entered in relation to such opportunity) that is referred by the Midland Group to the Group under the Cross Referral Services Agreement, provided that the obligations of the Midland Group under such agreement are duly fulfilled; or
- (b) shareholding interest held by the Midland Group in any company engaged in such competitive business mentioned above, provided that the amount of such shareholding (i) does not exceed 5% of the issued share capital of such company (in case the company is listed on a stock exchange) or (ii) is less than 20% of the issued share capital of such company (in case such company is not listed on a stock exchange); or
- (c) any shareholding held, directly or indirectly, by Midland in the Group itself; or

- (d) (in so far as (a) above does not apply) any co-operation arrangements entered by any member of the Midland Group with any third parties on arm's length basis in respect of those business opportunities (i) not falling within the Relevant Business of the Group in Hong Kong and/or (ii) in view of the specific requirements of the relevant clients, being on terms not acceptable by the Group, provided the Midland Group has given sufficient information to relevant members of the Group, being entities in which the Company has a direct or indirect interest and have an interest in the above mentioned business opportunity, for reaching full and informed assessment before making its decision.

Under the scenario as referred to in paragraph (d)(ii) above, the Midland Group may refer those opportunities that have been declined by the Group, whose decision is independently made by its relevant branch managers ("Relevant Branch Manager"), to other third parties and, through co-operation arrangements with the third parties on arm's length basis, take up such opportunities. Such business opportunities cannot be undertaken by the Midland Group alone. The Relevant Branch Managers are referring to the heads of sales teams of the Group who occupy middle to high frontline management positions of the Group. The decision will be reported to the head of the respective business division of industrial, commercial and shops.

CONNECTED TRANSACTIONS WITH MIDLAND AND ITS ASSOCIATES

The Group entered into the Cross Referral Services Agreement which constitutes non-exempted connected transactions of the Company pursuant to Chapter 20 of the GEM Listing Rules, details of which were set out in the Company's circular dated 28 April 2008. The Group also has entered into other continuing connected transactions which are subject to reporting requirements under Chapter 20 of the GEM Listing Rules, details of which have been disclosed in the published annual report for the financial years during which the Company undertook these continuing connected transactions.

CLEAR DELINEATION FROM THE BUSINESS OF MIDLAND

Independence of directorship and senior management

The Board currently comprises a total of seven Directors, Ms. Ip Kit Yee, Kitty (an executive Director and Managing Director of the Company) who is responsible for overseeing the human resources and administrative function of the Group and Ms. Yuen Wing Kwan, Annie (an executive Director) who is responsible for overseeing the compliance and company secretarial matters within the Group, also assume similar role and function in the Midland Group. As at the date of this announcement, Ms. Ip Kit Yee, Kitty and Ms. Yuen Wing Kwan, Annie do not hold any directorship in the board of Midland. Save for the abovementioned personnel, none of the Directors and senior management of the Group have assumed any employment, role or function of any company of the Midland Group.

The Directors consider that independence of the operations and management of the Group will not be affected by the dual roles of Ms. Ip Kit Yee, Kitty and Ms. Yuen Wing Kwan, Annie.

Notwithstanding that Ms. Ip Kit Yee, Kitty and Ms. Yuen Wing Kwan, Annie are mainly involved in overseeing the human resources and administrative functions and compliance and company secretarial matters for the Midland Group and the Group, respectively, the Group has its own separate general administrative team to carry out all essential administrative functions, including human resources and administrative matters. Furthermore, the responsibilities for both Ms. Ip Kit Yee, Kitty and Ms. Yuen Wing Kwan, Annie are similar in both the Group and the Midland Group and they have the capacities to oversee/supervise the respective teams in both groups to carry out their respective functions.

Save as disclosed above, the day-to-day operations and management of the Group are carried out by various departments of the Group which are in charge by their respective heads under the supervision of the respective boards. Hence, despite the dual roles of Ms. Ip Kit Yee, Kitty and Ms. Yuen Wing Kwan, Annie, the day-to-day operations and management of the Group are independent from those of Midland Group.

The Group and the Midland Group are separate entities with their respective management teams at the operation level. There is a complete separation of staff of the Group from the Midland Group (save as disclosed above). Furthermore, the Midland Group (other than the Group) does not carry on any type of business which is currently carried on by the Group, being the provision of industrial and commercial (office and shop) property brokerage in Hong Kong. Given that there is a clear delineation between the principal activities of the Midland Group and the Group, the Directors are of the view that no competing interests arise with regard to the business of the Midland Group insofar as the Group is concerned.

Accordingly, there is a clear delineation of business between the Group and the other business of the Midland Group.

Independent financial viability

Since Midland became the controlling Shareholder in 2005, it has not been reliant on the Midland Group for financial assistance. Besides, the Group has credit facilities in place which are made available by a financial institution.

As at the date of this announcement, the Midland Group has not provided any loans to the Group.

Corporate governance measures

The Directors believe that there are adequate corporate governance measures in place to manage potential conflicts of interest between the Group and the Midland Group including:

- (i) The Articles of Association provide that where any Director or his/her associates has a material interest in a matter, he or she may not vote on the resolutions of the Board approving the matter and shall not be counted in the quorum for the voting.
- (ii) Apart from, Ms. Ip Kit Yee, Kitty and Ms. Yuen Wing Kwan, Annie, who hold similar responsibilities in the Group and the Midland Group, the Company has one executive Director, namely Mr. Wong Tsz Wa, Pierre, one non-executive Director, namely Mr. Tsang Link Carl, Brian and three independent non-executive Directors, namely Mr. Ying Wing Cheung, William, Mr. Sha Pau, Eric and Mr. Ho Kwan Tat, Ted who are experienced individuals which should be adequate to consider to approve resolutions in the instances of conflicts of interest with Midland Group.
- (iii) in the event that potential conflict of interests between the Group and the Midland Group may materialise, the Midland Group will abstain from voting in the Shareholders' meeting of the Company with respect to the relevant resolution(s).
- (iv) the customers of the Group are different from and distinctive to those of the Midland Group (other than the common customers which might require services from both the Midland Group and the Group under the Cross Referral Services Agreement), and the Group has independent access of its customers and their records, such information are not utilised by any members of the Midland Group.

- (v) the various offices occupied by the Group for its business operations are located in different locations separate from those of the Midland Group.

Independent administrative capacity

Except for training department and certain information technology functions (which is not vital to the Group's business and does not contain any confidential client related information), the Group has its own team of general and administrative staff and all necessary office equipment and premises to carry out all essential administrative functions and does not share office with the Midland Group. In addition, the day-to-day management, the management team, employees, offices, administrative functions, operations and financial management of the Group are independent from the Midland Group.

Independent accounting capacity

The accounting records of the Group are controlled by a separate team of accounting professionals (which are separate from the Midland Group). The finance and accounting department of the Group are staffed by different personnel who report to and work for the Group only.

DOCUMENTS AVAILABLE FOR VIEWING

The following documents are available for viewing on the Company's website (www.midlandici.com.hk), and the Stock Exchange's website (www.hkexnews.hk):

- the Company's annual report for the year ended 31 December 2007 including, inter alia, directors' report and financial statements for the year ended 31 December 2007;
- the Company's first quarterly report for the period ended 31 March 2008;
- the Company's constitutional documents;
- a circular of the Company dated 23 March 2007 for proposing general mandates to issue new shares and repurchase shares and re-election of Directors;
- a supplemental circular of the Company dated 19 April 2007 relating to the re-election of Directors;
- a circular of the Company dated 7 May 2007 with respect to a connected transaction and very substantial acquisition, continuing connected transactions and proposed change of name;
- a circular of the Company dated 14 May 2007 for proposing the change of auditors;
- a circular of the Company dated 26 November 2007 with respect to a discloseable transaction issued pursuant to Chapter 19 of the GEM Listing Rules;
- a circular of the Company dated 31 March 2008 for proposing general mandates to issue new shares and repurchase shares and re-election of Directors;
- a circular of the Company dated 28 April 2008 for proposing the revised caps for certain existing continuing connected transactions;
- announcements and other corporate communications by the Company as required under the GEM Listing Rules and Main Board Listing Rules.

ELIGIBILITY FOR ADMISSION INTO CCASS

The Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from 15 March 2001, the date on which dealings in the Shares on GEM commenced. Subject to the Listing Committee granting approval of the listing of and permission to deal in, the Shares on the Main Board and the continued compliance with the stock admission requirements of HKSCC, the Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS once dealings in the Shares on the Main Board commence.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

The general mandates granted to the Directors to allot and issue new Shares and repurchase Shares by the Shareholders on 15 May 2008 will remain valid and with effect when the listing of the Shares is transferred to the Main Board until the earliest of:–

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by its articles of association or any applicable laws of the Cayman Islands to be held; or
- (c) the revocation or variation of such authority by an ordinary resolution of Shareholders in general meeting.

2005 SHARE OPTION SCHEME

As at date of this announcement, outstanding options that had been granted pursuant to the 2005 Share Option Scheme would entitle the holder thereof to subscribe for a total of 83,000,000 Shares. The Company proposes to seek approval of the Shareholders to terminate the 2005 Share Option Scheme and adopt a new share option scheme which will comply with the requirements of Chapter 17 of the Main Board Listing Rules as soon as practicable after the Transfer of Listing. Upon termination of the 2005 Share Option Scheme, no further options may be offered or granted thereunder. Termination of the 2005 Share Option Scheme will not prejudice the outstanding option granted under such scheme.

DEFINITIONS

“2005 Share Option Scheme”	the share option scheme adopted by the Company pursuant to a resolution passed by the Shareholders on 6 June 2005
“Articles of Association”	the articles of association of the Company
“associates”	has the meaning ascribed thereto under the Main Board Listing Rules and/or the GEM Listing Rules (as the case may be)
“Board”	the board of Directors

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Midland IC&I Limited (GEM stock code: 8090, Main Board stock code: 459), a company incorporated in the Cayman Islands with limited liability with its shares listed on the GEM of the Stock Exchange
“controlling Shareholder”	has the meaning ascribed thereto under the Main Board Listing Rules and/or GEM Listing Rules (as the case may be). The Company’s controlling Shareholder is Midland. Midland is the indirect holding company of Valuewit which was in turn directly interested in approximately 51.81% of the issued share capital of the Company as at the date of this announcement
“Convertible Note”	the convertible note in the principal amount of HK\$540 million issued by the Company to Tretsfeld on 6 June 2007
“Cross Referral Services Agreement”	the cross referral services agreement dated 6 June 2007 entered into between the Company and Midland in relation to the cross referral services between the relevant members of the Group and the Midland Group
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Ketanfall”	Ketanfall Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Ketanfall Group”	Ketanfall and its subsidiaries or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries (including the Ketanfall Group), such subsidiaries as if they were the subsidiaries of the Company at that time
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Macau”	Macau Special Administrative Region of the PRC

“Main Board”	the securities market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which stock market continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
“Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time, and any applicable practice notes, supplementary guidance or other regulations issued by the Stock Exchange
“Midland”	Midland Holdings Limited (stock code: 1200), a company incorporated in Bermuda with limited liability with its shares listed on the Main Board operated by the Stock Exchange
“Midland Group”	Midland and its subsidiaries
“Non-Competition Deed”	the deed of non-competition dated 6 June 2007 between Midland and the Company
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Shareholder(s)”	the shareholder(s) of the Company
“Shares”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer of Listing”	transfer of listing of the Shares from GEM to Main Board
“Tretsfeld”	Tretsfeld Investments Limited, which is an indirect wholly-owned subsidiary of Midland
“Valuewit”	Valuewit Assets Limited, an indirect wholly-owned subsidiary of Midland, controlling Shareholder of the Company, is incorporated in the British Virgin Islands with limited liability
“HK\$”	Hong Kong dollars, respectively, the lawful currency of Hong Kong
“%”	per cent

By order of the Board
Midland IC&I Limited
Wong Tsz Wa, Pierre
Executive Director and Chief Executive Officer

Hong Kong, 8 August 2008

As at the date of this announcement, the Board comprises seven directors, namely Mr. Wong Tsz Wa, Pierre, Ms. Ip Kit Yee, Kitty and Ms. Yuen Wing Kwan, Annie as executive directors; Mr. Tsang Link Carl, Brian as non-executive director; and Mr. Ying Wing Cheung, William, Mr. Sha Pau, Eric and Mr. Ho Kwan Tat, Ted as independent non-executive directors.

This announcement, for which the Directors collectively and individually accept full responsibility, include particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the Stock Exchange's website (www.hkexnews.hk) on the "Latest Company Announcements" page for at least seven days from the date of its posting and on the website of the Company at www.midlandici.com.hk.