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If you are in doubt as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer, registered institution in securities, bank manager, solicitor, certified public accountant or other professional adviser.

If you have sold or transferred all your shares in Midland IC&I Limited (“Company”), you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 TRANSACTIONS
RENEWAL OF CROSS REFERRAL SERVICES AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INDEPENDENT FINANCIAL ADVISER TO
THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT SHAREHOLDERS**



CIMB SECURITIES LIMITED

The circular contains, among other things, letter from the board of directors of the Company, letter from the independent board committee of the Company and letter from CIMB Securities Limited (as the independent financial adviser) containing its advice to the independent board committee and the independent shareholders of the Company, all as referred to in the contents page of this circular.

A notice convening an extraordinary general meeting of Midland IC&I Limited to be held at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong on 13 December 2012 at 12:00 noon is set out at the end of this circular. A form of proxy for use at the extraordinary general meeting is enclosed with this circular. Whether or not you intend to attend the meeting in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

* For identification purposes only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Letter from the Independent Board Committee	12
Letter from CIMB Securities Limited	13
Appendix – General Information	19
Notice of EGM	23

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Annual Cap”	in relation to any financial year of the Company ending 31 December 2013, 2014 and 2015, the maximum annual amount of referral fees expected to be received or paid by the Group in connection with the Cross Referral Services under the Cross Referral Services Agreement (2012)
“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“CIMB” or “IFA”	CIMB Securities Limited, a licensed corporation under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities, which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Cross Referral Services Agreement (2012), the Transactions and the Annual Cap
“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 Stock Exchange
“Cross Referral Services”	the cross referral services provided between the Group and Midland Group as more particularly described in the paragraph headed “Services covered by the Cross Referral Services Agreement (2012)” in this circular
“Cross Referral Services Agreement (2009)”	the cross referral services agreement dated 5 November 2009 entered into between the Company and Midland in relation to the Cross Referral Services
“Cross Referral Services Agreement (2012)”	the cross referral services agreement dated 31 October 2012 entered into between the Company and Midland in relation to the Cross Referral Services
“Directors”	the directors of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong at 13 December 2012 at 12:00 noon as set out in the notice of EGM at the end of this circular, or (where the context permits) any adjournment thereof, at which the Independent Shareholders would be asked to consider and (where appropriate) pass the ordinary resolution set out in the notice of EGM to approve the Cross Referral Services Agreement (2012), the Transactions and the Annual Cap
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising three independent non-executive Directors, namely, Messrs. YING Wing Cheung, William, SHA Pau, Eric and HO Kwan Tat, Ted
“Independent Shareholders”	Shareholders other than Midland and its associates
“Latest Practicable Date”	16 November 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Midland”	Midland Holdings Limited (Stock Code: 1200), a company incorporated in Bermuda with limited liability and holding company of the Company, the shares of which are listed on the Stock Exchange
“Midland Group”	Midland and its subsidiaries (but excluding the Group for the purpose of this circular)
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan

DEFINITIONS

“Relevant Territory”	Hong Kong, Macau and the PRC or any part of the foregoing, where Midland Group or the Group, as the case may be, carries on its business during the term of the Cross Referral Services Agreement (2012)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the provision or acceptance, as the case may be, of the Cross Referral Services by the Group pursuant to the Cross Referral Services Agreement (2012)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD



MIDLAND IC&I LIMITED
美聯工商舖有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 459)

Executive Directors:

Ms. TANG Mei Lai, Metty
(Chairman and Managing Director)
Mr. WONG Tsz Wa, Pierre
(Deputy Chairman)
Ms. WONG Ching Yi, Angela
Mr. WONG Hon Shing, Daniel
(Chief Executive Officer)

Non-executive Director:

Mr. TSANG Link Carl, Brian
(with Mr. CHU Kuo Fai, Gordon as his alternate)

Independent non-executive Directors:

Mr. YING Wing Cheung, William
Mr. SHA Pau, Eric
Mr. HO Kwan Tat, Ted

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head Office and Principal Place
of Business in Hong Kong:*

Room 1801A, 18th Floor
One Grand Tower
639 Nathan Road
Mongkok, Kowloon
Hong Kong

21 November 2012

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF CROSS REFERRAL SERVICES AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

The Board announced on 31 October 2012 that the Company entered into the Cross Referral Services Agreement (2012) with Midland in relation to the Cross Referral Services provided between the Group and Midland Group for three financial years commencing from 1 January 2013 to 31 December 2015 (both days inclusive).

* *For identification purposes only*

LETTER FROM THE BOARD

Under the Listing Rules, the Transactions not falling under Rule 14A.34 of the Listing Rules will constitute non-exempt continuing connected transactions for the Company and shall be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In accordance with the Listing Rules, the Transactions and the Annual Cap are conditional on approval by the Independent Shareholders.

The Independent Board Committee comprising three independent non-executive Directors, namely, Messrs. YING Wing Cheung, William, SHA Pau, Eric and HO Kwan Tat, Ted, has been established and CIMB has been appointed as the independent financial adviser in respect of the Transactions contemplated under the Cross Referral Services Agreement (2012) and the Annual Cap.

The Company issues this circular to provide you with, among other things, information relating to the Cross Referral Services Agreement (2012), the Transactions and the Annual Cap and other information required by the Listing Rules. This circular also contains the letters from the Independent Board Committee and CIMB, and gives you the notice to convene the EGM.

2. CROSS REFERRAL SERVICES AGREEMENT (2012)

Set out below are the material terms of the Cross Referral Services Agreement (2012).

i. Date

31 October 2012

ii. Parties

- (1) The Company; and
- (2) Midland

Midland is a substantial and controlling shareholder of the Company and hence a connected person of the Company. As at the Latest Practicable Date, Midland and its associates were holding an aggregate of 9,700 million shares, representing approximately 70.80% of the issued share capital of the Company.

iii. Term

3 years from 1 January 2013 to 31 December 2015 (both days inclusive)

iv. Services covered by the Cross Referral Services Agreement (2012)

Pursuant to the Cross Referral Services Agreement (2012):

- (1) Midland Group shall have the right (but not obligation) to refer any business opportunity falling within the Group's estate agency business in respect of industrial and commercial properties and shops in the Relevant Territory to the relevant members of the Group on a case-by-case basis; and

LETTER FROM THE BOARD

- (2) similarly, the Group shall have the right (but not obligation) to refer any business opportunity falling within Midland Group's estate agency business in respect of residential properties in the Relevant Territory to the relevant members of Midland Group on a case-by-case basis.

There is no commitment on any member of the Group or Midland Group to refer to the other any minimum number and/or amount of transactions. Where concluded between the relevant parties, the terms and conditions for the provision of such Cross Referral Services shall be reduced into individual written agreements.

v. Referral fees

On average, the commission income arising from the transactions will be allocated as to approximately 50% to the party who makes the referral and approximately 50% to the party who accepts such referral respectively. The allocation of commission with respect to each transaction will be negotiated between the parties on arm's length and case-by-case basis after taking into account factors such as the nature of properties and transactions involved for which agency services would be referred, workload of the respective agents and the scope and nature of the requisite estate agency and consultancy services contemplated under individual engagements with customers. In any event, under the Cross Referral Services Agreement (2012), the allocation of commission income shall be either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the relevant members of the Group than terms available to or from (as appropriate) independent third parties.

The allocation of commission income with respect to each transaction will be negotiated on arm's length basis and determined on a case-by-case basis instead of, for example, in a fixed or pre-determined ratio. The management of the Company takes the view that it is neither practicable nor in the interests of the Company to agree and apply a fixed or pre-determined ratio to all referral transactions since all relevant material factors should be assessed and evaluated in agreeing to the final allocation, as in the case of other referral transactions with other independent third parties in the market. The material factors mentioned above are necessary to enable the Group to evaluate the uniqueness of the properties with different attributes with respect to geographical locations, types, usages, areas or other objective aspects as well as the specific and subjective requirements of the customers (as the principal parties to the property transactions). The then market sentiments in respect of industrial and commercial properties and shops and residential properties, in Hong Kong in which the transactions are carried out should also be taken into account. In any event, as referred to above, under the Cross Referral Services Agreement (2012), the allocation of commission income shall be either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the relevant members of the Group than terms available to or from (as appropriate) independent third parties.

LETTER FROM THE BOARD

Under the internal control system of the Group, the commission income allocations proposed by individual estate agents are submitted to the branch managers for review and approval. The finance department of the Group, upon receiving the submitted allocations, will then double check the information integrity and ensure that proper approval has been obtained. In determining whether an allocation of commission income in a particular referral transaction involving Midland Group satisfies such criteria, the allocation together with the related terms of the referral transaction would be compared with other comparable referral transactions that the Group made with other independent third parties, particularly those made under the then prevailing circumstances in so far as they are available. Where no comparable transactions are available for proper considerations, the Group would assess the nature and workload (that is, a party referring a purchaser would receive more commission income than a party referring a vendor because the former will bear heavier workload), the engagement nature (that is, a party acting for the vendor may bargain for higher commission if he acts as a sole and exclusive agent for the vendor), the nature and value of the property (that is, a party acting for vendor of unique and high value property is likely to be able to bargain for higher commission) and other factors relevant to the determination of an allocation that the Group could obtain on terms no less favourable to the Group than terms available to or from other independent third parties. On an annual basis, these continuing connected transactions will be reviewed by the independent non-executive Directors as well as the auditors of the Company in compliance with the relevant annual review and reporting requirements in Chapter 14A of the Listing Rules.

3. ANNUAL CAP

For the past two financial years ended 31 December 2010 and 2011, and the six months ended 30 June 2012, the amounts of referral fees paid or received by the Group for the Cross Referral Services are as follows:

	Year ended 31 December 2010 (HK\$ million)	Year ended 31 December 2011 (HK\$ million)	Six months ended 30 June 2012 (HK\$ million)
Referral fees paid to Midland Group in respect of industrial and commercial properties and shops	40.24	26.61	28.85
Referral fees received from Midland Group in respect of residential properties	21.02	13.63	11.90

LETTER FROM THE BOARD

The annual cap on the referral fees payable by the Group to Midland Group for each of the financial years 2010, 2011 and 2012 of the Company was HK\$50 million, HK\$55 million and HK\$60 million respectively; and the annual cap on the referral fees payable by Midland Group to the Group for each of the financial years 2010, 2011 and 2012 of the Company was HK\$35 million, HK\$40 million and HK\$45 million respectively. The aggregate amount of fees paid or received by the Group for the Cross Referral Services in each of the financial years 2010 and 2011 and the first half of the financial year 2012 are within the corresponding annual cap.

The property market in Hong Kong has benefited from the recent quantitative easing measures announced by the United States and the stable growth of the PRC economy. The low interest rate environment is expected to continue and it is believed that the industrial and commercial properties and shops sector will continue to be appealing to investors generally. In Hong Kong, the Hong Kong government has recently announced the introduction of a Buyer's Stamp Duty on residential properties acquired by any person except a Hong Kong permanent resident and revision to the duty rates and extension of coverage period in respect of the existing Special Stamp Duty to address the property market's growth. The full impact of these measures on Hong Kong property market, in particular the medium to long term impact, is yet to be assessed. In light of these factors, the Directors are cautiously optimistic about the market outlook. Based on the aforesaid and the past transaction record, the Annual Cap on the referral fees payable by the Group to Midland Group will be HK\$84 million, HK\$89 million and HK\$94 million for the financial years 2013, 2014 and 2015 respectively. The Annual Cap on the referral fees payable by Midland Group to the Group will be HK\$40 million, HK\$45 million and HK\$50 million for the financial years 2013, 2014 and 2015 respectively.

4. REASONS FOR THE TRANSACTIONS

The Company is an investment holding company and the principal business activities of its subsidiaries are provision of property agency services in respect of industrial and commercial properties and shops in Hong Kong.

The principal business activities of Midland Group are provision of property agency services in respect of residential properties in Hong Kong, Macau and the PRC.

The Group and Midland Group have been providing the Cross Referral Services to each other for the past three years in the ordinary and usual course of their respective businesses. These services are currently governed by the Cross Referral Services Agreement (2009). Further details of the Cross Referral Services Agreement (2009) are set out in the circular of the Company issued on 26 November 2009. The Cross Referral Services Agreement (2009) is due to expire on 31 December 2012. By entering into the Cross Referral Services Agreement (2012), the Company seeks to continue such transactions for a further 3-year term.

Under the Cross Referral Services Agreement (2009), the commission income in respect of estate agency business referred is generally allocated in the ratio of 80:20 between the parties, subject to adjustments agreed on a case-by-case-basis as set out in the circular of the Company in 2009 mentioned above. The 80:20 ratio is intended to offer a reference position for the allocation with reference to which the parties would negotiate and settle the agreed adjustments and hence the commission allocations for the transactions after arm's length negotiations.

LETTER FROM THE BOARD

Since the Cross Referral Services Agreement (2009) coming into effect in January 2010, the Company recorded that the most common range of commission allocation negotiated and agreed by the parties actually fell in the 50-59% range, the majority of which is in fact 50% in the statistics of the Company for the nine months ended 30 September 2012. In view of such development, the parties are proposing to adopt 50:50 as the new reference allocation ratio in seeking to continue the cross referral arrangements for the next three financial years until 2015. The said new ratio seeks to align the positions of the negotiating parties to the most common range of commission allocation adopted after agreed adjustments in recent transactions. The parties believe that it would facilitate the negotiations in specific cases by minimising or dispensing with unnecessary adjustments in so far as practicable in such transactions.

The Company believes that the newly proposed ratio reflecting allocations of the most common occurrences in prevailing market conditions would provide more useful and up-to-date information to the Independent Shareholders in reaching their informed decisions on the Transactions at the EGM.

Apart from the above change made in the Cross Referral Services Agreement (2012), there is no other amendment in its terms. In particular, the overriding pricing policy under the Cross Referral Services Agreement (2012) as stated above will remain unchanged - the allocation of commission income shall be either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the relevant members of the Group than terms available to or from (as appropriate) independent third parties.

The Directors (other than the independent non-executive Directors whose views and opinion are set out in its letter immediately after this letter from the Board) consider that the terms of the Transactions are on normal commercial terms, or on terms no less favourable than those available to or from independent third parties and, together with the Annual Cap, are fair and reasonable. They also consider that the Transactions are in the interests of the Company and the Shareholders as a whole. As regards the change of the reference allocation ratio to 50:50, the Board, having regard to the above facts and circumstances, further considers that the proposed allocation basis and the change in the reference allocation ratio to 50:50 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Midland was interested in approximately 70.80% of the issued share capital of the Company and is therefore a substantial and controlling shareholder of the Company. The Transactions contemplated under the Cross Referral Services Agreement (2012) will constitute continuing connected transactions for the Company under the Listing Rules.

The highest applicable percentage ratio (other than the profits ratio) in respect of the Annual Cap for each financial year 2013, 2014 and 2015 exceeds 5%; and the other thresholds prescribed in Rule 14A.34 of the Listing Rules to qualify for exemption from independent shareholders' approval requirements are not met. Under the Listing Rules, the Transactions

LETTER FROM THE BOARD

not falling under Rule 14A.34 of the Listing Rules will constitute non-exempt continuing connected transactions for the Company and shall be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In accordance with the Listing Rules, the Transactions and the Annual Cap are conditional on approval by the Independent Shareholders.

Ms. TANG Mei Lai, Metty and Ms. WONG Ching Yi, Angela, both being executive directors of Midland and the Company, abstained from voting on the resolutions of the Board passed in relation to the Cross Referral Services Agreement (2012), the Transactions and the Annual Cap.

6. EXTRAORDINARY GENERAL MEETING

The Company issues the notice of EGM, as set out at the end of this circular, to convene the EGM at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong on 13 December 2012 at 12:00 noon. At the EGM, the Independent Shareholders will consider and if appropriate pass the ordinary resolution, the text of which is set out in the notice of EGM, to approve the Cross Referral Services Agreement (2012), the Transactions as well as the Annual Cap.

In accordance with Rule 13.39(4) of the Listing Rules, the votes on the resolution will be taken by poll. Midland and its associates holding an aggregate of 9,700 million shares (representing approximately 70.80% of the issued share capital of the Company), will abstain from voting on the ordinary resolution at the EGM.

A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you intend to attend the EGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

If the Independent Shareholders' approval is not obtained at the EGM, the Group will only carry out the Transactions if and to the extent that all of the applicable percentage ratios (other than the profits ratio) in respect of the Transactions on an annual basis are less than the thresholds set out in Rule 14A.34 of the Listing Rules and in compliance with the Listing Rules in all respects.

7. RECOMMENDATION AND ADDITIONAL INFORMATION

The Board recommends the Independent Shareholders to vote in favour of the ordinary resolution as set out in the notice of EGM.

Your attention is drawn to the advice of the Independent Board Committee set out in its letter after this letter from the Board and the letter of advice from CIMB to the Independent Board Committee and the Independent Shareholders in respect of the Transactions and the

LETTER FROM THE BOARD

Annual Cap immediately after the letter from the Independent Board Committee. The Independent Board Committee, having taken into account the advice of CIMB, also considers that the Cross Referral Services Agreement (2012) is on normal commercial terms and is in the interests of the Company and the Shareholders as a whole and recommends the Independent Shareholders to vote in favour of the ordinary resolution in the notice of EGM to approve the Cross Referral Services Agreement (2012), the Transactions and the Annual Cap at the EGM.

Your attention is also drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,
By order of the Board
WONG Hon Shing, Daniel
Executive Director and Chief Executive Officer



MIDLAND IC&I LIMITED

美聯工商舖有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 459)

21 November 2012

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF CROSS REFERRAL SERVICES AGREEMENT**

We refer to the circular of the Company dated 21 November 2012 of which this letter forms part (the “Circular”). Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Cross Referral Services Agreement (2012), the Transactions and the Annual Cap are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. CIMB has been appointed as the independent financial adviser to advise us in this respect.

We wish to draw your attention to the letter from the Board and the letter from CIMB Securities Limited which form part of the Circular. Having considered the principal factors and reasons considered by CIMB and its advice as set out in its letter of advice, we consider that the Cross Referral Services Agreement (2012) and the Transactions contemplated thereunder are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole. We also consider that the Cross Referral Services Agreement (2012), the Transactions contemplated thereunder and the Annual Cap are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution as set out in the notice of EGM approving the same at the EGM.

Yours faithfully,

For and on behalf of

Independent Board Committee

YING Wing Cheung, William

SHA Pau, Eric

HO Kwan Tat, Ted

Independent non-executive Directors

* For identification purposes only

LETTER FROM CIMB SECURITIES LIMITED

The following is the letter of advice from CIMB Securities Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



CIMB Securities Limited

Units 6706B-08A, Level 67
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

21 November 2012

*To the Independent Board Committee and
the Independent Shareholders of Midland IC&I Limited*

Dear Sirs,

RENEWAL OF CROSS REFERRAL SERVICES AGREEMENT

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions contemplated under the Cross Referral Services Agreement (2012) and the Annual Cap, details of which are contained in a circular issued by the Company (the “Circular”) to the Shareholders dated 21 November 2012, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

An Independent Board Committee, comprising Mr. YING Wing Cheung, William, Mr. SHA Pau, Eric and Mr. HO Kwan Tat, Ted, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the Transactions contemplated under the Cross Referral Services Agreement (2012) and the Annual Cap.

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and senior management of the Company. The Directors have declared in a responsibility statement contained in the Circular that they collectively and individually accept full responsibility and comply with the Listing Rules for the purpose of giving information in relation to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement herein or the Circular misleading. We have also assumed that the information and the representations made as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so at the date of the despatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and senior management of the Company.

LETTER FROM CIMB SECURITIES LIMITED

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Group, Midland Group, or any of their respective subsidiaries or associates. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any shares or any other securities of the Company. In rendering this opinion, we have not provided legal, tax, accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion for the Transactions relating thereto, we have considered the following principal factors and reasons:

Background and reasons

The Group is principally engaged in the provision of property agency services in respect of industrial and commercial properties and shops in Hong Kong. Midland Group is principally engaged in the provision of property agency services in respect of residential properties in the Relevant Territory.

The Group and Midland Group have been providing the Cross Referral Services to each other for the past three years. Since the Cross Referral Services Agreement (2009) is due to expire on 31 December 2012, the Company and Midland have entered into the Cross Referral Services Agreement (2012) on 31 October 2012.

Major terms of the Cross Referral Services Agreement (2012)

Services covered by the Cross Referral Services Agreement (2012)

Pursuant to the Cross Referral Services Agreement (2012),

- (1) Midland Group shall have the right (but not obligation) to refer any business opportunity falling within the Group's estate agency business in respect of industrial and commercial properties and shops in the Relevant Territory to the relevant members of the Group on a case-by-case basis; and
- (2) similarly, the Group shall have the right (but not obligation) to refer any business opportunity falling within Midland Group's estate agency business in respect of residential properties in the Relevant Territory to the relevant members of Midland Group on a case-by-case basis.

As stated in the Letter from the Board, there is no commitment on any member of the Group or Midland Group to refer to the other any minimum number and/or amount of transactions. Where concluded between the relevant parties, the terms and conditions for the provision of such Cross Referral Services shall be reduced into individual written agreements.

LETTER FROM CIMB SECURITIES LIMITED

Referral fees

On average, the commission income arising from the transactions will be allocated as to approximately 50% to the party who makes the referral and approximately 50% to the party who accepts such referral respectively. The allocation of commission with respect to each transaction will be negotiated between the parties on arm's length and case-by-case basis after taking into account factors such as the nature of properties and transactions involved for which agency services would be referred, workload of the respective agents and the scope and nature of the requisite estate agency and consultancy services contemplated under individual engagements with customers. In any event, under the Cross Referral Services Agreement (2012), the allocation of commission income shall be either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the relevant members of the Group than terms available to or from (as appropriate) independent third parties. To the best of our knowledge, there is no readily available information in the public market concerning the allocation of commission income between property agents.

As stated in the Letter from the Board, the allocation of commission income with respect to each transaction will be negotiated on arm's length basis and determined on a case-by-case basis instead of, for example, in a fixed or pre-determined ratio. The management of the Company takes the view that it is neither practicable nor in the interests of the Company to agree and apply a fixed or pre-determined ratio to all referral transactions since all relevant material factors should be assessed and evaluated in agreeing to the final allocation, as in the case of other referral transactions with other independent third parties in the market. The material factors mentioned above are necessary to enable the Group to evaluate the uniqueness of the properties with different attributes with respect to geographical locations, types, usages, areas or other objective aspects as well as the specific and subjective requirements of the customers (as the principal parties to the property transactions). The then market sentiments in respect of industrial and commercial properties and shops and residential properties, in Hong Kong in which the transactions are carried out should also be taken into account.

In assessing whether there is reasonable basis for determining the commission allocation of approximately 50% to the party who makes the referral and approximately 50% to the party who accepts such referral respectively, we have reviewed the past record of commission allocation between the Group and Midland Group for both the commissions paid to and received from Midland Group for the nine months ended 30 September 2012 and noted that on average, the commission allocation between the Group and Midland Group for both the commission paid to and received from Midland Group arising from the historical transactions was close to a 50:50 basis, which largely corresponds to the most common range of commission split between the Group and independent third parties.

Given the above and having considered that (i) the nature of the Transactions fall within the principal business of the Group; and (ii) there is reasonable basis for determining the commission allocation of approximately 50% to the party who makes the referral and approximately 50% to the party who accepts such referral respectively on the condition that the allocation of commission income will be either on normal commercial terms or on terms no less favourable to the relevant members of the Group than the terms available to or from

LETTER FROM CIMB SECURITIES LIMITED
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(as appropriate) independent third parties, we consider that the terms of the Cross Referral Services Agreement (2012) are on normal commercial terms and are fair and reasonable so far as the Company and the Shareholders are concerned.

The Annual Cap

The proposed Annual Cap contemplated under the Cross Referral Services Agreement (2012) is set out as follows:

	Proposed Annual Cap		
	for the year ending 31 December		
	2013	2014	2015
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Referral fees payable to Midland Group in respect of industrial and commercial properties and shops	84	89	94
Referral fees receivable from Midland Group in respect of residential properties	40	45	50

We understand from the management of the Company that in determining the Annual Cap for each of the three financial years ending 31 December 2013, 2014 and 2015, the Directors have considered various factors including, amongst all, the macroeconomic environment, the potential growth of the general market for both residential and non-residential properties, the intended closer co-operation between Midland Group and the Group in cross referral business as well as the past transaction record of the referral fees.

In assessing the fairness and reasonableness of the Annual Cap, we have reviewed the computation of the Annual Cap and discussed with the management of the Company on the principal basis considered in the determination of the Annual Cap. We noted the recent quantitative easing measures announced by the United States in September 2012, the stable growth of the PRC economy and the low interest rate environment. In Hong Kong, the Government has recently announced the introduction of a Buyer's Stamp Duty on residential properties acquired by any person except a Hong Kong permanent resident and revision to the duty rates and extension of coverage period in respect of the existing Special Stamp Duty to address the property market's growth. The full impact of these measures on Hong Kong property market, in particular the medium to long term impact, is yet to be assessed. In view of the aforesaid, we concur with the Directors that they are cautiously optimistic about the market outlook and believe that the industrial and commercial properties and shops sector will continue to be appealing to investors generally.

LETTER FROM CIMB SECURITIES LIMITED

Set out below is the historical record of the referral fees for the two years ended 31 December 2011 and the six months ended 30 June 2012:

	Year ended 31 December 2010	Year ended 31 December 2011	Six months ended 30 June 2012
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Referral fees paid to Midland Group in respect of industrial and commercial properties and shops	40.24	26.61	28.85
Referral fees received from Midland Group in respect of residential properties	21.02	13.63	11.90

Based on the amount of referral fees recorded for the six months ended 30 June 2012, the annualized referral fees payable to Midland Group in respect of industrial and commercial properties and shops for the year ending 31 December 2012 is estimated to be approximately HK\$57.7 million, and the annualized referral fees receivable from Midland Group in respect of residential properties for the year ending 31 December 2012 is estimated to be approximately HK\$23.8 million.

We have further reviewed the statistics from the Land Registry of the Government of Hong Kong regarding the trend of the Hong Kong property market. Extracted below are the statistics in relation to the percentage change on the amount of consideration of agreements for sale and purchase of building units (residential and non-residential) for the years from 2008 to 2011:

	Residential	Non-residential
2008 to 2009	+23.9%	+29.7%
2009 to 2010	+31.7%	+43.3%
2010 to 2011	-21.1%	+12.9%

Source: Land Registry of the Government of Hong Kong

As noted from the above table, the performance of property market in Hong Kong has fluctuated over the past few years. For residential properties, the year to year fluctuation of the amount of consideration of agreements for sale and purchase of building units varied from an increase of 31.7% in the year ended 31 December 2010, to a decrease of 21.1% in the year ended 31 December 2011. For non-residential properties, the year to year fluctuation of the amount of the consideration of agreements for sale and purchase of building units varied from an increase of 12.9% in the year ended 31 December 2011 to an increase of 43.3% in the year ended 31 December 2010. We understand that the proposed Annual Cap is closely correlated to the performance of the general market for both residential and non-residential properties and the Group has taken into account the historical record of the property market

LETTER FROM CIMB SECURITIES LIMITED

in Hong Kong. The Directors are cautiously optimistic about the property market. We considered the basis in determining the Annual Cap is reasonable. Also, as advised by the Directors, the proposed Annual Cap, which is higher than the historical annual amount for the two years ended 31 December 2011 and the estimated annualized amount for the year ending 31 December 2012, was determined to allow for more flexibility for possible future growth and development of both the Group and Midland Group, as well as the possible expansion of the property market in the Relevant Territory.

Given the above and in particular (i) the recent quantitative easing measures announced by the United States, the stable growth of the PRC economy and the low interest rate; (ii) the performance of the property market in Hong Kong in recent years as noted from the statistics from the Land Registry of the Government of Hong Kong; and (iii) the proposed Annual Cap was determined to allow for more flexibility for the Group's future growth and the possible future expansion of the property market, we concur with the Directors' view that the proposed Annual Cap for the three years ending 31 December 2015 is fair and reasonable so far as the Company and the Independent Shareholders are concerned. However, as the Annual Cap relates to future events and are based on assumptions which may or may not remain valid for the entire term of the Cross Referral Services Agreement (2012), consequently, we express no opinion as to how closely the actual amount payable/receivable by the Group to/from Midland Group under the Cross Referral Services Agreement (2012) corresponds with the proposed Annual Cap.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the Cross Referral Services Agreement (2012) and the Transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and the basis for determining the proposed Annual Cap is fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolution at the EGM to approve the Cross Referral Services Agreement (2012), the Transactions and the proposed Annual Cap.

Yours faithfully,
For and on behalf of
CIMB Securities Limited

Alex LAU
Director
Corporate Finance

Mabel LAM
Director
Corporate Finance

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of each of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(a) Interests and short positions in the Company

Name of Director	Number of Shares				Total	Approximate percentage of issued share capital of the Company
	Personal interests	Family interests	Corporate interests	Equity derivatives (share options)		
Mr. WONG Tsz Wa, Pierre	2,000,000	–	–	–	2,000,000	0.01%
Mr. WONG Hon Shing, Daniel	12,000,000	–	–	–	12,000,000	0.09%
Mr. TSANG Link Carl, Brian	–	–	–	5,000,000	5,000,000	0.04%
Mr. YING Wing Cheung, William	–	–	–	5,000,000	5,000,000	0.04%
Mr. SHA Pau, Eric	–	–	–	5,000,000	5,000,000	0.04%
Mr. HO Kwan Tat, Ted	–	–	–	5,000,000	5,000,000	0.04%

(b) Interests and short positions in an associated corporation of the Company

Name of associated corporation	Name of Director	Number of shares				Equity derivatives (share options)	Total	Approximate percentage of issued share capital of Midland
		Personal interests	Family interests	Corporate interests				
Midland	Ms. TANG Mei Lai, Metty	-	57,102,144 (note 1)	-	14,418,320 (note 2)	71,520,464	9.96%	
Midland	Ms. WONG Ching Yi, Angela	-	-	-	7,209,160 (note 3)	7,209,160	1.00%	

Notes:

1. These shares represent the shares held by Mr. WONG Kin Yip, Freddie, directly or indirectly, the spouse of Ms. TANG Mei Lai, Metty, as beneficial owner in the shares of Midland, which is the holding company and an associated corporation of the Company. Ms. TANG Mei Lai, Metty is also an executive director of Midland.
2. These equity derivatives represent the underlying shares of 7,209,160 held by Mr. WONG Kin Yip, Freddie by virtue of the interests in the share options of Midland granted to him, the spouse of Ms. TANG Mei Lai, Metty, as beneficial owner and underlying shares of 7,209,160 are held by Ms. TANG Mei Lai, Metty by virtue of the interests in the share options of Midland granted to her.
3. These equity derivatives are held by Ms. WONG Ching Yi, Angela by virtue of the interests in the share options of Midland granted to her. Ms. WONG Ching Yi, Angela is also an executive director of Midland.

All the interests disclosed above represent long positions in the shares and equity derivatives.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange.

(c) **Other interests**

Save as disclosed in the announcement of the Company dated 30 April 2012 and the announcement of Midland dated 31 October 2012, none of the Directors had any direct or indirect interests in any assets which have since 31 December 2011 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Save as disclosed herein, none of the Directors was materially interested in any other contracts or arrangements subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with the Company or any of its subsidiaries which will not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associate(s) was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, being the date to which the latest published audited accounts of the Company were made up.

6. EXPERT AND CONSENT

CIMB is a corporation licensed under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Cross Referral Services Agreement (2012), the Transactions and the Annual Cap.

CIMB has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its names in the form and context in which they respectively appear.

As at the Latest Practicable Date, CIMB did not have (a) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2011, the date to which the latest published audited accounts of the Company were made up.

7. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

8. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Cross Referral Services Agreement (2012) will be available for inspection at the head office and principal place of business of the Company at Room 1801A, 18th Floor, One Grand Tower, 639 Nathan Road, Mongkok, Kowloon, Hong Kong during normal business hours on any business day (Saturdays excluded) from the date of this circular up to and including the date of the EGM.

NOTICE OF EGM



MIDLAND IC&I LIMITED

美聯工商舖有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 459)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “Meeting”) of Midland IC&I Limited (the “Company”) will be held at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong on 13 December 2012 at 12:00 noon for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution which will be proposed as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the Cross Referral Services Agreement (2012) (as defined in the circular of the Company dated 21 November 2012 issued in respect thereof (“Circular”)) between the Company and Midland Holdings Limited, a copy of which has been produced to the Meeting marked “A” and signed by the chairman of the Meeting for the purpose of identification, the Transactions (as defined in the Circular) contemplated thereunder and the Annual Cap (as defined in the Circular) be and are hereby approved; and the execution of the Cross Referral Services Agreement (2012) and any other agreements, documents and actions taken or to be taken in connection therewith by any director of the Company (“Director”) who may have any interest in any matters in connection therewith be and are hereby approved, confirmed and ratified; and any Director(s) be and is/are hereby authorised to do all acts and things and execute any agreements, deeds, instruments and any other documents, under hand or under seal, or make such arrangement as he/she/they may determine to be appropriate, necessary or desirable to give effect to or in connection with the Cross Referral Services Agreement (2012), the Transactions and the Annual Cap and, subject to and in accordance with the applicable law and regulations, to approve and make such immaterial variation, amendment, supplement or waiver of immaterial matters relating thereto in the interests of the Company and its shareholders as a whole.”

By order of the board

WONG Hon Shing, Daniel

Executive Director and Chief Executive Officer

Hong Kong, 21 November 2012

* *For identification purposes only*

NOTICE OF EGM

*Head Office and Principal Place
of Business in Hong Kong:*
Room 1801A, 18th Floor
One Grand Tower
639 Nathan Road
Mongkok, Kowloon
Hong Kong

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Notes:

1. A member of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for the extraordinary general meeting is enclosed with this circular. Whether or not you intend to attend the Meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority, must be deposited at the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. Where there are joint holders of a share of the Company, any one of such holders may vote at the Meeting either personally or by proxy in respect of such share as if he were solely entitled thereto, but if more than one of such holders are present at the Meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for this purpose be deemed joint holders thereof.