

**If you are in any doubt** as to any aspect about this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Midland IC&I Limited, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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



## **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

**Independent financial adviser to  
the independent board committee and the independent shareholders**



A letter from the board of directors of Midland IC&I Limited is set out on pages 3 to 8 of this circular. A letter from the independent board committee of Midland IC&I Limited is set out on page 9 of this circular. A letter from Taifook Capital Limited, the independent financial adviser, containing its advice to the independent board committee and the independent shareholders is set out on pages 10 to 16 of this circular.

A notice convening an extraordinary general meeting of Midland IC&I Limited to be held at Room 1801A, 18th Floor, One Grand Tower, 639 Nathan Road, Mongkok, Kowloon, Hong Kong on Tuesday, 15 December 2009 at 11:30 a.m. is set out on pages 20 to 21 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 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.

## CONTENTS

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	3
<b>Letter from the Independent Board Committee</b> .....	9
<b>Letter from Taifook</b> .....	10
<b>Appendix – General Information</b> .....	17
<b>Notice of EGM</b> .....	20

## 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, the maximum annual amount of referral fees expected to be received or paid by the Group in connection with the Cross Referral Services
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Midland IC&I Limited (Stock Code: 459), a company incorporated in the Cayman Islands with limited liability with its shares listed on the main board of the Stock Exchange
“Cross Referral Services”	the cross referral services provided by the Group and the Midland Group to the other as more particularly described in the paragraph headed “Services covered by the New Cross Referral Services Agreement” in the letter from the Board contained in this circular
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company proposed to be held at Room 1801A, 18th Floor, One Grand Tower, 639 Nathan Road, Mongkok, Kowloon, Hong Kong on Tuesday, 15 December 2009 at 11:30 a.m. for the purpose of approving such Transactions as not falling under Rule 14A.34 of the Listing Rules and the Annual Cap
“Existing 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
“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”	the Shareholders other than Midland and its associates

## DEFINITIONS

“Latest Practicable Date”	20 November 2009, 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 with its shares listed on the main board of the Stock Exchange
“Midland Group”	Midland and its subsidiaries (but excluding the Group for the purpose of this circular)
“New Cross Referral Services Agreement”	the new cross referral services agreement dated 5 November 2009 entered into between the Company and Midland in relation to the Cross Referral Services
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taifook”	Taifook Capital Limited, a licensed corporation under the SFO to carry on type 6 (advising on corporate finance) regulated activity, and which is the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions and the Annual Cap
“Transactions”	the provision or acceptance, as the case may be, of the Cross Referral Services by the Group pursuant to the New Cross Referral Services Agreement



**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  
*(Chief Executive Officer)*

*Non-executive Director:*

Mr. TSANG Link Carl, Brian

*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:*

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

26 November 2009

*To the Shareholders and, for information only,  
holders of convertible notes of the Company*

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

**1. INTRODUCTION**

The Board announced on 5 November 2009 that the Company entered into the New Cross Referral Services Agreement with Midland on 5 November 2009 to provide for the basis on which Cross Referral Services would be provided by each of them to the other. The New Cross Referral Services Agreement is for a term of 3 years commencing from 1 January 2010 and ending on 31 December 2012.

As Midland is the controlling shareholder of the Company, the transactions contemplated under the New Cross Referral Services Agreement constitute continuing connected transactions for the Company under the Listing Rules. Further, as all of the applicable percentage ratios in respect of the Annual Cap are more than 2.5%, the Company will comply with the independent shareholders' approval requirements in Rule

\* For identification purposes only

## LETTER FROM THE BOARD

14A.48 of the Listing Rules for such Transactions as not falling under Rule 14A.34 of the Listing Rules, and in particular they, together with the Annual Cap, shall be made conditional on approval by the Independent Shareholders pursuant to Rule 14A.52 of the Listing Rules at the EGM at which Midland and its associates will abstain from voting on the relevant resolution.

The purpose of this circular is to provide you with, among other things, information relating to: (i) the details of the Transactions and the Annual Cap; (ii) the recommendation from Taifook to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Transactions and the Annual Cap; and (iii) the opinion and recommendation from the Independent Board Committee after taking into consideration of the advice of Taifook in relation to the terms of the Transactions and the Annual Cap, and to give you the notice of the EGM.

### 2. BACKGROUND

Reference is made to the announcements of the Company dated 30 March 2007 and 7 April 2008, and circulars of the Company dated 7 May 2007 and 28 April 2008 in relation to, inter alia, the Cross Referral Services.

In connection with the provision of such services, the Company entered into the Existing Cross Referral Services Agreement with Midland on 6 June 2007 to provide for the basis on which such services would be provided by each of them to the other. The Existing Cross Referral Services Agreement will expire on 31 December 2009.

As Cross Referral Services will continue to be provided by the Group and the Midland Group as part of their respective usual and normal course of business, the New Cross Referral Services Agreement was entered into by the Company and Midland on 5 November 2009 for a term of 3 years commencing from 1 January 2010 and ending on 31 December 2012 to comply with the Listing Rules.

### 3. NEW CROSS REFERRAL SERVICES AGREEMENT

The material terms of the New Cross Referral Services Agreement are summarised below:

**1. Date**

5 November 2009

**2. Parties**

- (1) The Company
- (2) Midland

**3. Term**

3 years from 1 January 2010 to 31 December 2012 (both days inclusive)

## LETTER FROM THE BOARD

### 4. *Services covered by the New Cross Referral Services Agreement*

Pursuant to the New Cross Referral Services Agreement:

- (1) the Midland Group shall have the right to refer any business opportunity falling within the Group's estate agency business in respect of industrial and commercial (office and shop) properties in Hong Kong, Macau and the PRC to the relevant members of the Group on a case-by-case basis; and
- (2) similarly, the Group shall have the right to refer any business opportunity falling within the Midland Group's estate agency business in respect of residential properties in Hong Kong, Macau and the PRC to the relevant members of the Midland Group on a case-by-case basis.

There is no commitment on any member of the Group or the Midland Group to refer to the other such transactions of any minimum number and/or amount. 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.

### 5. *Referral fees*

Generally, the commission income shall be allocated as to 80% to the party which makes the referral of the transaction in question and 20% to the party which accepts such referral respectively subject to adjustments as negotiated between the parties with reference to, inter alia, the workload of the respective agents and the nature of the referral. In general, a party referring a buyer would receive more commission income than a party referring a seller while a party acting as the sole or exclusive agent for the sale of a property would also receive more commission income. In any event, under the New Cross Referral Services Agreement, 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 or from (as appropriate) the relevant members of the Group than terms available to or from (as appropriate) independent third parties.

## LETTER FROM THE BOARD

### 4. ANNUAL CAP

For the years ended 31 December 2007 and 2008, and the six months ended 30 June 2009, the amount of fees paid or received by the Group for the Cross Referral Services is as follows:

	Year ended 31 December 2007 (HK\$ million) (audited)	Year ended 31 December 2008 (HK\$ million) (audited)	Six months ended 30 June 2009 (HK\$ million) (unaudited)
Referral fees paid to the Midland Group in respect of industrial and commercial (office and shop) properties	31.17 ( <i>Note</i> )	18.02	15.40
Referral fees received from the Midland Group in respect of residential properties	20.51 ( <i>Note</i> )	10.53	6.42

*Note:* These include internal referral fees paid or received by the industrial and commercial property brokerage segment of the Midland Group (which became part of the Group as a result of the acquisition thereof by the Company from the Midland Group in 2007) to or from the residential property brokerage segment of the Midland Group.

The Company confirms that up to the Latest Practicable Date, the aggregate amount of fees paid or received by the Group for the Cross Referral Services during 2009 does not exceed the existing annual cap which was set at HK\$60 million and HK\$50 million respectively.

In light of the recovering economy after the financial crisis in 2008, together with the low interest rate environment, the property market in Hong Kong has improved significantly since the second quarter of 2009, especially in the residential sector. The Directors expect that the market momentum may continue and the outlook for the property market in Hong Kong is positive. In view of the continuous growth of the property markets in Hong Kong, Macau and the PRC (both in terms of number and value of transactions) and based on the aforesaid historical transaction values, it is proposed that the Annual Cap for the referral fees payable by the Group to the Midland Group for the 3 years ending 31 December 2010, 2011 and 2012 be fixed at HK\$50 million, HK\$55 million and HK\$60 million respectively, while the Annual Cap for the referral fees payable by the Midland Group to the Group for the 3 years ending 31 December 2010, 2011 and 2012 be fixed at HK\$35 million, HK\$40 million and HK\$45 million respectively.

### 5. GENERAL

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



## LETTER FROM THE BOARD

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

As the Cross Referral Services will be provided in the ordinary and usual course of business of the Group, the Directors consider that the terms of the Transactions contemplated under the New Cross Referral Services Agreement are based on normal commercial terms, or on terms no less favourable than those available to or from independent third parties, are fair and reasonable and in the interests of the Company and the Shareholders as a whole and that the Annual Cap is fair and reasonable.

As at the Latest Practicable Date, Midland is interested in approximately 51.81% of the issued share capital of the Company and therefore, a controlling shareholder of the Company. Accordingly, the transactions contemplated under the New Cross Referral Services Agreement constitute continuing connected transactions for the Company under the Listing Rules.

Further, as all of the applicable percentage ratios in respect of the Annual Cap are more than 2.5%, the Company will comply with the independent shareholders' approval requirements in Rule 14A.48 of the Listing Rules for such Transactions as not falling under Rule 14A.34 of the Listing Rules, and in particular they, together with the Annual Cap, shall be made conditional on approval by the Independent Shareholders pursuant to Rule 14A.52 of the Listing Rules at the EGM at which Midland and its associates will abstain from voting on the relevant resolution. The Company will monitor the transaction amounts closely and in the event that the requisite Independent Shareholders' approval is not obtained, it will only carry out the Transactions where each or all of the percentage ratios (other than the profits ratio) is/are on an annual basis less than the thresholds set out in Rule 14A.34 of the Listing Rules.

### **6. EXTRAORDINARY GENERAL MEETING**

Set out on pages 20 to 21 of this circular is a notice convening the EGM at which an ordinary resolution will be proposed to approve such Transactions as not falling under Rule 14A.34 of the Listing Rules and the Annual Cap. In accordance with Rule 13.39(4) of the Listing Rules, the vote of the Independent Shareholders will be taken by poll at the EGM.

A form of proxy for use at the EGM is 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 return the same to the Company's 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.

## LETTER FROM THE BOARD

### 7. RECOMMENDATION

Your attention is drawn to the advice of the Independent Board Committee set out in its letter on page 9 of this circular and the letter of advice from Taifook to the Independent Board Committee and the Independent Shareholders in respect of the Transactions and the Annual Cap on pages 10 to 16 of this circular. The Independent Board Committee, having taken into account the advice of Taifook, considers that the New Cross Referral Services Agreement is on normal commercial terms and is in the interests of the Company and the Shareholders as a whole. The Independent Board Committee also considers that the Transactions and the Annual Cap are fair and reasonable so far as the Independent Shareholders are concerned and recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve such Transactions as not falling under Rule 14A.34 of the Listing Rules and the Annual Cap at the EGM.

### 8. ADDITIONAL INFORMATION

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

Yours faithfully,  
By order of the Board  
**Midland IC&I Limited**  
**WONG Tsz Wa, Pierre**  
*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)**

26 November 2009

*To the Independent Shareholders*

Dear Sir or Madam,

## **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular of the Company dated 26 November 2009 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 New Cross Referral Services Agreement as well as the Annual Cap are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Taifook 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 Taifook as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of Taifook as set out in its letter of advice, we consider that the New Cross Referral Services Agreement is on normal commercial terms and is in the interests of the Company and the Shareholders as a whole. We also consider that the Transactions 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 to approve such Transactions as not falling under Rule 14A.34 of the Listing Rules and the Annual Cap 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 TAIFOOK

*The following is the text of a letter of advice to the Independent Board Committee and Independent Shareholders from Taifook for the purpose of incorporation into this circular.*



25th Floor  
New World Tower  
16-18 Queen's Road Central  
Hong Kong

26 November 2009

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

### RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Transactions, details of which are set out in the circular dated 26 November 2009 (the "**Circular**") issued by the Company to the Shareholders of which this letter forms part. Capitalised terms used in this letter shall have the same respective meanings as defined in the Circular unless the context otherwise requires.

As referred to in the "Letter from the Board" of the Circular ("**Letter from the Board**"), in connection with the provision of the Cross Referral Services, the Company entered into the Existing Cross Referral Services Agreement with Midland on 6 June 2007. The Existing Cross Referral Services Agreement will expire on 31 December 2009, and a new cross referral services agreement was entered into by the Company and Midland on 5 November 2009 for a term of 3 years commencing from 1 January 2010 and ending on 31 December 2012. As Midland is interested in approximately 51.81% of the issued share capital of the Company as at the Latest Practicable Date, therefore Midland is a controlling shareholder of the Company. Accordingly, the transactions contemplated under the New Cross Referral Services Agreement will constitute continuing connected transactions for the Company under the Listing Rules, which will be subject to the approval of the Independent Shareholders at the EGM by poll. Midland and its associates will abstain from voting on the relevant resolution at the EGM.

In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide you with our independent opinion and recommendation as to whether the proposed Annual Cap for the three years ending 31 December 2012 (together, the "**Annual Caps**") are fair and reasonable, and the Transactions are in the interests of the Company and the Independent Shareholders as a whole and the terms thereof are fair and reasonable so far as the interests of the Company and the Independent Shareholders are concerned. The Independent Board Committee, the composition of which is set out in the "Letter from the Independent Board Committee" of the Circular, has also been established to advise the Independent Shareholders in relation to the terms of the Transactions.

## **BASES AND ASSUMPTIONS**

In formulating our recommendation, we have relied on the information and facts supplied to us and representations expressed by the Directors and/or management of the Group and have assumed that all such information and facts provided and any representations made to us, or contained in the Circular, have been properly extracted from the relevant underlying accounting records (in case of financial information) and made after due and careful inquiry by the Company, the Directors and management of the Group. We have also assumed that all such information and facts provided and any representations made to us, or contained in the Circular, were complete, true and accurate at the time they were made and continue to be so at the date of despatch of the Circular and during the period up to the date of the EGM. We have been advised by the Directors and/or management of the Group that all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading.

Our review and analyses were based upon, among others, the information provided by the Company as set out below:

- (i) the annual report 2008 of the Company for the year ended 31 December 2008, and the interim report 2009 of the Company for the six months ended 30 June 2009; and
- (ii) the Circular.

We have also discussed with the Directors and/or management of the Group with respect to the terms of and reasons for the Transactions, and considered that we have reviewed sufficient information to reach an informed view and have no reason to doubt the completeness, truth or accuracy of the information and facts provided and representations made to us. We have not, however, conducted an independent verification of the information nor have we conducted any form of investigation into the businesses, affairs, financial positions or prospects of the Group or the Midland Group or their respective associates.

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion in respect of the terms of the Transactions and its effects on the Company and the Independent Shareholders as a whole, we have considered the following principal factors and reasons:

### **I. Background**

The Company is an investment holding company and through its subsidiaries, principally engaged in the provision of property brokerage services in respect of industrial and commercial properties and shops in Hong Kong.

The Midland Group is principally engaged in provision of property agency services in Hong Kong, Mainland China and Macau.

## LETTER FROM TAIFOOK

As set out in the Letter from the Board, pursuant to the New Cross Referral Services Agreement:

- (1) the Midland Group shall have the right to refer any business opportunity falling within the Group's estate agency business in respect of industrial and commercial (office and shop) properties in Hong Kong, Macau and the PRC to the relevant members of the Group on a case-by-case basis; and
- (2) similarly, the Group shall have the right to refer any business opportunity falling within the Midland Group's estate agency business in respect of residential properties in Hong Kong, Macau and the PRC to the relevant members of the Midland Group on a case-by-case basis.

As advised by the Directors, in light of the recovering economy after the financial crisis in 2008, together with the low interest rate environment, the property market in Hong Kong has improved significantly since the second quarter of 2009, especially in the residential sector. The Directors expect that the market momentum may continue and the outlook for the property market in Hong Kong is positive.

### **II. Principal terms of the Transactions under the New Cross Referral Services Agreement**

The terms of the New Cross Referral Services Agreement are substantially the same as those of the Existing Cross Referral Services Agreement. Pursuant to the New Cross Referral Services Agreement with a term expiring on 31 December 2012, there is no commitment on any member of the Group or the Midland Group to refer to the other any transactions pursuant to the New Cross Referral Services Agreement of any minimum or maximum number and/or amount. Where concluded between the relevant parties, the terms and conditions for the provision of the Cross Referral Services shall be reduced into individual written agreements.

Generally, the commission income shall be allocated as to 80% to the party which makes the referral of the transaction in question and 20% to the party which accepts such referral subject to adjustments as negotiated between the parties with reference to, inter alia, the workload of the respective agents and the nature of the referral. In general, a party referring a buyer would receive more commission income than a party referring a seller while a party acting as the sole or exclusive agent for the sale of a property would also receive more commission income. In any event, under the New Cross Referral Services Agreement, 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 or from (as appropriate) the relevant members of the Group than terms available to or from (as appropriate) independent third parties.

## LETTER FROM TAIFOOK

We have reviewed sample invoices of the Transactions and the Group's referral transactions with independent third parties and found that the terms thereof, including allocation of commission income, for the Transactions are 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 or from (as appropriate) the relevant members of the Group than the terms available to or from (as appropriate) independent third parties.

### III. Annual Caps

Set out below are statistics extracted from the Land Registry of the Government of Hong Kong regarding the trend of the property market in Hong Kong:

	Year ended 31 December			Three months ended			Three months ended	
	2007	2008	(Decrease) %	31 March 2009	30 June 2009	Increase %	30 September 2009	Increase %
Number of agreements for sales and purchases of building units:								
- non-residential	22,116	17,367	(21.5%)	2,400	4,513	88.0%	6,163	36.6%
- residential	123,575	95,931	(22.4%)	16,464	35,449	115.3%	35,558	0.3%
Consideration of agreements for sales and purchases of building units (HK\$' million):								
- non-residential	91,592	69,285	(24.4%)	7,958	21,786	173.8%	33,112	52.0%
- residential	434,033	343,827	(20.8%)	55,194	120,716	118.7%	140,717	16.6%

### Analysis of sale and purchase agreements of residential building units by consideration of each unit

	January 2009 – March 2009		April 2009 – June 2009		July 2009 – September 2009	
Consideration of each unit	Number of agreements	%	Number of agreements	%	Number of agreements	%
Less than HK\$3 million	11,995	72.9%	23,034	65.0%	22,226	62.5%
HK\$3 million to HK\$5 million	2,486	15.1%	7,434	21.0%	7,189	20.2%
HK\$5 million to HK\$10 million	1,083	6.6%	3,296	9.3%	3,657	10.3%
More than HK\$10 million	900	5.4%	1,685	4.7%	2,486	7.0%

Source: Land Registry of the Government of Hong Kong

## LETTER FROM TAIFOOK

From the above table, we noted a remarkable increase in the number of the sale and purchase transactions and consideration of the transactions for both residential and non-residential buildings in the second quarter of the year 2009 after the declines in the year 2008. It is also observed that the proportion of sale and purchase agreements of high priced residential properties (with individual sale consideration of HK\$5 million or above) was on an increasing trend during the first three quarters of 2009. The share of high priced residential properties in the total sale and purchase agreements of residential building units had increased from approximately 12% during the three months period ended 31 March 2009 to approximately 17% during the three months ended 30 September 2009.

Set out below are the amounts of the Transactions for the two years ended 31 December 2008, and six months ended 30 June 2009:

	Year ended 31 December			Three months ended		Increase %
	2007	2008	(Decrease)%	31 March 2009	30 June 2009	
	(HK\$ million) (audited)	(HK\$ million) (audited)		(HK\$ million) (unaudited)	(HK\$ million) (unaudited)	
Referral fees paid to the Midland Group in respect of industrial and commercial (office and shop) properties	31.17	18.02	(42%)	4.40	11.00	150%
Referral fees received from the Midland Group in respect of residential properties	20.51	10.53	(49%)	2.28	4.14	82%

We noted that the referral fees paid to the Midland Group during the three months ended 30 June 2009 were approximately HK\$11.00 million, representing a surge of approximately 150% over the three months ended 31 March 2009, while the referral fees received from the Midland Group for the three months ended 30 June 2009 were approximately HK\$4.14 million, representing a surge of approximately 82% over the three months ended 31 March 2009. The significant increase in referral fees paid and received is in line with the growth in the property market in Hong Kong.

As advised by the Directors, in view of the recovery of the property market from its trough since early 2009, it may be possible that the property market in Hong Kong will continue to grow. Despite that the property market has recently been cooled down by the government concern on the high priced residential units, the Directors believe that the government's policy aims to maintain a healthy property market in Hong Kong and accordingly is beneficial to its long-term development. On this basis, the Company has determined the Annual Caps for the Transactions after taking into account, among others, the historical figures for the two years ended 31 December 2008 and the six months ended 30 June 2009.



## LETTER FROM TAIFOOK

As set out in the Letter from the Board, based on the historical transaction values and in view of the continuous growth of the property markets in Hong Kong, Macau and the PRC (both in terms of number and value of transactions), the Directors proposed that the Annual Cap for the referral fees payable by the Group to the Midland Group for the three years ending 31 December 2010, 2011 and 2012 be fixed at HK\$50 million, HK\$55 million and HK\$60 million respectively, while the Annual Cap for the referral fees payable by the Midland Group to the Group for the three years ending 31 December 2010, 2011 and 2012 be fixed at HK\$35 million, HK\$40 million and HK\$45 million respectively.

As advised by the Directors, the proposed Annual Caps, which are higher than the historical annual actual amounts for the two years ended 31 December 2008, were determined to allow for more flexibility for the possible future growth and development of both the Group and the Midland Group, as well as the possible expansion of the property market in Hong Kong, Macau and the PRC. Given the strong growth observed in the property market in Hong Kong and significant increase in both the referral fees paid to and received from the Midland Group by the Group in the first half of 2009, we agree with the Directors that it is in the interest of the Company and the Independent Shareholders to approve the Annual Caps so as to give the Group flexibility to expand.

Given that (i) there is considerable growth in the referral fees received from or paid to the Midland Group by the Group during the second quarter of 2009; (ii) similar uprising trend is noted for the Hong Kong property market as shown from the statistics from the Land Registry of the Government of Hong Kong as detailed above; (iii) the uprise in the Hong Kong property market may sustain for a certain period of time under prevailing macroeconomic environment of low interest rate; (iv) the proportion of sale and purchase agreements of high priced residential properties was on an increasing trend; and (v) the Annual Caps were 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 Annual Caps for the Transactions for the three years ending 31 December 2012, are fair and reasonable.

#### **IV. Compliance with Listing Rules**

In compliance with the requirements under Chapter 14A of the Listing Rules, in addition to obtaining Independent Shareholders' approval for the Annual Caps at the EGM, the Company will comply with certain terms of the New Cross Referral Services Agreement, which, among others, are summarised as follow:

- (i) the Directors will comply with the provisions of the Listing Rules in conducting annual review and reporting of the Transactions and to re-comply with the provisions of the Listing Rules with respect to the Transactions where required by the Stock Exchange; and
- (ii) the auditors of the Company will be allowed to have sufficient access to the records of the Transactions for the purpose of reporting on the Transactions.

## LETTER FROM TAIFOOK

In addition, the Company will monitor the transaction amounts closely, and in the event that the requisite Independent Shareholders' approval is not obtained, the Company will only carry out the Transactions where each or all of the percentage ratios (other than the profits ratio) is/are on an annual basis less than the thresholds set out in Rule 14A.34 of the Listing Rules.

In light of the conditions attached to the Transactions, we are of the view that appropriate measures will be in place to govern the conduct of the Transactions and safeguard the interests of the Independent Shareholders.

### RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned, the Transactions are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. 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 Transactions and the Annual Caps.

Yours faithfully,  
For and on behalf of

**Taifook Capital Limited**

**Derek C. O. Chan**  
*Managing Director*

**Kenneth Ng**  
*Executive Director*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein 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 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 were as follows:

### (a) Interests and short positions in the Company

Name of Director	Number of Shares				Equity derivative (share options)	Total	Approximate percentage of shareholding
	Personal interests	Family interests	Corporate interests				
WONG Tsz Wa, Pierre	2,000,000	–	–		–	2,000,000	0.02%

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

Name of associated corporation	Name of Director	Number of shares				Equity derivative (share options)	Total	Approximate percentage of shareholding
		Personal interests	Family interests	Corporate interests				
Midland	TANG Mei Lai, Metty	–	96,568,144 (note)	–		–	96,568,144	13.33%

*Note:* Such shares represent the shares held by Mr. WONG Kin Yip, Freddie, 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 a director of Midland.

All the interests disclosed above represent long positions in the shares.

Save as disclosed above, as at the Latest Practicable Date,

- (i) none of the Directors or chief executives of the Company held 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; and
- (ii) none of the Directors had any direct or indirect interests in any assets which have since 31 December 2008 (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.

In addition, none of the Directors is materially interested in any contracts or arrangements subsisting at the date of this circular 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 any existing or proposed service contracts with the Company or any of its subsidiaries other than contracts expiring or 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 2008, being the date to which the latest published audited accounts of the Company were made up.

**6. EXPERT AND CONSENT**

Taifook is a corporation licensed under the SFO to carry on type 6 (advising on corporate finance) regulated activity and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions and the Annual Cap.

Taifook 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, Taifook 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 2008, 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 New Cross Referral Services Agreement 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.



**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 of Midland IC&I Limited (the "Company") will be held at Room 1801A, 18th Floor, One Grand Tower, 639 Nathan Road, Mongkok, Kowloon, Hong Kong on Tuesday, 15 December 2009 at 11:30 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company:

**ORDINARY RESOLUTION**

**"THAT** the cross referral services transactions (to the extent not falling under Rule 14A.34 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) between the Company and its relevant subsidiaries on the one hand and Midland Holdings Limited ("Midland") and its relevant subsidiaries on the other hand as described and contemplated under the cross referral services agreement dated 5 November 2009 between the Company and Midland, 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, together with the proposed annual cap amounts as set out in the circular of the Company dated 26 November 2009 be and are hereby approved and the directors of the Company be and are hereby authorised to do such acts and things and execute such other documents which in their opinion may be necessary."

By order of the Board  
**Midland IC&I Limited**  
**KAM Man Yi, Margaret**  
*Company Secretary*

Hong Kong, 26 November 2009

*Head office and principal place of business:*

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

\* For identification purposes only

## NOTICE OF EGM

*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 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 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 with the Company's 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.