

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 of the Company**



The circular contains, among other things, a letter from the board of directors of the Company, a letter from the independent board committee of the Company and a letter from Octal Capital 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 at Room 1801A, 18th Floor, Office Tower One, Grand Plaza, 625 & 639 Nathan Road, Mongkok, Kowloon, Hong Kong on 13 January 2016 at 11:00 a.m. 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. The duly completed 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 delivered to the Company’s Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Delivery of a form of proxy will not preclude you from attending and voting in person at the meeting, or any adjourned meeting thereof.

* For identification purpose only

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DEFINITIONS

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

“Annual Caps”	in relation to each of the financial years ending 31 December 2016, 2017 and 2018, the maximum annual amounts 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 (2015)
“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“close associate”	has the meaning ascribed thereto in the Listing Rules
“Company”	Midland IC&I Limited (Stock Code: 459), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Cross Referral Services”	the cross referral services to be provided between the Group and Midland Group as more particularly described in the paragraph headed “Transactions under the Cross Referral Services Agreement (2015)” in this circular
“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
“Cross Referral Services Agreement (2015)”	the cross referral services agreement dated 16 December 2015 entered into between the Company and Midland in relation to the Cross Referral Services
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Room 1801A, 18th Floor, Office Tower One, Grand Plaza, 625 & 639 Nathan Road, Mongkok, Kowloon, Hong Kong on 13 January 2016 at 11:00 a.m. 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, if thought fit, pass the ordinary resolution set out in the notice of EGM to approve the Cross Referral Services Agreement (2015), the Transactions and the Annual Caps
“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

DEFINITIONS

“Independent Shareholders”	Shareholders other than Midland and its associates
“Latest Practicable Date”	21 December 2015, 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 Macao 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 main board of the Stock Exchange
“Midland Group”	Midland and its subsidiaries (but excluding the Group for the purpose of this circular)
“Octal Capital”	Octal Capital Limited, a licensed corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Cross Referral Services Agreement (2015), the Transactions contemplated thereunder and the Annual Caps
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
“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 (2015)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction(s)”	the provision or acceptance, as the case may be, of the Cross Referral Services by the Group pursuant to the Cross Referral Services Agreement (2015)
“US” or “U.S.”	the United States of America
“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)

Non-Executive Directors:

Ms. TANG Mei Lai, Metty (*Chairman*)
Mr. TSANG Link Carl, Brian
(with Mr. CHU Kuo Fai, Gordon as his alternate)

Executive Directors:

Ms. WONG Ching Yi, Angela
Mr. WONG Hon Shing, Daniel
(Chief Executive Officer)

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
Office Tower One, Grand Plaza
625 & 639 Nathan Road
Mongkok, Kowloon
Hong Kong

24 December 2015

To the Shareholders

Dear Sir or Madam,

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

1. INTRODUCTION

On 16 December 2015, the Board announced that the Company entered into the Cross Referral Services Agreement (2015) with Midland in relation to the Cross Referral Services provided between the Group and the Midland Group for the three financial years commencing from 1 January 2016 to 31 December 2018 (both days inclusive).

Under the Listing Rules, the Transactions 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 Caps are conditional on approval by the Independent Shareholders.

* *For identification purpose only*

LETTER FROM THE BOARD

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. Octal Capital 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 (2015), the Transactions contemplated thereunder and the Annual Caps.

The purpose of this circular is to provide you with, among other things, further information relating to the Cross Referral Services Agreement (2015), the Transactions and the Annual Caps and other information required by the Listing Rules. This circular also contains the letters from the Independent Board Committee and Octal Capital, and gives you the notice to convene the EGM.

2. CROSS REFERRAL SERVICES AGREEMENT (2015)

The material terms of the Cross Referral Services Agreement (2015) are summarised below.

i. Date

16 December 2015

ii. Parties

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

Midland is the 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 70.78% of the issued share capital of the Company.

iii. Term

The term of the Cross Referral Services Agreement (2015) is 3 years from 1 January 2016 to 31 December 2018 (both days inclusive).

iv. Transactions under the Cross Referral Services Agreement (2015)

The Cross Referral Services Agreement (2015) provides that Midland Group has the right (but not obligation) to introduce, refer and communicate to the relevant member(s) of the Group any business opportunity relating to or falling within the Group's estate agency business in respect of industrial and commercial properties and shops in the Relevant Territory; similarly, the Group also has the right (but not obligation) to introduce, refer and communicate to the relevant member(s) of Midland Group any business opportunity relating to or falling within Midland Group's estate agency business in respect of residential properties in the Relevant Territory.

LETTER FROM THE BOARD

Referrals of business opportunities to the counterparties to secure customers' engagements for estate agency services are made on a case-by-case basis. There is no legally binding commitment on any member of the Group or Midland Group to refer to the other any minimum number and/or target amount of the Transactions. Where concluded between the relevant parties, the terms and conditions of the Transactions shall be reduced into individual written agreements.

v. Referral fees

In consideration of the referral services provided under a Transaction, the party making the referral is entitled to a referral fee by way of sharing the relevant commission income actually received from the customer of estate agency services in a property transaction.

The Cross Referral Services Agreement (2015) has provided reference ratios in which the commission income received in property transactions will be initially allocated between the respective parties to the Transactions so as to arrive at the amount of referral fees. Different reference allocation ratios are prescribed for the property transactions depending on whether the transactions are secondary market transactions or primary market transactions. In a secondary market transaction, the reference allocation ratio of "50:50" will be used, whereas in a primary market transaction, the reference allocation ratios ranging from "70:30" to "90:10" will apply, with a higher proportion being allocated to the party making the referral of the property purchaser it has successfully found and a lower proportion to the counterparty accepting the referral. Based on the applicable reference ratios, the final allocation of commission income 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 including: (i) the characteristics, nature and value of properties involved such as the geographical locations, types, usages, areas or other objective features of the properties as well as the subjective requirements of the specific customers; (ii) the nature and workload of the respective agents; and (iii) the scope and nature of the requisite estate agency and consultancy services contemplated under the engagements with individual customers.

In any event, under the Cross Referral Services Agreement (2015), the allocation of commission income shall be on normal commercial terms or better, that is, terms which a party could obtain if the transaction were on an arm's length basis or terms no less favourable to the relevant members of the Group than terms available to or from (as appropriate) independent third parties. To that end, the Group will continue to observe the following policy and procedures in determining the commission income allocations:

- (1) the commission income allocations proposed by individual estate agents are submitted to the branch managers for review and approval;
- (2) upon receiving the submitted allocations from the branch managers, the finance department of the Group will then double check the information integrity and ensure that proper approvals have been obtained;

LETTER FROM THE BOARD

- (3) for the purpose of determining whether an allocation of commission income in a particular Transaction involving Midland Group satisfies such criteria, the most common approach used by the Group is based on comparable transactions with independent third parties. The branch managers would compare the allocation together with the related terms of the Transaction with other comparable transactions that the Group made with independent third parties, particularly those made under the then prevailing circumstances, in so far as they are available. The branch managers may also seek guidance and assistance from more senior managerial staff with more experience and deeper knowledge in market practice and information. In selecting the comparable transactions, particular weight would be given to those closely similar to the case in question in terms of, among other things, the nature of engagements by the customers, the workload of the respective agents relative to each other as well as the characteristics, nature and value of the properties involved;
- (4) where no comparable transactions are available for proper consideration, the Group would assess:
- the nature and workload – in general for a primary market transaction, a party referring a purchaser would ordinarily receive more commission income than the party acting for the developer because the former would typically assume relatively heavier workload. For an estate agent seeking purchasers for properties in a development, he is required not only to have solid knowledge of the characteristics of the properties offered for sale but he is also expected to proactively put efforts and time in the marketing process and adapting to the needs of the purchasers. By contrast, in primary market, the price and key commercial terms of the properties in the entire development are typically preset by the developer. Accordingly, the amount of time and efforts expected of the party acting for the developer in the sale process are limited;
 - the engagement scope and nature – a party acting for the vendor may bargain for higher commission income if he acts as a sole and exclusive agent for the vendor;
 - the characteristics, nature and value of the property – a party acting for vendor of unique and high value property is likely to be able to bargain for higher commission income; and

LETTER FROM THE BOARD

- 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 (as appropriate) independent third parties. For example, in some cases, the developer may set a sales target, above which the estate agent for the developer can get a higher commission rate for all the transactions. In such case, when it is close to the said sales target, the estate agent for the developer may be willing to give an increase of the proportionate commission income to the estate agent referring the purchaser if the said sales target can be achieved;
- (5) the allocation ratio for a particular property transaction finalized after considering the above factors will be fixed as and when the parties enter into the written agreement for the property transaction; and
- (6) the commission income allocation of the Transactions will be reviewed by the management from time to time and, in addition, the Transactions will also be reviewed by the independent non-executive Directors and reported on by the auditors of the Company on an annual basis in compliance with the relevant requirements in Chapter 14A of the Listing Rules.

As income of estate agents in Hong Kong is in a large part derived from commission income, the estate agents would be self-motivated by this incentive to use their best effort to secure an allocation ratio to the best of his/her own interests when negotiating the allocation of the commission income. If the proposed allocation ratio in transactions with Midland Group deviates from that commonly found in the market, the disadvantaged estate agent (including those employed by the Group) may eventually refer the business to independent third party estate agent(s) that is/are available in the market (other than Midland Group) to earn as much as possible of the commission income for himself/herself. The Company's present policy and procedures are designed along this central theme, that is, to make the referral transactions to adjust to prevailing market forces. By implementing the policy and procedures as stated above, the Company believes such policy and procedures are apt to achieve its objective in practical sense, that is, to ensure the allocation terms are terms which a party could obtain if the transaction were on an arm's length basis or terms no less favourable to the Group than those available to or from (as appropriate) independent third parties.

vi. Settlement

Referral fee is paid out of the actual commission income received. For actual commission income received in each month, payments will generally be made by the end of the next following calendar month. The payment terms are the same as those in other referral transactions of the Group to or from (as appropriate) independent third parties.

LETTER FROM THE BOARD

3. ANNUAL CAPS

(a) Historical figures

For the past financial years ended 31 December 2013 and 2014, and the nine months ended 30 September 2015, the amounts of referral fees paid/payable or received/receivable by the Group for the cross referral services under the Cross Referral Services Agreement (2012) are as follows:

	Year ended 31 December 2013 <i>(HK\$ million)</i>	Year ended 31 December 2014 <i>(HK\$ million)</i>	Nine months ended 30 September 2015 <i>(HK\$ million)</i>
Referral fees paid/payable to Midland Group in respect of industrial and commercial properties and shops	63.5	87.7	57.4
Referral fees received/receivable from Midland Group in respect of residential properties	39.2	27.3	23.6

(b) Proposed Annual Caps

The maximum annual amounts of referral fees expected to be paid or received by the Group in connection with the Cross Referral Services under the Cross Referral Services Agreement (2015) for the financial years ending 31 December 2016, 2017 and 2018 are as follows:

	Year ending 31 December 2016 <i>(HK\$ million)</i>	Year ending 31 December 2017 <i>(HK\$ million)</i>	Year ending 31 December 2018 <i>(HK\$ million)</i>
Maximum annual amounts of referral fees expected to be paid to Midland Group in respect of industrial and commercial properties and shops	85.0	90.0	95.0
Maximum annual amounts of referral fees expected to be received from Midland Group in respect of residential properties	40.0	45.0	50.0

LETTER FROM THE BOARD

The Annual Caps were arrived at by reference to:

- (a) ***the historical amounts of referral fees paid/payable or received/receivable by the Group*** – The historical amounts of the referral fees for the cross referral services between the Group and Midland Group for the nine months ended 30 September 2015 are used to derive the annualized amounts for the whole financial year 2015, which are used as the baseline amount in making estimations for the amount of the Annual Caps for 2016 and similarly for 2017 and 2018;
- (b) ***the management's outlook and expectation of the general property market having considered the macroeconomic environment*** – The Group has considered market commentaries which include those referring to, among other things, macroeconomic factors such as the possible increase of interest rates in the US in the future, potential devaluation of Renminbi and adverse impact brought about by the decrease in the number of Mainland visitor arrivals. The Hong Kong property market, however, has been well known for its volatility, as evident from the publicly available information such as statistics from the Land Registry of the Government of Hong Kong on the amount of consideration of agreements for sale and purchase of building units (residential and non-residential) for years 2012 to 2015, which is also mentioned in pages 20 to 21 of this circular in the letter from Octal Capital. For example, the historical year-to-year increase of the amount of consideration of agreements for sale and purchase of building units (residential) was as high as 45% in the year ended 31 December 2014. The market volatility may translate into direct effect on the Group itself;
- (c) ***more flexibility due to fluctuation in transaction volume of property market*** – To allow the Group to capture business opportunities, particularly if and when the local property market turns upwards contrary to market expectations, the management of the Company has taken the view that the Annual Caps should allow for reasonable degree of flexibility to enable the Group to adapt to the market change and react expeditiously and to capture business opportunities by engaging in Transactions as in the case of referrals with independent third parties in changing markets, which would contribute to the revenue of the Group; and
- (d) ***the intended closer co-operation between the Group and Midland Group in cross referral business*** – The Group intends to foster a closer co-operation with Midland Group in the near future through engagements in more cross referral transactions. The co-operation with Midland Group has been benefitting both parties for a long time. With long history of professional teams of both groups working with each other, the Group intends to continue and enhance the relationship to mutually benefit each other financially.

LETTER FROM THE BOARD

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 similar cross referral services to each other in the ordinary and usual course of their respective businesses. These services are currently governed by the Cross Referral Services Agreement (2012). Further details of the Cross Referral Services Agreement (2012) are set out in the circular of the Company dated 21 November 2012. The Cross Referral Services Agreement (2012) is due to expire on 31 December 2015. By entering into the Cross Referral Services Agreement (2015), the Company seeks to continue such Transactions for a further 3-year term.

The Group has recognized that for the nine months ended 30 September 2015, the most common range of allocation of commission income to the party making the referral for primary market transactions fell in the range of 70% to 90%, while the most common allocation basis for secondary market transactions was close to 50:50.

This market development with differentiation between primary and secondary market transactions in terms of commission income allocations is expected to continue in the near future. Accordingly, Midland and the Company have agreed to adopt “50:50” as the reference allocation ratio for secondary market transactions and “70:30” to “90:10” as the reference allocation ratio range for primary market transactions. Taking into account the said reference allocation ratios and depending on the circumstances of the case, the parties to the relevant Transactions would further negotiate and settle on the agreed extent of adjustments to the reference allocation ratio and hence the final commission income allocations for the Transactions on an arm’s length basis.

The Company believes that the proposed approach recognizes the reality of disparity of commission income allocation ratios between these two different markets. It would provide more meaningful and up-to-date commercial context in which the Transactions have occurred, and which is expected to continue in the next three years based on the prevailing market conditions, to the Independent Shareholders in reaching their informed decisions at the EGM.

Apart from the above changes made in the Cross Referral Services Agreement (2015), there is no other material amendment to its terms. The overriding pricing policy as stated in the Cross Referral Services Agreement (2015) will remain the same as the Cross Referral Services Agreement (2012) – that the allocation of commission income shall be on normal commercial terms or better.

LETTER FROM THE BOARD

The Directors (other than the independent non-executive Directors whose views and opinion are set out in the letter from the Independent Board Committee immediately after this letter from the Board) consider that the Cross Referral Services Agreement (2015) and the Transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and that the terms of the Cross Referral Services Agreement (2015), the Transactions contemplated thereunder (including the commission income allocation ratio) and the Annual Caps are fair and reasonable. They also consider that the Transactions are in the interests of the Company and the Shareholders as a whole.

5. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Midland, through its indirect wholly-owned subsidiary, was interested in approximately 70.78% of the issued share capital of the Company. Midland is therefore the controlling shareholder of the Company. The Transactions contemplated under the Cross Referral Services Agreement (2015) will constitute continuing connected transactions for the Company under the Listing Rules.

The highest applicable percentage ratio (other than the profits ratio) calculated using the Annual Caps for each of the financial years ending 31 December 2016, 2017 and 2018 as the numerator exceeds 5%; and the thresholds prescribed in Rule 14A.76(2) of the Listing Rules to qualify for exemption from independent shareholders' approval requirements are not met. Under the Listing Rules, the Transactions 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 Caps are conditional on approval by the Independent Shareholders.

Ms. TANG Mei Lai, Metty and Ms. WONG Ching Yi, Angela are a non-executive director and an executive director of the Company respectively. Both of them are also executive directors of Midland. They had abstained from voting on the resolutions of the Board approving the Cross Referral Services Agreement (2015), the Transactions and the Annual Caps.

6. EXTRAORDINARY GENERAL MEETING

Set out at the end of this circular is a notice convening the EGM to be held at Room 1801A, 18th Floor, Office Tower One, Grand Plaza, 625 & 639 Nathan Road, Mongkok, Kowloon, Hong Kong on 13 January 2016 at 11:00 a.m. At the EGM, the Independent Shareholders will consider and, if thought fit, pass the ordinary resolution, the text of which is set out in the notice of EGM, to approve the Cross Referral Services Agreement (2015), the Transactions as well as the Annual Caps.

In accordance with Rule 13.39(4) of the Listing Rules, the votes on the resolution will be taken by poll at the EGM. Midland and its associates holding an aggregate of 9,700 million Shares (representing approximately 70.78% of the issued share capital of the Company) as at the Latest Practicable Date, will abstain from voting on the ordinary resolution at the EGM.

LETTER FROM THE BOARD

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. The duly completed 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 delivered to the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Delivery of a form of proxy will not preclude you from attending and voting in person at the EGM, or any adjourned meeting thereof.

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 carried out during a financial year are less than the thresholds set out in Rule 14A.76(2) of the Listing Rules and in compliance with the Listing Rules.

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 Octal Capital to the Independent Board Committee and the Independent Shareholders in respect of the Cross Referral Services Agreement (2015), the Transactions and the Annual Caps immediately after the letter from the Independent Board Committee.

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*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Cross Referral Services Agreement (2015) prepared for the purpose of incorporation in this circular.



Midland IC&I Limited
美聯工商舖有限公司*

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

24 December 2015

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 24 December 2015 (the “Circular”) of which this letter forms part. 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 the terms of the Cross Referral Services Agreement (2015) and the Transactions and the Annual Caps. Octal Capital has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board and the letter from Octal Capital which form part of the Circular. Having considered the principal factors and reasons considered by Octal Capital and its advice as set out in its letter of advice, we consider that the Cross Referral Services Agreement (2015) and the Transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. We also consider that the terms of the Cross Referral Services Agreement (2015) and the Transactions contemplated thereunder and the Annual Caps are fair and reasonable in 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,

Independent Board Committee

YING Wing Cheung, William

SHA Pau, Eric

HO Kwan Tat, Ted

Independent non-executive Directors

* *For identification purpose only*

LETTER FROM OCTAL CAPITAL

The following is the text of the letter of advice from Octal Capital to the Independent Board Committee and the Independent Shareholders in relation to the Cross Referral Services Agreement (2015) prepared for the purpose of incorporation in this circular.



801-805, 8/F, Nan Fung Tower,
88 Connaught Road Central,
Hong Kong

24 December 2015

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS 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 Cross Referral Services Agreement (2015), the Transactions contemplated thereunder and the Annual Caps, details of which are contained in the circular issued by the Company (the “Circular”) to the Shareholders dated 24 December 2015, 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.

As at the Latest Practicable Date, Midland, through its indirect wholly-owned subsidiary, was interested in approximately 70.78% of the issued share capital of the Company. Midland is therefore the controlling shareholder of the Company. The Transactions contemplated under the Cross Referral Services Agreement (2015) will constitute continuing connected transactions for the Company under the Listing Rules, and are subject to the Independent Shareholders’ approval at the EGM. Ms. TANG Mei Lai, Metty and Ms. WONG Ching Yi, Angela are a non-executive director and an executive director of the Company respectively. Both of them are also executive directors of Midland. They had abstained from voting on the resolutions of the Board approving the Cross Referral Services Agreement (2015), the Transactions and the Annual Caps.

The 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 Cross Referral Services Agreement (2015), the Transactions contemplated thereunder and the Annual Caps.

LETTER FROM OCTAL CAPITAL

BASIS OF OUR OPINION

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 the 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 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 therein or the Circular misleading. We have also assumed that the information and 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.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in this letter 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 associated companies. 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 Cross Referral Services Agreement (2015), the Transactions contemplated thereunder and the Annual Caps, 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 Hong Kong, Macau and the PRC.

The Group and Midland Group have been providing similar cross referral services to each other. Since the Cross Referral Services Agreement (2012) is due to expire on 31 December 2015, the Company and Midland have entered into the Cross Referral Services Agreement (2015) on 16 December 2015.

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Major terms of the Cross Referral Services Agreement (2015)

Services covered by the Cross Referral Services Agreement (2015)

Pursuant to the Cross Referral Services Agreement (2015), (1) Midland Group shall have the right (but not obligation) to introduce, refer and communicate to the relevant member(s) of the Group any business opportunity relating to or falling within the Group's estate agency business in respect of industrial and commercial properties and shops in the Relevant Territory; and (2) similarly, the Group shall also have the right (but not obligation) to introduce, refer and communicate to the relevant member(s) of Midland Group any business opportunity relating to or falling within Midland Group's estate agency business in respect of residential properties in the Relevant Territory.

As stated in the Letter from the Board, referrals of business opportunities to the counterparties to secure customers' engagements for estate agency services are made on a case-by-case basis. There is no legally binding commitment on any member of the Group or Midland Group to refer to the other any minimum number and/or target amount of the Transactions. Where concluded between the relevant parties, the terms and conditions of the Transactions shall be reduced into individual written agreements.

Referral fees

As stated in the Letter from the Board, the Cross Referral Services Agreement (2015) has provided reference ratios in which the commission income received in property transactions will be initially allocated between the respective parties to the Transactions so as to arrive at the amount of referral fees. Different reference allocation ratios are prescribed for the property transactions depending on whether the transactions are secondary market transactions or primary market transactions. In a secondary market transaction, the reference allocation ratio of "50:50" will be used, whereas in a primary market transaction, the reference allocation ratios ranging from "70:30" to "90:10" will apply, with a higher proportion being allocated to the party making the referral of the property purchaser it has successfully found and a lower proportion to the counterparty accepting the referral. Based on the applicable reference ratios, the final allocation of commission income 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 including: (i) the characteristics, nature and value of properties involved such as the geographical locations, types, usages, areas or other objective features of the properties as well as the subjective requirements of the specific customers; (ii) the nature and workload of the respective agents; and (iii) the scope and nature of the requisite estate agency and consultancy services contemplated under the engagements with individual customers. In any event, under the Cross Referral Services Agreement (2015), the allocation of commission income shall be on normal commercial terms or better, that is, terms which a party could obtain if the transaction were on an arm's length basis or terms no less favourable to the relevant members of the Group than terms available to or from (as appropriate) independent third parties. To that end, the Group will continue to observe the following policy and procedures in determining the commission income allocations: (i) the commission income allocations proposed by individual estate agents are submitted to the branch managers for review and approval; (ii) upon receiving the submitted allocations from the branch managers, the finance department of the Group will then double check the information integrity and ensure that proper approvals have been obtained; (iii) in determining whether an allocation of commission income in a particular Transaction involving Midland Group satisfies such criteria, the allocation together with the related terms

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of the Transaction would be compared with other comparable transactions that the Group made with independent third parties, particularly those made under the then prevailing circumstances, in so far as they are available; (iv) where no comparable transactions are available for proper consideration, the Group would assess: (a) the nature and workload – in general for a primary market transaction, a party referring a purchaser would ordinarily receive more commission income than the party acting for the developer because the former would typically assume relatively heavier workload; (b) the engagement scope and nature – a party acting for the vendor may bargain for higher commission income if he acts as a sole and exclusive agent for the vendor; (c) the characteristics, nature and value of the property – a party acting for vendor of unique and high value property is likely to be able to bargain for higher commission income; and (d) 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 (as appropriate) independent third parties; and (v) the Transactions will also be reviewed by the independent non-executive Directors and reported on by the auditors of the Company on an annual basis in compliance with the relevant requirements in Chapter 14A of the Listing Rules.

In assessing whether there is reasonable basis for determining the commission income allocation, we have reviewed the past record of the commission income allocation between the Group and Midland Group for both the commission income paid/payable to and received/receivable from Midland Group for the nine months ended 30 September 2015 and noted that the most common range of allocation of commission income to the party making the referral for primary market transactions fell in the range of 70% to 90%, while the most common allocation basis for secondary market transactions was close to 50:50. We also reviewed the past record of the commission income allocation between the Group and independent third parties for the nine months ended 30 September 2015 and noted that the commission income allocation basis for primary market and secondary market transactions largely corresponds to the most common range of commission income split between the Group and Midland Group. As such, we are of the view that the commission income allocation between the Group and Midland Group is on normal commercial terms or better, that is, the terms which a party could obtain if the transaction were on an arm's length basis or terms no less favourable to the relevant members of the Group than terms available to or from (as appropriate) independent third parties.

For the nine months ended 30 September 2015, approximately 6.5% and 24.6% of the transactions for the commission income paid to and received from Midland Group fell outside the most common range of allocation of commission income for primary market transactions respectively, while approximately 26% and 27% of the transactions for the commission income paid to and received from Midland Group fell outside the most common range of allocation of commission income for secondary market transactions respectively. For those transactions falling outside the reference commission income allocation ratio or the most common range of allocation of commission income as mentioned above, we discussed with the management of the Company and reviewed the past record for those transactions and noted that the commission income splits were determined on the same practice with those transactions falling within the most common range of allocation of commission income which were, and will continue to be, negotiated between the parties on arm's length and case-by-case basis after taking into account factors including (i) the characteristics, nature and value of properties involved such as the geographical locations, types, usages, areas or other objective features of the properties as well as the subjective requirements of the specific customers; (ii) the nature and workload of the respective agents; and (iii) the scope and nature of the requisite estate agency and consultancy services contemplated under the engagements with individual customers.

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As such, we consider that those transactions falling outside the most common range of allocation of commission income were in line with the Group's practice which was negotiated between the parties on arm's length and case-by-case basis after taking into account a number of factors as mentioned above in determining the commission income allocation.

Settlement

As stated in the Letter from the Board, referral fee is paid out of the actual commission income received. For actual commission income received in each month, payments will generally be made by the end of the next following calendar month. The payment terms are the same as those in other referral transactions of the Group to or from (as appropriate) independent third parties. We have discussed with the management of the Company in relation to the payment terms and reviewed the past payment record of the referral fees to/from Midland Group and independent third parties and consider that the payment terms are fairly and reasonably determined.

After discussing with the management and reviewing (i) the past record of commission income allocation between the Group and Midland Group for both the commission income paid/payable to and received/receivable from Midland Group for the nine months ended 30 September 2015; (ii) the past record of the commission income allocation between the Group and independent third parties for the nine months ended 30 September 2015; (iii) the past payment record of the referral fees to/from Midland Group and independent third parties and having considered that (i) the nature of the Transactions falls within the ordinary and usual course of business of the Group; and (ii) there is reasonable basis for determining the commission income allocation on the condition that the allocation of commission income will be on normal commercial terms or better, we consider that the terms of the Cross Referral Services Agreement (2015) are on normal commercial terms or better and are fair and reasonable in so far as the Company and the Independent Shareholders are concerned.

The Annual Caps

The proposed Annual Caps for the Transactions contemplated under the Cross Referral Services Agreement (2015) are set out as follows:

	Proposed Annual Caps for the year ending		
	31 December		
	2016	2017	2018
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Maximum annual amounts of referral fees expected to be paid to Midland Group in respect of industrial and commercial properties and shops	85.0	90.0	95.0
Maximum annual amounts of referral fees expected to be received from Midland Group in respect of residential properties	40.0	45.0	50.0

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We understand from the management of the Company that in determining the Annual Caps for each of the three financial years ending 31 December 2016, 2017 and 2018, the Directors have considered various factors including, among others, the general property market and property market volatility and the intended closer co-operation between the Group and Midland Group in cross referral business as well as the historical amounts of referral fees paid/payable to or received/receivable from the Group, which will be further explained below.

In assessing the fairness and reasonableness of the Annual Caps, we have reviewed the computation of the Annual Caps and discussed with the management of the Company on the principal bases considered in the determination of the Annual Caps. It was noted that the property market in Hong Kong has been volatile over the past years and it is considered the volatility in the property market in Hong Kong is likely to continue to persist in the near future, as the property market is vulnerable to fluctuations in global and local economic conditions, government policies and market sentiment. According to the press release of the US Federal Reserve on 16 December 2015, it stated that it decided to raise the interest rate in the U.S. With an increase in interest rates in the U.S. and expected economic slowdown, we noted from macroeconomic analyses that a number of well-known investment banks such as CLSA are expecting Hong Kong residential property prices to come under downward pressure. According to Hong Kong Property – Sector outlook report published on 20 October 2015 by CLSA, an independent brokerage and investment group which was voted Best Overall Brokerage in Asia (ex-Australia and Japan) for Combined Research and Sales and Most Independent Research Brokerage in the annual Asiamoney Broker's Poll, it is expected that the Hong Kong residential property prices to fall by 10% in 2016 and 17% in aggregate in the next 27 months. Management considers that the drop in price may trigger potential buyers to get in the market and increase the transaction volume.

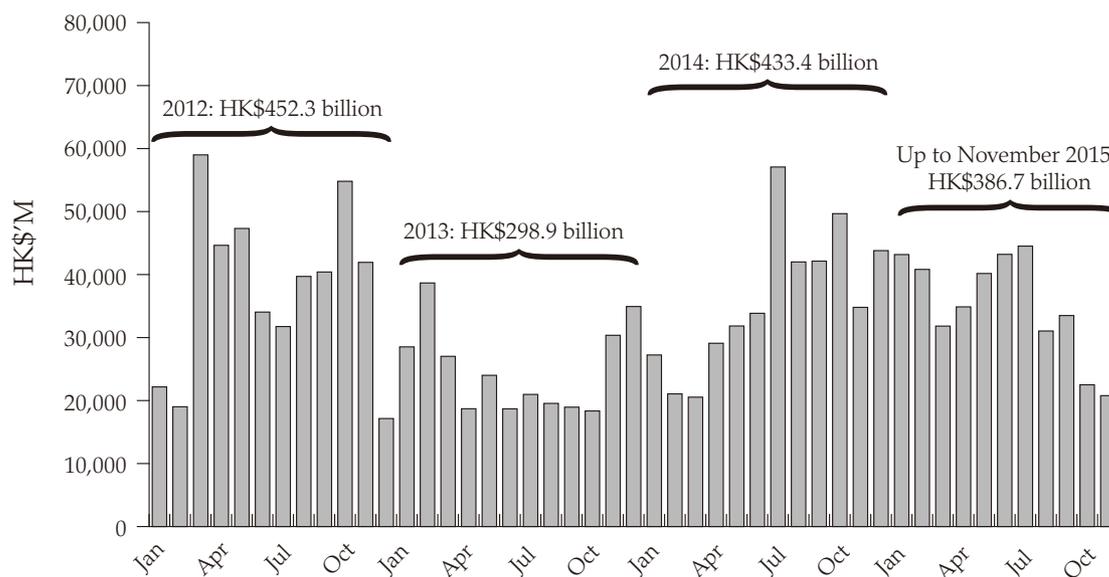
The plunge in equities in China and Hong Kong weakens the retail and tourism sectors in Hong Kong. According to the Monthly Report – Visitor Arrivals Statistics: June 2015 published in July 2015 by Hong Kong Tourism Board, the number of Mainland visitors staying overnight registered a drop of 3.8% in the first six months of 2015. The equities market fluctuations and devaluation of Renminbi created uncertainties to the market sentiment for retail investment market. However, the overall property market is still supported by Hong Kong's overall sound economic condition backed by a strong growth in private consumption and investment expenditure. As such, the property market is expected to be uncertain.

In view of the aforesaid, we concur with the Directors that the residential, industrial and commercial properties and shops sectors will be challenging and uncertain in 2016.

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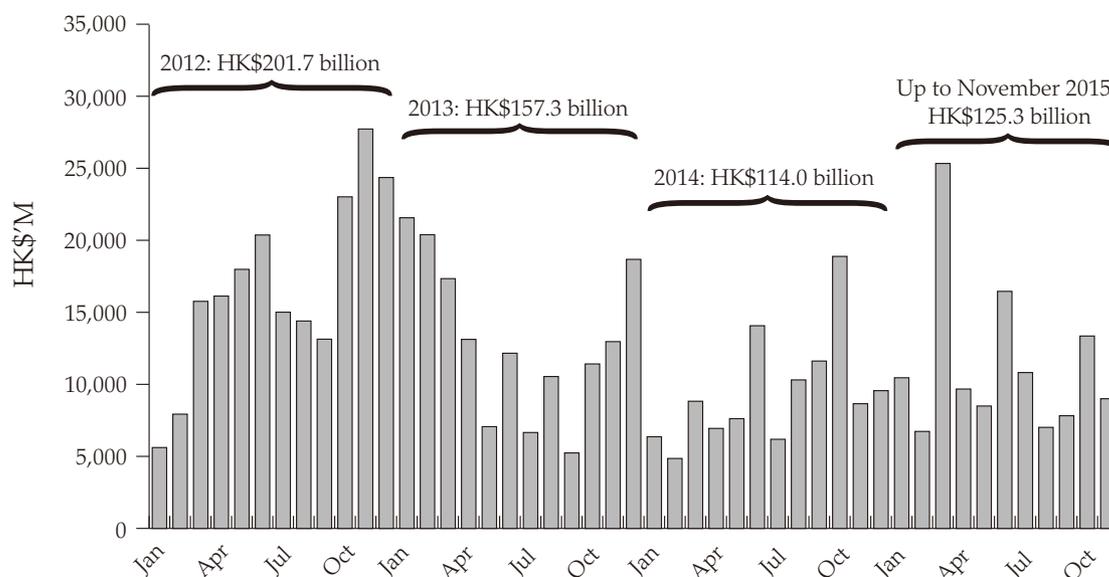
We have further reviewed the statistics from the Land Registry of the Government of Hong Kong regarding the trend of the Hong Kong property market. Extracted below are the statistics in relation to the month-on-month percentage change on the amount of consideration of agreements for sale and purchase of building units (residential and non-residential) since January 2012 to November 2015:

Residential



Source: Land Registry of the Government of Hong Kong

Non-Residential



Source: Land Registry of the Government of Hong Kong

As noted from the above charts, 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 approximately 45.0% in the year ended 31 December 2014 to a decrease of

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approximately 33.9% in the year ended 31 December 2013. We note that the annualized figure for the year ending 31 December 2015, based on the actual figure up to November 2015, remains at a similar level with that in 2014. For non-residential properties, the year-to-year fluctuation of the amount of consideration of agreements for sale and purchase of building units showed a decrease of approximately 27.5% in the year ended 31 December 2014. However, the actual amount up to November 2015 has already exceeded that in 2014. We consider that both the residential and non-residential property markets in 2015 would not materially deteriorate as compared with 2014. After discussing with the management, we understand that the performance of the general market for both residential and non-residential properties in 2015 is one of the factors to consider when determining the proposed Annual Caps and the Group has also taken into account the historical records of the referral fees paid/payable or received/receivable by the Group in 2015. We consider that the basis in determining the Annual Caps is reasonable. Also, as advised by the Directors, the proposed Annual Caps were determined to allow for more flexibility due to fluctuation in transaction volume of property market in order to adapt to changes in market conditions and react expeditiously so as to capture business opportunities when available.

Set out below are the historical amounts of the referral fees for the two years ended 31 December 2014 and the nine months ended 30 September 2015:

	Year ended 31 December 2013	Year ended 31 December 2014	Nine months ended 30 September 2015
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Referral fees paid/payable to Midland Group in respect of industrial and commercial properties and shops	63.5	87.7	57.4
Referral fees received/receivable from Midland Group in respect of residential properties	39.2	27.3	23.6

Based on the amount of referral fees recorded for the nine months ended 30 September 2015, the annualized referral fees paid/payable to Midland Group in respect of industrial and commercial properties and shops for the year ending 31 December 2015 are estimated to be approximately HK\$76.5 million, and the annualized referral fees received/receivable from Midland Group in respect of residential properties for the year ending 31 December 2015 are estimated to be approximately HK\$31.5 million.

The proposed Annual Cap of referral fees expected to be paid to Midland Group in respect of industrial and commercial properties and shops for the year ending 31 December 2016 in the sum of HK\$85 million represents a growth of approximately HK\$8.5 million or growth rate of approximately 11% of the annualized amount of approximately HK\$76.5 million for the year ending 31 December 2015, whilst the proposed Annual Cap of referral fees expected to be received from Midland Group in respect of residential properties for the year ending 31 December 2016 in the sum of HK\$40 million represents a growth of approximately HK\$8.5 million or growth rate of approximately 27% of the annualized amount of approximately HK\$31.5 million for the year ending 31 December 2015. To justify the said growth, we have considered the basis of management's expectation on the degree of

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co-operation between the Group and Midland Group. We have requested and noted from the past records of the Company and noted that the degree of co-operation between the Group and Midland Group was intensified in respect of industrial and commercial properties and shops, which can be demonstrated as follows:

	For the year ended 31 December		
	2012	2013	2014
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Amount of referral fees paid/payable to Midland Group by the Group in respect of industrial and commercial properties and shops transactions	59.9	63.5	87.7
Year-on-year growth rate		6%	38%
Compound annual growth rate from 2012 to 2014			21%

It was noted that the Group has co-operated with Midland Group on cross referral services for a long time. The Group intends to foster a closer co-operation with Midland Group in the near future through engagements in more cross referral transactions. With long history of professional teams of both groups working with each other, the Group intends to continue and enhance the relationship to mutually benefit each other financially.

We have further reviewed the statistics from the Rating and Valuation Department of Hong Kong regarding the number of newly completed private residential units in Hong Kong.

	January to September			
	2012	2013	2014	2015
Number of newly completed private residential units	10,149	8,254	15,719	8,920

In addition, we noted from the Rating and Valuation Department that the forecasted number of newly completed private residential units for the years 2015 and 2016 will be 13,286 and 20,144 respectively, while the statistics on the private housing supply in primary market as at 30 September 2015 from the Transport and Housing Bureau show that 86,000 units will be available in the coming three to four years. As such, it shows that the number of newly completed private residential units will increase in 2016.

Given the above and in particular (i) the overall performance of the industrial and commercial property market in Hong Kong in 2015 as noted from the statistics from the Land Registry of the Government of Hong Kong; (ii) the historical property market fluctuations, and the Annual Caps were determined to allow for flexibility due to future property market fluctuations so as to capture business opportunities; (iii) the proposed Annual Cap of referral fees expected to be paid to Midland Group in respect of industrial and commercial properties and shops for the year ending 31 December 2016 is not materially different from the annualized figure from 2015; (iv) the plans for closer co-operation which enable both groups to mutually benefit each other financially; and (v) the year-on-year growth in Annual Caps in

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respect of industrial and commercial properties and shops for the two years ending 31 December 2017 and 2018 is not materially different from that in 2016, we concur with the Directors' view that the proposed Annual Caps in respect of industrial and commercial properties and shops for the three years ending 31 December 2018 are fair and reasonable in so far as the Company and the Independent Shareholders are concerned.

Given the above and in particular (i) the percentage split of 70%-90% commission income could be earned by the Group in the case of primary residential property referral transactions given the expected increase in the number of newly completed private residential units in the coming three to four years; (ii) the overall performance of the residential property market in Hong Kong in 2015 as noted from the statistics from the Land Registry of the Government of Hong Kong; (iii) the historical property market fluctuations, and the Annual Caps were determined to allow for flexibility due to future property market fluctuations so as to capture business opportunities; (iv) the plans for closer co-operation which enable both groups to mutually benefit each other financially; (v) the year-on-year growth in Annual Caps in respect of residential properties for the two years ending 31 December 2017 and 2018 is not materially different from that in 2016, we concur with the Directors' view that the proposed Annual Caps in respect of residential properties for the three years ending 31 December 2018 are fair and reasonable in so far as the Company and the Independent Shareholders are concerned.

However, as the Annual Caps relate 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 (2015), consequently, we express no opinion as to how closely the actual amounts of referral fees payable/receivable by the Group to/from Midland Group under the Cross Referral Services Agreement (2015) correspond with the proposed Annual Caps.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the Cross Referral Services Agreement (2015) and the Transactions contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; and that the terms of the Cross Referral Services Agreement (2015) and the Transactions contemplated thereunder and the proposed Annual Caps are fair and reasonable in 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 (2015), the Transactions contemplated thereunder and the proposed Annual Caps.

Yours faithfully,
For and on behalf of
Octal Capital Limited
Alan FUNG **WONG Wai Leung**
Managing Director *Executive Director*

Note: Mr. Alan FUNG has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. FUNG has more than 20 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions of listed companies in Hong Kong in respect of the Code on Takeovers and Mergers. Mr. WONG Wai Leung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2008. Mr. WONG has more than 15 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions of listed companies in Hong Kong in respect of the Code on Takeovers and Mergers.

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 executive 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) Long positions in the Shares and underlying Shares

Name of Director	Nature of interest/ Capacity	Number of ordinary Shares	Number of underlying Shares	Total	Approximate percentage of the issued shares of the Company
Mr. WONG Hon Shing, Daniel	Personal interest/ Beneficial owner	20,000,000	15,000,000 <i>(Note 1)</i>	35,000,000	0.26%
Mr. TSANG Link Carl, Brian	Personal interest/ Beneficial owner	–	5,000,000 <i>(Note 2)</i>	5,000,000	0.04%
Mr. YING Wing Cheung, William	Personal interest/ Beneficial owner	3,000,000	5,000,000 <i>(Note 3)</i>	8,000,000	0.06%
Mr. SHA Pau, Eric	Personal interest/ Beneficial owner	–	5,000,000 <i>(Note 4)</i>	5,000,000	0.04%
Mr. HO Kwan Tat, Ted	Personal interest/ Beneficial owner	–	5,000,000 <i>(Note 5)</i>	5,000,000	0.04%

Notes:

1. These underlying Shares were held by Mr. WONG Hon Shing, Daniel by virtue of the interests in the share options of the Company granted to him.
2. These underlying Shares were held by Mr. TSANG Link Carl, Brian by virtue of the interests in the share options of the Company granted to him.
3. These underlying Shares were held by Mr. YING Wing Cheung, William by virtue of the interests in the share options of the Company granted to him.
4. These underlying Shares were held by Mr. SHA Pau, Eric by virtue of the interests in the share options of the Company granted to him.
5. These underlying Shares were held by Mr. HO Kwan Tat, Ted by virtue of the interests in the share options of the Company granted to him.

(b) Long positions in the shares and underlying shares of associated corporation of the Company

Name of associated corporation	Name of Director	Nature of interest/ Capacity	Number of ordinary shares	Number of underlying shares	Approximate percentage of the issued shares of associated corporation		
					Total		
Midland	Ms. TANG Mei Lai, Metty	Family interest/ Interest of spouse	185,830,144 (Note 6)	7,209,160 (Note 7)	193,039,304	26.88%	
		Personal interest/ Beneficial owner	-	7,209,160 (Note 8)			1.00%
		Midland	Ms. WONG Ching Yi, Angela	Personal interest/ Beneficial owner			-

Notes:

6. These shares represent the shares held directly or indirectly by Mr. WONG Kin Yip, Freddie (“Mr. WONG”), the spouse of Ms. TANG Mei Lai, Metty (“Ms. TANG”), as ultimate beneficial owner in the shares of Midland, the associated corporation of the Company.
7. These underlying shares represent the interests in the share options of Midland held by Mr. WONG, the spouse of Ms. TANG, by virtue of the interests in the share options of Midland granted to him.
8. These underlying shares were held by Ms. TANG by virtue of the interests in the share options of Midland granted to her.
9. These underlying shares were held by Ms. WONG Ching Yi, Angela (“Ms. WONG”) by virtue of the interests in the share options of Midland granted to her.
10. Ms. TANG and Ms. WONG are executive directors of Midland.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares,

underlying shares or debentures of the Company or any of 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.

(c) Other interests

Save as disclosed herein, the disclosure made in the announcement of the Company dated 7 April 2014 in relation to the tenancy agreement entered into between the Group and associate of Ms. TANG and Ms. WONG, the letting of the premises located at No. 17, 7th Floor, Tower B, New Mandarin Plaza, No. 14 Science Museum Road, Kowloon, Hong Kong by an associate of Ms. TANG and Ms. WONG to the Group for a term commencing from 25 August 2014 to 30 April 2016 at a monthly rental of HK\$33,000 pursuant to a tenancy agreement dated 21 August 2014 and the granting of a licence to install billboard at the lower part of the external wall facing Shanghai Street of the building known as “No. 33 Argyle” at Nos. 611–617 Shanghai Street and No. 33 Argyle Street, Kowloon, Hong Kong by an associate of Ms. TANG and Ms. WONG to the Group for a term commencing from 1 November 2015 to 31 October 2017 at a monthly licence fee of HK\$82,000 pursuant to a licence agreement dated 15 December 2015, 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.

Save as disclosed above in this section, none of the Directors had any direct or indirect interest in any assets which have been since 31 December 2014 (being the date to which the latest published audited consolidated financial statements of the Group were made up) 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.

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 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 close 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

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. EXPERT AND CONSENT

Octal Capital is a corporation licensed under the SFO to carry on type 1 (dealing in 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 (2015), the Transactions and the Annual Caps.

Octal Capital 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, Octal Capital 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 2014, the date to which the latest published audited consolidated financial statements of the Group 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) and the Cross Referral Services Agreement (2015) are available for inspection at the head office and principal place of business of the Company in Hong Kong at Room 1801A, 18th Floor, Office Tower One, Grand Plaza, 625 & 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 Room 1801A, 18th Floor, Office Tower One, Grand Plaza, 625 & 639 Nathan Road, Mongkok, Kowloon, Hong Kong on 13 January 2016 at 11:00 a.m. 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 (2015) (as defined in the circular of the Company dated 24 December 2015 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 Caps (as defined in the Circular) be and are hereby approved; and the execution of the Cross Referral Services Agreement (2015) and any other agreements and documents and the 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 (2015), the Transactions and the Annual Caps 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
Midland IC&I Limited
WONG Hon Shing, Daniel

Chief Executive Officer and Executive Director

Hong Kong, 24 December 2015

* *For identification purpose only*

NOTICE OF EGM

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

Room 1801A, 18th Floor
Office Tower One
Grand Plaza
625 & 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. All resolutions at the Meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
2. A member of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or (if he is a holder of two or more shares) more than one proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. A form of proxy for the 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.
4. The completed 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 of attorney or authority, must be deposited at the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Delivery of a form of proxy will not preclude you from attending and voting in person at the Meeting and at any adjournment thereof. In any event, the form of proxy shall be deemed to be revoked.
5. Where there are joint holders of a share of the Company, any one of such holders may vote at the Meeting either in person 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 in person 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.
6. The register of members of the Company will be closed from Monday, 11 January 2016 to Wednesday, 13 January 2016, both days inclusive, during which period no transfer of shares will be registered. To be eligible to attend and vote at the Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 8 January 2016.