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If you are in any doubt as to any aspect of 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 the Company, 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.

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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: 8090)

**REVISED CAPS FOR CERTAIN EXISTING
CONTINUING CONNECTED TRANSACTIONS**

Financial adviser to Midland IC&I Limited



Optima Capital Limited

**Independent financial adviser to
the Independent Board Committee and the Independent Shareholders**



TAIFOOK CAPITAL LIMITED

A letter from the Board is set out on pages 3 to 8 of this circular. A letter from the Independent Board Committee is set out on page 9 of this circular. A letter from the independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 10 to 17 of this circular.

A notice convening the EGM to be held at Room 1801A, 18th Floor, One Grand Tower, 639 Nathan Road, Mongkok, Kowloon, Hong Kong on Thursday, 15 May 2008 at 12:15 p.m. (or immediately following the closing or adjournment of the annual general meeting of the Company to be held at 12:00 noon on the same day and at the same place, whichever is later) and any adjournment thereof is set out on pages 22 to 23 of this circular.

A form of proxy for use at the EGM 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, 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 of 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 adjournment thereof should you so wish.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting.

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. GEM-listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

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

“Articles”	the articles of association of the Company;
“associates”	has the meaning ascribed thereto in the GEM Listing Rules;
“Board”	the board of Directors;
“Company”	Midland IC&I Limited (stock code: 8090), a company incorporated in the Cayman Islands with limited liability with its shares listed on the GEM;
“Convertible Notes”	5-year 1% convertible notes of the Company to be due in June 2012;
“Cross Referral Services Agreement”	the cross referral services agreement dated 6 June 2007 entered into between the Company and Midland in relation to the cross referral services between the relevant members of the Group and the Midland Group;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company proposed to be held for the purpose of approving the Revised Caps;
“GEM”	the Growth Enterprise Market operated by the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board, comprising three independent non-executive Directors namely Messrs. HO Kwan Tat, Ted, SHA Pau, Eric and YING Wing Cheung, William, established to advise the Independent Shareholders on the Revised Caps;
“Independent Shareholders”	the Shareholders other than Midland and its associates;
“Ketanfall”	Ketanfall Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company;

DEFINITIONS

“Latest Practicable Date”	23 April 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“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 operated by the Stock Exchange;
“Midland Group”	Midland and its subsidiaries;
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan;
“Revised Caps”	the revised annual caps for the Transactions for the two years ending 31 December 2008 and 2009 as set out on page 5 of this circular;
“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 capital of the Company;
“Shareholder(s)”	the shareholder(s) 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 Revised Caps;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Transactions”	(i) the provision of referral of estate agency business in respect of industrial and commercial (office and shop) properties to the relevant members of the Group; and (ii) the provision of referral of estate agency business in respect of residential properties to the relevant members of the Midland Group pursuant to the Cross Referral Services Agreement; and
“%”	per cent.

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: 8090)

Executive Directors:

Mr. WONG Tsz Wa, Pierre
Ms. IP Kit Yee, Kitty
Ms. YUEN Wing Kwan, Annie

Non-Executive Director:

Mr. TSANG Link Carl, Brian

Independent Non-executive Directors:

Mr. HO Kwan Tat, Ted
Mr. KOO Fook Sun, Louis
Mr. SHA Pau, Eric
Mr. YING Wing Cheung, William

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

28 April 2008

*To the Shareholders, and for information only,
holders of the Convertible Notes*

Dear Sir or Madam,

**REVISED CAPS FOR CERTAIN EXISTING
CONTINUING CONNECTED TRANSACTIONS**

INTRODUCTION

The Company announced on 7 April 2008 that it proposed to revise the existing annual caps for the Transactions. Reference is made to the announcement of the Company dated 30 March 2007 and circular of the Company dated 7 May 2007 in relation to, among others, the Transactions.

As set out in the circular of the Company dated 7 May 2007, upon completion of the acquisition of the entire issued capital of Ketanfall by the Company from the Midland Group, the Company would enter into certain continuing connected transactions with the Midland Group pursuant to the Cross Referral Services Agreement. Ketanfall is the holding company of a group of companies principally engaged in the business of industrial and commercial (office and shop) property brokerage in Hong Kong.

* For identification purpose only

LETTER FROM THE BOARD

The transactions contemplated under the Cross Referral Services Agreement constitute continuing connected transactions for the Company which must comply in full with the reporting, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules. The then Independent Shareholders' approval of the Transactions was obtained on 31 May 2007, and the Group and the Midland Group entered into the Cross Referral Services Agreement on 6 June 2007. The term of the Cross Referral Services Agreement will expire on 31 December 2009.

In accordance with the GEM Listing Rules, the Company has been monitoring all of its continuing connected transactions. With the continued development of the Group and based on internal estimates of the demand under, and the operating conditions in respect of, the Transactions, the Directors expect that the existing annual caps in respect of 2008 and 2009 for the Transactions will not be sufficient for the Group's requirements. The Directors therefore propose to revise existing annual caps for the Transactions.

The purpose of this circular is to provide you with, among other things, information relating to: (i) the details of the Transactions and the Revised Caps; (ii) the recommendation from Taifook to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Transactions and the Revised Caps; 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 Revised Caps and to give you notice of the EGM.

CONTINUING CONNECTED TRANSACTIONS

Background to and reasons for the Transactions and the terms of the Cross Referral Services Agreement

As part of their respective usual and normal course of business currently conducted, the relevant members of Midland Group may refer estate agency business in respect of industrial and commercial (office and shop) properties to the Group from time to time; and the Group may refer estate agency business in respect of residential properties to the relevant members of Midland Group from time to time.

The Cross Referral Services Agreement provides to the effect that (i) 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 may be referred by the Midland Group to the relevant members of the Group on a case-by-case basis; and (ii) any business opportunity falling within the Midland Group's estate agency business in respect of residential properties in Hong Kong, Macau and the PRC may be referred by the Group to the relevant members of the Midland Group also on 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 or maximum 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.

LETTER FROM THE BOARD

Generally, the commission income shall be initially allocated as to 80% to the person who makes the referral of the transaction in question and 20% to the person who accept such referral respectively. In any event, under the Cross Referral Services Agreement, the allocation of commission income actually received from the customers and other terms thereof 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.

Annual caps

The existing annual caps and the actual values for the Transactions in respect of 2005 to 2007, and the Revised Caps proposed by the Company are as follows:

	Year ended 31 December		6 June 2007 to 31 December 2007		Year ending 31 December				
	2005	2006	2007	(Note)		2008	2009		
	Actual value (HK\$ million)	Actual value (HK\$ million)	Actual value (HK\$ million)	Existing annual cap (HK\$ million)	Actual value (HK\$ million)	Existing annual cap (HK\$ million)	Revised annual cap (HK\$ million)	Existing annual cap (HK\$ million)	Revised annual cap (HK\$ million)
Internal referral fees paid to the Midland Group in respect of industrial and commercial (office and shop) properties	35.55	21.25	31.17	50	21.06	50	60	50	60
Internal referral fees received from the Midland Group in respect of residential properties	11.77	4.52	20.51	14	13.37	14	50	14	50

Note: The commencement date of the Cross Referral Services Agreement is 6 June 2007.

The Company confirms that aggregated values for the above transactions during 2007 have not exceeded the annual caps.

The proposed revision of the annual caps for the years ending 31 December 2008 and 2009 in relation to the internal referral fees is primarily due to the growth of the property market in Hong Kong, Macau and the PRC, including both the residential market and industrial and commercial market. At the time of the Company's acquisition of Ketanfall, the Company had determined the annual caps for the Transactions principally based on historical transaction values and the maximum annual fee level internally recorded by the Midland Group during 2004 to 2006. The internal referral fees paid to the Midland Group for the year ended 31 December 2007 were HK\$31.17 million, representing approximately 46.7% growth from that for 2006 while the internal referral fees received from the Midland Group for the year ended 31 December 2007 were HK\$20.51 million, representing approximately 353.8% growth from that for 2006.

LETTER FROM THE BOARD

In light of the environment of decreasing interest rate coped with an increasing inflation, the property market sentiment in Hong Kong has improved significantly since the second half of 2007, especially in the residential sector. According to the statistics from the Land Registry of the Government of Hong Kong, (i) a total of 123,575 agreements for sale and purchase of the residential building units in Hong Kong was recorded in 2007, representing a growth of approximately 49.84% from that of the previous year of 82,472 agreements; and (ii) a total consideration for sale and purchase of the residential building units in Hong Kong of approximately HK\$434,033 million was recorded in 2007, representing a growth of approximately 87.06% from that of the previous year of approximately HK\$232,026 million. The Board expects that the market momentum will continue or even exceed previous years.

The Company has determined the Revised Caps based on the relevant historical figures in 2007 with a buffer to allow more flexibility and taking into account the reasons set out above.

The Board considers that the terms of the continuing connected transactions contemplated under the Cross Referral Services Agreement are based on normal commercial terms, or on terms no less favourable than those available to/from independent third parties, and were entered into in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the Revised Caps are fair and reasonable.

Implications under the GEM Listing Rules

As at the Latest Practicable Date, Midland (being the controlling Shareholder) and its associates were interested in approximately 51.81% of the issued share capital of the Company. Accordingly, the Transactions constitute continuing connected transactions of the Company under the GEM Listing Rules.

In respect of the Revised Caps, certain of the applicable percentage ratios pursuant to the GEM Listing Rules are expected to exceed 2.5% on an annual basis. In addition to complying with the reporting and announcement requirements in Rules 20.45 to 20.47 of the GEM Listing Rules, Independent Shareholders' approval will be required for the revision of the annual caps in respect of the Transactions. In this connection, the Company will seek the Independent Shareholders' approval of the Revised Caps at the EGM. Pursuant to Rule 20.54 of the GEM Listing Rules, any connected person and any Shareholder and their associates with a material interest in the Cross Referral Services Agreement are required to abstain from voting on the resolution at the EGM to be held to approve the same. Midland is interested in these transactions and therefore it and its associates will abstain from voting on the resolution at the EGM.

The Company proposes to seek approval from the Independent Shareholders in respect of the Revised Caps at the EGM. The Independent Board Committee has been formed to advise the Independent Shareholders in connection with the Revised Caps. Taifook has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same. Its letter to the Independent Board Committee and the Independent Shareholders in respect of the Revised Caps is set out on pages 10 to 17 of this circular.

LETTER FROM THE BOARD

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 (office and shop) property in Hong Kong.

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

EXTRAORDINARY GENERAL MEETING

Set out on pages 22 to 23 in this circular is a notice of EGM convening the EGM at which the ordinary resolution will be proposed to approve the Revised Caps.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, the votes of Independent Shareholders taken at the EGM must be taken by poll.

A form of proxy for the EGM is enclosed with this circular. Whether you intend to attend the EGM or not, 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 in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for the EGM. Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM in person if you so wish.

POLL PROCEDURE

The votes to be taken at the EGM in relation to the revision of the annual caps in respect of the Transactions will be taken by a poll, the results of which will be announced after the EGM.

The followings are the procedures by which the Shareholders may demand a poll at a general meeting of the Company (including the EGM) pursuant to the Articles.

According to Article 66, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded: (a) by the chairman of such meeting; or (b) by at least five Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the advice of the Independent Board Committee set out in its letter set out on page 9 of this circular. Your attention is also drawn to the letter of advice from Taifook to the Independent Board Committee and the Independent Shareholders in respect of the Revised Caps set out on pages 10 to 17 in this circular. The Independent Board Committee having taken into account the advice of Taifook, considers that the 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 Revised Caps are fair and reasonable so far as the Independent Shareholders are concerned and recommend that the Independent Shareholders to vote in favour of the ordinary resolution to approve the Revised Caps at the EGM.

ADDITIONAL INFORMATION

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

Yours faithfully,
By order of the Board
Midland IC&I Limited
YUEN Wing Kwan, Annie
Executive Director and Company Secretary



MIDLAND IC&I LIMITED

美聯工商舖有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8090)

28 April 2008

To the Independent Shareholders

Dear Sir or Madam,

**REVISED CAPS FOR CERTAIN EXISTING
CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular of the Company dated 28 April 2008 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 by the Board to consider the revision of the annual caps in respect of the Transactions and to advise the Independent Shareholders in connection with the Revised Caps as to whether, in our opinion, the Revised Caps are fair and reasonable so far as the Independent Shareholders are concerned. Mr. Koo Fook Sun, Louis is an independent non-executive director of both the Company and Midland and therefore has not been appointed as member of the Independent Board Committee. 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 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 Revised Caps 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 the Revised Caps at the EGM.

Yours faithfully,

For and on behalf of

Independent Board Committee

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

Independent non-executive Directors

* For identification purpose only

LETTER FROM TAIFOOK

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



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

28 April 2008

*To the Independent Board Committee and
the Independent Shareholders*

Midland IC&I Limited
Room 1801A, 18th Floor
One Grand Tower
639 Nathan Road
Mongkok
Hong Kong

Dear Sirs,

REVISED CAPS FOR CERTAIN EXISTING CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders with respect to the revised caps for the Transactions under the Cross Referral Services Agreement, details of which are set out in the letter from the Board (the "Letter") contained in the circular of the Company dated 28 April 2008 (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.

As referred to in the Letter, the Company would enter into certain continuing connected transactions with the Midland Group pursuant to the Cross Referral Services Agreement upon completion of the acquisition of the entire issued share capital of Ketanfall (the holding company of a group of companies principally engaged in the business of industrial and commercial (office and shop) property brokerage in Hong Kong) by the Company from the Midland Group as detailed in the Company's circular dated 7 May 2007 (the "2007 May Circular"), which, together with the existing annual caps for the Transactions for the three years ended 31 December 2007, 2008 and 2009, were approved by the then Independent Shareholders on 31 May 2007. On 6 June 2007, the Group and the Midland Group entered into the Cross Referral Services Agreement with the term expiring on 31 December 2009, pursuant to which, on a case-by-case basis, (i) 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 may be referred

LETTER FROM TAIFOOK

by the Midland Group to the relevant members of the Group; and (ii) any business opportunity falling within the Midland Group's estate agency business in respect of residential properties in Hong Kong, Macau and the PRC may be referred by the Group to the relevant members of the Midland Group. With the Group's continuous development and based on the internal estimates of the demand under, and the operating conditions in respect of, the Transactions, the Directors expect that the existing annual caps in respect of 2008 and 2009 for the Transactions will not be sufficient for the Group's requirements and therefore propose to revise those existing annual caps for the Transactions.

As at the Latest Practicable Date, Midland, being the controlling Shareholder, and its associates were interested in approximately 51.81% of the issued share capital of the Company. Accordingly, the Transactions constitute continuing connected transactions for the Company under the GEM Listing Rules. In respect of the Revised Caps, certain of the applicable percentage ratios pursuant to the GEM Listing Rules are expected to exceed 2.5% on an annual basis, and are therefore subject to the approval of the Independent Shareholders at the EGM, at which the votes will be taken by poll. The Midland Group and its associates will abstain from voting on the resolution to approve the Revised Caps at the EGM.

The Independent Board Committee comprising three independent non-executive Directors, namely Mr. HO Kwan Tat, Ted, Mr. SHA Pau, Eric and Mr. YING Wing Cheung, William, has been established to advise the Independent Shareholders whether or not to vote in favour of the Revised Caps. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion and recommendation as to whether the Revised Caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole.

BASIS OF OUR OPINION

In formulating our recommendation, we have relied on the information, financial information and facts supplied to us and representations expressed by the Directors and/or management of the Company and have assumed that all such information, financial information and facts and any representations made to us, or referred to in the Circular, in all material aspects, are true, accurate and complete as at the time they were made and as at the date of the Circular, has been properly extracted from the relevant underlying accounting records (in the case of financial information) and made after due and careful inquiry by the Company and/or the management of the Company. The Directors and/or the management of the Company have confirmed that, having made all reasonable enquiries and to the best of their knowledge and belief, 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. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable. We have no reason to doubt the completeness, truth or accuracy of the information and facts provided 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.

LETTER FROM TAIFOOK

We considered we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information nor have we conducted any form of in-depth investigation into the businesses, affairs, financial position or prospects of the Group and the Midland Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Revised Caps, we have considered the following principal factors and reasons:

1. Background to and reasons for the Revised Caps

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 (office and shop) property in Hong Kong.

The Midland Group is principally engaged in the provision of property brokerage services in Hong Kong, the PRC and Macau.

Pursuant to the Cross Referral Services Agreement, the relevant members of the Midland Group may refer estate agency business in respect of industrial and commercial (office and shop) properties to the Group from time to time; and the Group may refer estate agency business in respect of residential properties to the relevant members of the Midland Group from time to time. As set out in the 2007 May Circular, the Company had determined the existing annual caps for the Transactions principally based on historical transaction values and the maximum annual fee level internally recorded by the Midland Group during 2004 to 2006. The Transactions, together with the existing annual caps for the three years ended 31 December 2007, 2008 and 2009, were approved by the then Independent Shareholders on 31 May 2007.

As advised by the Directors, in light of the environment of low interest rate, the property market sentiment in Hong Kong has improved significantly since the second half of 2007, especially in the residential sector. The Board expects that the market momentum will continue and considers that the outlook for industrial and commercial sectors will keep on. With the Group's continuous development and based on internal estimates of the demand under, and the operating conditions in respect of, the Transactions, the Directors expect that the existing annual caps in respect of 2008 and 2009 for the Transactions will not be sufficient for the Group's requirements and therefore propose to revise existing annual caps for the Transactions based on the relevant historical figures in 2007 with a buffer to allow more flexibility.

2. Principal terms of the Transactions under the Cross Referral Services Agreement

Pursuant to the Cross Referral Services Agreement with a term expiring on 31 December 2009, there is no commitment on any member of the Group or the Midland Group to refer to the other such transactions of any minimum or maximum 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.

In general, the commission income shall be initially allocated as to 80% to the person who makes the referral of the subject transaction and 20% to the person who accepts such referral respectively, as varied dependent on the property market sentiment, efforts and work done of the relevant agents and members of the Group and the Midland Group. In any event, under the Cross Referral Services Agreement, the allocation of commission income actually received from the customers and other terms thereof 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 the terms available to or from (as appropriate) independent third parties. 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, which we considered are in the interests of the Company and the Shareholders as a whole.

LETTER FROM TAIFOOK

3. Revised Caps

Set out below are the existing annual caps and the actual values for the Transactions in respect of 2005 to 2007, and the Revised Caps proposed by the Company:

	Year ended 31 December			6 June 2007 to		Year ending 31 December			
	2005	2006	2007	31 December 2007	(Note)	2008	2009	2008	2009
	Actual value (HK\$ million)	Actual value (HK\$ million)	Actual value (HK\$ million)	Existing cap (HK\$ million)	Actual value (HK\$ million)	Existing annual cap (HK\$ million)	Revised annual cap (HK\$ million)	Existing annual cap (HK\$ million)	Revised annual cap (HK\$ million)
Internal referral fees paid to the Midland Group in respect of industrial and commercial (office and shop) properties	35.55	21.25	31.17	50	21.06	50	60	50	60
Internal referral fees received from the Midland Group in respect of residential properties	11.77	4.52	20.51	14	13.37	14	50	14	50

Note: the commencement date of the Cross Referral Services Agreement is 6 June 2007.

At the time of the Company's acquisition of Ketanfall as detailed in the 2007 May Circular, the Company had determined the existing annual caps for the Transactions principally based on historical transaction values and the maximum annual fee level internally recorded by the Midland Group during 2004 to 2006. As advised by the Company, the proposed revision of the annual caps for the year ending 31 December 2008 and 2009 in relation to the Transactions is primarily due to the growth of the property market in Hong Kong, Macau and the PRC, including both the residential market and industrial and commercial market, and with reference to the increase in the actual internal referral fees paid to or received from the Midland Group by the Group in 2007 over 2006. The internal referral fees paid to the Midland Group for the year ended 31 December 2007 were approximately HK\$31.17 million, representing an increase of approximately 46.7% over 2006 while the internal referral fees received from the Midland Group for the year ended 31 December 2007 were approximately HK\$20.51 million, representing an increase of approximately 353.8% over 2006. For the period from 6 June 2007 (being the commencement date of the Cross Referral Services Agreement) to 31 December 2007, the internal referral fees paid to the Midland Group was approximately HK\$21.06 million and the internal referral fees received from the Midland Group was approximately HK\$13.37 million. With the growth in the Transactions since the second half of 2007 and an expectation of continued growth in Hong Kong property market, the Company would like to propose to revise the existing annual caps for the financial year ending 2008 and 2009 to cater for the expected increase in the Transactions with a buffer to allow for more flexibility.

LETTER FROM TAIFOOK

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:

	2007	2006	Increase/ (decrease)	First quarter of 2008	First quarter of 2007	Increase/ (decrease)
Number of agreements for sale and purchase of building units:						
- residential	123,575	82,472	49.8%	36,917	23,328	58.3%
- non-residential	22,116	16,615	33.1%	5,444	4,137	31.6%
Consideration of agreements for sale and purchase of building units (HK\$million):						
- residential	434,033	232,026	87.1%	137,734	68,674	100.6%
- non-residential	91,592	83,169	10.1%	26,031	17,157	51.7%

From the above table, we note a remarkable increase in the number of the sale and purchase transactions and consideration of the transactions for both residential and non-residential buildings from 2006 to 2007, especially in the residential sector, and this trend continued in the first quarter of 2008.

Based on the statistics from the Census and Statistics Department of the Government of Hong Kong, the composite consumer price index (the "CCPI") of 2007 is 104.4, representing an increase of approximately 2.0% over 2006 of 102.4 while the CCPI of February 2008 is 108.3, representing an increase of approximately 3.7% over 2007. Based on the statistics from the Hong Kong Monetary Authority, the period average saving deposit rate on deposits of less than HK\$100,000 dropped from 2.27% in December 2006 to 1.35% in December 2007 and further reduced to 0.18% in March 2008. With the prevailing macroeconomic environment of low interest rate and expected rising inflation, without any unforeseeable circumstances, it is believed that the sentiment on the Hong Kong property market continues.

In addition, as advised by the Company, the internal referral fees received from the Midland Group in respect of the residential properties for the first two months of 2008 were approximately HK\$2.8 million, representing an increase of approximately 55.6% over the corresponding period of last year of approximately HK\$1.8 million, and the internal referral fees paid to the Midland Group in respect of the industrial and commercial (office and shop) properties for the first two months of 2008 were approximately HK\$5.5 million, representing an increase of approximately 44.7% over the corresponding period of last year of approximately HK\$3.8 million.

LETTER FROM TAIFOOK

Given that (i) there is considerable growth in the internal referral fees received from or paid to the Midland Group by the Group in 2007 (particularly in the second half of 2007) and the first two months of 2008 over their respective corresponding period of previous years; (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; and (iii) the uprise in the Hong Kong property market may sustain for a certain period of time under the prevailing macroeconomic environment of low interest rate and expected rising inflation, we concur with the Directors' view that the Revised Caps, with a justifiable buffer to allow for more flexibility, are fair and reasonable.

4. The conditions for the Revised Caps

In compliance with the annual review requirements under Chapter 20 of the GEM Listing Rules, in addition to obtaining Independent Shareholders' approval for the Revised Caps at the EGM, the Company will comply with the following during the term of the Cross Referral Services Agreement:

- (i) the aggregate values of the Transactions for each of the two financial years ending 31 December 2008 and 2009 shall not exceed the Revised Caps respectively;
- (ii) each year the independent non-executive Directors must review the Transactions and confirm in the Company's annual report and accounts that the Transactions have been entered into (a) in the ordinary and usual course of business of the Company; (b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than those terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (iii) the auditors of the Company will, in accordance with Rule 20.38 of the GEM Listing Rules, review annually the Transactions and they will confirm the same in a letter to the Directors (a copy of which letter will be provided to the Stock Exchange at least 10 business days prior to the bulk printing of the annual report of the Company) in respect of each relevant financial year, during which the Transactions have been conducted;
- (iv) the Company will provide the auditors of the Company with sufficient access to the relevant records of the Transactions for the purpose of the auditors' review as referred to in paragraph (iii) above. The Board must state in the annual report whether its auditors have confirmed the matters stated in Rule 20.38 of the GEM Listing Rules; and

LETTER FROM TAIFOOK

- (v) the Company will comply with the applicable provisions of the GEM Listing Rules governing connected transactions in the event that the total amount of the Transactions exceed the relevant Revised Caps, or that there is any material amendment to the terms of the Cross Referral Services Agreement.

In light of the conditions attached to the Transactions, in particular, (i) the restriction of the value of the Transactions by way of the Revised Caps; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the Transactions and the Revised Caps not being exceeded, 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 Revised 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 would recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Revised Caps.

Yours faithfully,

For and on behalf of

Taifook Capital Limited

Derek C.O. Chan
Managing Director

April Chan
Executive Director

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests and short positions of each of the Directors, chief executives of the Company in the Shares, underlying shares or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were:

- (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or
- (b) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or
- (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange; were as follows:

Name of Director	Number of Shares			Equity derivative (Share options)	Total	Percentage of shareholding
	Personal interests	Family interests	Corporate interests			
Mr. TSANG Link Carl, Brian	-	-	-	83,000,000 (Note)	83,000,000	1.00%

Note: These share options were granted under the share option scheme of the Company to Mr. TSANG Link Carl, Brian on 16th January 2006 for subscription of 83,000,000 Shares at the exercise price of HK\$0.06 each.

All the interests disclosed above represent long position in the Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, nor chief executive of the Company, had or deemed to have any interests or short positions in the Shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), that were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; (b) entered into the register kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests or short positions of every person, other than a Director or chief executive of the Company, in the Shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of shareholder	Number of issued Shares	Number of underlying Shares	Capacity in which Shares are held	Percentage of shareholding
Midland	4,300,000,000	5,400,000,000 (Note 1)	Interest in controlled corporation	116.87%
Tretsfeld Investments Limited	-	5,400,000,000 (Note 1)	Beneficial owner	65.06%
Mr. PONG Wai San, Wilson (Note 2)	660,610,000	-	Beneficial owner and interest in controlled corporation	7.96%
Ms. TUNG Ching Yee, Helena (Note 3)	660,610,000	-	Interest of spouse	7.96%
Summerview Enterprises Limited (Note 4)	660,000,000	-	Beneficial owner	7.95%

Notes:

- These underlying Shares refer to the Shares to be issued upon full conversion of the Convertible Notes in the principal amount of HK\$540 million issued by the Company to Tretsfeld Investments Limited. Tretsfeld Investments Limited is a wholly-owned subsidiary of Midland. The percentage holding of Midland and Tretsfeld Investments Limited represents their interest in the existing issued share capital of the Company after full conversion of the Convertible Notes.
- 660,000,000 Shares were registered in the name of and beneficially owned by Summerview Enterprises Limited and 610,000 Shares were registered in the name of Mr. PONG Wai San, Wilson. The entire issued share capital of Summerview Enterprises Limited was registered in the name of and beneficially owned by Mr. PONG Wai San, Wilson.
- Ms. TUNG Ching Yee, Helena is the spouse of Mr. PONG Wai San, Wilson, these Shares held by Ms. TUNG Ching Yee, Helena represent the same block of Shares held by Mr. PONG Wai San, Wilson.
- The interest of Summerview Enterprises Limited in the Company duplicates those of Mr. PONG Wai San, Wilson in the Company.

All the interests disclosed above represent long position in the Shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company are not aware of any other persons (other than the Directors and chief executives of the Company) that had interests or short position in the Shares or underlying shares of the Company that were required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Company which was not determinable by the Company within one year without payment of compensation (other than statutory compensation).

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 complete, either directly or indirectly, with the business of the Group.

OTHER INTERESTS OF THE DIRECTORS

None of the Directors had any interests, either directly or indirectly, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2007 (being the date to which the latest published audited consolidated accounts of the Group were made up); and

None of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group.

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 2007, being the date to which the latest published audited financial statements of the Group were made up.

EXPERT AND CONSENT

Taifook is a corporation licensed under the SFO to carry on 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 revision of annual caps in respect of the Transactions.

Taifook has given and has not withdrawn its written consent to the issue of this circular with the reference to its name and its letter in the form and context in which it appears.

As at the Latest Practicable Date, Taifook did not have any shareholding, directly or indirectly, 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.

As at the Latest Practicable Date, Taifook did not have any interest, direct or indirect, in any assets which since 31 December 2007, the date to which the latest published audited financial statements of the Group were made up, have 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.

MISCELLANEOUS

The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text, in the case of any inconsistency.

DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the following documents are available for inspection during business hours on any weekday (except for Saturdays and public holidays) 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 up to and including the date of the EGM:

- (a) the Cross Referral Services Agreement;
- (b) the letter of advice from Taifook, the text of which is set out on pages 10 to 17 of this circular; and
- (c) written consent of the expert referred to in the paragraph headed "Expert and Consent".

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: 8090)

NOTICE IS HEREBY GIVEN that the 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 Thursday, 15 May 2008 at 12:15 p.m. (or immediately following the closing or adjournment of the annual general meeting of the Company to be held at 12:00 noon on the same day and at the same place, whichever is later) and any adjournment thereof for the purpose of considering and, if thought fit, passing with or without amendment, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the Revised Caps for the Transactions (as defined in the circular of the Company dated 28 April 2008) be and is hereby approved and that the Directors be and are hereby authorized to do all such act and take all necessary actions in connection therewith.”

By order of the Board
Midland IC&I Limited
YUEN Wing Kwan, Annie
*Executive Director and
Company Secretary*

Hong Kong, 28 April 2008

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 purpose only

NOTICE OF EGM

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, 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 will be despatched to the shareholders with this circular. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, at the offices of the Company's Hong Kong branch registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong no later than 48 hours before the time of the meeting or any adjourned meeting complete and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish.