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

CONTINUING CONNECTED TRANSACTIONS REFERRAL MASTER AGREEMENT

On 14 August 2020, the Company entered into the Master Agreement with mReferral in relation to the provision of Property Related Referral and Financing Related Referral by members of the mReferral Group to members of the Group during the period from 1 January 2020 to 31 December 2022.

mReferral is indirectly held as to 50% by Midland Holdings, a substantial shareholder of the Company. Accordingly, members of the mReferral Group are associates of Midland Holdings and connected persons of the Company. Therefore, the transactions contemplated under the Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the annual caps for the transactions under the Master Agreement are more than 0.1% but less than 5%, the transactions are subject to the announcement, reporting and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

On 14 August 2020, the Company entered into the Master Agreement with mReferral, the particulars of which are as follows:–

THE MASTER AGREEMENT

Date

14 August 2020

* For identification purpose only

Parties

- (a) the Company
- (b) mReferral

Effective period

For a term of three years commenced from 1 January 2020 and ending on 31 December 2022 (both days inclusive).

Nature of transaction

(a) Provision of the Property Related Referral by members of the mReferral Group to members of the Group

Any member of the mReferral Group may (but is not obligated to) refer any Property Related Business opportunity to the Group and will in respect of such referrals provide the Group with such relevant information subject to the terms and conditions of the Master Agreement.

(b) Provision of the Financing Related Referral by members of the mReferral Group to members of the Group

Any member of the mReferral Group may (but is not obligated to) refer any Financing Related Business opportunity to the Group and will in respect of such referrals provide the Group with such relevant information subject to the terms and conditions of the Master Agreement.

Members of the mReferral Group and members of the Group shall enter into a separate written contract (the “**Referral Contract**”) with respect to the Property Related Referral or Financing Related Referral (as the case may be) in a form and on terms to be agreed between the relevant parties from time to time but on the basis that such Referral Contract shall always be subject to the terms of the Master Agreement. For the avoidance of doubt, there is no obligation on members of the mReferral Group to provide Property Related Referral or Financing Related Referral unless and until a Referral Contract has been entered into between the parties.

Payment and pricing

The Property Related Referral Fee and Financing Related Referral Fee will be (i) determined based on arm's-length negotiations, (ii) fair and reasonable, (iii) on normal commercial terms and (iv) on terms that are no less favourable to the Group than the terms obtainable by members of the Group from independent third parties for comparable types of referral, in particular:

(a) Property Related Referral Fee

The Property Related Referral Fee will be paid out of and following the actual receipt of transaction commission or income by the Group from customers for each referred transaction, unless otherwise agreed by the parties.

The Property Related Referral Fee will be determined with respect to each Property Related Referral, on an arm's length and case-by-case basis, taking into account factors including the nature and significance of the referred transaction, amount of transaction and the commission income to be received by the Group and market practice.

(b) Financing Related Referral Fee

The Financing Related Referral Fee will be paid out of and following the actual receipt of repayment, interest and/or other transaction amounts by the Group from customers for each referred transaction with reference to the repayment schedule of any lending transaction involved, unless otherwise agreed by the parties.

The Financing Related Referral Fee will be between 0.3% and 1% of the loan amount lent to customers by the Group in each lending transaction referred or such amount as may be determined on an arm's length and case-by-case basis taking into account factors including the value and significance of the referred transaction and the amount of transaction income to be received by the Group.

ANNUAL CAP AMOUNTS AND BASIS OF DETERMINATION

The proposed annual caps for the three years ending 31 December 2020, 2021 and 2022 in respect of the transactions contemplated under the Master Agreement is HK\$3,000,000, HK\$3,300,000 and HK\$3,500,000 respectively.

The annual caps are determined with reference to the historical amounts of referral fees paid by members of the Group to members of the mReferral Group as a starting point, the projected amount of referral fees payable by the Group under the Master Agreement taking into account the scope of transactions covered by the Master Agreement, the operations of the Group and the potential market conditions for business growth and development for the corresponding periods.

For reference, the historical aggregate amounts paid by members of the Group to members of the mReferral Group for transactions of same or similar nature to the transactions contemplated under the Master Agreement for the two years ended 31 December 2017 and 2019 were approximately HK\$100,000 and HK\$100,000 respectively and there was no historical transaction amount for the year ended 31 December 2018.

INTERNAL CONTROL PROCEDURES

In addition to the annual review by the auditors and independent non-executive Directors pursuant to the requirements of Chapter 14A of the Listing Rules, the Company implements concrete internal control arrangements to ensure that the terms of the transactions under the Master Agreement are conducted on normal commercial terms and no less favourable to the Group than the terms available from independent third parties, in particular:

- (a) all referral fees contemplated under the Master Agreement will be submitted to designated and experienced managerial personnel of the Group for review and approval. The fees and amounts in referred transactions will be compared with transactions conducted with independent third parties whenever available in respect of similar types of businesses or services;
- (b) the finance department of the Group will also review each transaction to ensure the transaction is properly approved prior to execution and is carried out in accordance with the terms and principles of the Master Agreement; and
- (c) the Group will monitor its utilisation of the annual cap amounts on a regular basis.

INFORMATION ON THE PARTIES

The Company is an investment holding company and the principal business activities of the Group are the provision of property agency services in respect of commercial and industrial properties and shops in Hong Kong, properties investment, credit business and securities investment. The principal business activity of mReferral is provision of mortgage referral services.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The entering into of the Master Agreement is in line with the ordinary business of the Group and is expected to enable the Group to explore more new business opportunities and contribute to the business growth of the Group.

None of the Directors is considered to have a material interest in the Master Agreement, save for Mr. WONG Kin Yip, Freddie, the Chairman and an executive Director of the Company, whose close associate, Midland Holdings, is interested in the shareholding of mReferral, and has abstained from voting on the Board resolutions of the Company approving the Master Agreement and the transactions contemplated thereunder. Nonetheless, the executive Director, namely Ms. WONG Ching Yi, Angela and the independent non-executive Director, namely Mr. HO Kwan Tat, Ted, have voluntarily abstained from voting on the Board resolutions of the Company approving the Master Agreement and the transactions contemplated thereunder given their directorships in Midland Holdings and/or the mReferral Group.

The Directors (including the independent non-executive Directors) considered that the Master Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms and on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

mReferral is indirectly held as to 50% by Midland Holdings, a substantial shareholder of the Company. Accordingly, members of the mReferral Group are associates of Midland Holdings and connected persons of the Company. Therefore, the transactions contemplated under the Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the annual caps for the transactions under the Master Agreement are more than 0.1% but less than 5%, the transactions are subject to the announcement, reporting and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;

“CK Hutchison”	CK Hutchison Holdings Limited (Stock Code: 001), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange and the principal business activities of CK Hutchison and its subsidiaries are ports and related services, retail, infrastructure, energy and telecommunications;
“close associate”	has the meaning ascribed to it 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;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Financing Related Business”	engagement of any member of the Group in the provision of money lending business and other related or incidental activities (directly or indirectly);
“Financing Related Referral Fee”	the fee payable by members of the Group for the provision of Financing Related Referral by members of the mReferral Group;
“Financing Related Referral”	the referral as described in the section “Nature of transaction” under the heading “The Master Agreement” in this announcement;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Midland Holdings”	Midland Holdings Limited (Stock Code: 1200), a company incorporated in Bermuda with limited liability and a substantial shareholder of the Company, the shares of which are listed on the main board of the Stock Exchange;

“mReferral”	mReferral Corporation (HK) Limited, a company incorporated in the British Virgin Islands with limited liability and indirectly held as to 50% by Midland Holdings and 50% by CK Hutchison;
“mReferral Group”	mReferral, its immediate holding company and subsidiaries;
“Master Agreement”	the referral master agreement dated 14 August 2020 entered into between the Company and mReferral in relation to the provision of Property Related Referral and Financing Related Referral;
“Property Related Business”	engagement of any member of the Group in estate agency work in properties or interests in properties and other related or incidental businesses;
“Property Related Referral Fee”	the fee payable by members of the Group for the provision of Property Related Referral by members of the mReferral Group;
“Property Related Referral”	the referral as described in the section “Nature of transaction” under the heading “The Master Agreement” in this announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules; and
“%”	per cent.

By Order of the Board
Midland IC&I Limited
MUI Ngar May, Joel
Company Secretary

Hong Kong, 14 August 2020

As at the date of this announcement, the Board comprises six Directors, of which three are Executive Directors, namely Mr. WONG Kin Yip, Freddie, Ms. WONG Ching Yi, Angela and Mr. WONG Hon Shing, Daniel; and three are Independent Non-Executive Directors, namely Mr. YING Wing Cheung, William, Mr. SHA Pau, Eric and Mr. HO Kwan Tat, Ted.