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CONNECTED TRANSACTIONS LEASES WITH CONNECTED PERSONS

The Group had from time to time on separate occasions in its ordinary and usual course of business entered into different lease agreements, some of which with connected persons of the Company, such as those disclosed below, which constitute connected transactions of the Company.

LISTING RULES IMPLICATIONS

Each of the Cambridge Court Lease and the Ford Glory Lease is fully exempt from shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules. Given that one or more of the applicable percentage ratios in respect of the aggregate value of the right-of-use assets under the Cambridge Court Lease and the Ford Glory Lease within a 12-month period, on the basis of the estimated book value of the right-of-use assets of approximately HK\$4,700,000 taking into account the present value of the payments, exceed 0.1% but are less than 5% and the estimated aggregate value of the right-of-use assets exceeds HK\$3,000,000, the Cambridge Court Lease and the Ford Glory Lease, if aggregated, are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Group had from time to time on separate occasions in its ordinary and usual course of business entered into different lease agreements, some of which with connected persons of the Company, such as those disclosed below, which constitute connected transactions of the Company. Principal terms of the Cambridge Court Lease and the Ford Glory Lease are provided for information as follows.

PRINCIPAL TERMS OF THE CAMBRIDGE COURT LEASE

1. Date

11 July 2022

2. Parties

- (i) Bright Eastern Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Midland IC&I, as landlord. Its principal business activity is property investment.
- (ii) Midland Corporate Leasing (XV) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, as tenant. Its principal business activity is leasing management.

3. Premises

Shop No. 6 on Ground Floor, Cambridge Court, Nos. 84A-84H & 84J-84M Waterloo Road, Kowloon, Hong Kong

4. Term

Two years from 15 July 2022 to 14 July 2024 (both days inclusive)

5. Rental

HK\$98,000 per month (exclusive of management fee, air-conditioning charges, Government rent and rates), payable in advance by the Group from its internal resources on the first day of each calendar month

6. Rent-free period

One month

PRINCIPAL TERMS OF THE FORD GLORY LEASE

1. Date

18 March 2022

2. Parties

- (i) Teamway Group Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Midland IC&I, as landlord. Its principal business activity is property investment.
- (ii) Union Honor Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, as tenant. Its principal business activity is leasing management.

3. Premises

The Whole of 21st Floor, Ford Glory Plaza, No. 37 Wing Hong Street, Kowloon, Hong Kong

4. Term

One year from 19 March 2022 to 18 March 2023 (both days inclusive)

5. Rental

HK\$205,000 per month (exclusive of management fee, air-conditioning charges, Government rent and rates), payable in advance by the Group from its internal resources on the first day of each calendar month

6. Rent-free period

Nil

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAMBRIDGE COURT LEASE AND THE FORD GLORY LEASE

The Company is an investment holding company and the principal business activities of the Group are provision of property agency services in Hong Kong, Macau and the PRC, property leasing, immigration consultancy services and money lending services.

Midland IC&I is an investment holding company and the principal business activities of the Midland IC&I Group are provision of property agency services in respect of commercial and industrial properties and shops, properties investment, credit business and securities investment in Hong Kong.

The premises under the Cambridge Court Lease and the Ford Glory Lease are used as branch and office respectively, in each case in the ordinary and usual course of business of the Group.

The terms and rental under the Cambridge Court Lease and the Ford Glory Lease were separately determined after separate arm's length negotiations between the relevant parties with reference to the then prevailing rental and market conditions. The Directors (including the independent non-executive Directors) are of the view that the Cambridge Court Lease and the Ford Glory Lease were entered into on normal commercial terms, in the ordinary and usual course of business of the Group and that their terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Mr. WONG, Ms. WONG Ching Yi, Angela and Mr. HO Kwan Tat, Ted, each being a director of the Company and Midland IC&I, were taken as materially interested and have abstained from voting on the relevant resolutions at the Board meeting.

LISTING RULES IMPLICATIONS

Mr. WONG, the Chairman, an executive Director and a controlling shareholder of the Company, is also the Chairman, an executive Director and a controlling shareholder of Midland IC&I. By virtue of Midland IC&I being an associate of Mr. WONG, Midland IC&I is a connected person of the Company under the Listing Rules. Since Bright Eastern Limited and Teamway Group Limited are indirectly wholly-owned by Midland IC&I, they are associates of Midland IC&I and connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Cambridge Court Lease and the Ford Glory Lease constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The right-of-use assets under the Cambridge Court Lease and the Ford Glory Lease will be recognised by the Group in its consolidated balance sheet in accordance with HKFRS 16. Accordingly, the entering into of the Cambridge Court Lease and the Ford Glory Lease and the transactions contemplated thereunder will be deemed acquisition of right-of-use assets by the Group.

Each of the Cambridge Court Lease and the Ford Glory Lease is fully exempt from shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules. Given that one or more of the applicable percentage ratios in respect of the aggregate value of the right-of-use assets under the Cambridge Court Lease and the Ford Glory Lease within a 12-month period, on the basis of the estimated book value of the right-of-use assets of approximately HK\$4,700,000 taking into account the present value of the payments, exceed 0.1% but are less than 5% and the estimated aggregate value of the right-of-use assets exceeds HK\$3,000,000, the Cambridge Court Lease and the Ford Glory Lease, if aggregated, are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Leases such as the Cambridge Court Lease and the Ford Glory Lease were not made under a single agreement, were negotiated and concluded at different times without regard to other leases, involved different assets and were in line with the principal business activities of the Group.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Cambridge Court Lease”	the tenancy agreement dated 11 July 2022 entered into between Bright Eastern Limited and Midland Corporate Leasing (XV) Limited, details of which are set out under the section headed “Principal Terms of the Cambridge Court Lease” in this announcement
“Company”	Midland Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1200)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Ford Glory Lease”	the tenancy agreement dated 18 March 2022 entered into between Teamway Group Limited and Union Honor Limited, details of which are set out under the section headed “Principal Terms of the Ford Glory Lease” in this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“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 IC&I”	Midland IC&I Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 459)
“Midland IC&I Group”	Midland IC&I and its subsidiaries
“Mr. WONG”	Mr. WONG Kin Yip, Freddie, the Chairman, an executive Director and a controlling shareholder of the Company
“percentage ratio(s)”	has the meaning as ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China which, for the sole purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board
Midland Holdings Limited
MUI Ngar May, Joel
Company Secretary

Hong Kong, 11 July 2022

As at the date of this announcement, the Board comprises seven Directors, of which four are Executive Directors, namely Mr. WONG Kin Yip, Freddie, Ms. WONG Ching Yi, Angela, Mr. WONG Tsz Wa, Pierre and Mr. CHEUNG Kam Shing; and three are Independent Non-Executive Directors, namely Mr. HO Kwan Tat, Ted, Mr. SUN Tak Chiu and Mr. WONG San.