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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 Holdings Limited, you should at once hand this circular and the accompanying proxy form 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 Holdings Limited

美聯集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1200)

CONTINUING CONNECTED TRANSACTIONS CROSS REFERRAL SERVICES FRAMEWORK AGREEMENT AND NOTICE OF SPECIAL GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Capitalised terms used in this cover page shall have the same meanings as those defined in this circular. A letter from the Board is set out on pages 4 to 16 of this circular, a letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 17 to 18 of this circular and a letter from VMS Securities (as the Independent Financial Adviser) containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 44 of this circular.

A notice convening the SGM to be held at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong on Thursday, 1 April 2021 at 11:00 a.m. is set out on pages 50 to 51 of this circular. A proxy form for use at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM in person, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon. The duly completed proxy form, 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 delivered to the Company's Hong Kong branch share registrar and transfer office, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM, or any adjourned meeting thereof.

PRECAUTIONARY MEASURES FOR THE SGM

Please see page ii of this circular for measures being taken to minimise the risk of contracting and spreading of the Coronavirus Disease 2019 (COVID-19) at the SGM, including:

- health declarations and compulsory body temperature checks
- compulsory wearing of surgical face masks
- no distribution of refreshments

Any person who does not comply with the precautionary measures may be denied entry into the SGM venue. For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy and to return their proxy forms by the time specified above, instead of attending the SGM in person.

* For identification purpose only

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PRECAUTIONARY MEASURES FOR THE SGM

In view of the ongoing Coronavirus Disease 2019 (COVID-19) pandemic and requirements for prevention and control of its spread, the Company will implement the following precautionary measures at the SGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the SGM venue. Any person with a body temperature of over 37.3 degrees Celsius or exhibiting flu-like symptoms will be denied entry into the SGM venue or be required to leave the SGM venue.
- (ii) The Company may request Shareholders, proxies and other attendees to complete and submit at the entrance of the SGM venue a health declaration for confirming their names and contact details, and confirming that they have not travelled to, or to their best of knowledge had physical contact with any person who has recently travelled to, any affected countries or areas outside Hong Kong (as per guidelines issued by the Hong Kong government at www.chp.gov.hk/en/features/102742.html) at any time in the preceding 14 days. Any person who does not comply with this requirement upon request of the Company will be denied entry into the SGM venue or be required to leave the SGM venue.
- (iii) Attendees are required to wear surgical face masks at all times and to maintain a safe distance between seats inside the SGM venue.
- (iv) No refreshments will be served.

Notwithstanding the above, and to the extent permitted under the applicable laws and for the proper conduct of the meeting, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue in order to ensure the safety of the attendees at the SGM.

In the interest of all stakeholders' health and safety and being consistent with COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the meeting as their proxy to vote on the resolution at the SGM instead of attending the SGM in person.

The proxy form is attached to this circular and can be downloaded from the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.midland.com.hk). If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

If Shareholders choosing not to attend the SGM in person have any questions about the resolution, or about the Company or any matters for communication with the Board, they are welcome to contact the Company via the Investors Relations Department by post at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong or by email at investor@midland.com.hk.

If Shareholders have any questions relating to the SGM, please contact Tricor Abacus Limited, the Company's Hong Kong branch share registrar as follows:

Tricor Abacus Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong
E-mail: is-enquiries@hk.tricorglobal.com
Tel: 852 2980 1333
Fax: 852 2810 8185

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Midland Holdings Limited, a company incorporated in Bermuda with limited liability, the issued 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
“Cross Referral Services Framework Agreement (2018)”	the cross referral services framework agreement dated 25 October 2018 entered into between the Company and IC&I for a period of three years from 1 January 2019 to 31 December 2021
“Cross Referral Services Framework Agreement (2021)”	the cross referral services framework agreement dated 8 February 2021 entered into between the Company and IC&I for a period of three years from 16 November 2020 to 15 November 2023
“Cross Referral Transactions”	the cross referral services transactions between the Group and the IC&I Group in relation to the estate agency businesses
“Director(s)”	the director(s) of the Company
“Exemption Thresholds”	the thresholds for exemption from the circular and shareholders’ approval requirements under Rule 14A.76(2) of the Listing Rules, respectively in relation to the receipt or payment of referral fees
“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
“IC&I”	Midland IC&I Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 459)

DEFINITIONS

“IC&I Group”	IC&I and its subsidiaries
“IC&I Share(s)”	the ordinary share(s) of nominal value of HK\$0.1 each in the share capital of IC&I
“Independent Board Committee”	the independent committee of the Board, comprising two independent non-executive Directors, namely, Mr. SUN Tak Chiu and Mr. WONG San
“Independent Financial Adviser” or “VMS Securities”	VMS Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps
“Independent Shareholders”	Shareholders other than those who are required to abstain from voting on the resolution at the SGM in accordance with the Listing Rules
“Latest Practicable Date”	10 March 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Midland Distribution”	the distribution of an interim dividend by the Company in the form of a distribution in specie of 610,976,997 IC&I Shares (representing approximately 33.84% of all issued IC&I Shares) held by the Group to the qualifying shareholders of the Company in proportion to their respective shareholdings in the Company
“Mr. Wong”	Mr. WONG Kin Yip, Freddie, the Chairman and an executive Director of the Company
“Offer”	the unconditional mandatory cash offer made by Get Nice Securities Limited on behalf of Wealth Builder for all the issued IC&I Shares
“percentage ratios”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Proposed Annual Caps”	the proposed maximum annual referral fees receivable/ received from or payable/paid to the IC&I Group by the Group under the Cross Referral Services Framework Agreement (2021)
“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“SGM”	the special general meeting of the Company to be held to consider and, if thought fit, approve the Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong on Thursday, 1 April 2021 at 11:00 a.m.
“Share(s)”	the ordinary share(s) of nominal value of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed to it under the Listing Rules
“Sunluck”	Sunluck Services Limited, a company incorporated in the British Virgin Islands with limited liability which is indirectly and beneficially wholly-owned by Mr. Wong
“Wealth Builder”	Wealth Builder Holdings Limited, a company incorporated in the British Virgin Islands with limited liability which is indirectly and beneficially wholly-owned by Mr. Wong
“%”	per cent.

LETTER FROM THE BOARD



Midland Holdings Limited

美聯集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1200)

Executive Directors:

Mr. WONG Kin Yip, Freddie (*Chairman*)

Ms. WONG Ching Yi, Angela

(Deputy Chairman and Managing Director)

Mr. WONG Tsz Wa, Pierre (*Managing Director*)

Mr. CHEUNG Kam Shing

Non-Executive Director:

Mr. WONG Wing Cheung Dennis

Independent Non-Executive Directors:

Mr. HO Kwan Tat, Ted

Mr. SUN Tak Chiu

Mr. WONG San

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head Office and Principal

Place of Business in Hong Kong:

Rooms 2505-8, 25th Floor

World-Wide House

19 Des Voeux Road Central

Hong Kong

15 March 2021

To the Shareholders

Dear Sirs/Madams,

**CONTINUING CONNECTED TRANSACTIONS
CROSS REFERRAL SERVICES FRAMEWORK AGREEMENT
AND
NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 8 February 2021.

The purposes of this circular are to provide you with (i) information relating to details of the Cross Referral Services Framework Agreement (2021); (ii) the recommendation of the Independent Board Committee after having considered the advice of the Independent Financial Adviser in relation to the Cross Referral Services Framework Agreement (2021) and the transactions contemplated thereunder (including the Proposed Annual Caps); (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the SGM to consider and, if thought fit, to approve the Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps.

* For identification purpose only

LETTER FROM THE BOARD

2. BACKGROUND

References are made to the announcement and the circular of IC&I dated 25 October 2018 and 14 November 2018 respectively in relation to, among other things, the continuing connected transactions under the Cross Referral Services Framework Agreement (2018) entered into between the Company and IC&I, for the provision of Cross Referral Transactions between the Group and the IC&I Group for estate agency business in the Relevant Territory for a period of three years from 1 January 2019 to 31 December 2021.

References are also made to the announcement of the Company dated 19 October 2020 in relation to the Midland Distribution, the announcement issued by IC&I and Wealth Builder dated 17 November 2020 following the Midland Distribution and the announcement issued by IC&I and Wealth Builder dated 28 December 2020 in relation to the results of the Offer. Following the Midland Distribution and the Offer, Mr. Wong (the Chairman and an executive Director), who is directly and indirectly interested in approximately 36.97% of all issued Shares in the Company, became (directly and through his indirect wholly-owned companies, Wealth Builder and Sunluck) interested in 930,463,428 IC&I Shares (representing approximately 51.54% of all issued IC&I Shares). By virtue of IC&I having become an associate of Mr. Wong, IC&I has become a connected person of the Company. Accordingly, the transactions contemplated under the Cross Referral Services Framework Agreement (2021) will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

On 8 February 2021, the Company entered into the Cross Referral Services Framework Agreement (2021) with IC&I, pursuant to which members of the Group and the IC&I Group may provide the Cross Referral Transactions to each other for a period of three years from 16 November 2020 to 15 November 2023 in compliance with the Listing Rules.

3. CROSS REFERRAL SERVICES FRAMEWORK AGREEMENT (2021)

Date

8 February 2021

Parties

- (a) the Company; and
- (b) IC&I

LETTER FROM THE BOARD

Term

The Cross Referral Services Framework Agreement (2021) will, subject to compliance with all relevant Listing Rules requirements by each of the Company and IC&I, be valid for a term of three years from 16 November 2020 to 15 November 2023 and follow the substantive provisions of the Cross Referral Services Framework Agreement (2018).

Conditions precedent

Cross Referral Transactions entered into during the term of the Cross Referral Services Framework Agreement (2021) will be subject to the following conditions precedent:

- (a) Cross Referral Transactions which individually or in aggregate exceed the Exemption Thresholds for the Company will be subject to and conditional upon the Cross Referral Transactions contemplated under the Cross Referral Services Framework Agreement (2021) and the Proposed Annual Caps for the Company thereof being approved by the Independent Shareholders in accordance with the Listing Rules; and
- (b) Cross Referral Transactions which individually or in aggregate exceed the Exemption Thresholds for IC&I will be subject to and conditional upon the approval by the independent shareholders of IC&I (the “**IC&I Independent Shareholders’ Approval**”), save for transactions entered into prior to the expiry of the Cross Referral Services Framework Agreement (2018) on 31 December 2021.

Effect on transactions

For the avoidance of doubt:

- (a) Cross Referral Transactions entered into during the term of the Cross Referral Services Framework Agreement (2021) exceeding the Exemption Thresholds for the Company will only take effect when the Independent Shareholders’ approval is obtained; and
- (b) without prejudice to the above, for IC&I, Cross Referral Transactions entered into prior to the expiry of the Cross Referral Services Framework Agreement (2018) will continue to take effect subject to the Cross Referral Services Framework Agreement (2018), which will be superseded by the Cross Referral Services Framework Agreement (2021) once the IC&I Independent Shareholders’ Approval is obtained, and other Cross Referral Transactions exceeding the Exemption Thresholds will only take effect when the IC&I Independent Shareholders’ Approval is obtained.

LETTER FROM THE BOARD

Details of the transactions under the Cross Referral Services Framework Agreement (2021)

The transactions under the Cross Referral Services Framework Agreement (2021) are of the same nature as those covered by the Cross Referral Services Framework Agreement (2018). They are essentially referrals of business opportunities in property transactions between members of the Group and the IC&I Group, to secure engagements by the customers for estate agency services. Pursuant to the Cross Referral Services Framework Agreement (2021):

- (a) the Group has the right (but not obligation) to introduce, refer and communicate to the relevant member(s) of the IC&I Group any business opportunity relating to or falling within the IC&I Group's estate agency business in respect of industrial and commercial properties and shops in the Relevant Territory; and
- (b) similarly, the IC&I Group also 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 residential properties in the Relevant Territory.

Each referral is made on a case-by-case basis. There is no legally binding commitment on any member of the Group or the IC&I Group to refer to the other any minimum number and/or target amount of transactions under the Cross Referral Services Framework Agreement (2021). The terms and conditions of each referral transaction will be evidenced by individual written agreements subject to the terms of the Cross Referral Services Framework Agreement (2021) and will be on normal commercial terms.

Referral fee and pricing policy

In consideration of the Cross Referral Transactions provided, the party making the referral (hereinafter the **"referor"**) is entitled to a referral fee from the party accepting such referral (hereinafter the **"referee"**) by way of sharing the relevant commission income actually received.

The allocation of the commission income received with respect to each individual property transaction will be determined on a case-by-case basis and on arm's length basis following the terms of the Cross Referral Services Framework Agreement (2021) and pricing policy below:

- (a) 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 negotiated on an arm's length basis or on terms as considered by each of the Group and the IC&I Group to be no less favourable to it than terms available to or from (as appropriate) its respective independent third parties and neither the Group nor the IC&I Group is required to consider the favourableness of such terms with respect to one another;

LETTER FROM THE BOARD

- (b) the starting point in determining the initial allocation of commission income received in each individual property transaction will be the following reference ratios (by the type of property transaction involved):

Property transaction involved	Reference ratio (%)	
	<i>Referor</i>	<i>Referee</i>
Primary property transaction	Between 70% to 90% <i>(Note)</i>	Between 30% to 10%
Secondary property transaction	50%	50%

Note: For a primary property transaction, a higher proportion of commission income received will usually be allocated to the referor of a property purchaser and a lower proportion to the referee (i.e. estate agent of the developer), as the former would typically assume relatively heavier workload. An estate agent seeking purchasers for properties in a development is required not only to have solid knowledge of the characteristics of the properties offered for sale but also to proactively put efforts and time in the marketing process and adapting to the needs of the purchasers. By contrast, in the case of the estate agent of the developer, the price and key commercial terms of the properties in the entire development are typically pre-set by the developer. Accordingly, the amount of time and efforts expected of the estate agent acting for the developer in the sale process are limited.

- (c) such reference ratios may be adjusted based on the negotiation between the parties on arm's length basis and on a case-by-case basis, taking into account all relevant factors specific to the transaction including:
- (1) the characteristics, nature and value of any 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 (e.g. a party acting for the vendor of an unique and high value property is likely to be able to bargain for higher commission income);
 - (2) the expected workload of the respective agents;
 - (3) the scope and exclusive nature of the requisite estate agency and consultancy services involved under the engagements with the individual customers (e.g. a party acting for the vendor may bargain for higher commission income if he acts as a sole and exclusive agent for the vendor); and
 - (4) other factors (e.g. in some cases, the developer may set a sales target which, if met, will enable the estate agent for the developer to 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 a higher proportion of the commission income to the estate agent referring the purchaser so that the said sales target can be achieved);

LETTER FROM THE BOARD

- (d) the commission income allocations proposed by individual estate agents will be submitted to the respective branch managers of such agents, who will review and, if appropriate, approve the same with reference to the above criteria based on the following:

- (1) *where there are comparable referral transactions with independent-third-party estate agents:*

The branch managers would compare the commission income allocations and the terms of the transactions under the Cross Referral Services Framework Agreement (2021) with at least two other comparable transactions which the Group made with independent-third-party estate agents in so far as they are available, particularly those made under the then prevailing circumstances. 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 any properties involved.

- (2) *where there are no comparable referral transactions with independent-third-party estate agents:*

The factors mentioned under paragraphs (c)(1) to (4) above will be carefully considered, bearing in mind that the allocation of commission income shall be on normal commercial terms or better as set out in paragraph (a) above.

As income of estate agents in Hong Kong is in a large part derived from commission income, each of the referor and the referee estate agents would be self-motivated to secure an allocation ratio to the best of such agent's respective interests possible at the time when negotiating the allocation of the commission income for the agency such agent represents such that any referral transaction concluded following such negotiations will be on an arm's length basis.

- (e) the commission income allocation ratio for each transaction, when finalised after considering the above factors, will be recorded when the parties enter into the individual written agreement for the property transaction; and
- (f) the commission income allocations for the transactions made under the Cross Referral Services Framework Agreement (2021) will be checked and reviewed by the respective management of the Group and the IC&I Group from time to time. Annually, the said transactions conducted during the financial year will also be reviewed by the Group and the IC&I Group respectively in compliance with the relevant requirements in the Listing Rules.

LETTER FROM THE BOARD

For primary market transactions, approximately 74.5%, 80.3% and 60.0% of allocation of commission income from the referee to the referor fell in the range of 70% to 90% during the financial years ended 31 December 2018, 2019 and 2020, respectively. For secondary market transactions, approximately 65.1%, 75.6% and 76.8% of allocation of commission income between the referor and referee was 50:50 during the financial years ended 31 December 2018, 2019 and 2020 respectively.

As income of estate agents in Hong Kong is in a large part derived from commission income, the estate agents are expected to be self-motivated to use their best effort to secure an allocation ratio to the best of their own interests when negotiating for the commission income by considering the factors under paragraph (c)(1) to (4), which are factors commonly considered by agents in the market. The Company's policy and procedures are designed along this central theme for the negotiations to adjust to prevailing market forces, to best help ensure that the allocation terms will be on normal commercial terms.

Settlement

For actual commission income received in each month, payments of referral fees will generally be made by the end of the calendar month following the month in which the commission income is actually received from or attributable to the relevant transaction.

The referral fees payable by the Group to the IC&I Group under the Cross Referral Services Framework Agreement (2021) will be settled through the working capital of the Group.

4. HISTORICAL AMOUNTS

Set out below are the historical amounts of the referral fees from or to the IC&I Group for the financial years ended 31 December 2018, 2019 and 2020:

Historical amounts	Year ended 31 Dec 2018	Year ended 31 Dec 2019	Year ended 31 Dec 2020
	(HK\$ million)	(HK\$ million)	(Note) (HK\$ million)
Referral fees to the IC&I Group	27.8	21.7	21.3
Referral fees from the IC&I Group	99.0	63.9	35.3

It is noted that such historical transaction amounts for the years 2019 and 2020 may be affected by specific market conditions, such as the effect of geopolitical tensions and global pandemic on the economy, and may not be reliable indicators of active transaction levels.

Note: The historical transaction amounts for the year ended 31 December 2020 are preliminary and subject to audit.

LETTER FROM THE BOARD

5. PROPOSED ANNUAL CAPS

The Proposed Annual Caps for the Group for the respective periods below are as follows:

Proposed Annual Caps	16 Nov 2020 to 31 Dec 2020 (HK\$ million)	1 Jan 2021 to 31 Dec 2021 (HK\$ million)	1 Jan 2022 to 31 Dec 2022 (HK\$ million)	1 Jan 2023 to 15 Nov 2023 (HK\$ million)
Referral fees to the IC&I Group	10.0	50.0	50.0	40.0
Referral fees from the IC&I Group	15.0	110.0	110.0	95.0

Basis of determining the Proposed Annual Caps

The Proposed Annual Caps for the Group in relation to the transactions contemplated under the Cross Referral Services Framework Agreement (2021) were determined by the Group with reference to factors including:

- (a) as a starting point, the historical transaction amounts between the Group and the IC&I Group adjusted for the relevant periods as follows:

(1) *Proposed Annual Caps for referral fees payable/paid to the IC&I Group:*

(i) the historical transaction amounts of 2018; (ii) expected level of referral fees payable/paid to the IC&I Group in respect of residential properties for the relevant periods; (iii) the possible increase in market transactions in Hong Kong residential market following the COVID-19 pandemic; and (iv) the Group's potential business growth based on the scale, operations of the businesses and capability of the Group and capacity to take on referrals.

(2) *Proposed Annual Caps for referral fees receivable/received from the IC&I Group:*

(i) the historical transaction amounts of 2018 which had seen an active level of industrial and commercial properties and shops referrals; (ii) the expected level of referral fees receivable/received from the IC&I Group in respect of industrial and commercial properties and shops for the relevant periods; and (iii) the Group's potential business growth based on the scale, operations of the businesses and capability of the Group and opportunity to make referrals.

LETTER FROM THE BOARD

- (b) property market and economic factors which are expected to carry direct or indirect impact on property transactions, including:
 - (1) the volatility of the property market in Hong Kong contributing to swings in transaction volume and value; and
 - (2) the possible outlook of the local economic environmental conditions, including the relaxation of mortgage ceiling on non-residential properties by the Hong Kong Monetary Authority in August 2020 and the abolition of the double ad valorem stamp duty on non-residential properties with effect from 26 November 2020 which may drive transaction levels.

The historical amount in the year ended 31 December 2018 served as the starting point in setting the Proposed Annual Caps as it is considered that the market conditions in 2019 and 2020 were not reliable indicators of active transaction levels. The market conditions in the years of 2019 and 2020 were adversely affected by the intensified geopolitical tensions in 2019 and the unprecedented COVID-19 pandemic as well as the associated combating measures in 2020. Such adverse market conditions were extraordinary and had affected the transaction value and volume of Hong Kong properties market. The Company considers it prudent and reasonable to cater for the possibility in case such adverse market conditions subside, such that the Group may continue with these normal and ordinary course transactions without interruption, if transaction level does return to a higher level.

By the same token, the Company considers it prudent and reasonable to cater for the possibility of the Group's business growth to allow flexibility for the Group to capture future business opportunities if they do arise. Based on the information provided by the Company, the Independent Financial Adviser has also reviewed the Group's historical transactions trends and growths in previous years and confirmed that the Proposed Annual Caps and their factors considered were fair and reasonable.

The factors collectively considered in determining the Proposed Annual Caps were grounded in previous transactions with prudent contingency considerations for the future and have been reviewed by the Independent Financial Adviser, and the Directors consider that the Proposed Annual Caps to be fair and reasonable.

LETTER FROM THE BOARD

6. REASONS FOR AND BENEFITS OF ENTERING INTO THE CROSS REFERRAL SERVICES FRAMEWORK AGREEMENT (2021)

Referral transactions are an integral part of estate agency business, which constitute the principal activities of both the Group and the IC&I Group. The Board believes that the Cross Referral Services Framework Agreement (2021) will provide a working framework in compliance with the Listing Rules to encourage cooperation between both groups of companies and secure more business opportunities for them which will be mutually beneficial to their respective business growth.

The Directors consider that (a) the terms of the Cross Referral Services Framework Agreement (2021) and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and (b) the terms of the Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

7. INTERNAL CONTROL MEASURES

To ensure that the transactions contemplated under the Cross Referral Services Framework Agreement (2021) will be conducted in accordance with its terms and the pricing policy and within the Proposed Annual Caps, the Group has in place the following internal control procedures to monitor the transactions contemplated under the Cross Referral Services Framework Agreement (2021):

- (a) the aggregate amount of referral fees payable/paid to and receivable/received from the IC&I Group will be updated on a monthly basis for appraising the latest unutilised amounts available under the Proposed Annual Caps for the relevant period;
- (b) the terms and commission income allocations for the transactions under the Cross Referral Services Framework Agreement (2021) will be reviewed by the Group from time to time to ensure they are on normal commercial terms or better (i.e. terms obtainable on an arm's length basis or terms no less favourable to the Group than those available to or from independent third parties); and
- (c) annually, the transactions made under the Cross Referral Services Framework Agreement (2021) conducted during the financial year will also be reviewed by the independent non-executive Directors and reported by the auditors of the Company in compliance with the relevant requirements in Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

8. LISTING RULES IMPLICATIONS

Mr. Wong (the Chairman and an executive Director), who is directly and indirectly interested in approximately 36.97% of all issued Shares in the Company, is (directly and through his indirect wholly-owned companies, Wealth Builder and Sunluck) interested in 930,463,428 IC&I Shares (representing approximately 51.54% of all issued IC&I Shares) and IC&I is an associate of Mr. Wong and a connected person of the Company. Accordingly, the transactions contemplated under the Cross Referral Services Framework Agreement (2021) will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) calculated based on the highest of the Proposed Annual Caps exceeds 5%, the Cross Referral Transactions as contemplated under the Cross Referral Services Framework Agreement (2021) will be subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Wong and Ms. WONG Ching Yi, Angela are executive directors of both the Company and IC&I, and Mr. HO Kwan Tat, Ted is an independent non-executive director of both the Company and IC&I. Accordingly, Mr. Wong, Ms. WONG Ching Yi, Angela and Mr. HO Kwan Tat, Ted had abstained from voting on the resolutions of the Board in respect of the Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps.

An Independent Board Committee has been established to advise the Independent Shareholders in relation to the terms of the Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps. VMS Securities has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

9. SGM AND BOOK CLOSURE

A notice convening the SGM to be held at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong on Thursday, 1 April 2021 at 11:00 a.m. is set out on pages 50 to 51 of this circular. At the SGM, the resolution in the terms set out in the notice of SGM will be proposed to the Independent Shareholders to consider and, if thought fit, to approve the Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps. Votes on the resolution will be taken by poll at the SGM as required by Rule 13.39(4) of the Listing Rules.

As at the Latest Practicable Date, Mr. Wong (the Chairman and an executive Director) was directly and indirectly (through his wholly-owned company, Sunluck) interested in 265,427,824 Shares, representing approximately 36.97% of all issued Shares in the Company. Accordingly, Mr. Wong and Sunluck are required to abstain from voting in relation to the resolution approving the Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps at the SGM. Save as disclosed above, to the best of the Directors' knowledge, information and belief,

LETTER FROM THE BOARD

having made all reasonable enquiries, no Shareholder has a material interest in the Cross Referral Services Framework Agreement (2021) that is required to abstain from voting on the resolution to be proposed at the SGM to approve the Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps.

A proxy form for use at the SGM is also enclosed with this circular. Whether or not you intend to attend the SGM in person, you are requested to complete the proxy form in accordance with the instructions printed thereon. The duly completed proxy form, 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 other authority, must be returned to the Company's Hong Kong branch share registrar and transfer office, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of a proxy form will not preclude you from attending and voting in person at the SGM, or any adjourned meeting thereof.

The register of members of the Company will be closed from Monday, 29 March 2021 to Thursday, 1 April 2021, both days inclusive, during which period no transfer of shares will be registered. To be eligible to attend and vote at the SGM, 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 Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 26 March 2021.

10. GENERAL INFORMATION

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

IC&I is an investment holding company, the shares of which are listed on the Main Board of the Stock Exchange. The IC&I Group is principally engaged in the provision of property agency services in respect of commercial and industrial properties and shops, properties investment, credit business and securities investment in Hong Kong.

11. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 17 to 18 of this circular which contains its recommendation to the Independent Shareholders concerning the terms of the Cross Referral Services Framework Agreement (2021) and the transactions contemplated thereunder (including the Proposed Annual Caps); and (ii) the letter of advice from the Independent Financial Adviser set out on pages 19 to 44 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps and the principal factors and reasons considered by it in formulating its advice.

LETTER FROM THE BOARD

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Cross Referral Services Framework Agreement (2021) and the transactions contemplated thereunder (including the Proposed Annual Caps) to be fair and reasonable in so far as the Company and the Independent Shareholders are concerned. The Independent Board Committee also considers that the Cross Referral Services Framework Agreement (2021) and the transactions contemplated thereunder (including the Proposed Annual Caps) was entered into on normal commercial terms and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution relating to the Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps which will be proposed at the SGM.

Yours faithfully,
By Order of the Board
Midland Holdings Limited
WONG Tsz Wa, Pierre
Managing Director and Executive Director

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 prepared for the purpose of incorporation in this circular.



Midland Holdings Limited

美聯集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1200)

15 March 2021

To the Independent Shareholders

Dear Sirs/Madams,

CONTINUING CONNECTED TRANSACTIONS CROSS REFERRAL SERVICES FRAMEWORK AGREEMENT

We refer to the circular of the Company dated 15 March 2021 (the “**Circular**”) of which this letter forms part. Terms used in this letter have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Cross Referral Services Framework Agreement (2021) and to advise the Independent Shareholders in respect of the Cross Referral Services Framework Agreement (2021) and the transactions contemplated thereunder (including the Proposed Annual Caps).

VMS Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Cross Referral Services Framework Agreement (2021) and the transactions contemplated thereunder (including the Proposed Annual Caps).

We wish to draw your attention to the letter from the Board set out on pages 4 to 16 of the Circular which contains, among others, information on the Cross Referral Services Framework Agreement (2021), as well as the letter from the Independent Financial Adviser set out on pages 19 to 44 of the Circular which contains its advice in respect of the terms of the Cross Referral Services Framework Agreement (2021) and the transactions contemplated thereunder (including the Proposed Annual Caps).

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice of VMS Securities, we consider that the entering into of the Cross Referral Services Framework Agreement (2021) is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Independent Shareholders as a whole. We also consider that the terms of the Cross Referral Services Framework Agreement (2021) and the transactions contemplated thereunder (including the Proposed Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Cross Referral Services Framework Agreement (2021) and the transactions contemplated thereunder (including the Proposed Annual Caps).

Yours faithfully,
For and on behalf of
Independent Board Committee of the
Midland Holdings Limited
SUN Tak Chiu WONG San
Independent non-executive Directors

LETTER FROM VMS SECURITIES

Set out below is the text of the letter of advice from VMS Securities Limited to the Independent Board Committee and the Independent Shareholders prepared for inclusion in this circular.



VMS Securities Limited
49/F, One Exchange Square
8 Connaught Place, Central
Hong Kong

15 March 2021

*To: The Independent Board Committee
and the Independent Shareholders*

Dear Sirs and Madams,

CONTINUING CONNECTED TRANSACTIONS CROSS REFERRAL SERVICES FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders on the Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps, in respect of which the Independent Shareholders' approval will be sought at the SGM. Details of the Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps are set out in the "Letter from the Board" (the "**Letter**") contained in the circular of the Company dated 15 March 2021 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein.

References are made to the announcement and the circular of IC&I dated 25 October 2018 and 14 November 2018 respectively in relation to, among other things, the continuing connected transactions under the Cross Referral Services Framework Agreement (2018) entered into between the Company and IC&I, for the provision of Cross Referral Transactions between the Group and the IC&I Group for estate agency business in the Relevant Territory for a period of three years from 1 January 2019 to 31 December 2021.

References are also made to the announcement of the Company dated 19 October 2020 in relation to the Midland Distribution, the announcement issued by IC&I and Wealth Builder dated 17 November 2020 following the Midland Distribution and the announcement issued by IC&I and Wealth Builder dated 28 December 2020 in relation to the results of the Offer. Following the Midland Distribution and the Offer, Mr. Wong (the Chairman and an executive Director), who was directly and indirectly interested in approximately 36.97% of all issued Shares in the Company, became (directly and through his indirect wholly-owned companies, Wealth Builder and Sunluck) interested in 930,463,428 IC&I Shares (representing approximately 51.54% of all issued IC&I Shares). By virtue of IC&I having become an associate of Mr. Wong, IC&I has become a connected person of the Company.

LETTER FROM VMS SECURITIES

Accordingly, the transactions contemplated under the Cross Referral Services Framework Agreement (2021) will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

On 8 February 2021, the Company entered into the Cross Referral Services Framework Agreement (2021) with IC&I, pursuant to which members of the Group and the IC&I Group may provide the Cross Referral Transactions to each other for a period of three years from 16 November 2020 to 15 November 2023.

As the highest applicable percentage ratio (other than the profits ratio) calculated based on the highest of the Proposed Annual Caps exceeds 5%, the Cross Referral Transactions as contemplated under the Cross Referral Services Framework Agreement (2021) will be subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, Mr. Wong (the Chairman and an executive Director), who was directly and indirectly (through his wholly-owned company, Sunluck) interested in approximately 36.97% of all issued Shares in the Company, became (directly and through his indirect wholly-owned companies, Wealth Builder and Sunluck) interested in 930,463,428 IC&I Shares (representing approximately 51.54% of all issued IC&I Shares). In view of Mr. Wong's interests in the transactions contemplated under the Cross Referral Services Framework Agreement (2021), Mr. Wong and Sunluck are required to abstain from voting in relation to the resolution approving the Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps at the SGM. Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Cross Referral Services Framework Agreement (2021) that is required to abstain from voting on the resolution to be proposed at the SGM to approve the Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps.

As (i) Mr. Wong, the Chairman and an executive Director of the Company, is also concurrently an executive director of IC&I; (ii) Ms. WONG Ching Yi, Angela, an executive Director of the Company, is also concurrently an executive director of IC&I; and (iii) Mr. HO Kwan Tat, Ted, an independent non-executive Director of the Company, is also concurrently an independent non-executive director of IC&I, they have abstained from voting on the relevant board resolution(s) for approving the Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps. Save for the above, none of the Directors have any material interest or conflict of interest in the Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps and none of them are required to abstain from voting on the relevant board resolutions.

The independent board committee comprising two independent non-executive Directors, Mr. SUN Tak Chiu and Mr. WONG San, has been appointed to advise the Independent Shareholders on (i) whether the terms of the Cross Referral Services Framework Agreement (2021) and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group; and (ii) whether the terms of the

LETTER FROM VMS SECURITIES

Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, we were independent from and not connected with the Group pursuant to Rule 13.84 of the Listing Rules, and accordingly, qualified to give independent advice to the Shareholders regarding the Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps. In the previous two years, we have not acted as an independent financial adviser to the Company for any transaction. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to the Cross Referral Services Framework Agreement (2021) in the Circular, no arrangement exists whereby we had received or will receive any fees or benefits from the Company or any other parties to the transaction that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to the Listing Rules.

This letter contains our advice to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Cross Referral Services Framework Agreement (2021) and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group; (ii) whether the terms of the Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) advise the Independent Shareholders on how to vote in relation to (i) and (ii) above.

BASIS OF OUR OPINION

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Group and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Group and/or the Directors and/or its senior management staff (the “**Management**”) and for which it is/ they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular. We have assumed that all the opinions and representations made or provided by the Directors and/or the Management contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or the Directors and/or the Management that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group and/or the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not,

LETTER FROM VMS SECURITIES

however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group, the IC&I Group or their respective associated persons.

PRINCIPAL FACTORS CONSIDERED

In formulating our opinion regarding the Cross Referral Services Framework Agreement (2021), we have taken into consideration the following principal factors:

I. Background

Information on the Group

The Company is a limited company incorporated in Bermuda and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the provision of property agency services in Hong Kong, the PRC and Macau, property leasing, immigration consultancy services and money lending services.

Set out below is a summary of the Group's consolidated operating results as extracted from the Company's annual report for the year ended 31 December 2019 (the “**2019 Annual Report**”) and the Company's interim report for the six months ended 30 June 2020 (the “**2020 Interim Report**”):

	For the year ended 31 December		For the six months ended 30 June	
	2018	2019	2019	2020
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)
Revenue				
Property agency of residential properties	4,897.5	4,772.2	2,836.9	2,434.0
Property agency of commercial and industrial properties and shops	86.6	91.5	50.9	24.5
Others	26.1	19.8	8.8	9.5
Total revenue	5,010.2	4,883.5	2,896.6	2,468.0
Operating (loss)/ profit	50.6	(44.3)	119.2	(6.9)
(Loss)/ Profit for the year/period attributable to the shareholders of the Company	58.1	(68.9)	93.6	(24.4)

LETTER FROM VMS SECURITIES

For the year ended 31 December 2019, the Group recorded revenue of approximately HK\$4,883.5 million, representing a decrease of approximately HK\$126.7 million from approximately HK\$5,010.2 million for the preceding year, mainly due to the effect of geopolitical tensions on the economy.

The operating profit of the Group decreased by approximately HK\$94.9 million, from operating profit of approximately HK\$50.6 million for the year ended 31 December 2018 to operating loss of approximately HK\$44.3 million for the year ended 31 December 2019, which was mainly due to poor financial performance of the business under the brand name “Hong Kong Property”.

The net profit of the Group decreased by approximately HK\$127.0 million, from net profit of HK\$58.1 million for the year ended 31 December 2018 to net loss of approximately HK\$68.9 million for the year ended 31 December 2019, which was in line with the decrease in the Group’s operating profit for the same year.

For the six months ended 30 June 2020, the Group recorded revenue of approximately HK\$2,468.0 million, representing a decrease of approximately HK\$428.6 million from approximately HK\$2,896.6 million for the corresponding period in 2019, which was mainly due to the unprecedented COVID-19 pandemic and the associated combating measures in Hong Kong and Mainland China.

The operating profit of the Group decreased by approximately HK\$126.1 million, from operating profit of approximately HK\$119.2 million for the six months ended 30 June 2019 to operating loss of approximately HK\$6.9 million for the six months ended 30 June 2020, which was mainly due to poor financial performance of the PRC segment and the business under the brand name “Hong Kong Property”.

The net profit of the Group decreased by approximately HK\$118.0 million, from net profit of approximately HK\$93.6 million for the six months ended 30 June 2019 to net loss of approximately HK\$24.4 million for the six months ended 30 June 2020, which was in line with the decrease in the Group’s operating profit for the same period.

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Set out below is a summary of the Group's consolidated financial position as extracted from the 2019 Annual Report and the 2020 Interim Report:

	As at 31 December 2018 (Audited) (HK\$ million)	2019 (Audited) (HK\$ million)	As at 30 June 2020 (Unaudited) (HK\$ million)
Non-current assets	678.2	1,355.8	1,203.5
Current assets	3,915.7	3,811.0	4,822.0
Non-current liabilities	4.0	247.6	180.7
Current liabilities	3,133.8	3,594.6	4,543.3
 Total equity	 1,456.1	 1,324.6	 1,301.5

As at 31 December 2019, the Group recorded a significant increase in non-current assets of approximately HK\$1,355.8 million, representing an increase of approximately 99.9% from approximately HK\$678.2 million as at 31 December 2018, which was mainly due to the adoption of HKFRS 16 and in turn increased the recognition of right-of-use assets.

As at 30 June 2020, the Group recorded current liabilities of approximately HK\$4,543.3 million, representing an increase of approximately 26.4% from approximately HK\$3,594.6 million as at 31 December 2019, which was mainly due to the increase in trade and other payables, which included commissions and rebate payables to property consultants, co-operative estate agents and property buyers.

Information on the IC&I Group

IC&I is a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 459). The IC&I Group is principally engaged in the provision of property agency services in respect of commercial and industrial properties and shops, properties investment, credit business and securities investment in Hong Kong.

II. Reasons for and benefits of entering into the Cross Referral Services Framework Agreement (2021)

As stated in the Letter, the principal businesses of both the Group and the IC&I Group include the provision of property agency services. The Group mainly focuses on businesses in respect of residential properties, while the IC&I Group mainly focuses on businesses in respect of industrial and commercial properties and shops.

The undertaking of cross referral services is an integral part of the estate agency business, which constitutes the principal activities of both the Group and the IC&I Group. We understand from the Management that the arrangements under the Cross

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Referral Services Framework Agreement (2021) are expected to provide a working framework in compliance with the Listing Rules to encourage cooperation between both groups of companies and secure more business opportunities which will be mutually beneficial to and support the growth of their respective businesses. We have reviewed the 2019 Annual Report and the 2020 Interim Report, and noted that the arrangements are in line with the overall business plan of the Group.

We have also reviewed (i) the terms of the Cross Referral Services Framework Agreement (2015) and Cross Referral Services Framework Agreement (2018) entered into between the Group and the IC&I Group (the “**Previous Agreements**”); and (ii) the historical transaction amounts under the Previous Agreements. We noted that the Group and the IC&I Group have maintained a long-term positive business relationship by referring business opportunities to each other. We also noted that the commission fees paid/payable to the IC&I Group remained relatively stable with an average transaction amount of approximately HK\$26.3 million during the five years ended 31 December 2020, while the commission fees received/receivable from the IC&I Group was stable during the three years ended 31 December 2018 with an average transaction amount of approximately HK\$99.6 million but dropped significantly during the two years ended 31 December 2020 with an average transaction amount of approximately HK\$49.6 million, due to specific market conditions such as the effect of geopolitical tensions and global pandemic on the economy. This has shown the residential property market has performed relatively well despite of the social and economic impacts from the society.

According to the 2020 Interim Report, despite the intensification of social events, deterioration of the relationship between the US and Mainland China, and the COVID-19 outbreak, the market has shown signs of recovery since the second quarter of 2020. Hong Kong’s local property prices remained stable with a drop of less than 10% during June 2019 to April 2020. Property prices of local residential properties bottomed out in late April 2020, and had risen by approximately 4% from late April to July 2020.

Having considered that (i) the arrangements under the Cross Referral Services Framework Agreement (2021) are in line with the principal business of the Group; (ii) the Group and the IC&I Group have maintained a long-term business relationship in referring businesses to each other; and (iii) the overall property market has shown signs of recovery and is expected to resume to its normal level in 2021, we concur with the view of the Board that the Cross Referral Services Framework Agreement (2021) will continue to encourage cooperation between both groups of companies and secure more business opportunities for them which will be essential to their business growth, and are in the ordinary and usual course of business of the Group and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LETTER FROM VMS SECURITIES

III. Terms of the Cross Referral Services Framework Agreement (2021)

With reference to the section headed “Cross Referral Services Framework Agreement (2021)” in the Letter, the Company entered into the Cross Referral Services Framework Agreement (2021), the material terms of which are set out below:

Date: 8 February 2021

Parties: (a) The Company
(b) IC&I

Term: 16 November 2020 to 15 November 2023

Services provided: The transactions under the Cross Referral Services Framework Agreement (2021) are of the same nature as those covered by the Cross Referral Services Framework Agreement (2018). They are essentially referrals of business opportunities in property transactions between members of the Group and the IC&I Group, to secure engagements by the customers for estate agency services. Pursuant to the Cross Referral Services Framework Agreement (2021):

- (a) the Group has the right (but not obligation) to introduce, refer and communicate to the relevant member(s) of the IC&I Group any business opportunity relating to or falling within the IC&I Group’s estate agency business in respect of industrial and commercial properties and shops in the Relevant Territory; and
- (b) similarly, the IC&I Group also 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 residential properties in the Relevant Territory.

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Each referral is made on a case-by-case basis. There is no legally binding commitment on any member of the Group or the IC&I Group to refer to the other any minimum number and/or target amount of transactions under the Cross Referral Services Framework Agreement (2021). The terms and conditions of each referral transaction will be evidenced by individual written agreements subject to the terms of the Cross Referral Services Framework Agreement (2021) and will be on normal commercial terms.

**Referral fee and
pricing policy:**

In consideration of the Cross Referral Transactions provided, the party making the referral (hereinafter the “**referor**”) is entitled to a referral fee from the party accepting such referral (hereinafter the “**referee**”) by way of sharing the relevant commission income actually received.

The allocation of the commission income received with respect to each individual property transaction will be determined on a case-by-case basis and on arm’s length basis following the terms of the Cross Referral Services Framework Agreement (2021) and pricing policy (the “**Pricing Policies**”) below:

- (a) 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 negotiated on an arm’s length basis or on terms as considered by each of the Group and the IC&I Group to be no less favourable to it than terms available to or from (as appropriate) its respective independent third parties, and neither the Group nor the IC&I Group is required to consider the favourableness of such terms with respect to one another;
- (b) the starting point in determining the initial allocation of commission income received in each individual property transaction will be the following reference ratios (by the type of property transaction involved):

Property transaction involved	Reference ratio (%)	
	<i>Referor</i>	<i>Referee</i>
Primary property transaction	Between 70% to 90% (<i>Note</i>)	Between 30% to 10%

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Property transaction involved	Reference ratio (%)	
	<i>Referor</i>	<i>Referee</i>
Secondary property transaction	50%	50%

Note: For a primary property transaction, a higher proportion of commission income received will usually be allocated to the referor of a property purchaser and a lower proportion to the referee (i.e. estate agent of the developer), as the former would typically assume relatively heavier workload. An estate agent seeking purchasers for properties in a development is required not only to have solid knowledge of the characteristics of the properties offered for sale but also to proactively put effort and time in the marketing process and adapting to the needs of the purchasers. By contrast, in the case of the estate agent of the developer, the price and key commercial terms of the properties in the entire development are typically pre-set by the developer. Accordingly, the amount of time and effort expected of the estate agent acting for the developer in the sale process is limited.

- (c) such reference ratios may be adjusted based on the negotiation between the parties on arm's length basis and on a case-by-case basis, taking into account all relevant factors specific to the transaction including:
 - (1) the characteristics, nature and value of any 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 (e.g. a party acting for the vendor of an unique and high value property is likely to be able to bargain for higher commission income);
 - (2) the expected workload of the respective agents;

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- (3) the scope and exclusive nature of the requisite estate agency and consultancy services involved under the engagements with the individual customers (e.g. a party acting for the vendor may bargain for higher commission income if he acts as a sole and exclusive agent for the vendor); and
 - (4) other factors (e.g. in some cases, the developer may set a sales target which, if met, will enable the estate agent for the developer to 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 a higher proportion of the commission income to the estate agent referring the purchaser so that the said sales target can be achieved);
- (d) the commission income allocations proposed by individual estate agents will be submitted to the respective branch managers of such agents, who will review and, if appropriate, approve the same with reference to the above criteria based on the following:
- (1) where there are comparable referral transactions with independent-third-party estate agents:

The branch managers would compare the commission income allocations and the terms of the transactions under the Cross Referral Services Framework Agreement (2021) with at least two other comparable transactions which the Group made with independent-third-party estate agents in so far as they are available, particularly those made under the then prevailing circumstances. 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 any properties involved.

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- (2) where there are no comparable referral transactions with independent-third-party estate agents:

The factors mentioned under paragraphs (c)(1) to (4) above will be carefully considered, bearing in mind that the allocation of commission income shall be on normal commercial terms or better as set out in paragraph (a) above.

As income of estate agents in Hong Kong is in a large part derived from commission income, each of the referor and the referee estate agents would be self-motivated to secure an allocation ratio to the best of such agent's respective interests possible at the time when negotiating the allocation of the commission income for the agency such agent represents such that any referral transaction concluded following such negotiations will be on an arm's length basis.

- (e) the commission income allocation ratio for each transaction, when finalised after considering the above factors, will be recorded when the parties enter into the individual written agreement for the property transaction; and
- (f) the commission income allocations for the transactions made under the Cross Referral Services Framework Agreement (2021) will be checked and reviewed by the respective management of the Group and the IC&I Group from time to time. Annually, the said transactions conducted during the financial year will also be reviewed by the Group and the IC&I Group respectively in compliance with the relevant requirements in the Listing Rules.

Settlement:

For actual commission income received in each month, payments of referral fees will generally be made by the end of the calendar month following the month in which the commission income is actually received from or attributable to the relevant transaction.

The referral fees payable by the Group to the IC&I Group under the Cross Referral Services Framework Agreement (2021) will be settled through the working capital of the Group.

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**Conditions
precedent:**

Cross Referral Transactions entered into during the term of the Cross Referral Services Framework Agreement (2021) will be subject to the following conditions precedent:

- (a) Cross Referral Transactions which individually or in aggregate exceed the Exemption Thresholds for the Company will be subject to and conditional upon the Cross Referral Transactions contemplated under the Cross Referral Services Framework Agreement (2021) and the Proposed Annual Caps for the Company thereof being approved by the Independent Shareholders in accordance with the Listing Rules; and
- (b) Cross Referral Transactions which individually or in aggregate exceed the Exemption Thresholds for IC&I will be subject to and conditional upon the IC&I Independent Shareholders' Approval, save for transactions entered into prior to the expiry of the Cross Referral Services Framework Agreement (2018) on 31 December 2021.

Our view

We have reviewed the terms of both the Cross Referral Services Framework Agreement (2018) and the Cross Referral Services Framework Agreement (2021), and understand that other than entering into a term of three years commencing from 16 November 2020 to 15 November 2023 under the Cross Referral Services Framework Agreement (2021) and superseding the Cross Referral Services Framework Agreement (2018) which term was supposed to end by 31 December 2021, substantive provisions of the two agreements, including the allocation basis of commission income and settlement, remain similar.

In assessing the fairness and reasonableness of the commission income allocation for transactions under the Cross Referral Services Framework Agreement (2021), we have reviewed the past records of the commission income allocation between the Group and the IC&I Group for both the commission income paid/payable to and received/receivable from the IC&I Group for the three years ended 31 December 2020. For primary market transactions, we noted that approximately 74.5%, 80.3% and 60.0% of allocation of commission income from the referee to the referor fell in the range of 70% to 90% during the years ended 31 December 2018, 2019 and 2020, respectively. For secondary market transactions, we noted that approximately 65.1%, 75.6% and 76.8% of allocation of commission income between the referee and referor was 50:50 during the years ended 31 December 2018, 2019 and 2020, respectively.

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We have also reviewed the past record of the commission income allocation between the Group and independent third parties for the three years ended 31 December 2020. We noted that the majority of the primary market transactions, representing approximately 78.6%, 74.6% and 83.2% of the commission income paid/payable to the independent third parties, fell in the range of 70% to 90% during the years ended 31 December 2018, 2019 and 2020, respectively, while majority of the secondary market transactions, representing approximately 52.6%, 61.5% and 66.7% of the commission income paid/payable to the independent third parties was 50:50 during the years ended 31 December 2018, 2019 and 2020, respectively.

Based on the above, we are of the view that the commission income allocation between the Group and the IC&I Group under the Cross Referral Services Framework Agreement (2021), which is in line the reference commission allocation under with the Cross Referral Services Framework Agreement (2018), 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 favorable to the relevant members of the Group than terms available to or from (as appropriate) independent third parties.

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 have discussed with the Management and reviewed the past record for those transactions. As advised by the Management, the commission income allocation for transactions falling outside the most common range were determined on the same practice with those transactions falling within the most common range, which were, and will continue to be, negotiated between the parties on arm's length and case-by-case basis after taking into account (i) the characteristics, nature and value of any 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 expected workload of the respective agents; (iii) the scope and exclusive nature of the services involved under the engagements with individual customers; and (iv) other factors. As the income of estate agents in Hong Kong is, in large part, derived from commission income, the estate agents are expected to be self-motivated to use their best effort to secure an allocation ratio to the best of their own interests when negotiating for the commission income by considering the four abovementioned factors, which are factors commonly considered by agents in the market. The Company's policy and procedures are designed along this central theme for the negotiations to adjust to prevailing market forces, to best help ensure that the allocation terms will be on normal commercial terms. Each transaction of the Group, including those with commission allocations falling outside the most common range had, and will continue to, follow the Pricing Policies of the Group and require review and approval by the branch managers.

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As such, we consider that those transactions falling outside the most common range of allocation of commission income were negotiated between the parties on arm's length basis after taking into account the commonly considered factors as mentioned above which form the basis of the Group's Pricing Policies and in line with the prevailing market rates.

In respect of the settlement term, we have discussed with the Management in relation to the payment terms and reviewed samples of past payment records of the referral fees between the Group and the IC&I Group in comparison to the same between the Group and independent third parties for the year ended 31 December 2020. We note that the settlements between the Group and IC&I Group during the year ended 31 December 2020 were generally made by the end of the calendar month following the month in which the commission income is actually received from or attributable to the relevant transaction. The payment terms are similar to those in other referral transactions of the Group to or from independent third parties. As such, we consider that the payment terms are fairly and reasonably determined.

Having considered that (i) the commission income allocation between the Group and the IC&I Group is comparable to those between the Group and independent third parties; (ii) transactions falling outside 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 mainly with reference to nature of properties and workload of agents; and (iii) the payment terms are similar to those in other referral transactions of the Group to or from independent third parties, we consider that the terms of the Cross Referral Services Framework Agreement (2021) are on normal commercial terms or better and are fair and reasonable in so far as the Company and the Independent Shareholders are concerned.

IV. Proposed Annual Caps

The Proposed Annual Caps of referral fees to and from the IC&I Group for the respective periods below are set out as follows:

	16 November 2020 to 31 December 2020 (HK\$ million)	1 January 2021 to 31 December 2021 (HK\$ million)	1 January 2022 to 31 December 2022 (HK\$ million)	1 January 2023 to 15 November 2023 (HK\$ million)
Referral fees from the IC&I Group	<u>15.0</u>	<u>110.0</u>	<u>110.0</u>	<u>95.0</u>
Referral fees to the IC&I Group	<u>10.0</u>	<u>50.0</u>	<u>50.0</u>	<u>40.0</u>

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With reference to the Letter, we understand that the Proposed Annual Caps were determined by the Group with reference to factors including the following:

- (a) as a starting point, the historical transactions amounts between the Group and the IC&I Group adjusted for the relevant periods as follows:

- (1) *Proposed Annual Caps for referral fees payable/paid to the IC&I Group:*

- (i) the historical transaction amounts of 2018; (ii) expected level of referral fees payable/paid to the IC&I Group in respect of residential properties for the relevant periods; (iii) the possible increase in market transactions in Hong Kong residential market following the COVID-19 pandemic; and (iv) the Group's potential business growth based on the scale, operations of the businesses and capability of the Group and capacity to take on referrals.

- (2) *Proposed Annual Caps for referral fees receivable from the IC&I Group*

- (i) the historical transaction amounts of 2018 which had seen an active level of industrial and commercial property and shop referrals; (ii) the expected level of referral fees receivable/received from the IC&I Group's in respect of industrial and commercial properties and shops for the relevant periods; and (iii) the Group's potential business growth based on the scale, operations of the businesses and capability of the Group and opportunity to make referrals.

- (b) property market and economic factors which are expected to carry direct or indirect impact on property transactions, including:

- (1) the volatility of the property market in Hong Kong contributing to swings in transaction volume and value; and
 - (2) the possible outlook of the local economic environmental conditions, including the relaxation of mortgage ceiling on non-residential properties by the Hong Kong Monetary Authority in August 2020 and the abolition of the double ad valorem stamp duty on non-residential properties with effect from 26 November 2020 which may drive transaction levels.

The historical amount for the year ended 31 December 2018 served as the starting point for setting the proposed annual caps as it is considered that the market conditions in 2019 and 2020 were not reliable indicators of active transaction levels. The market conditions in the years of 2019 and 2020 were adversely affected by the intensified geopolitical tensions in 2019 and the unprecedented COVID-19 pandemic as well as the associated combating measures in 2020. Such adverse market conditions were extraordinary and had affected the transaction value and volume of Hong Kong properties market. The Company considers it prudent and reasonable to cater for the possibility in case such adverse market conditions subside, such that the Group may

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continue with these normal and ordinary course transactions without interruption, if transaction level does return to a higher level. By the same token, the Company considers it prudent and reasonable to cater for the possibility of the Group's business growth to allow flexibility for the Group to capture future business opportunities if they do arise.

The factors collectively considered in determining the Proposed Annual Caps were grounded in previous transactions with prudent contingency considerations for the future, and the Directors consider that the Proposed Annual Caps to be fair and reasonable.

In assessing the fairness and reasonableness of the Proposed Annual Caps, we have reviewed the followings:

Historical transactions between the Group and the IC&I Group

We have reviewed the financial information provided by the Company in respect of the referral fees paid/payable to and received/receivable from the IC&I Group under the Previous Agreements. Set out below are the historical amount, historical annual caps obtained by the IC&I Group, utilisation rate of the historical annual caps, year-on-year growth rate and compound annual growth rate ("CAGR") in respect of the referral fees paid/payable to and received/receivable from the IC&I Group for the six years ended 31 December 2020 (the "**Historical Period**"):

	Year ended 31 December 2015 (audited) (HK\$ million)	Year ended 31 December 2016 (audited) (HK\$ million)	Year ended 31 December 2017 (audited) (HK\$ million)	Year ended 31 December 2018 (audited) (HK\$ million)	Year ended 31 December 2019 (audited) (HK\$ million)	Year ended 31 December 2020 (unaudited) (HK\$ million)
Referral fees paid/payable to IC&I Group	26.4	26.2	34.6	27.8	21.7	21.3
Historical annual caps obtained by the IC&I Group	50.0	40.0	45.0	50.0	50.0	50.0
Utilisation rate	52.8%	65.5%	76.9%	55.6%	43.4%	42.6%
Year-on-year growth rate	N/A	-0.8%	32.1%	-19.7%	-21.9%	-1.8%
CAGR from 2015 to 2018 <i>(Note)</i>				1.7%	N/A	N/A
Referral fees received/ receivable from IC&I Group	74.6	102.0	97.7	99.0	63.9	35.3
Historical annual caps obtained by the IC&I Group	94.0	110.0	110.0	130.0	145.0	145.0
Utilisation rate	79.4%	92.7%	88.8%	76.2%	44.1%	24.3%
Year-on-year growth rate	N/A	36.7%	-4.2%	1.3%	-35.5%	-44.8%
CAGR from 2015 to 2018 <i>(Note)</i>				9.9%	N/A	N/A

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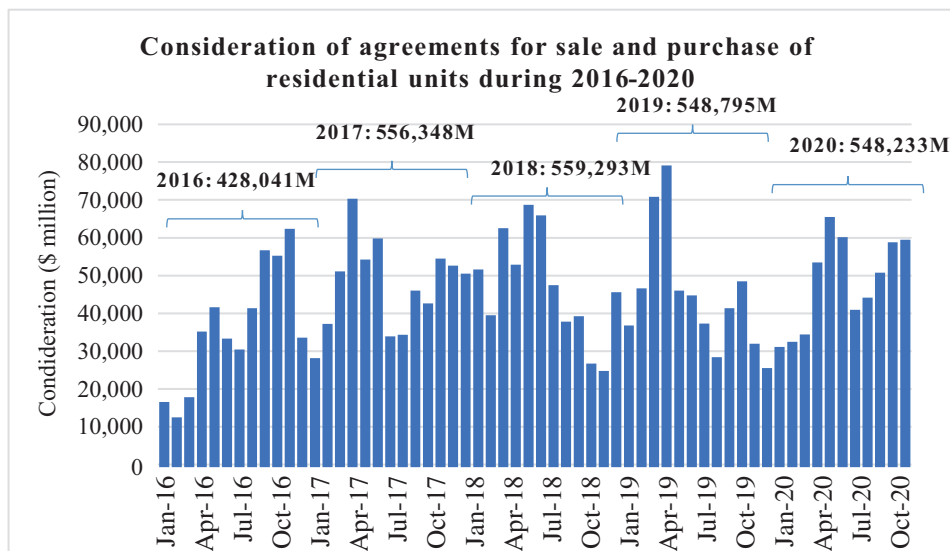
Note: In order to understand the trend or growth of the property market under normal circumstances to give a better reference in assessing the Proposed Annual Caps, we have excluded the referral fees paid/payable to and received/receivable from the IC&I Group during the year ended 31 December 2019 and the year ended 31 December 2020 from the calculation of CAGR, as the property market has been adversely affected by specific market conditions, such as the effect of geopolitical tensions and global pandemic on the economy. Given that property market has shown signs of recovery since the second quarter of 2020 and secondary residential market has been recovering promptly following the relaxation of the mortgage ceiling by the Hong Kong Government, it is expected that the property market will experience a strong recovery in 2021.

As shown in the above table, during the year ended 31 December 2015 to the year ended 31 December 2018, we noted that the referral fees paid/payable to the IC&I Group in respect of residential properties referred to the Group had been fluctuating with year-on-year growth rates ranging from a decrease of 19.7% to an increase of 32.1% with a CAGR of approximately 1.7%; while the referral fees received/receivable from the IC&I Group in respect of industrial and commercial properties and shops referred by the Group had been fluctuating with year-on-year growth rates ranging from a decrease of 4.2% to an increase of 36.7% with a CAGR of approximately 9.9%.

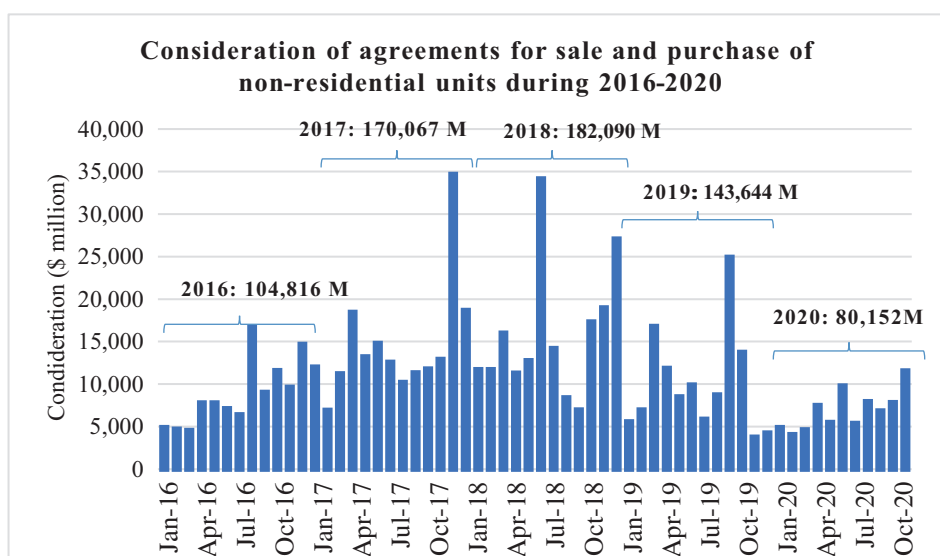
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Social and economic factors which adversely affected the Hong Kong property market during the years ended 31 December 2019 and 31 December 2020

In respect of the historical performance of the property market, we have 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 year-on-year percentage change on the amount of consideration of agreements for sale and purchase of building units (residential and non-residential) during January 2016 to December 2020:



Source: Land Registry of the Government of Hong Kong



Source: Land Registry of the Government of Hong Kong

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As noted from the above charts, the performance of the property market in Hong Kong has been fluctuating over the past few years. Set out below is the year to year fluctuations of consideration of agreements for sale and purchase of building units (residential and non-residential) during January 2016 to December 2020:

	Year ended 31 December 2016	Year ended 31 December 2017	Year ended 31 December 2018	Year ended 31 December 2019	Year ended 31 December 2020
Residential	N/A	30.0%	0.5%	-1.9%	-0.1%
Non-residential	N/A	62.3%	7.1%	-21.1%	-44.2%

For residential properties, the year to year fluctuations of the amount of consideration of sale and purchase agreements of building units varied from a decrease of approximately 1.9% in the year ended 31 December 2019 to an increase of approximately 30.0% in the year ended 31 December 2017. For non-residential properties, the year to year fluctuations of the amount of consideration of sale and purchase agreements of building units varied from a decrease of approximately 44.2% in the year ended 31 December 2020 to an increase of approximately 62.3% in the year ended 31 December 2017. We noted that the impact of the outbreak of COVID-19 and political events including the social unrest in Hong Kong and the China-US trade war during the years ended 31 December 2019 and 2020 had adversely affected the Hong Kong property market, in particular the sale and purchase of non-residential units. It was also noted that the property market in Hong Kong has been volatile over the years and it is considered that 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 environmental conditions, market sentiment and government policies.

Furthermore, the commercial market in Hong Kong is significantly affected by retail and tourism levels in Hong Kong. According to the latest data from the Census and Statistics Department Hong Kong, the number of visitor arrivals to Hong Kong was approximately 3,564,008 during the eleven months ended 30 November 2020, representing a decrease of approximately 93.2% as compared to the same period in 2019. The decrease in visitors was mainly attributable to the lockdown of countries and tightened travelling and prevention measures due to the outbreak of COVID-19 in early 2020.

After having considered the historical trend of the Group's transactions with the IC&I Group and the social and economic factors as described above, we concur with the Management's view that the transaction amounts of the Group during the year ended 31 December 2018 should be used as the reference amounts in determining the Proposed Annual Caps as the property market for the year ended 31 December 2019 and 31 December 2020 was adversely affected by the intensified geopolitical tensions and outbreak of COVID-19.

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Social and economic factors which are expected to support the recovery of the Hong Kong property market during the three years ending 15 November 2023

According to the press release of the US Federal Reserve published on 15 March 2020, after the Federal Open Market Committee (“**FOMC**”) considered the effects of the coronavirus and its potential risks to the economy outlook, the FOMC decided to lower the target range for the federal funds rate to 0 to 1/4 percent. The FOMC expects to maintain this target range until it is confident that the economy has weathered recent events and is on track to achieve its maximum employment and price stability goals. This action will help support economic activity, strong labor market conditions, and inflation in the United States (the “**US**”). As one of the global economy’s key indicators, the movement of US interest rate will trigger volatility in the global financial markets, fluctuations in exchange rates and capital flows, which in turn impacts the property market in Hong Kong. It was the general market consensus that interest rate would stay nearly zero for a certain period of time. The low interest rate environment and limited supply, coupled with the Hong Kong Government’s relaxation of the mortgage ceiling, are expected to provide continued support for the local property market.

According to the research reports published by Jones Lang LaSalle during the last quarter of 2020, monthly residential properties sales rose by 23% month-on-month to 6,070 in November 2020 after stabilizing in October 2020. The increase is largely on the back of the sales volume in the primary market hitting a record high since the second half of 2019. Buying sentiment remained strong in the primary market, and over 85% of the units were sold on the first day of a couple of residential projects which were launched during the last quarter of 2020. In respect of offices, the vacancy rate for grade A offices in Hong Kong was high at 8.8% by the end of November 2020 (November 2019: 5.9%; November 2018: 4.1%), in particular, the vacancy rate in Central stood at 6.9% (November 2019: 3.5%; November 2018: 1.5%), with a considerable amount of surrender space. Leasing activity mainly revolved around small spaces. Rents continued to decline across all major office submarkets in Hong Kong. Rental decline slowed down compared to the first half of the year as uncertainties surrounding COVID-19 appear to be more contained.

According to the Hong Kong’s Recent Economic Situation and Near-term Outlook published by the Financial Secretary’s Office of the Hong Kong Government on 30 November 2020, the commercial and industrial property markets stayed generally weak in the third quarter amid the third wave of the local epidemic, weak economic conditions and exceptionally uncertain economic outlook. Trading activities stayed at low levels. With the relaxation of the macro-prudential measures for mortgage loans on non-residential properties by the HKMA in August, trading activities showed some signs of rebound towards the end of the quarter. Prices and rentals of major market segments exhibited diverse movements. Sale prices of office space on average increased by 2% during the third quarter, while rentals declined by 2%. For retail shop space, sale prices declined by another 5% between June and September, while rentals increased by 3%. As for flatted factory space, sale prices decreased by 2% during the third quarter, while rentals rose by 1%.

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In response to the extraordinary economic and social impact of the ongoing COVID-19 public health crisis, the Hong Kong Government has sought to provide support to the commercial property sector. In the 2020 Policy Address, the Chief Executive announced the abolition of the Double Ad Valorem Stamp Duty (“**DSD**”) on non-residential property transactions pursuant to the Public Revenue Protection (Stamp Duty) Order 2020 taking effect from 26 November 2020. It is expected that the abolition of DSD will decrease transaction costs in the non-residential property market and so encourage the acquisition or restructuring of non-residential properties in the upcoming year.

On the other hand, we have also reviewed the Hong Kong Property Review 2020 (the “**Property Review 2020**”) published by the Rating and Valuation Department in April of 2020. The actual and forecast completions for residential and non-residential properties for the four years ending 31 December 2021 are set out below respectively:

Year	Actual		Forecast	
	2018	2019	2020	2021
<u>Residential</u>				
Domestic				
Completions units	20,968	13,643	20,854	18,924
% change	N/A	-34.93%	52.85%	-9.25%
<u>Non-residential</u>				
Office				
Completion Floor Area ('000m ²)	179	267	78	293
% change	N/A	49.16%	-70.79%	275.64%
Commercial				
Completion Floor Area ('000m ²)	125	118	105	98
% change	N/A	-5.60%	-11.02%	-6.67%
Industrial				
Completion Floor Area ('000m ²)	41	56	54	67
% change	N/A	36.59%	-3.57%	24.07%

As illustrated in the above table, the forecast completion unit of domestic properties was expected to increase during the year ended 31 December 2020 despite the impact of the COVID-19 outbreak, while the forecast completion floor area of office, commercial and industrial were expected to drop during the year ended 31 December 2020 and recover during the year ending 31 December 2021. According to the Property Review 2020, the forecast has taken into account (i) the number of known development and redevelopment sites; (ii) the information derived from architects' and developers' plans and returns; (iii) the information derived from Buildings Department returns; and (iv) the professional estimation and/or site visits.

According to the research report published by Moody's Investor Service (“**Moody's**”) on 9 June 2020, Moody's considered that the multiple rounds of measures introduced by the authorities and banks in Hong Kong, including but not limited to the wage subsidies, relief grants and SME Financing Guarantee Schemes, are supportive to

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banks' asset quality as they will sustain Hong Kong's aggregate demand and employment, and dampen the adverse impact from social distancing measures and the drastic drop in foreign and mainland visitor arrivals. According to the government, the aggregate amount of its fiscal relief measures could total 10% of GDP. These measures will reduce cash flow stress for individuals and businesses, in particular the small and medium-sized enterprises that have been hard hit by the disruptions caused by the outbreak. Despite the relief measures, Moody's expected the Hong Kong economy to contract by 5% in 2020 and its unemployment rate to move higher in the second half of the year. Given that the restrictions on overseas and mainland visitors remain tight, which will continue to weigh on the hospitality and tourism sectors and certain retailers, Moody's expects elevated asset-quality pressure across Hong Kong banks, although the availability of these support measures will reduce its severity.

According to the economic forecasts conducted by the Hong Kong General Chamber of Commerce ("HKGCC") published on 17 December 2020, HKGCC forecast the economy to contract by 6% for the year ended 31 December 2020 as a whole, but expect a return to positive growth of 3.5% for the coming year. In respect of the unemployment rate in Hong Kong, HKGCC expects that to rise to 7% by the year ended 31 December 2020, but easing to 4.8% by the end of 2021, implying that the economy should recover gradually. In addition, HKGCC expects that COVID-19 vaccines will become widely available, which should help bring the coronavirus pandemic under control in Hong Kong and internationally, and allow some cross-border activities to be relaxed. Besides, they expect that the Sino-U.S. relations to be more predictable under the Biden Administration.

After taking into account the historical transaction amounts of the Group with the IC&I Group, overall performance and market fluctuations of the residential and non-residential property markets and the supportive social and economic factors as mentioned above, including the (i) lowered US interest rate; (ii) strong buying sentiment for Hong Kong residential properties in the primary market; (iii) slowed decline in the Hong Kong non-residential properties vacancy rate; (iv) relaxation of the macro-prudential measures for mortgage loans on non-residential properties; (v) the abolition of DSD on non-residential property transactions; (vi) multiple rounds of measures including but not limited to the wage subsidies, relief grants and SME Financing Guarantee Schemes introduced by the authorities and banks in Hong Kong; and (vii) the expected roll out of COVID-19 vaccines, we concur with the Management's view that the abovementioned measures will support the recovery of the Hong Kong property market by 2021 and that a reasonable buffer should be added to the Proposed Annual Caps to allow flexibility for future growth and capturing business opportunities.

Despite the fact that the maximum utilisation rate of the historical annual cap for referral fees paid/payable by the Group to IC&I Group was only 55.6% for the year ended 31 December 2018, we noted that (i) the historical referral fees paid/payable by the Group to IC&I Group went up to approximately HK\$34.6 million for the year ended 31 December 2017; (ii) the year-on-year growth rates of the referral fees paid/payable to IC&I Group had been fluctuating with a maximum increment of 32.1% during the years ended 31 December 2015 to 2018; (iii) according to the statistics from

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the Land Registry of the Government of Hong Kong, the residential property market has been fluctuating with growth rates up to over 30.0% during the past five years; and (iv) the existing property market has been adversely affected by the geopolitical tensions and global pandemic, and the government measures launched are expected to speed up the recovery of the market at a growth rate that is not comparable to the historical records due to this unexperienced and special situation. Given that the potential growth for residential market could increase to over 30% per year (as it did in 2017), and taking into account the easing of social and economic issues which have caused disruption in 2019-2020, we agree with the Directors' rationale that setting the Proposed Annual Caps of referral fees paid/payable to IC&I Group to HK\$50 million will give a reasonable buffer to allow flexibility for the Group to capture future opportunities and cater for the Group's potential business growth.

Accordingly, we concur with the Management to use (i) historical amounts for the year before the market was being affected by the intensified geopolitical tensions and outbreak of COVID-19; and/or (ii) the expected growth rate; and/or (iii) the reasonable buffer for determining the Proposed Annual Caps to be reasonable and justifiable.

In light of the above, in particular after considering flexibility for future growth and business opportunities based on the historical property market fluctuations and the latest performance of the residential and non-residential property markets, we consider that the Proposed Annual Caps are fair and reasonable.

V. Internal Control Measures

As stated in the Letter, the Group has implemented the following internal control procedures to monitor the transactions contemplated under the Cross Referral Services Framework Agreement (2021):

- (a) the aggregate amount of referral fees payable/paid to and receivable/received from the IC&I Group will be updated on a monthly basis for appraising the latest unutilised amounts available under the Proposed Annual Caps for the relevant period;
- (b) the terms and commission income allocations for the transactions made under the Cross Referral Services Framework Agreement (2021) will be reviewed by the Group from time to time to ensure they are on normal commercial terms or better (i.e. terms obtainable on an arm's length basis or terms no less favourable to the Group than those available to or from independent third parties); and
- (c) annually, the transactions made under the Cross Referral Services Framework Agreement (2021) conducted during the financial year will also be reviewed by the independent non-executive Directors and reported by the auditors of the Company in compliance with the relevant requirements in Chapter 14A of the Listing Rules.

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In respect of the aggregate amount for transactions contemplated under the Cross Referral Services Framework Agreement (2021), we understand from the Management that relevant reports will be updated by the Finance Department of the Company and reviewed by the head of the Finance Department of the Company on a monthly basis to ensure that the aggregated amounts have not exceeded the Proposed Annual Caps.

In respect of the commission income allocation, the Company has prevailing Pricing Policies in place to ensure the transactions contemplated under the Cross Referral Services Framework Agreement (2021) is market-oriented, fair and reasonable. We understand from the Management that the referral fee of each transaction under the Cross Referral Services Framework Agreement (2021) shall be determined on a case-by-case basis depending on the characteristics, nature and value of any properties involved, expected workload of the respective agents, scope and exclusive nature of the requisite estate agency and consultancy services involved, and every transaction requires review and approval by the branch manager to ensure the allocation is either comparable to referral transactions with independent third parties or on normal commercial terms or better. The Management is also of the view that the prevailing market forces will safeguard the commission income to ensure the allocation ratio is comparable to the market rates. As the Hong Kong property market is highly competitive and income of estate agents is in a large part derived from commission income, each of the referor and the referee estate agents would be self-motivated to secure an allocation ratio to their best interest. If the proposed commission income allocation deviates from that commonly found in the market, the disadvantaged agent is likely to refer the business to independent third parties instead.

In particular, the independent non-executive Directors shall review the continuing connected transactions annually to ensure (i) the transactions have been entered into under the ordinary and usual course of business of the Group; (ii) the transactions have been conducted on normal commercial terms or better; and (iii) the transactions have been entered into in accordance with the Cross Referral Services Framework Agreement (2021) governing them on terms that were fair and reasonable and in the interests of the Shareholders as a whole. Last but not least, the auditor of the Group will also review the continuing connected transactions annually, and confirm the transactions have been approved by the Board of Directors; were in all material respects, in accordance with the Pricing Policies of the Group and the Cross Referral Services Framework Agreement (2021); and have not exceeded the Proposed Annual Caps set out above for the respective financial year.

In light of the abovementioned, we concur with the view of the Management that the Pricing Policies and internal controls measures in place are adequate to ensure the transactions contemplated under the Cross Referral Services Framework Agreement (2021) are conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders.

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RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) the terms of the Cross Referral Services Framework Agreement (2021) and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group; (ii) the terms of the Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolution at the SGM to approve the Cross Referral Services Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps.

Yours faithfully,
For and on behalf of
VMS Securities Limited
Anderson Wong
Managing Director
Corporate Finance

Mr. Anderson Wong is a licensed person and a responsible officer of VMS Securities Limited registered with the Securities and Future Commission to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and has over ten years of experience in the corporate finance industry.

GENERAL INFORMATION

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 or any of its associated corporations (within the meaning of Part XV of the SFO) were as follows:

Long positions in the Shares and underlying Shares

Name of Directors	Number of ordinary Shares		Approximate % of the issued voting Shares	Number of underlying Shares	
	Personal interest/ Beneficial owner	Corporate interest/ Interest of controlled corporations		Personal interest/ Beneficial owner	Approximate % of the issued voting Shares
Mr. Wong	24,490,000	240,937,824 (Note 1)	36.97%	4,587,150 (Note 2)	0.64%
Ms. WONG Ching Yi, Angela	–	–	–	8,191,730 (Note 2)	1.14%

Notes:

- These Shares were held by Sunluck which was indirectly wholly-owned by Mr. Wong through his wholly-owned company, namely Southern Field Trading Limited (“**Southern Field**”).
- Such interests in the underlying Shares (being physically settled unlisted derivatives) were held by Mr. Wong and Ms. WONG Ching Yi, Angela by virtue of the interests in the outstanding share options of the Company granted to them respectively.

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

GENERAL INFORMATION

in the register referred to therein or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, Mr. Wong was a director of Sunluck and Southern Field, all being companies which had an interest in the Shares and/or underlying Shares as disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO. Save as disclosed above, so far as is known to the Directors, no Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had an existing or proposed service contract with any member of the Group which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, the interests of the Directors and their respective close associates in businesses which compete or are likely to compete, directly or indirectly, with the businesses of the Group were as follows:

- (i) Mr. Wong is the chairman and executive director of IC&I and is directly and indirectly interested in approximately 51.54% of all issued IC&I Shares;
- (ii) Ms. WONG Ching Yi, Angela held directorships in the IC&I Group; and
- (iii) Mr. WONG Wing Cheung Dennis had interests and/or held directorship in Pruden Holdings Limited and certain of its group companies, which engaged in the businesses of property valuation, property management and real estate agency as the Group.

As the Board is independent of the board of directors of the above companies and none of the above Directors can control the Board, the Group is therefore capable of carrying on its businesses independently of, and at arm's length from the business of above companies.

5. INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

Save as disclosed below, as at the Latest Practicable Date, (i) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2019, being the balance sheet date of the latest published audited consolidated financial statements of the Group, acquired or disposed of by or leased to any member(s) of the Group, or were proposed to be acquired or disposed of by or leased to, any member(s) of the Group and (ii) none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Group:

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- (i) A tenancy agreement was made on 8 March 2018 between Teamway Group Limited, an indirect wholly-owned subsidiary of IC&I, as landlord and City First Limited, an indirect wholly-owned subsidiary of the Company, as tenant whereby the landlord agreed to lease the premises located at the whole of 21st Floor, Ford Glory Plaza, No. 37 Wing Hong Street, Kowloon, Hong Kong for a term of two years from 19 March 2018 to 18 March 2020 at a monthly rental of HK\$207,000 without rent-free period (details of which were disclosed in the announcement of IC&I dated 14 July 2020). Mr. Wong and Ms. WONG Ching Yi, Angela, executive Directors of the Company, are also directors of IC&I.
- (ii) A tenancy agreement was made on 18 March 2020 between Teamway Group Limited, an indirect wholly-owned subsidiary of IC&I, as landlord and City First Limited, an indirect wholly-owned subsidiary of the Company, as tenant whereby the landlord agreed to let the premises located at the whole of 21st Floor, Ford Glory Plaza, No. 37 Wing Hong Street, Kowloon, Hong Kong for a term of one year from 19 March 2020 to 18 March 2021 at a monthly rental of HK\$212,000 without rent-free period (details of which were disclosed in the announcement of IC&I dated 14 July 2020). Mr. Wong and Ms. WONG Ching Yi, Angela, executive Directors of the Company, are also directors of IC&I.
- (iii) A tenancy agreement was made on 14 July 2020 between Bright Eastern Limited, an indirect wholly-owned subsidiary of IC&I, as landlord and Midland Corporate Leasing (XV) Limited, an indirect wholly-owned subsidiary of the Company, as tenant whereby the landlord agreed to let the premises located at Shop No. 6 on Ground Floor, Cambridge Court, Nos. 84A-84H & 84J-84M Waterloo Road, Kowloon, Hong Kong for a term of two years from 15 July 2020 to 14 July 2022 at a monthly rental of HK\$88,000 with 4 months of rent-free period (details of which were disclosed in the announcement of IC&I dated 14 July 2020). Mr. Wong and Ms. WONG Ching Yi, Angela, executive Directors of the Company, are also directors of IC&I.
- (iv) A tenancy and licence framework agreement was made on 23 October 2019 between Mr. Wong and his associates (but excluding the Group and the IC&I Group) as the landlords entities and the Company and its subsidiaries as tenant or licensee whereby the landlord entities agreed to let or licence out to members of the Group the properties owned by the landlords entities from time to time, for a term of three years from 19 September 2019 to 18 September 2022. The annual caps (i) for the period from 19 September 2019 to 31 December 2019 was HK\$3,500,000; (ii) for the year ended 31 December 2020 was HK\$6,300,000; (iii) for the year ending 31 December 2021 is HK\$6,900,000; and (iv) for the period from 1 January 2022 to 18 September 2022 is HK\$7,600,000. Further details of the framework agreement were disclosed in the announcement of the Company dated 23 October 2019.

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6. 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 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. EXPERT AND CONSENT

- (i) VMS Securities is a corporation licensed under the SFO to carry out 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 Framework Agreement (2021), the transactions contemplated thereunder and the Proposed Annual Caps.
- (ii) VMS Securities has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice and references to its names in the form and context in which they respectively appear.
- (iii) As at the Latest Practicable Date, VMS Securities did not have (a) 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; 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 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the following documents is available for inspection at the head office and principal place of business of the Company in Hong Kong at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, 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 SGM:

- (i) the Cross Referral Services Framework Agreement (2018);
- (ii) the Cross Referral Services Framework Agreement (2021);
- (iii) the written consent referred to in the paragraph headed “Expert and Consent” above;

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- (iv) the letter from the Independent Board Committee as set out in pages 17 to 18 in this circular;
- (v) the letter from VMS Securities, the Independent Financial Adviser, as set out in pages 19 to 44 in this circular; and
- (vi) this circular.

NOTICE OF SGM



Midland Holdings Limited

美聯集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1200)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Midland Holdings Limited (the “**Company**”) will be held at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong on Thursday, 1 April 2021 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendment, the following as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the entering into of the cross referral services framework agreement (2021) (the “**Cross Referral Services Framework Agreement (2021)**”) as defined and described in the circular of the Company dated 15 March 2021 (the “**Circular**”) between the Company and Midland IC&I Limited (a copy of the Cross Referral Services Framework Agreement (2021) having been produced to the Meeting and marked “A” and signed by the chairman of the Meeting for the purpose of identification), and the transactions contemplated thereunder and in connection therewith and any other documents ancillary to it, be and are hereby approved, ratified and confirmed;
- (b) the proposed annual caps as contemplated under the Cross Referral Services Framework Agreement (2021) be and are hereby approved, ratified and confirmed; and
- (c) any director(s) of the Company be and is/are hereby authorized for and on behalf of the Company 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 Framework Agreement (2021) and the transactions contemplated thereunder and, subject to and in accordance with the applicable laws 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 Holdings Limited
MUI Ngar May, Joel
Company Secretary

Hong Kong, 15 March 2021

* For identification purpose only

NOTICE OF SGM

*Head Office and Principal Place of
Business in Hong Kong:*
Rooms 2505-8, 25th Floor
World-Wide House
19 Des Voeux Road Central
Hong Kong

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Notes:

1. The resolution at the Meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or (if he is a holder of two or more shares) more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company.
3. Whether or not you intend to attend the Meeting in person, you are requested to complete and return the proxy form in accordance with the instructions stated thereon.
4. To be valid, the completed proxy form 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 Abacus Limited at Level 54, 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. Completion and return of a proxy form will not preclude you from attending and voting in person at the Meeting and at any adjournment thereof. In any event, the proxy form shall be deemed to be revoked.
5. Where there are joint holders of any share any one of such joint holder may vote, 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 joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding. Several executors or administrators of a deceased member of the Company in whose name any share stands shall be deemed joint holders thereof in accordance with the bye-laws of the Company.
6. The register of members of the Company will be closed from Monday, 29 March 2021 to Thursday, 1 April 2021, 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 Abacus Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 26 March 2021.