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CONTINUING CONNECTED TRANSACTIONS

On 23 October 2017, the Group signed the Lease and the Licence with the Landlords to take up a shop lease and a licence to install and display signage for the real estate agency business of the Group. They will continue for 2 years. The total monthly rental and licence fee payable by the Group is HK\$160,000.

The Landlords are connected persons of the Company since they are directly or indirectly wholly owned by Mr. WONG, the Chairman of the Company, an Executive Director and a substantial Shareholder. Accordingly, the Lease and the Licence constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules.

The Lease, the Licence and the Existing Leases and Licence taken together are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE LEASE AND THE LICENCE

PRINCIPAL TERMS OF THE LEASE

1. Date

23 October 2017

2. Parties

- (i) Union Honor Limited, an indirect wholly-owned subsidiary of the Company, as tenant; and
- (ii) Gold Sphere Limited, a company incorporated in the British Virgin Islands with limited liability and directly wholly owned by Mr. WONG, as landlord. The principal business of Gold Sphere Limited is property investment.

* For identification purpose only

3. Premises

Flat E on the Ground Floor of Sun Luen Building, Nos. 29, 29A, 29B, 31, 31A and 31B Bonham Road, Hong Kong

4. Term

Two years from 1 November 2017 to 31 October 2019 (both days inclusive)

5. Rental

HK\$51,000 per month (exclusive of management fee, air-conditioning charges, Government rent and rates), payable in advance on the first day of each calendar month

6. Rent-free period

Nil

7. Option to renew

Upon expiration of the term, the tenant has an option to renew the tenancy for a further term of two years at the prevailing market rent provided that the tenant shall give not less than two months' prior notice in writing to the landlord before expiration of the term

PRINCIPAL TERMS OF THE LICENCE

1. Date

23 October 2017

2. Parties

- (i) Great Century (H.K.) Limited, an indirect wholly-owned subsidiary of the Company, as licensee; and
- (ii) Moral Winner Investment Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly owned by Mr. WONG, as licensor. The principal business of Moral Winner Investment Limited is property investment.

3. Nature of licence

Licence to install and display signage at the designated space of the external wall facing Argyle Street of the building known as "No. 33 Argyle" at Nos. 611-617 Shanghai Street and No. 33 Argyle Street, Kowloon

4. Term

Two years from 1 November 2017 to 31 October 2019 (both days inclusive)

5. Licence fee

HK\$109,000 per month (exclusive of rates), payable in advance on the first day of each calendar month

THE EXISTING LEASES AND LICENCE

The Group had entered into the Existing Leases and Licence prior to the Lease and the Licence. They are on their own fully exempt from shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules. If the Existing Leases and Licence, the Lease and the Licence are aggregated, these transactions taken together are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

PRINCIPAL TERMS OF THE EXISTING LEASE I

1. Date

30 March 2017

2. Parties

- (i) Hong Kong Property Leasing (XXII) Limited, an indirect wholly-owned subsidiary of the Company, as tenant; and
- (ii) Shining Era Limited, a company incorporated in the British Virgin Islands with limited liability and directly wholly owned by Mr. WONG, as landlord. The principal business of Shining Era Limited is property investment.

3. Premises

Unit No.5 on the 7th Floor of Tower II of South Seas Centre, No.75 Mody Road, Kowloon

4. Term

Two years from 1 April 2017 to 31 March 2019 (both days inclusive)

5. Rental

HK\$52,000 per month (exclusive of management fee, air-conditioning charges, Government rent and rates), payable in advance on the first day of each calendar month

6. Rent-free period

Nil

7. Option to renew

Nil

PRINCIPAL TERMS OF THE EXISTING LEASE II

1. Date

4 January 2017

2. Parties

- (i) Midland Leasing (XXIV) Limited, an indirect wholly-owned subsidiary of the Company, as tenant; and
- (ii) Gold Sphere Limited, a company incorporated in the British Virgin Islands with limited liability and directly wholly owned by Mr. WONG, as landlord. The principal business of Gold Sphere Limited is property investment.

3. Premises

Flat D on the Ground Floor of Sun Luen Building, Nos. 29, 29A, 29B, 31, 31A and 31B Bonham Road, Hong Kong

4. Term

Two years from 10 January 2017 to 9 January 2019 (both days inclusive)

5. Rental

HK\$54,000 per month (exclusive of management fee, air-conditioning charges, Government rent and rates), payable in advance on the first day of each calendar month

6. Rent-free period

Nil

7. Option to renew

Nil

PRINCIPAL TERMS OF THE EXISTING LEASE III

1. Date

12 October 2016

2. Parties

- (i) Midland Corporate Services Limited, an indirect wholly-owned subsidiary of the Company, as tenant; and
- (ii) Moral Winner Investment Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly owned by Mr. WONG, as landlord. The principal business of Moral Winner Investment Limited is property investment.

3. Premises

Units 603-604 on 6th Floor of the building known as “No. 33 Argyle” at Nos. 611-617 Shanghai Street and No. 33 Argyle Street, Kowloon

4. Term

Two years from 15 October 2016 to 14 October 2018 (both days inclusive)

5. Rental

HK\$28,300 per month (exclusive of management fee, Government rent and rates), payable in advance on the first day of each calendar month

6. Rent-free period

Nil

7. Option to renew

Nil

PRINCIPAL TERMS OF THE EXISTING LEASE IV

1. Date

12 July 2016

2. Parties

- (i) World Up Limited, an indirect wholly-owned subsidiary of the Company, as tenant; and
- (ii) Moral Winner Investment Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly owned by Mr. WONG, as landlord. The principal business of Moral Winner Investment Limited is property investment.

3. Premises

Portion of 15th Floor of the building known as “No. 33 Argyle” at Nos. 611-617 Shanghai Street and No. 33 Argyle Street, Kowloon

4. Term

Two years from 12 July 2016 to 11 July 2018 (both days inclusive)

5. Rental

HK\$17,500 per month (exclusive of management fee, Government rent and rates), payable in advance on the first day of each calendar month

6. Rent-free period

Nil

7. Option to renew

Nil

PRINCIPAL TERMS OF THE EXISTING LEASE V

1. Date

7 July 2016

2. Parties

- (i) Hong Kong Property Leasing (XXII) Limited, an indirect wholly-owned subsidiary of the Company, as tenant; and
- (ii) Shining Era Limited, a company incorporated in the British Virgin Islands with limited liability and directly wholly owned by Mr. WONG, as landlord. The principal business of Shining Era Limited is property investment.

3. Premises

Unit No.4 on the 7th Floor of Tower II of South Seas Centre, No.75 Mody Road, Kowloon

4. Term

Two years from 8 July 2016 to 7 July 2018 (both days inclusive)

5. Rental

HK\$48,400 per month (exclusive of management fee, air-conditioning charges, Government rent and rates), payable in advance on the first day of each calendar month

6. Rent-free period

Nil

7. Option to renew

Nil

PRINCIPAL TERMS OF THE EXISTING LICENCE

1. Date

30 March 2017

2. Parties

- (i) Hong Kong Property Leasing (XXII) Limited, an indirect wholly-owned subsidiary of the Company, as licensee; and
- (ii) Shining Era Limited, a company incorporated in the British Virgin Islands with limited liability and directly wholly owned by Mr. WONG, as licensor. The principal business of Shining Era Limited is property investment.

3. Nature of licence

Licence to use Car Parking Spaces Nos.P18 and P19 on the Basement Floor of South Seas Centre, No.75 Mody Road, Kowloon

4. Term

Two years from 1 April 2017 to 31 March 2019 (both days inclusive)

5. Licence fee

HK\$6,000 per month (exclusive of management fees, Government rent and rates, and other miscellaneous expenses (if any)), payable in advance on a half-yearly basis on 30 March 2017, 1 October 2017, 1 April 2018 and 1 October 2018

ANNUAL CAPS, RENTALS AND LICENCE FEES

In addition to the Lease, the Licence and the Existing Leases and Licence, the Group has also leased or licenced certain properties under the Previously Disclosed Leases and Licences entered into with Mr. WONG and his associates. Further details are set out in the announcements of the Company dated 27 April 2016, 14 October 2015 and 8 January 2015.

The total annual rentals and licence fees paid/payable under the Lease, the Licence and the Existing Leases and Licence, and the Previously Disclosed Leases and Licences taken together for each of the financial years ending 31 December 2017, 2018 and 2019 is approximately HK\$8,908,023, HK\$5,422,190 and HK\$1,870,594 respectively. Based on the said total annual rentals and licence fees paid/payable, the aggregate annual cap for all of these leases and licences for each of the financial years ending 31 December 2017, 2018 and 2019 is HK\$9,000,000, HK\$5,500,000 and HK\$1,900,000 respectively.

REASONS FOR ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

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

The premises under the Lease and the Existing Leases and Licence are and will be used as branches for the real estate agency business of the Group, offices of the Group and car parks for staff of the Group respectively. The signage under the Licence will be used for marketing and promotion of the real estate agency business of the Group. The terms of the Lease, the Licence and the Existing Leases and Licence are determined after arm's length negotiation between the parties with reference to independent valuation and the prevailing market conditions.

The Directors (including the independent non-executive Directors) are of the view that the Lease, the Licence and the Existing Leases and Licence are entered into on normal commercial terms, in the ordinary and usual course of business of the Group and that their terms and the annual caps set out above are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Landlords are connected persons of the Company since they are directly or indirectly wholly owned by Mr. WONG, the Chairman of the Company, an Executive Director and a substantial Shareholder. Accordingly, the Lease and the Licence constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules.

The Lease and the Licence are on normal commercial terms. The largest of the total annual rentals and licence fees payable under the Lease and the Licence for each of the financial years ending 31 December 2017, 2018 and 2019 is less than HK\$3,000,000 and the applicable percentage ratios (other than the profits ratio) under Chapter 14A of the Listing Rules in respect thereof are less than 5%.

If the Lease, the Licence and the Existing Leases and Licence are aggregated together pursuant to Rule 14A.81/14A.83 of the Listing Rules, the largest of the total annual rentals and licence fees paid/payable for the financial years ending 31 December 2017, 2018 and 2019 exceeds HK\$3,000,000 and the applicable percentage ratios (other than the profits ratio) in respect thereof are still less than 5%. Accordingly, the Lease, the Licence and the Existing Leases and Licence aggregated together are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. WONG and Ms. WONG Ching Yi, Angela (Mr. WONG's daughter) are either interested or considered to be interested in the Lease, the Licence and the Existing Leases and Licence and both of them have abstained from voting on the relevant resolutions at the Board meeting approving the same.

DEFINITIONS

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

“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“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
“Director(s)”	director(s) of the Company
“Existing Lease I”	the tenancy agreement dated 30 March 2017 entered into between Hong Kong Property Leasing (XXII) Limited and Shining Era Limited, details of which are set out under the section headed “Principal terms of the Existing Lease I” in this announcement
“Existing Lease II”	the tenancy agreement dated 4 January 2017 entered into between Midland Leasing (XXIV) Limited and Gold Sphere Limited, details of which are set out under the section headed “Principal terms of the Existing Lease II” in this announcement
“Existing Lease III”	the tenancy agreement dated 12 October 2016 entered into between Midland Corporate Services Limited and Moral Winner Investment Limited, details of which are set out under the section headed “Principal terms of the Existing Lease III” in this announcement
“Existing Lease IV”	the tenancy agreement dated 12 July 2016 entered into between World Up Limited and Moral Winner Investment Limited, details of which are set out under the section headed “Principal terms of the Existing Lease IV” in this announcement
“Existing Lease V”	the tenancy agreement dated 7 July 2016 entered into between Hong Kong Property Leasing (XXII) Limited and Shining Era Limited, details of which are set out under the section headed “Principal terms of the Existing Lease V” in this announcement
“Existing Leases and Licence”	collectively, Existing Lease I, Existing Lease II, Existing Lease III, Existing Lease IV and Existing Lease V and the licence agreement dated 30 March 2017 entered into between Hong Kong Property Leasing (XXII) Limited and Shining Era Limited, details of which are set out under the section headed “Principal terms of the Existing Licence” in this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Landlords”	collectively Gold Sphere Limited and Moral Winner Investment Limited
“Lease”	the tenancy agreement dated 23 October 2017 entered into between Union Honor Limited and Gold Sphere Limited, details of which are set out under the section headed “Principal terms of the Lease” in this announcement
“Licence”	the licence agreement dated 23 October 2017 entered into between Great Century (H.K.) Limited and Moral Winner Investment Limited, details of which are set out under the section headed “Principal terms of the Licence” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the People’s Republic of China
“Mr. WONG”	Mr. WONG Kin Yip, Freddie, the Chairman of the Company, an Executive Director and a substantial Shareholder
“PRC”	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Previously Disclosed Leases and Licences”	collectively the tenancy agreements and licence agreements, details of which have been duly disclosed in the announcements of the Company dated 27 April 2016, 14 October 2015 and 8 January 2015 pursuant to Chapter 14A of the Listing Rules
“Shareholder(s) ”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 23 October 2017

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