
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document, the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Midland IC&I Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser, transferee or 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.

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

Wealth Builder Holdings Limited

(Incorporated in the British Virgin Islands with limited liability)



Midland IC&I Limited
美聯工商舖有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 459)

COMPOSITE DOCUMENT RELATING TO THE CONDITIONAL MANDATORY CASH OFFER BY GET NICE SECURITIES LIMITED ON BEHALF OF WEALTH BUILDER HOLDINGS LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN MIDLAND IC&I LIMITED (OTHER THAN THOSE ALREADY OWNED OR TO BE ACQUIRED BY THE OFFEROR ACQUIRER GROUP)

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee

ALTUS CAPITAL LIMITED

Capitalised terms used in this cover page have the meanings ascribed to them in the section headed “Definitions” in this Composite Document.

A letter from Get Nice containing, among other things, details of the terms and conditions of the Offer is set out on pages 7 to 13 of this Composite Document. A letter from the Board is set out on pages 14 to 18 of this Composite Document. A letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Offer is set out on pages 19 to 20 of this Composite Document. A letter from the Independent Financial Adviser containing its recommendation and advice to the Independent Board Committee in respect of the Offer is set out on pages 21 to 50 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. The Form of Acceptance should be received by the Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong by no later than 4:00 p.m. on Monday, 14 December 2020 or such later time and/or date as the Offeror may decide and announce with the consent of the Executive, in accordance with the requirements of the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard contained in the “Important Notice”, the section headed “I. Principal terms of the Offer – Overseas Independent Shareholders” in the “Letter from Get Nice” and the section headed “7. Overseas Independent Shareholders” in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Independent Shareholder wishing to accept the relevant Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including but not limited to obtaining any governmental, exchange control or other consents or any registration or filing which may be required and compliance with other necessary formalities or legal or regulatory requirements. Each Overseas Independent Shareholder is advised to seek professional advice on deciding whether or not to accept the Offer.

This Composite Document will remain on the websites of the Stock Exchange at <http://hkexnews.hk> and the Company at <http://www.midlandici.com.hk> as long as the Offer remains open.

* For identification purpose only

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EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to change. Further announcement(s) will be jointly made by the Offeror and the Company in the event of any change to the timetable as and when appropriate. All references to times and dates contained in this Composite Document and the accompanying Form of Acceptance are to Hong Kong time and dates.

Completion of the Midland Distribution Monday, 16 November 2020

Latest Practicable Date Friday, 20 November 2020

Despatch Date and the first day of the Offer
open for acceptance Monday, 23 November 2020

First Closing Date (*Note 1*) Monday, 14 December 2020

Latest time for acceptance of the Offer on
the First Closing Date (*Note 1*) 4:00 p.m. on Monday,
14 December 2020

Announcement of the result of the Offer as
at the First Closing Date to be posted
on the website of the Stock Exchange no later than 7:00 p.m. on Monday,
14 December 2020

Latest date for posting of remittances in respect
of valid acceptances under the Offer received
on or before 4:00 p.m. on the First Closing Date
(assuming the Offer becomes unconditional
on the First Closing Date) (*Note 2*) Wednesday, 23 December 2020

Latest time and date for acceptance of the Offer
(assuming that the Offer becomes unconditional
on the First Closing Date)
(i.e. the Final Closing Date) (*Note 2*) 4:00 p.m. on Monday,
28 December 2020

Announcement of the result of the Offer as at the
Final Closing Date to be posted on the website
of the Stock Exchange no later than 7:00 p.m. on Monday,
28 December 2020

EXPECTED TIMETABLE

Latest date for posting of remittances for amounts due in respect of valid acceptances under the Offer received after the First Closing Date but before 4:00 p.m. on the Final Closing Date (assuming the Offer becomes unconditional on the First Closing Date) (*Notes 3 and 4*) Thursday, 7 January 2021

Latest time and date by which the Offer can become unconditional as to acceptances (*Note 5*) by 7:00 p.m. on Friday, 22 January 2021

Notes:

1. The Offer must remain open for at least 21 days following the Despatch Date. The latest time for receipt of acceptances under the Offer will be 4:00 p.m. on the First Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror and the Company will issue a joint announcement on the Stock Exchange's website by 7:00 p.m. on the First Closing Date, stating the result of the Offer on the First Closing Date and whether the Offer has been revised or extended, has expired or has become unconditional. If the Offer does not become unconditional on or before Monday, 14 December 2020, the Offer will lapse unless the Offer is extended in accordance with the Takeovers Code. In the event that the Offeror decides to revise or extend the Offer, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
2. Where the Offer becomes unconditional on the First Closing Date, the Offer will remain open for acceptance for at least 14 days in accordance with the Takeovers Code. The Offeror has the right, subject to the Takeovers Code, to extend the Offer until such date as the Offeror may determine in accordance with the Takeovers Code. If such right to extend the Offer is exercised, the Offeror will issue an announcement in relation to any such extension, which will state the next closing date or, if the Offer is unconditional as to acceptances, a statement may be made that the Offer will remain open until further notice. In the latter case, at least 14 days' notice will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer, and an announcement will be published.
3. Acceptances of the Offer are irrevocable and are not capable of being withdrawn, except in the circumstances as set out in the section headed "6. Right of Withdrawal" in Appendix I to this Composite Document.
4. Remittances in respect of the Offer Shares tendered for acceptance under the Offer (after deducting the seller's ad valorem stamp duty) will be posted to the accepting Independent Shareholders by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the later of the date on which the Offer becomes unconditional and the date of receipt by the Share Registrar of a duly completed and valid Form of Acceptance.
5. In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become unconditional as to acceptances after 7:00 p.m. on the 60th day after the Despatch Date. Accordingly, unless the Offer has previously become unconditional as to acceptances, the Offer will lapse after 7:00 p.m. on Friday, 22 January 2021, unless extended with the consent of the Executive.

IMPORTANT NOTICE

NOTICE TO OVERSEAS INDEPENDENT SHAREHOLDERS

The making of the Offer to any person with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Independent Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about the implications of the Offer in the relevant jurisdictions and observe any applicable regulatory or legal requirements and where necessary, seek independent legal advice. It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due by such person in respect of such jurisdiction. Please see the section headed “Overseas Independent Shareholders” in the “Letter from Get Nice” and the section headed “7. Overseas Independent Shareholders” in Appendix I to this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. The Offeror and the Company assume no obligation and do not intend to update these forward-looking statements, except as required pursuant to applicable laws and regulations including the Takeovers Code.

DEFINITIONS

In this Composite Document, unless otherwise defined or the context otherwise requires, the following expressions have the meanings respectively ascribed below:

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Announcement”	the announcement dated 20 October 2020 jointly issued by the Offeror and the Company in connection with, among other things, the Midland Distribution and the Offer
“associates”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	the First Closing Date or any subsequent closing date of the Offer, including the Final Closing Date or other closing date as may be extended or revised in accordance with the Takeovers Code, as the context may require
“Company”	Midland IC&I Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 459)
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Independent Shareholders in accordance with the Takeovers Code containing, among others, the terms of the Offer, as may be revised or supplemented as appropriate
“Convertible Note”	the convertible note due 2021 in the principal amount of HK\$200 million as held by the Offeror, convertible at the conversion price at HK\$0.46 per Share into approximately 434,782,608 Shares in full
“Despatch Date”	the date of despatch of this Composite Document and the accompanying Form of Acceptance to the Independent Shareholders

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director
“Facility Documentation”	the facility agreement and documentation entered into between Get Nice as lender, the Offeror as borrower and Mr. Wong as the guarantor dated 19 October 2020 in respect of the loan facility of HK\$100 million granted by Get Nice to the Offeror for the purpose of the Offer, which is secured by the Convertible Note and the Shares to be acquired by the Offeror under the Offer
“Final Closing Date”	the date which is the 14th day after (i) the date on which the Offer becomes unconditional as to acceptances or (ii) the First Closing Date, whichever is the later, provided that the Offer will be open for acceptance for at least 21 days following the Despatch Date
“First Closing Date”	the date stated in this Composite Document as the first closing day of the Offer, which shall be at least 21 days following the Despatch Date, or such later date as may be extended by the Offeror in accordance with the Takeovers Code
“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
“Get Nice”	Get Nice Securities Limited, a licensed corporation permitted to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors with no interest in the Offer save for holdings in Shares, namely Mr. YING Wing Cheung, William, Mr. SHA Pau, Eric and Mr. HO Kwan Tat, Ted, established to advise the Independent Shareholders in respect of the Offer and as to acceptance
“Independent Financial Adviser” or “Altus Capital”	Altus Capital Limited, a corporation licensed to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, the independent financial adviser appointed by the Company to advise the Independent Board Committee in respect of the Offer
“Independent Property Valuer” or “JLL”	Jones Lang LaSalle Limited, the independent property valuer retained by the Company and a member of the Hong Kong Institute of Surveyors
“Independent Shareholder(s)”	Shareholders other than the Offeror Acquirer Group
“Last Trading Day”	19 October 2020, being the last trading day of the Shares prior to the date of the Announcement
“Latest Practicable Date”	20 November 2020, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Midland Distribution”	the distribution of an interim dividend by Midland Holdings in the form of a distribution in specie of 610,976,997 Shares (representing approximately 33.84% of the issued share capital of the Company) held by the Midland Group to the Qualifying Midland Shareholders in proportion to their respective shareholdings in Midland Holdings
“Midland Distribution Record Date”	6 November 2020, being the date for determining the entitlements of the shareholder(s) of Midland Holdings in the Midland Distribution
“Midland Group”	Midland Holdings and its subsidiaries

DEFINITIONS

“Midland Holdings”	Midland Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1200)
“Mr. Hung”	Mr. HUNG Hon Man is the indirect substantial shareholder of Get Nice and a person presumed to be acting in concert with the Offeror by virtue of the role of Get Nice in the Offer
“Mr. Wong”	Mr. WONG Kin Yip, Freddie, the Chairman and an executive Director of the Company, and a director and the sole ultimate beneficial shareholder of the Offeror
“Odysseus Capital”	Odysseus Capital Asia Limited, a licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activity, being the financial adviser to the Offeror in respect of the Offer
“Offer”	the conditional mandatory cash offer made by Get Nice on behalf of the Offeror for the Offer Shares
“Offer Period”	has the same meaning ascribed to it under the Takeovers Code in relation to the Offer
“Offer Price”	HK\$0.09587 per Offer Share under the Offer
“Offer Share(s)”	all the issued Share(s) other than those already owned or to be acquired by the Offeror Acquirer Group
“Offeror”	Wealth Builder Holdings Limited, a company incorporated in the BVI with limited liability which is indirectly and beneficially wholly-owned by Mr. Wong
“Offeror Acquirer Group”	Mr. Wong and his indirect wholly-owned companies, holding Shares, namely the Offeror and Sunluck, being parties acting in concert with Mr. Wong
“Overseas Independent Shareholder(s)”	the Independent Shareholder(s) whose address(es), as shown on the register of members of the Company, is/ are outside Hong Kong
“PRC”	the People’s Republic of China

DEFINITIONS

“Qualifying Midland Shareholders”	the shareholder(s) of Midland Holdings whose name(s) appear(s) on the register of members of Midland Holdings on the Midland Distribution Record Date, other than the shareholder(s) of Midland Holdings whose (respective) address as shown on the register of members of Midland Holdings on the Midland Distribution Record Date is in a place outside Hong Kong (if any), and whom is/are excluded from receiving the Shares in the Midland Distribution on account of the relevant legal or regulatory requirements or restrictions by the board of directors of Midland Holdings out of necessity or expediency
“Relevant Period”	the period commencing on 20 April 2020 (i.e. the date falling six months prior to 20 October 2020, being the commencement date of the Offer Period) and ending on and including the Latest Practicable Date (both dates inclusive)
“relevant securities”	has the meaning as defined in Note 4 to Rule 22 of the Takeovers Code
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Registrar”	Tricor Tengis Limited, the branch share registrar and transfer office of the Company in Hong Kong, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Shareholder(s)”	holder(s) of Share(s)
“special deals”	has the meaning as defined in Rule 25 of the Takeovers Code
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules

DEFINITIONS

“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules
“Sunluck”	Sunluck Services Limited, a company incorporated in the BVI which is indirectly and beneficially wholly-owned by Mr. Wong
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.



23 November 2020

To the Independent Shareholders,

Dear Sir or Madam,

**CONDITIONAL MANDATORY CASH OFFER BY
GET NICE SECURITIES LIMITED
ON BEHALF OF WEALTH BUILDER HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN MIDLAND IC&I LIMITED
(OTHER THAN THOSE ALREADY OWNED OR TO BE ACQUIRED BY
THE OFFEROR ACQUIRER GROUP)**

INTRODUCTION

As disclosed in the Announcement, reference was made to the announcement dated 19 October 2020 of Midland Holdings in relation to the distribution in specie of all 610,976,997 Shares held by the Midland Group (representing approximately 33.84% of the issued share capital of the Company) to the Qualifying Midland Shareholders. As no fractional Share was distributed pursuant to the terms of the Midland Distribution, the 637,906 residual Shares held by Midland Holdings (representing approximately 0.035% of the issued Shares) will be realised by Midland Holdings or its agents in the open market as soon as practicable. In light of this, an application has been made to seek consent from the Executive pursuant to Rule 21.2 of the Takeovers Code for such realisation during the Offer Period and the Executive has indicated that it is minded to grant its consent for such realisation following a 24 hours public notice period. Further announcement(s) will be made by the Offeror and the Company in this regard.

Following completion of the Midland Distribution on 16 November 2020 and as at the Latest Practicable Date, the Midland Group no longer held any Share (other than the 637,906 residual Shares to be realised in the open market as part of the Midland Distribution) and the Company was no longer accounted for as an associated company of the Midland Group in the consolidated financial statements of Midland Holdings.

Immediately upon completion of the Midland Distribution, the voting rights in the Company held by the Offeror Acquirer Group and the Midland Group decreased from approximately 63.07% to approximately 41.12% (and will, following the realisation of the 637,906 residual Shares by Midland Holdings, decrease to 41.09%) and the voting rights in the Company held by members of the Offeror Acquirer Group correspondingly increased from approximately 29.23% to approximately 41.09%. Accordingly, pursuant to Rule 26.1 of

LETTER FROM GET NICE

the Takeovers Code, the Offeror Acquirer Group is required to make a mandatory cash offer, through the Offeror, for the Shares which are not already owned or to be acquired by the Offeror Acquirer Group.

This letter sets out, among other things, the principal terms of the Offer, together with the information on the Offeror and the Offeror's intention regarding the Group. Further details of the terms of the Offer and procedures of acceptance are also set out in Appendix I to the Composite Document and the accompanying Form of Acceptance.

I. PRINCIPAL TERMS OF THE OFFER

Get Nice, on behalf of the Offeror, is making the Offer to acquire all the issued Shares (other than those already owned or to be acquired by the Offeror Acquirer Group), in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.09587 in cash

The Offer Price represents the volume weighted average of the traded price of the Shares as quoted on the Stock Exchange on 19 October 2020, being the Last Trading Day, in compliance with the Takeovers Code. The Offer will be extended to all Independent Shareholders in accordance with the Takeovers Code. No comparable offer will be extended in respect of the Convertible Note as it is entirely held by the Offeror.

Condition of the Offer

The Offer is only conditional upon the Offeror having received valid acceptances of the Offer which, will result in the Offeror, Mr. Wong and parties acting in concert with any of them, together with any Share already owned or acquired by them before or during the Offer Period, holding more than 50% of the voting rights in the Company, i.e. at least 902,641,305 Shares (based on 1,805,282,608 Shares in issue as at the Latest Practicable Date). As at the Latest Practicable Date, the Offeror Acquirer Group held an aggregate of 741,751,330 Shares, representing approximately 41.09% of the issued Shares.

The Offeror will issue a further announcement in relation to the fulfilment of such condition (at which time the Offer will become unconditional as to acceptances if such condition has been fulfilled) and any revision, extension or lapse of the Offer, as the case may be, in accordance with the Takeovers Code. Unless otherwise agreed to by the Executive, the latest time on which the Offer may become unconditional as to acceptances is by 7:00 p.m. on Friday, 22 January 2021, being the 60th day after the Despatch Date.

As the Offer may or may not become unconditional, Shareholders and investors of the Company should exercise extreme caution when dealing in the securities of the Company and, if in doubt as to their position, consult their professional advisers.

LETTER FROM GET NICE

Comparisons of value

The Offer Price of HK\$0.09587 per Offer Share represents:

- a) a discount of approximately 6.01% to the closing price as quoted on the Stock Exchange on 20 November 2020, being the Latest Practicable Date of HK\$0.102 per Share;
- b) a discount of approximately 0.14% to the closing price as quoted on the Stock Exchange on the Last Trading Day of approximately HK\$0.0960 per Share;
- c) a premium of approximately 0.28% over the average of the closing prices as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.0956 per Share;
- d) a premium of approximately 0.60% over the average of the closing prices as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.0953 per Share;
- e) a premium of approximately 3.01% over the average of the closing prices as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.0931 per Share;
- f) a premium of approximately 7.87% over the average of the closing prices as quoted on the Stock Exchange for the ninety (90) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.0889 per Share;
- g) a discount of approximately 84.10% to the audited consolidated net asset value attributable to equity holders of the Company as at 31 December 2019 of approximately HK\$0.6029 per Share based on 1,805,282,608 Shares in issue as at the Latest Practicable Date;
- h) a discount of approximately 83.98% to the unaudited consolidated net asset value attributable to equity holders of the Company as at 30 June 2020 of approximately HK\$0.5986 per Share based on 1,805,282,608 Shares in issue as at the Latest Practicable Date; and
- i) a discount of approximately 83.61% to the reassessed net asset value attributable to equity holders of the Company (based on the unaudited consolidated net asset value of the Group attributable to equity holders as at 30 June 2020 and adjusted for the valuation of the properties held by the Group as at 31 October 2020 as shown in the property valuation report dated 23 November 2020 prepared by the Independent Property Valuer as set out in Appendix III to the Composite Document) of approximately HK\$0.585 per Share based on 1,805,282,608 Shares in issue as at the Latest Practicable Date.

LETTER FROM GET NICE

Value of the Offer

As at the Latest Practicable Date, the Company had 1,805,282,608 Shares in issue. On the basis of the Offer Price of HK\$0.09587 per Offer Share and 1,063,531,278 Shares subject to the Offer (excluding the 741,751,330 Shares held by the Offeror Acquirer Group as at Latest Practicable Date), the Offer is valued at approximately HK\$101,960,743.62.

Confirmation of financial resources

The funds required by the Offeror to satisfy the consideration for the Offer will be financed by a combination of loan facility of HK\$100 million granted by Get Nice to the Offeror pursuant to the Facility Documentation and the internal resources of the Offeror. The payment of interest on and repayment of any liability (contingent or otherwise) by the Offeror to Get Nice under the Facility Documentation will not depend on the business of the Group.

Odysseus Capital, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the amount of funds required for full acceptances of the Offer.

Effect of accepting the Offer

Subject to the Offer becoming unconditional, by validly accepting the Offer, the accepting Independent Shareholders will sell their tendered Shares to the Offeror free from all liens, charges and encumbrances, and together with all rights attaching to them including the right to receive in full all dividends and other distributions, if any, recommended, declared, made or paid by reference to a date on or after the date on which the Offer is made, being the Despatch Date. The Company does not intend to make any such distribution and the Offeror does not intend to make any corresponding adjustment to the Offer Price.

Acceptance of the Offer will be irrevocable and not be capable of being withdrawn, except in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offer shall be entitled to withdraw its/his/her acceptance after twenty-one (21) days from the First Closing Date, if the Offer has not by then become unconditional as to acceptances.

Payment

Subject to the Offer becoming unconditional, payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event, within seven (7) Business Days following the later of the date on which (i) the duly completed acceptances of the Offer and the relevant document(s) of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid pursuant to the Takeovers Code; and (ii) the Offer has become unconditional.

LETTER FROM GET NICE

Taxation advice

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror and parties acting in concert with it, the Share Registrar, the Company, Get Nice, Odysseus Capital, Altus Capital, and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Independent Shareholders

This Composite Document will not be filed or registered under the applicable securities or equivalent legislation or rules of any jurisdiction other than Hong Kong.

The making of the Offer to any person with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Independent Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about the implications of the Offer in the relevant jurisdictions and observe any applicable regulatory or legal requirements and, where necessary, seek independent legal advice. It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due by such person in respect of such jurisdiction.

According to the register of members of the Company as at the Latest Practicable Date, there was only one Overseas Independent Shareholder, with registered address situated in Edinburgh, United Kingdom, holding 110,700 Shares as at the Latest Practicable Date. The Offeror and the Company have made enquiries regarding the legal restrictions under the applicable securities legislation of the United Kingdom with respect to the Offer and been confirmed that there are no legal and/or regulatory requirements and/or restrictions which could make extending the Offer or sending the Composite Document and the accompanying Form of Acceptance to such Shareholder administratively prohibitive or inexpedient.

Hong Kong stamp duty

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Independent Shareholder on valid acceptance of the Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty would be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of stamp duty on behalf of the accepting Independent Shareholders and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

LETTER FROM GET NICE

II. INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI with limited liability and is indirectly and beneficially wholly-owned by Mr. Wong. As at the Latest Practicable Date, other than holding interests in the Shares, the Offeror had not engaged in any business activities. Mr. Wong is the Chairman and an executive Director of the Company, and a director and the sole ultimate beneficial shareholder of the Offeror.

III. INTENTION OF THE OFFEROR

The Offeror is mandatorily required under Rule 26.1 of the Takeovers Code as a result of completion of the Midland Distribution by Midland Holdings to make the Offer. The Offeror intends that the existing businesses, employment of the employees and assets deployment of the Group in the ordinary course be continued and does not intend that major changes to the business of the Group be introduced. As at the Latest Practicable Date, neither the Offeror nor the Company had entered into any agreement, arrangements or understanding to (i) acquire and/or develop any new business; and (ii) dispose or downsize of the existing businesses and/or material operating assets of the Company.

The Offeror considers that the Group should continue to review its strategy and focus to best suit the operating environment of the Group. The Offeror does not intend to nominate any new Director to the Board immediately after the close of the Offer. Any changes to the Board composition (if any) will be announced by the Company as and when appropriate in compliance with the Listing Rules.

IV. PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of all issued Shares, are held by the public or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends for the Shares to remain listed on the Stock Exchange following the close of the Offer. The Directors and the directors of the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares following the close of the Offer.

V. COMPULSORY ACQUISITION

The Offeror does not intend to exercise any power of compulsory acquisition of any Offer Shares not acquired under the Offer after the close of the Offer.

LETTER FROM GET NICE

VI. REMINDER TO RETAIL INVESTORS

Retail investors holding Shares through nominees such as brokers, custodians and other CCASS participants are reminded to allow more time before the Closing Date(s) for their nominee to collate and give instructions in relation to acceptance of the Offer on their behalf to HKSCC in accordance with the procedures required by HKSCC. Investors holding Shares with brokers, custodians and other CCASS participants are therefore encouraged to provide the necessary instructions in relation to the acceptance of the Offer to their nominees as soon as possible. To ascertain the exact timing and procedures for them to receive and process instructions in relation to the acceptance of the Offer, retail investors are reminded to consult their specific brokers/custodians immediately.

VII. ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” as set out in this Composite Document, the accompanying Form of Acceptance and the additional information set out in the appendices to, which form part of, this Composite Document.

Yours faithfully,
For and on behalf of
Get Nice Securities Limited
Larry Ng
Director

LETTER FROM THE BOARD



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

Executive Directors

Mr. WONG Kin Yip, Freddie (*Chairman*)
Ms. WONG Ching Yi, Angela
Mr. WONG Hon Shing, Daniel
(Chief Executive Officer)

Independent Non-Executive Directors

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

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

***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

23 November 2020

To the Independent Shareholders,

Dear Sir or Madam,

**CONDITIONAL MANDATORY CASH OFFER BY
GET NICE SECURITIES LIMITED
ON BEHALF OF WEALTH BUILDER HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN MIDLAND IC&I LIMITED
(OTHER THAN THOSE ALREADY OWNED OR TO BE ACQUIRED BY
THE OFFEROR ACQUIRER GROUP)**

INTRODUCTION

Reference is made to the Announcement dated 20 October 2020 jointly issued by the Offeror and the Company in relation to, among other things, the Midland Distribution and the Offer.

* *For identification purpose only*

LETTER FROM THE BOARD

As disclosed in the Announcement, reference was made to the announcement dated 19 October 2020 of Midland Holdings in relation to the distribution in specie of all 610,976,997 Shares held by the Midland Group (representing approximately 33.84% of the issued share capital of the Company) to the Qualifying Midland Shareholders. As no fractional Share was distributed pursuant to the terms of the Midland Distribution, the 637,906 residual Shares held by Midland Holdings (representing approximately 0.035% of the issued Shares) will be realised by Midland Holdings or its agents in the open market as soon as practicable. In light of this, an application has been made to seek consent from the Executive pursuant to Rule 21.2 of the Takeovers Code for such realisation during the Offer Period and the Executive has indicated that it is minded to grant its consent for such realisation following a 24 hours public notice period. Further announcement(s) will be made by the Offeror and the Company in this regard.

Following completion of the Midland Distribution on 16 November 2020 and as at the Latest Practicable Date, the Midland Group no longer held any Share (other than the 637,906 residual Shares to be realised in the open market as part of the Midland Distribution) and the Company was no longer accounted for as an associated company of the Midland Group in the consolidated financial statements of Midland Holdings.

Immediately upon completion of the Midland Distribution, the voting rights in the Company held by the Offeror Acquirer Group and the Midland Group decreased from approximately 63.07% to approximately 41.12% (and will, following the realisation of the 637,906 residual Shares by Midland Holdings, decrease to 41.09%) and the voting rights in the Company held by members of the Offeror Acquirer Group correspondingly increased from approximately 29.23% to approximately 41.09%. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, the Offeror Acquirer Group is required to make a mandatory cash offer, through the Offeror, for the Shares which are not already owned or to be acquired by the Offeror Acquirer Group.

The purpose of the Composite Document (of which this letter forms part of) is to provide you with, among other things, (i) further information relating to each of the Group, the Offeror and the Offer, (ii) the “Letter from Get Nice” containing details of the Offer; (iii) the “Letter from the Independent Board Committee” containing its recommendations and advice to the Independent Shareholders in respect of the Offer; and (iv) the “Letter from the Independent Financial Adviser” containing its advice and recommendations to the Independent Board Committee on whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to acceptance in respect of the Offer.

Unless the context otherwise requires, terms defined in the Composite Document have the same meanings when used in this letter.

LETTER FROM THE BOARD

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

In accordance with Rules 2.1 and 2.8 of the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors, namely Mr. YING Wing Cheung, William, Mr. SHA Pau, Eric and Mr. HO Kwan Tat, Ted, has been established by the Company to make a recommendation to the Independent Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

Altus Capital, with the approval of the Independent Board Committee, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee as to whether the Offer is fair and reasonable and as to acceptance of the Offer.

THE OFFER

Principal terms of the Offer

As set out in the “Letter from Get Nice” contained in this Composite Document, Get Nice, on behalf of the Offeror, is making the Offer, to acquire all the issued Shares other than those already owned or to be acquired by the Offeror Acquirer Group, in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.09587 in cash

The Offer Price represents the volume weighted average of the traded price of the Shares as quoted on the Stock Exchange on 19 October 2020, being the last trading day prior to the date of the Announcement, in compliance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from all liens, charges and encumbrances and together with all rights attaching thereto, including the right to receive in full all dividends and other distributions, if any, recommended, declared, made or paid by reference to a date on or after the date on which the Offer is made, being the Despatch Date. The Company does not intend to make any such distribution.

Further details of the Offer are set out under the section headed “Letter from Get Nice”, Appendix I to the Composite Document and the accompanying Form of Acceptance, which together set out the terms and conditions of the Offer and certain related information.

INFORMATION ON THE GROUP

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

LETTER FROM THE BOARD

Set out below is the shareholding structure of the Company as at the Latest Practicable Date (which was same as the one immediately upon completion of the Midland Distribution):–

Shareholders	Approximate number of Shares	Approximate % of all issued Shares
Offeror and parties acting in concert with it:		
(A) Shares held by Midland Group and the Offeror Acquirer Group	Midland Group (Note 1): Offeror Acquirer Group (Note 2): The Offeror Sunluck Mr. Wong	637,906 741,751,330 434,782,608 273,907,222 33,061,500
	Sub-total	0.04% 41.09% 24.08% 15.17% 1.83%
	742,389,236	41.12%
(B)	Other Directors holding Shares (Note 3) Mr. Hung (Note 4)	2,300,000 2,127,400
		0.13% 0.12%
Other Shareholders:		
(C)	Public Shareholders	1,058,465,972
	Total: (A)+(B)+(C)	58.63% 100.00%

Notes:

1. Such 637,906 Shares (representing approximately 0.035% of the issued Shares) represented the residual Shares to be sold in the open market by Midland Holdings or its agents as soon as practicable as part of the Midland Distribution.
2. As at Latest Practicable Date, the Offeror and Sunluck were indirectly and beneficially wholly-owned by Mr. Wong.
3. As at the Latest Practicable Date, each of Mr. WONG Hon Shing, Daniel (an executive Director) and Mr. YING Wing Cheung, William (an independent non-executive Director) directly held 2,000,000 Shares and 300,000 Shares, respectively (representing approximately 0.11% and 0.02% of the issued share capital of the Company, respectively), both being persons presumed to be acting in concert with the Offeror by virtue of being the fellow Directors of Mr. Wong in the context of the Offer.
4. As at the Latest Practicable Date, Mr. Hung directly held 2,127,400 Shares (representing approximately 0.12% of the issued share capital of the Company), being a person presumed to be acting in concert with the Offeror by virtue of the role of Get Nice in the Offer.
5. The percentages are rounded to the nearest 2 decimal places and the total number of the percentages may not add up to 100% due to rounding.

Your attention is also drawn to Appendices II and V to the Composite Document, which contain the financial information of the Group and the general information of the Group, respectively.

LETTER FROM THE BOARD

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “II. Information on the Offeror” in the “Letter from Get Nice” in the Composite Document for information relating to the Offeror.

INTENTION OF THE OFFEROR

Your attention is drawn to the section headed “III. Intention of the Offeror” in the “Letter from Get Nice” in the Composite Document, which sets out the intention of the Offeror with regard to the Group.

The Board is pleased to note the intention of the Offeror in respect of the Group as disclosed.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

Your attention is drawn to the section headed “IV. Public float and maintaining the listing status of the Company” in the “Letter from Get Nice” in the Composite Document.

FURTHER INFORMATION

You are advised to read the “Letter from Get Nice” in the Composite Document and the accompanying Form of Acceptance for information relating to the Offer and the acceptance and settlement procedures of the Offer. Your attention is also drawn to the additional information contained in the appendices to the Composite Document.

RECOMMENDATIONS

Your attention is drawn to (i) the “Letter from the Independent Board Committee” set out in the Composite Document, which contains the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Offer; and (ii) the “Letter from the Independent Financial Adviser” set out in the Composite Document, which sets out the advice and recommendation of the Independent Financial Adviser to the Independent Shareholders and the Independent Board Committee in relation to the Offer and the principal factors considered by it before arriving at its recommendation. You are urged to read both letters and the other information contained in the Composite Document carefully before taking any action in respect of the Offer.

In considering what actions to take in response to the Offer, you should also consider your own tax positions, if any, and in case of doubt, consult your professional advisers.

Yours faithfully,
By order of the Board
Midland IC&I Limited
WONG Hon Shing, Daniel
Chief Executive Officer and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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

23 November 2020

To the Independent Shareholders,

Dear Sir or Madam,

**CONDITIONAL MANDATORY CASH OFFER BY
GET NICE SECURITIES LIMITED
ON BEHALF OF WEALTH BUILDER HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN MIDLAND IC&I LIMITED
(OTHER THAN THOSE ALREADY OWNED OR TO BE ACQUIRED BY
THE OFFEROR ACQUIRER GROUP)**

INTRODUCTION

We refer to the Composite Document dated 23 November 2020 issued jointly by the Offeror and the Company of which this letter forms part. Unless the context requires otherwise, terms used in this letter have the same meaning as those defined in the Composite Document.

We have been appointed by the Board to form the Independent Board Committee to make recommendation to you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to acceptance of the Offer.

We, being the members of the Independent Board Committee, have declared that we are independent and do not have any conflict of interest in respect of the Offer and are therefore able to consider the terms of the Offer and to make recommendation to the Independent Shareholders.

Altus Capital has been appointed, with our approval, as the Independent Financial Adviser to advise and make recommendation to us and the Independent Shareholders as to the terms of the Offer and as to acceptance of the Offer. Details of its advice and recommendation and the principal factors taken into consideration in arriving at its recommendation are set out in the “Letter from the Independent Financial Adviser” section in the Composite Document.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the “Letter from Get Nice”, the “Letter from the Board” and the additional information set out in the Composite Document, including the appendices to the Composite Document and the accompanying Form of Acceptance.

RECOMMENDATION

Having taken into account the terms of the Offer and the advice and recommendation from the Independent Financial Adviser, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer.

The Independent Shareholders are recommended to read the full text of the “Letter from the Independent Financial Adviser” set out in the Composite Document and the principal factors considered therein.

Notwithstanding our recommendation, the Independent Shareholders are strongly advised that their decision to realise or to hold their investment in the Company depends on their own individual circumstances and investment objectives. If in any doubt, the Independent Shareholders should consult their own professional advisers for professional advice.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
Midland IC&I Limited

Mr. YING Wing Cheung, William
*Independent Non-executive
Director*

Mr. SHA Pau, Eric
*Independent Non-executive
Director*

Mr. HO Kwan Tat, Ted
*Independent Non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Altus Capital, the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in respect of the Offer for the purpose of inclusion in this Composite Document.

ALTUS

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

23 November 2020

To the Independent Board Committee

Midland IC&I Limited
Rooms 2505-8, 25th Floor
World-Wide House
19 Des Voeux Road Central
Hong Kong

Dear Sir or Madam,

**CONDITIONAL MANDATORY CASH OFFER BY
GET NICE SECURITIES LIMITED
ON BEHALF OF WEALTH BUILDER HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN MIDLAND IC&I LIMITED
(OTHER THAN THOSE ALREADY OWNED OR TO BE ACQUIRED BY
THE OFFEROR ACQUIRER GROUP)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise and make recommendation to the Independent Board Committee in respect of the Offer. Details of the Offer are set out in the “Letter from Get Nice” contained in the Composite Document dated 23 November 2020 jointly issued by the Company and the Offeror to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

As disclosed in the Announcement, reference was made to the announcement dated 19 October 2020 of Midland Holdings in relation to the distribution in specie of all 610,976,997 Shares held by the Midland Group (representing approximately 33.84% of the issued share capital of the Company) to the Qualifying Midland Shareholders. As no fractional Share was distributed pursuant to the terms of the Midland Distribution, the residual 637,906 Shares held by Midland Holdings (representing approximately 0.035% of the issued Shares) will be realised by Midland Holdings or its agents in the open market as

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

soon as practicable. In light of this, an application has been made to seek consent from the Executive pursuant to Rule 21.2 of the Takeovers Code for such realisation during the Offer Period and the Executive has indicated that it is minded to grant its consent for such realisation following a 24 hours public notice period. Further announcement(s) will be made by the Offeror and the Company in this regard.

Following completion of the Midland Distribution and as at the Latest Practicable Date, the Midland Group no longer held any Share (other than the 637,906 residual Shares to be realised in the open market as part of the Midland Distribution) and the Company was no longer accounted for as an associate of the Midland Group in the consolidated financial statements of Midland Holdings.

Immediately upon the completion of the Midland Distribution, the voting rights in the Company held by the Offeror Acquirer Group and the Midland Group decreased from approximately 63.07% to approximately 41.12% (and will, following the realisation of the 637,906 residual Shares by Midland Holdings, decrease to 41.09%) and the voting rights in the Company held by members of the Offeror Acquirer Group correspondingly increased from approximately 29.23% to approximately 41.09%. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, the Offeror Acquirer Group is required to make a mandatory cash offer, through the Offeror, for the Shares which are not already owned or to be acquired by the Offeror Acquirer Group.

As at the Latest Practicable Date, the Offeror Acquirer Group held an aggregate of 741,751,330 Shares, representing approximately 41.09% of the issued Shares.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors namely Mr. YING Wing Cheung, William, Mr. SHA Pau, Eric, and Mr. HO Kwan Tat, Ted, who have no interest in the Offer save for holding in Shares, has been established to make a recommendation to the Independent Shareholders on whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

As the Independent Financial Adviser, our role is to provide the Independent Board Committee with an independent opinion and recommendation as to whether the terms of the Offer are fair and reasonable and whether the Independent Shareholders should accept the Offer.

As at the Latest Practicable Date, we (i) were not associated or connected with the Company or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them; and (ii) had not acted as the independent financial adviser in relation to any transaction of the Company or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them, within the two years prior to the commencement of the Offer Period. Pursuant to Rule 13.84 of the Listing Rules and Rule 2.6 of the Takeovers Code, and given that (i) the remuneration of our engagement to opine on the Offer is at market level and not conditional upon the outcome of the Offer; (ii) no arrangement exists whereby we shall receive any fees or benefits from the Company

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

or the Offeror (other than our said remuneration), their respective controlling shareholders or any parties acting in concert with any of them; and (iii) our engagement is on normal commercial terms, we are independent of the Company and can act as the independent financial adviser to the Independent Board Committee in respect of the Offer.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the Composite Document; (ii) the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”); (iii) the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”); (iv) the interim report of the Company for six months ended 30 June 2020 (the “**2020 Interim Report**”); and (v) other announcements made by the Company during the year ended 31 December 2019 and up to the Latest Practicable Date.

We have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Composite Document and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the Latest Practicable Date. The Company will notify the Independent Shareholders of any material changes to information contained or referred to in the Composite Document as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Independent Shareholders will also be informed as soon as practicable when there are any material changes to the information contained or referred to herein as well as changes to our opinion, if any, after the Latest Practicable Date and throughout the Offer Period.

We have no reason to believe that any statement, information, opinion or representation relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material fact the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Company contained or referred to in the Composite Document and/or provided to us by the Company, the Directors, the Management, have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide with a reasonable basis for our opinion. We have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

We have not considered the taxation implications on the Independent Shareholders arising from acceptance or non-acceptance of the Offer, if any, and therefore we will not accept responsibility for any tax effect or liability that may potentially be incurred by the Independent Shareholders as a result of the Offer. In particular, the Independent Shareholders who are subject to Hong Kong or overseas taxation on dealings in securities are urged to seek their own professional adviser on tax matters.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL TERMS OF THE OFFER

The Offer, which is conditional, is made by Get Nice for and on behalf of the Offeror in compliance with the Takeovers Code. The Offer Price of HK\$0.09587 per Offer Share which represents the volume weighted average of the traded price of the Shares as quoted on the Stock Exchange on 19 October 2020, being the Last Trading Day, in compliance with the Takeovers Code. No comparable offer will be extended in respect of the Convertible Note as it is entirely held by the Offeror.

As at the Latest Practicable Date, the Company had 1,805,282,608 Shares in issue. On the basis of the Offer Price of HK\$0.09587 per Offer Share and 1,063,531,278 Shares subject to the Offer (excluding the 741,751,330 Shares held by the Offeror Acquirer Group as at the Latest Practicable Date), the Offer is valued at approximately HK\$101,960,743.62.

Conditions of the Offer

The Offer is only conditional upon the Offeror having received valid acceptances of the Offer which, will result in the Offeror, Mr. Wong and parties acting in concert with any of them, together with any Share already acquired by them before or during the Offer Period, holding more than 50% of the voting rights in the Company, i.e. at least 902,641,305 Shares (based on 1,805,282,608 Shares in issue as at the Latest Practicable Date).

The Offeror will issue a further announcement in relation to the fulfilment of such condition (at which time the Offeror can declare the Offer unconditional as to acceptances if such condition has been fulfilled) and any revision, extension or lapse of the Offer, as the case may be, in accordance with the Takeovers Code. Unless otherwise agreed to by the Executive, the latest time on which the Offeror may declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the Despatch Date.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background information of the Company

1.1 Principal activities

The Company is an investment holding company. The 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.

For the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, revenue generated from the property agency services represented over 90% of the total revenue of the respective year/period. As at 30 June 2020, the Group held a portfolio of investment properties in Cheung Sha Wan, North Point, Kwai Chung, Ho Man Tin and Tsim Sha Tsui in Hong Kong for long-term rental yield and/or capital appreciation. This portfolio had a book value of approximately HK\$838.7 million, representing approximately 52.4% of the Group's total assets as at the same date. Notwithstanding forming a substantial part of its asset base, rental income generated

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

from such investment properties for the two years ended 31 December 2019 and the six months ended 30 June 2020 represented less than 7% of the Group's total revenue of the respective year/period. For further information on the Group's property portfolio, please refer to Appendix III to the Composite Document.

1.2 Financial information of the Group

Set out below is a summary of the consolidated financial information of the Group (i) for the years ended 31 December 2018 and 2019 as extracted from the 2018 Annual Report and the 2019 Annual Report; and (ii) for the six months ended 30 June 2019 and 2020 as extracted from the 2020 Interim Report:

	For the year ended 31 December		For the six months ended 30 June	
	2018 ("FY2018") <i>HK\$'000</i> <i>(audited)</i>	2019 ("FY2019") <i>HK\$'000</i> <i>(audited)</i>	2019 ("1H FY2019") <i>HK\$'000</i> <i>(unaudited)</i>	2020 ("1H FY2020") <i>HK\$'000</i> <i>(unaudited)</i>
Revenue	628,780	442,126	317,113	141,384
– Agency revenue	614,252	416,255	304,868	129,098
– Commercial	239,346	197,408	160,395	55,097
– Industrial	172,732	86,585	55,813	27,452
– Shops	202,174	132,262	88,660	46,549
– Properties investment	14,528	22,071	11,214	9,195
– Credit business	–	3,084	885	2,413
– Securities investment	–	716	146	678
Government subsidy	–	–	–	4,609
Other (loss)/income, net	(5,162)	(17,764)	(968)	(2,086)
Other operating costs	(557,522)	(441,628)	(290,014)	(152,866)
Operating profit/(loss)	66,096	(17,266)	26,131	(8,959)
Profit/(loss) for the year/period	48,189	(19,601)	21,003	(7,861)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 December 2018	2019	As at 30 June 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Total non-current assets	868,591	903,731	897,270
– Investment properties	855,300	838,700	838,700
– Properties and equipment	6,159	4,303	3,205
Total current assets	792,529	707,126	704,114
– Cash and cash equivalents	593,214	543,759	510,128
Total assets	1,661,120	1,610,857	1,601,384
Total liabilities	540,454	514,846	513,234
Total equity	1,120,666	1,096,011	1,088,150
Net gearing	28.3%	29.6%	30.4%
Liquidity ratio	3.5 times	3.9 times	1.9 times

Source: 2018 and 2019 Annual Report and 2020 Interim Report

FY2019 compared to FY2018

In FY2019, total revenue decreased to approximately HK\$442.1 million from approximately HK\$628.8 million in FY2018, representing a year-on-year decrease of approximately 29.7%. As mentioned above, agency fees generally form a significant proportion of the Group's total revenue. A decrease in the Group's agency fee revenue from approximately HK\$614.3 million in FY2018 to approximately HK\$416.3 million in FY2019, representing a year-on-year decrease of approximately 32.2%, was the main reason for the overall revenue decline.

The significant drop in transaction value and volume of the non-residential properties in Hong Kong in 2019 as compared with that in 2018 contributed significantly to the decrease in agency fee revenue in FY2019. The combined factors of a softened global economy, intensified social tensions and gloomy market outlook adversely affected the performance of the non-residential property market. With the backdrop of lingering China-U.S. trade disputes, business confidence was dampened and demand for office spaces was undermined. Persistent social unrest in Hong Kong during FY2019 also adversely affected the retail sector and performance of shops. With the market conditions worsened in 2019, investors in general remained on the sidelines and activities in the property investment market stayed at a relatively low level. While the residential properties market rebounded due to various government measures, such as raising the cap on the value of the properties eligible for a mortgage loan of maximum cover of 90% loan-to-value ratio from HK\$4 million to HK\$8 million for first-time home buyers under the Mortgage Insurance Programme

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of the HKMC Insurance Limited, similar relief measures were not observed in the non-residential properties market during FY2019. These factors have led to a weak overall performance of the non-residential properties market. This is in line with figures from the Land Registry where the value of registration of non-residential properties in the first half of 2019 dropped by approximately 23.2% as compared with the second half of 2018, and approximately fell by a further 12.8% in the second half of 2019.

The Group's properties investment segment saw a revenue growth of approximately 51.9% from approximately HK\$14.5 million in FY2018 to approximately HK\$22.1 million in FY2019. This was mainly attributable to the full year contribution of properties added to the property portfolio during the course of FY2018. There were no additions to investment properties during FY2019.

The Group started a new credit business in the second half of 2018 and generated revenue of approximately HK\$3.1 million in FY2019. In addition, the Group generated approximately HK\$0.7 million in revenue in FY2019 from securities investment.

The Group recorded a loss of approximately HK\$19.6 million for FY2019, compared to a profit of approximately HK\$48.2 million in FY2018. The loss was mainly attributable to (i) a significant drop in revenue due to the reasons mentioned above; and (ii) a net decrease in the fair value of investment properties held by the Group as at 31 December 2019 of approximately HK\$16.6 million.

As at 31 December 2019, the Group's net assets amounted to approximately HK\$1,096.0 million, representing a decrease of approximately 2.2% from approximately HK\$1,120.7 million as at 31 December 2018. The decrease was mainly due to the Group's loss during FY2019. Cash and cash equivalents decreased from approximately HK\$593.2 million as at 31 December 2018 to approximately HK\$543.8 million as at 31 December 2019. The change was mainly due to the increase in mortgage loan receivable.

As at 31 December 2019, the Group's total bank loans amounted to approximately HK\$135.4 million, representing a slight decrease from HK\$136.3 million as at 31 December 2018. Such bank loans are secured by the Group's certain investment properties and corporate guarantee by the Company. As at 31 December 2019, the Group also had the Convertible Note amounted to approximately HK\$189.4 million that is due in March 2021. The principal amount of the Convertible Note was HK\$200.0 million.

The Group's gearing ratio (calculated on the basis of the Group's total bank loans and the Convertible Note over total equity of the Group) remained relatively stable at approximately 29.6% as at 31 December 2019, as compared to approximately 28.3% as at 31 December 2018. Liquidity

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ratio (represents a ratio of current assets over current liabilities) remained comparable at approximately 3.5 times as at 31 December 2018 compared to approximately 3.9 times as at 31 December 2019.

The Group did not declare dividend for FY2018 and FY2019.

1H FY2020 compared to 1H FY2019

For 1H FY2020, the Group's total revenue was approximately HK\$141.4 million, representing a 55.4% decrease from the total revenue of approximately HK\$317.1 million in 1H FY2019. Such decrease was attributable to the significant period-to-period decrease in agency fee revenue of approximately 57.7% from approximately HK\$304.9 million in 1H FY2019 to approximately HK\$129.1 million in 1H FY2020. This is in line with figures from the Land Registry where the value of registration of non-residential properties in the first half of 2020 dropped by approximately 60% as compared with the first half of 2019.

The Group's properties investment segment saw a decrease in revenue of approximately 18.0% from approximately HK\$11.2 million in 1H FY2019 to approximately HK\$9.2 million in 1H FY2020. This was mainly attributable to the decrease in rental income for its investment properties during 1H FY2020.

The Group's credit business generated revenue of approximately HK\$2.4 million in 1H FY2020, representing a growth of approximately 1.7 times compared to the corresponding period in 1H FY2019 as the credit business was still new and being ramped up during 1H FY2019. Revenue from securities investment grew from approximately HK\$0.1 million in 1H FY2019 to approximately HK\$0.7 million in 1H FY2020. These two segments accounted for approximately 0.3% of the Group's total revenue in 1H FY2019, compared to approximately 2.2% in 1H FY2020.

The Group recorded a loss of approximately HK\$7.9 million for 1H FY2020, compared to a profit of approximately HK\$21.0 million in 1H FY2019. While staff costs for 1H FY2020 had declined by approximately 39.7% from that for the corresponding period in 2019 in line with the declining revenue, cost-saving measures during 1H FY2020 were not sufficient to counteract the significant decrease in revenue. This was notwithstanding the fact that the Group also received subsidies under the Employment Support Scheme from the Hong Kong government and had recognised approximately HK\$4.6 million of other income during 1H FY2020. Without such subsidies, the loss for 1H FY2020 would have been higher at approximately HK\$12.5 million.

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As at 30 June 2020, the Group's net assets amounted to approximately HK\$1,088.2 million, representing a decrease of approximately 0.7% from approximately HK\$1,096.0 million as at 31 December 2019. The decrease was mainly due to the Group's loss during 1H FY2020. Cash and cash equivalents decreased from approximately HK\$543.8 million as at 31 December 2019 to approximately HK\$510.1 million as at 30 June 2020 as revenue continued to decline.

As at 30 June 2020, the Group's total bank loans amounted to approximately HK\$134.9 million, representing a slight decrease from HK\$135.4 million as at 31 December 2019. As at 30 June 2020, the Group also had the Convertible Note amounted to approximately HK\$195.5 million that is due in March 2021. The principal amount of the Convertible Note was HK\$200.0 million.

The Group's gearing ratio (calculated on the basis of the Group's total bank loans and the Convertible Note over total equity of the Group) stayed relatively stable at approximately 30.4% as at 30 June 2020, as compared to approximately 29.6% as at 31 December 2019. Liquidity ratio (represents a ratio of current assets over current liabilities) decreased substantially from approximately 3.9 times as at 31 December 2019 to approximately 1.9 times as at 30 June 2020 as the HK\$195.5 million Convertible Note which will fall due in March 2021 became part of current liabilities. We noted that the conversion price of the Convertible Note is higher than the prevailing market price of Share. If such trend persists and the holder of the Convertible Note does not exercise the conversion right, a substantial portion of the Group's cash can be expected to be deployed towards repaying the Convertible Note.

The Group did not declare dividend for 1H FY2019 and 1H FY2020.

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1.3 Outlook of the Group

Hong Kong's economy has been adversely affected by the persistent downward pressure exerted by the escalation of China-U.S. trade dispute since the second half of 2018 and the prolonged political and social unrest since June 2019. Despite signs of stabilisation towards the end of 2019, the outbreak of the COVID-19 pandemic in January 2020 has led to further contraction in economic activities and has significantly dampened economic sentiments.

The Hong Kong government has taken various measures, such as the Employment Support Scheme that provides wage subsidies to eligible employers to retain their employees, as well as the relaxation of loan-to-value ratio caps for mortgage loans on non-residential properties, in an attempt to support the local economies and markets from further adverse decline. The effectiveness of such measures is still subject to the evolving development of the COVID-19 pandemic, the China-U.S. relationship and the global macro-economic environment. In particular, it is noted that since the relaxation of loan-to-value ratio caps in August 2020 as mentioned above, the non-residential property market has yet to respond positively to such measures. While the COVID-19 pandemic is persisting and likely to continue to cause uncertainty to local economies, it is unclear if there will be further support measures from the Hong Kong government in the near future, and even if so, how effective they will be.

For the retail sector, the persistent social unrest in the second half of 2019 has severely affected the number of visitors to Hong Kong as well as local consumption. This in turn has adversely affected the retail property sector, where demand for both buying or selling and leasing of shop premises was muted. This led to an overall decrease in market transaction volume, and the Group's agency fee revenue was also correspondingly affected. Travel restrictions and mandatory quarantine measures brought by the subsequent COVID-19 pandemic further devastated the retail sector in Hong Kong, and as a result, severely impacted the performance of the shops segment. Consumers have also shifted their mode of consumption from visiting physical stores to online. According to research data from JLL¹, rents for high street shops dropped by approximately 26.5% in the first half of 2020, whereas the rents for prime shopping mall also dropped by approximately 20.8% during the same period. Market values of high street shops fell by approximately 24.0% during the first half of 2020.

1. *"Hong Kong's commercial property market will see green shoots in medium term"* News release (15 July 2020), JLL

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For the office sector, work-from-home arrangements for many companies in Hong Kong after the COVID-19 outbreak have also put pressure on the demand for office space in Hong Kong. According to research data from JLL^{1, 2, 3}, overall vacancy rate for grade A offices worsened to 8.3% as at the end of September 2020. As a comparison, overall vacancy rate for grade A offices was approximately 5.6% at the end of the third quarter of 2019. Market values of overall grade A offices fell by approximately 14.1% during the first half of 2020.

For the industrial sector, according to research data from JLL⁴, net effect rents (being the average monthly rental net of rent free period and any concession and outgoings, i.e. management fee, air conditioning fee etc.) for prime warehouse dropped by approximately 4.5% quarter-on-quarter in the second quarter in 2020. The rental decline was mainly attributable to the longer rent-free periods provided by landlords. Yields were estimated to be broadly stable across the warehouse sector. Hence, market values dropped in line with rents by approximately 4.5% quarter-on-quarter in the second quarter of 2020.

According to the World Economic Outlook published by the International Monetary Fund in October 2020, it is expected that Hong Kong's real GDP for 2020 will experience a 7.5% drop from 2019. In a press release titled "Advance estimates on Gross Domestic Product for second quarter of 2020" released on 29 July 2020 by the Census and Statistics Department of the Hong Kong Government, Hong Kong's GDP decreased by 9.0% in real terms in the second quarter of 2020 as compared to the corresponding period in 2019, mainly attributable to the continued weak performance in both domestic and external demand for goods and services.

As discussed with the Company, the Management expects that the impact from the China-U.S. trade dispute will continue to linger and the economic outlook of Hong Kong will remain uncertain until the COVID-19 pandemic subsides. As the work-from-home model has become prevalent during the COVID-19 pandemic, some companies may adopt this mode of working permanently which means that the demand for office space will be lower. Furthermore, as tourist shopping expenditure contributes significantly to the total retail sector in Hong Kong, the compulsory quarantine arrangements will deter travellers from coming to Hong Kong, which means that the retail sector and in turn the demand for shops/commercial spaces as well as the rental, will continue to face downward pressure.

As noted in the section headed "3.2 Reassessed NAV" in this letter, there was a revaluation deficit on the Group's investment properties as at 31 October 2020, representing a deteriorating property market performance. As the outlook of the

1. "Hong Kong Property Market Monitor" (October 2020), JLL
2. "Hong Kong Property Market Monitor" (October 2019), JLL
3. "Hong Kong's commercial property market will see green shoots in medium term" News release(15 July 2020), JLL
4. "Asia Pacific Property Digest" (Q2 2020), JLL

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industrial, commercial and shop property markets remain challenging, the related property prices may continue to face downward pressure, which will in turn affect the fair value of the Group's investment properties in the future.

While the Group has been adjusting its strategy to diversify its revenue streams into the credit business and securities investment segments, the revenue contribution of such segments to the Group's total revenue remained insignificant at less than 0.9% and 2.2% of the total revenue for FY2019 and 1H FY2020, respectively. In addition, in view of the fact that the Offeror has no intention to introduce major changes to the business of the Group, the major focus in the non-residential agency business should remain after the close of the Offer. With the outlook of the non-residential property market remaining uncertain, the Management believes and we concur that the non-residential agency business, in the short to medium term, will remain challenging.

2. Information on the Offeror and its controlling shareholders, and its intention in relation to the Group

2.1 Information on the Offeror

The Offeror is an investment holding company incorporated in the BVI with limited liability and is indirectly and beneficially wholly-owned by Mr. Wong. Mr. Wong is a director and the sole ultimate beneficial shareholder of the Offeror.

Immediately upon completion of the Midland Distribution, the voting rights in the Company held by the Offeror Acquirer Group and the Midland Group decreased from approximately 63.07% to approximately 41.12% (and will, following the realisation of the 637,906 residual Shares by Midland Holdings, decrease to 41.09%) and the voting rights in the Company held by members of the Offeror Acquirer Group correspondingly increased from approximately 29.23% to approximately 41.09%. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, the Offeror Acquirer Group is required to make a mandatory cash offer, through the Offeror, for the Shares which are not already owned or to be acquired by the Offeror Acquirer Group.

2.2 The Offeror's intention in relation to the Group

Following the close of the Offer, the Offeror intends that the existing businesses, employment of the employees and assets deployment of the Group in the ordinary course be continued and does not intend that major changes to the business of the Group be introduced. The Offeror considers that the Group should continue to review its strategy and focus to best suit the operating environment of the Group.

2.3 Listing status of the Company

The Offeror intends for the Company to remain listed on the Stock Exchange. The Directors and directors of the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares following the close of the Offer.

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3. Offer price

3.1 Offer price comparison

The Offer Price of HK\$0.09587 per Offer Share represents:

- a) a discount of approximately 6.01% to the closing price as quoted on the Stock Exchange on 20 November 2020, being the Latest Practicable Date of HK\$0.102 per Share;
- b) a discount of approximately 0.14% to the closing price as quoted on the Stock Exchange on the Last Trading Day of approximately HK\$0.0960 per Share;
- c) a premium of approximately 0.28% over the average of the closing prices as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.0956 per Share;
- d) a premium of approximately 0.60% over the average of the closing prices as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.0953 per Share;
- e) a premium of approximately 3.01% over the average of the closing prices as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.0931 per Share;
- f) a premium of approximately 7.87% over the average of the closing prices as quoted on the Stock Exchange for the ninety (90) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.0889 per Share;
- g) a discount of approximately 84.10% to the audited consolidated net asset value attributable to equity holders of the Company as at 31 December 2019 of approximately HK\$0.6029 per Share based on 1,805,282,608 Shares in issue as at the Latest Practicable Date;
- h) a discount of approximately 83.98% to the unaudited consolidated net asset value attributable to equity holders of the Company as at 30 June 2020 of approximately HK\$0.5986 per Share based on 1,805,282,608 Shares in issue as at the Latest Practicable Date; and
- i) a discount of approximately 83.61% to the Reassessed NAV as at 30 June 2020 (as described in the section headed “3.2 Reassessed NAV” of this letter) of approximately HK\$0.585 per Share based on 1,805,282,608 Shares in issue as at the Latest Practicable Date.

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3.2 Reassessed NAV

For illustration purposes, the net asset value of the Group attributable to equity holders as at 30 June 2020 is reassessed based on the valuation of its properties as at 31 October 2020 as set out in the valuation report prepared by JLL as set out in Appendix III to the Composite Document. Set out in the table below is the net asset value attributable to equity holders having adjusted for the valuation surplus (the “**Reassessed NAV**”) to reflect the latest market value of the properties held by the Group as at 30 June 2020:

	<i>Approximately HK\$ million</i>
Total market value as at 31 October 2020 of the properties held by the Group as at 30 June 2020	813.6
Less: carrying value of the properties held by the Group as at 30 June 2020	838.7
Revaluation (deficit) of the Group	(25.1)
Revaluation (deficit) attributable to equity holders	(24.5)
Consolidated net asset value attributable to equity holders as at 30 June 2020	1,080.6
Add: revaluation (deficit) attributable to equity holders	(24.5)
Reassessed NAV as at 30 June 2020	1,056.1
Reassessed NAV per Share as at 30 June 2020	HK\$0.585

As stated in the paragraph headed “3.1 Offer price comparison” above, the Offer Price represents a discount of approximately 83.61% to the Reassessed NAV per Share.

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3.3 *Historical trading price against net asset value per Share*

The table below illustrates the historical average closing price per Share against the Group's published net asset value per Share attributable to equity holders during those corresponding periods:

Year/period end	Net asset value per Share attributable to equity holders ¹	Average closing Share price ²	Discount to net asset value per Share attributable to equity holders ³
	<i>HK\$</i>	<i>HK\$</i>	%
31 December 2017	0.59	0.321	45.6%
30 June 2018	0.62	0.224	63.9%
31 December 2018	0.62	0.179	71.1%
30 June 2019	0.63	0.118	81.3%
31 December 2019	0.60	0.090	85.0%
30 June 2020	0.60	0.093 ⁴	84.5%

Source: The Stock Exchange website (www.hkex.com.hk) and Bloomberg

Notes:

1. Being the audited and unaudited consolidated net asset value attributable to equity holders as at the respective year/period end date as extracted from the respective annual/interim results announcement published by the Company.
2. Representing the average closing Share price during the period from the trading day following the publication by the Company of its audited annual results or unaudited interim results (as the case may be) to the trading day on which the subsequent unaudited interim results or audited annual results (as the case may be) were published.
3. Representing the discount of the average closing Share price to the net asset value attributable to equity holders per Share as at the respective year/period end date.
4. Representing the average closing Share price during the period from 28 August 2020, being the trading day following the publication by the Company of its unaudited 2020 interim results, to the Last Trading Day.

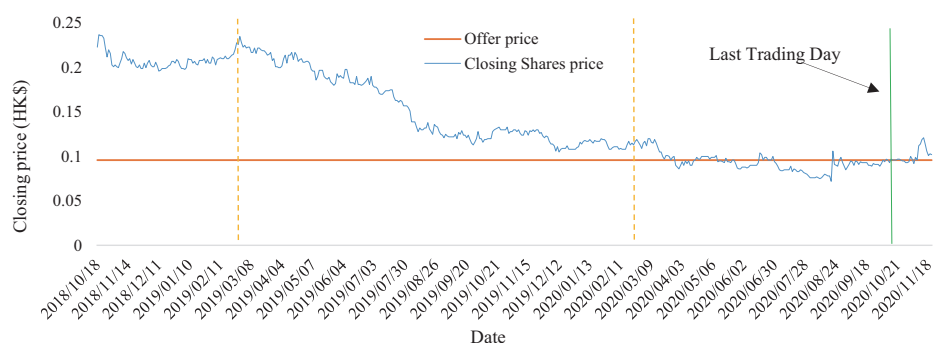
We noted that the Shares had been consistently traded at substantial discounts to net asset value attributable to equity holders for the past three financial years. It can be seen that the trading price of the Shares does not correlate with the changes of the net asset value attributable to equity holders of the Group. This may indicate that investors might not have valued the Shares based solely on the underlying value of the Group's assets. The steeper discounts of market trading price per Share to net asset value per Share attributable to equity holders observed since mid-2019 may be a result of investors anticipating continuous deterioration of operating performance and net asset value of the Group attributable to equity holders given the uncertain outlook explained above.

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Despite the Offer Price being at a discount of 84.10% to the audited consolidated net asset value attributable to equity holders of the Company as at 31 December 2019 and 83.61% to the Reassessed NAV, we have taken into account that (i) the Shares had consistently traded at substantial discounts to net asset value attributable to equity holders during the past three financial years; and (ii) the current weak property market condition and uncertain outlook, we consider the Offer Price is, on balance, fair and reasonable from this perspective.

3.4 Historical performance of the Shares

The graph below illustrates the historical closing prices of the Shares as quoted on the Stock Exchange during the period from 19 October 2018 (being two years prior to the Last Trading Day) and up to and including the Latest Practicable Date (the “Review Period”).



Source: The Stock Exchange website (www.hkex.com.hk)

Over the Review Period, the highest and lowest closing price of the Shares were HK\$0.237 on 19 October 2018 and HK\$0.072 on 19 August 2020, respectively. The average closing price of the Shares over the Review Period and for the 12 months prior to the Last Trading Day was approximately HK\$0.142 and HK\$0.102, respectively.

We have further analysed the Share price trend over two specific periods:

1. from 27 February 2019, being the day when the Share price started entering into a downward trend, to 27 February 2020, being one year after the start date which also coincides with the approximate time period before the initial surge of COVID-19 confirmed cases in Hong Kong; and
2. from 27 February 2020, being the approximate time period before the initial surge of COVID-19 confirmed cases in Hong Kong and preventive measures were implemented, to the Last Trading Day and up to the Latest Practicable Date.

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Between 27 February 2019 and 27 February 2020

As illustrated from the graph above, the closing prices of the Shares have been on a downward trend since the end of February 2019 (prior to the occurrence of social unrest and the outbreak of COVID-19). The Share price has decreased from HK\$0.235 on 27 February 2019 to HK\$0.113 on 27 February 2020, representing a decrease of approximately 51.9% within a year. During this period, we noted that the Company had issued (i) an annual results announcement for FY2018 on 27 March 2019, in which the Group's profit for the year dropped approximately 46.4% from the year ended 31 December 2017; (ii) a profit warning announcement on 17 July 2019, in which the Company expected further decline in its net profit for 1H FY2019 due to the significant drop in transaction value and volume of non-residential property sales in Hong Kong in the first half of 2019 when market uncertainties arose from the then prevailing China-U.S. trade conflict and weakened investment demand; (iii) an interim results announcement for 1H FY2019 on 27 August 2019, which the Group's profit dropped by approximately 57.9% as compared to the six months ended 30 June 2018; and (iv) a profit warning announcement on 19 December 2019, in which the Company expected to record net loss for FY2019 as compared to net profit for FY2018 due to significant drop in transaction value and volume of non-residential properties in Hong Kong as well as a decline in property prices in the market. In addition to the above, we believe the occurrence of social unrest since June 2019 also contributed to the weakened sentiment in the retail sector of the property market.

Between 27 February 2020 and the Last Trading Day and up to the Latest Practicable Date

The Share price continued its downward movement from March 2020 following the publication of the Group's annual results announcement for FY2019 on 26 March 2020 and the rising number of confirmed cases of COVID-19 and preventive measures such as border controls, social distancing measures and closure of leisure venues, implemented by the Hong Kong government with the intention to curb the spread of COVID-19. The Share price decreased from HK\$0.113 on 27 February 2020 to HK\$0.076 on 31 July 2020, representing a decrease of approximately 32.7%. On 31 July 2020, the Company issued a profit warning announcement, in which the Company expected to record a net loss for 1H FY2020 as compared to net profit for 1H FY2019. The Share price had remained at such level from 31 July 2020 onwards until it recorded a spike to HK\$0.106 on 19 August 2020. The Management believed the temporary spike was due to the announcement made by the Hong Kong Monetary Authority in relation to the easing of loan-to-value ratio ceilings to 50% for non-residential properties. Such Share price did not sustain however and declined to HK\$0.096 up to the Last Trading Day.

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Save as disclosed above, the Management and we are not aware of any other reasons or other announcements published by the Company during the Review Period which may have correlation to the Share price movement shown in the graph above.

Despite the Offer Price of HK\$0.09587 being below the average closing price of the Shares over the Review Period of approximately HK\$0.142 and for the 12 months prior to Last Trading Day of approximately HK\$0.102, taking into consideration (i) the Share price has been on a downward trend since the end of February 2019 (prior to the occurrence of social unrest and the outbreak of COVID-19); (ii) market uncertainties arising from the escalation of China-U.S. trade dispute; (iii) the social unrest which started since June 2019; and (iv) the outbreak of COVID-19 pandemic in January 2020, it is evident that market sentiment has been dampened and the future outlook of the Hong Kong property market (in particular, commercial and industrial properties, and shops) remains challenging, the Share price may continue to face pressure.

The COVID-19 pandemic has persisted for ten months as at the Latest Practicable Date. Throughout the past ten months, the Hong Kong government has implemented, tightened and relaxed various preventive measures as mentioned above, in response to the severity of the COVID-19 development. It is expected that the COVID-19 will not be eradicated in the near term given that the spread of COVID-19 has not been contained in other parts of the world and a promising COVID-19 vaccine is yet to be available. Despite the Hong Kong Monetary Authority's announcement on easing of loan-to-value ratio ceilings to 50% for non-residential properties on 19 August 2020, the non-residential property market has shown little improvement and the Share price has remained below the average closing price over the Review Period and for the 12 months prior to Last Trading Day.

In addition, the Midland Distribution may create odd lots of the Shares. Although odd lots matching services have been arranged by Midland Holdings, there is no guarantee of any successful matching of the sale and purchase of odd lots. In the event of any sale of substantial amount of odd lot Shares in the market, it may create further downward pressure on the Share price.

Taking into account of the above, we consider that the Offer Price is fair and reasonable with reference to the Shares' historical trading prices.

Shareholders should note that the information set out above is not an indicator of the future performance of the Shares, and that the price of the Shares may increase or decrease from its closing price as at the Latest Practicable Date.

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3.5 *Historical trading liquidity of the Shares*

Apart from the Share price analysis above, we have also conducted a review on the trading liquidity of the Shares. The table below sets out the average daily trading volume of the Shares on a monthly basis during the Review Period and the respective percentages of the average daily trading volume of the Shares as compared to the total number of issued Shares and Shares held by public:

	Average daily trading volume Shares	Approximate % of average daily trading volume to total issued Shares ¹	Approximate % of average daily trading volume to Shares held by public ²
October 2018 (starting from 19 October)	423,000	0.023%	0.064%
November 2018	325,288	0.018%	0.049%
December 2018	306,149	0.017%	0.046%
January 2019	333,864	0.018%	0.050%
February 2019	493,235	0.027%	0.074%
March 2019	1,164,064	0.064%	0.176%
April 2019	2,024,895	0.112%	0.305%
May 2019	394,952	0.022%	0.060%
June 2019	163,211	0.009%	0.025%
July 2019	267,830	0.015%	0.040%
August 2019	722,368	0.040%	0.109%
September 2019	480,738	0.027%	0.073%
October 2019	323,619	0.018%	0.049%
November 2019	213,762	0.012%	0.032%
December 2019	716,931	0.040%	0.108%
January 2020	404,033	0.022%	0.061%
February 2020	248,150	0.014%	0.037%
March 2020	971,136	0.054%	0.146%
April 2020	326,868	0.018%	0.049%
May 2020	306,450	0.017%	0.046%
June 2020	115,733	0.006%	0.017%
July 2020	248,932	0.014%	0.038%
August 2020	4,254,167 ³	0.236%	0.642%
September 2020	632,636	0.035%	0.095%
October 2020 up to the Last Trading Day	662,300	0.037%	0.100%
Average	666,574	0.037%	0.101%

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	Average daily trading volume Shares	Approximate % of average daily trading volume to total issued Shares ¹	Approximate % of average daily trading volume to Shares held by public ²
Subsequent to the Last Trading Day up to 31 October 2020	4,832,273	0.268%	0.729%
November 2020 (up to the Latest Practicable Date)	6,247,475	0.346%	0.590%

Source: The Stock Exchange website (www.hkex.com.hk)

Notes:

1. *Based on the total number of issued Shares as at each month or period end.*
2. *Based on the total number of issued Shares as at each month or period end minus the Shares held by Offeror Acquirer Group and Midland Group as at each month or period end.*
3. *The significant increase in average daily trading volume for August 2020 was due to the announcement made by Hong Kong Monetary Authority in relation to the easing of loan-to-value ratio ceilings to 50% for non-residential properties on 19 August 2020.*

As illustrated in the above table, during the Review Period and up to the Last Trading Day, the liquidity of Shares was generally low with the percentage of the average daily trading volume to the total number of issued Shares ranging from approximately 0.006% to 0.236%. The percentage of the average daily trading volume to the Shares held by public ranged from approximately 0.017% to 0.642%. The average daily trading volume of the Shares during the Review Period up to the Last Trading Day was approximately 666,574 Shares, representing approximately 0.037% and 0.101% of the total number of issued Shares and Shares held by public, respectively.

Given the percentage of the average daily trading volume to (i) the total number of issued Shares; and (ii) the Shares held by public during the Review Period (save for August 2020) was less than 0.500%, we consider that the trading volume of the Shares was thin and any sale of a significant number of the Shares on the market may result in downward pressure on the market price of the Shares.

As mentioned in the section headed “3.4. Historical performance of the Shares” in this letter, the Midland Distribution may create odd lots of the Shares. As there is no guarantee of any successful matching of the sale and purchase of odd lots, in the event of any sale of substantial number of odd lot Shares in the market, it may create downward pressure on the Shares price.

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From a trading liquidity standpoint, we consider that the Offer is fair and reasonable as the Offer provides an assured exit alternative for the Independent Shareholders to realise their investments in the Shares at the Offer Price of HK\$0.09587 per Share.

3.6 Market comparable analysis

As mentioned above, the Group is principally engaged in the provision of property agency services in respect of commercial and industrial properties and shops in Hong Kong. In addition, the Group held a significant portfolio of investment properties in Hong Kong for rental income. Given that these are two distinct business segments, we have, where possible, conducted analyses on the Group's property agency business and property investment business separately when assessing the fairness and reasonableness of the Offer.

Given that the Group was loss-making during the latest financial year, price-to-earnings ratio is not applicable to our analysis.

3.6.1 Property agency segment

Save for the Company, we noted that Midland Holdings is the only other company listed on the Stock Exchange engaged in the provision of property agency services in Hong Kong. Despite the Group being an associate of Midland Holdings, we believe Midland Holdings remains to be an appropriate comparable, due to the following:

- (i) both Midland Holdings and the Group's operations are mainly located in Hong Kong and are subjected to the same economic factors;
- (ii) their operations are separate from each other; and
- (iii) they are principally engaged in property agency business albeit with focus on different property types.

We have compared the price-to-revenue ratio ("**P/S Ratio**") of the Company against that of Midland Holdings. Such ratios measure the valuation on a company's ability to generate revenue. Considering (i) the property agency business is asset light and revenue generation is one of its typical key performance indicators; and (ii) P/S Ratio uses publicly disclosed financial information, which is objective in nature, we believe P/S Ratio is an appropriate approach.

While there are differences in terms of market capitalisation and revenue levels, the P/S ratio demonstrates the relationship of a company's market value relative to its revenue generating capability. As such, we believe the P/S Ratio analysis can provide an appropriate measurement and comparison on valuation of companies irrespective of their absolute amount of revenue. Set out below is a comparison of P/S Ratio between the Company and Midland Holdings:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	Market capitalisation¹ <i>HK\$ million</i>	Revenue² <i>HK\$ million</i>	P/S Ratio <i>time</i>
Midland Holdings (1200)	484.0	4,883.5	0.10
The Company	173.1	442.1	0.39

Source: The Stock Exchange website (www.hkex.com.hk)

Notes:

- 1. Based on the relevant closing share price as quoted on the Stock Exchange or the Offer Price and the relevant numbers of shares in issue on the Last Trading Day.*
- 2. Based on the relevant 2019 annual reports. Prior to the completion of the Midland Distribution, the Company was an associate of Midland Holdings.*

The Offer Price implies a P/S Ratio of approximately 0.39 times, which is higher than that of Midland Holdings of approximately 0.10 times.

We also wish to highlight that the Group is focused on the industrial, commercial and shop property markets while Midland Holdings is focused on the residential market. As elaborated in the section headed “1.3 Outlook of the Group” of this letter, the industrial, commercial and shop property markets took a larger hit from the COVID-19 pandemic due to the lockdown measures and work-from-home arrangements. With the COVID-19 pandemic persisting and considering the market data on the non-residential property market as well as our observations on the impact of lockdown measures and work-from-home arrangements, the outlook of the industrial, commercial and shop property markets appears more challenging than the residential market. We noted that notwithstanding a more challenging market and outlook, the Offer Price still commands a margin of premium over the valuation of Midland Holdings, as the Group has a higher P/S Ratio than Midland Holdings. As such, we consider that the Offer Price is fair and reasonable from the above P/S Ratio analysis perspective.

3.6.2 Property investment segment

For the Group’s property investment segment, while its revenue contribution towards the Group’s total revenue is low, this segment constitutes a significant portion of the net asset value of the Group of approximately 76.5%. To assess the reasonableness of the valuation based on the Offer Price versus the value of the Group’s underlying assets, we have also performed a price-to-book ratio (“**P/B Ratio**”) analysis, a commonly used benchmark for valuation of companies, by comparing the implied price-to-book ratio of the Company based on the Offer Price and the price-to-book ratio of the comparable companies (the “**Comparables**”).

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We have conducted a search of Comparables based on the following criteria: (i) they are listed on the Main Board of the Stock Exchange; (ii) their principal businesses being property investments of either commercial, industrial and/or retail properties in Hong Kong, contributing to more than 50% of their revenue; (iii) fair value of either commercial, industrial and/or retail properties constituting over 50% of the total value of their investment properties; and (iv) they have a net asset value of not more than HK\$3 billion.

Given the composition of the property investment portfolios of the Comparables consists of commercial, industrial and/or retail properties, which is similar to that of the Company, we believe they are comparable to the Company. Furthermore, given the large range of net asset values of property investment companies in Hong Kong, we believe that applying a range on the net asset value of up to HK\$3 billion as a selection criterion gives us a reasonable and adequate sample size of small scale property investment companies that are comparable to the Company to carry out our P/B Ratio analysis.

Despite the aforesaid criteria, the business, scale of operation, trading prospect, location of properties and projects and capital structure of the Group are not exactly the same as those of the Comparables, and we have not conducted any in-depth investigation into the businesses and operations of the Comparables.

Based on our search conducted through published information on the Stock Exchange's website, we have identified seven Comparables that match the aforementioned selection criteria. We believe the list of Comparables is exhaustive and is sufficient for us to form a view on the fairness and reasonableness of the Offer Price. Details of the Comparables are summarised below:

Company name	Stock code	Principal business	% of revenue contributed from property investment segment ¹	Net asset value ² <i>(HK\$ million)</i>	Fair value of investment properties ³ <i>(HK\$ million)</i>	Market capitalisation ⁴ <i>(HK\$ million)</i>	P/B Ratio ⁵
Thing On Enterprise Limited	2292	Engaged in property investment and management in Hong Kong	87.1%	1,418.2	1,395.8	698.4	0.49

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Company name	Stock code	Principal business	% of revenue contributed from property investment segment ¹	Net asset value ² <i>(HK\$ million)</i>	Fair value of investment properties ³ <i>(HK\$ million)</i>	Market capitalisation ⁴ <i>(HK\$ million)</i>	P/B Ratio ⁵
Tern Properties Company Limited	277	Engaged in property investment, property leasing and investment in debt and equity securities	100.0%	2,963.5	2,409.0	1,011.9	0.34
Winfair Investment Company Limited	287	Engaged in property and share investment, property development and securities dealings	68.8%	1,192.0	940.0	341.2	0.29
Great Wall Pan Asia Holdings Limited	583	Engaged in property investment and financial services	71.8%	2,959.2	3,351.2	682.0	0.23
Zhongchang International Holdings Group Limited	859	Engaged in the investment, development and leasing of properties in Hong Kong	87.1%	1,983.3	1,921.6	382.5	0.19
Wing Lee Property Investments Limited	864	Engaged in the investment in properties in Hong Kong and the leasing of completed commercial and residential properties	100.0%	982.7	1,015.1	156.4	0.16

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Company name	Stock code	Principal business	% of revenue contributed from property investment segment ¹	Net asset value ² <i>(HK\$ million)</i>	Fair value of investment properties ³ <i>(HK\$ million)</i>	Market capitalisation ⁴ <i>(HK\$ million)</i>	P/B Ratio ⁵
Eminence Enterprise Limited	616	Engaged in property investment and development, securities investment and loan financing	59.1%	2,941.9	1,262.5	279.4	0.09
				Maximum	0.49		
				Minimum	0.09		
				Mean	0.26		
				Median	0.23		
The Company	459	Engaged in the provision of property agency services in respect of commercial and industrial properties and shops, properties investment, credit business and securities investment	5.0%	1,056.1 ⁶	838.7	173.1 ⁷	0.16 ⁸

Source: The Stock Exchange website (www.hkex.com.hk)

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Notes:

1. *% of revenue contributed from property investment segment as reported in the respective companies' latest annual reports.*
2. *Net asset value refers to net assets reported in the respective companies' latest annual reports.*
3. *Fair value of investment properties refers to the fair value of investment properties reported in the respective companies' latest annual reports.*
4. *Market capitalisation is calculated based on the closing share price and number of shares in issue at the Last Trading Day sourced from the website of the Stock Exchange.*
5. *P/B Ratio is calculated based on the market capitalisation and net asset value as described in notes 2 and 4 above.*
6. *The amount represents the Reassessed NAV as at 30 June 2020. For further details, please refer to the section headed "3.2 Reassessed NAV" above.*
7. *The implied market capitalisation of the Company is calculated by multiplying the Offer Price with the number of Shares in issue as at the Latest Practicable Date.*
8. *The implied P/B Ratio of the Company of approximately 0.16 times is calculated based on the market capitalisation of the Company as described in note 7 above divided by the Reassessed NAV as at 30 June 2020.*

As illustrated in the table above, the P/B Ratios of the Comparables range from approximately 0.09 times to 0.49 times, with the mean and median being approximately 0.26 times and 0.23 times, respectively. The implied P/B ratio (the "**Implied P/B Ratio**") of the Company based on the Offer Price versus the unaudited net asset value as at 30 June 2020 and on the Offer Price versus the Reassessed NAV as at 30 June 2020 were both approximately 0.16 times. For illustration purposes, the Implied P/B Ratio of the Company based on the Offer Price versus the audited net asset value as at 31 December 2019 was approximately 0.16 times as well.

We noted that the Implied P/B Ratio of the Company falls within the range of the P/B Ratios of the Comparables and is slightly lower than the mean and median of the Comparables.

We wish to highlight that the Group derived a majority of its revenue from its property agency segment, while the Comparables derived a majority of their revenue from rental income of their property investment segments. The challenging outlook and continued loss making of the Group's property agency segment created additional pressure on the valuation of the Company as compared to the Comparables, and as such, contributed to its comparatively lower P/B Ratio. We consider, on balance, the Offer Price from a P/B ratio perspective is fair and reasonable relative to the Comparables. We note that, as an illustration, if the Group's current operational loss making situation persists, it will cause further reduction to the Group's net asset value which in turn will cause an increase in P/B Ratio (with all else unchanged).

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On top of the above P/B Ratio analysis on the Comparables, we are of the view that it is also informative to review the P/B Ratios of larger property investment companies in Hong Kong to have an overall understanding of how the market values such property investment companies. To illustrate how the market values even the largest property investment companies in Hong Kong, we have further conducted a search on the largest property investment companies based on the following criteria: (i) they are listed on the Main Board of the Stock Exchange; (ii) their principal businesses include property investments of either commercial, industrial and/or retail properties in Hong Kong; and (iii) they have a net asset value of more than HK\$80 billion (the “**Large Comparables**”).

Based on our search conducted through published information on the Stock Exchange’s website, we have identified four Large Comparables that match the aforementioned selection criteria. We believe the list of Large Comparables is exhaustive, and act as an additional frame of reference on the fairness and reasonableness of the Offer Price, in particular from the perspective of a P/B ratio analysis. Details of the Large Comparables are summarised below:

Company name	Stock code	Principal business	Net asset value ¹ (HK\$ million)	Market capitalisation ² (HK\$ million)	P/B Ratio ³
Wharf Real Estate Investment Co. Ltd.	1997	Engaged in the investment and operation of properties in Hong Kong	221,414	95,641.2	0.43
Swire Properties Ltd.	1972	Engaged in property investment in Hong Kong	288,911	122,265	0.42
Hysan Development Co. Ltd	14	Engaged in properties leasing in Hong Kong	80,972	26,360.1	0.33
Tsim Sha Tsui Properties Ltd.	247	Engaged in property and hotel businesses	145,273	46,649.7	0.32
				Maximum	0.43
				Minimum	0.32
				Mean	0.38
				Median	0.38

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Company name	Stock code	Principal business	Net asset value ¹ (HK\$ million)	Market capitalisation ² (HK\$ million)	P/B Ratio ³
The Company	459	Engaged in the provision of property agency services in respect of commercial and industrial properties and shops, properties investment, credit business and securities investment	1,056.1 ⁴	173.1 ⁵	0.16 ⁶

Source: The Stock Exchange website (www.hkex.com.hk)

Notes:

1. *Net asset value refers to net assets reported in the respective companies' latest annual reports.*
2. *Market capitalisation is calculated based on the closing share price and number of shares in issue at the Last Trading Day sourced from the website of the Stock Exchange.*
3. *P/B Ratio is calculated based on the market capitalisation and net asset value as described in notes 1 and 2 above.*
4. *The amount represents the Reassessed NAV as at 30 June 2020. For further details, please refer to the section headed "3.2 Reassessed NAV" above.*
5. *The implied market capitalisation of the Company is calculated by multiplying the Offer Price with the number of Shares in issue as at the Latest Practicable Date.*
6. *The implied P/B Ratio of the Company of approximately 0.16 times is calculated based on the market capitalisation of the Company as described in note 5 above divided by the Reassessed NAV as at 30 June 2020.*

We observed that the Large Comparables, which should be perceived by the market as the most premium and profitable property investment companies in Hong Kong which hold properties in prime locations in Hong Kong, similarly trade at substantial discounts to their net asset value with a mean on the P/B Ratio of approximately 0.38 times. Using the above as reference coupled with our observation on the outlook of the Group's property agency business, we are able to further conclude that the Company's Implied P/B Ratio of approximately 0.16 times is, on balance, fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

In summary, we had considered the below factors:

- (i) the Offer Price is lower than the average closing price of the Shares during the Review Period and for the 12 months prior to the Last Trading Day;
- (ii) the Share price had been on a downward trend since end of February 2020 and may continue to face pressure due to the challenging outlook;
- (iii) the trading liquidity of the Shares was thin throughout the Review Period and the sale of large number of Shares on the public market may exert downward pressure on the Share price to levels below the Offer Price;
- (iv) the Offer Price being at a discount of approximately 84.10% to the audited consolidated net asset value attributable to equity holders of the Company as at 31 December 2019 and approximately 83.61% to the Reassessed NAV;
- (v) the Shares had consistently traded at substantial discounts to the net asset value attributable to equity holders during the past three financial years;
- (vi) the P/S Ratio represents a premium over Midland Holdings, the Company's closest listed comparable in terms of the property agency segment in Hong Kong;
- (vii) the business and financial performance of the Group has been deteriorating due to market uncertainties arising from the escalation of China-U.S. trade dispute, social unrest and outbreak of the COVID-19 pandemic, all of which have contributed uncertainty to the future economic outlook of Hong Kong;
- (viii) the Implied P/B Ratio is slightly lower than the mean and median of the P/B Ratios of the Comparables and the Large Comparables in terms of the property investment segment;
- (ix) the Group's non-residential agency business, in the short to medium term, will remain challenging given the property market outlook in Hong Kong;
- (x) industrial, commercial and shops property prices may continue to face downward pressure going forward as demonstrated in the revaluation deficit as at 31 October 2020; and
- (xi) the Company has not declared any dividend in the past.

Considering the above, we are of the opinion that, on balance, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to make recommendation to the Independent Shareholders to accept the Offer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the Offer may or may not become unconditional, Shareholders and investors of the Company should exercise extreme caution when dealing in the securities of the Company and, if in doubt as to their position, consult their professional advisers.

Yours faithfully,
For and on behalf of
Altus Capital Limited

Jeanny Leung
Executive Director

Chang Sean Pey
Executive Director

Ms. Jeanny Leung (“Ms. Leung”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.

Mr. Chang Sean Pey (“Mr. Chang”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 20 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Offer.

- (a) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Offer, by post or by hand, to the Share Registrar, **Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong**, marked "**Midland IC&I Limited – General Offer**" on the envelope as soon as possible but in any event no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must either:
 - (i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares with the nominee (other than your licensed security securities dealer/registered institution in securities/custodian bank through CCASS, in which case (b)(iii) below should be followed), and with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked "**Midland IC&I Limited – General Offer**" the duly completed and signed Form of Acceptance to the Share Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Share Registrar, and deliver the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Share Registrar;
or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited (which will normally be earlier than the latest date set by the Offeror for receiving the acceptances of the Offer by the Share Registrar). In order to meet the deadline set by HKSCC Nominees Limited, you should check **well in advance** with your licensed securities dealer/registered institution in securities/custodian bank for the specific timing and procedure on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, provide your instruction via the CCASS Phone System or CCASS Internet System **well in advance** on or before the deadline set out by HKSCC Nominees Limited (which will normally be earlier than the latest date set by the Offeror for receiving the acceptances of the Offer by the Share Registrar).
- (c) **Recent Transfers** – If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked “**Midland IC&I Limited – General Offer**” to the Share Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or Get Nice or their respective agent(s) to collect from the Company or the Share Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such share certificate(s) to the Share Registrar on your behalf and to authorise and instruct the Share Registrar to hold such Share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Share Registrar with the Form of Acceptance.
- (d) **Lost or Unavailable Share Certificates** – If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered to the Share Registrar in an envelope marked “**Midland IC&I Limited – General Offer**” together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Share Registrar as soon as possible thereafter. If you have lost the Share certificate(s) and/or transfer receipt(s) and/or

other document(s) of title in respect of your Shares, you should also write to the Share Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Share Registrar.

- (e) **Additional Form of Acceptance** – If an Independent Shareholder has lost the accompanying Form of Acceptance or such original has become unusable, and requires a replacement of such form, he/she/it should write to the Share Registrar or visit the Share Registrar at its office and request an additional Form of Acceptance for completion by such Independent Shareholder. Alternatively, he/she/it could download it from the website of the Stock Exchange at <http://www.hkexnews.hk> or the website of the Company at <http://www.midlandici.com.hk>.
- (f) Acceptances of the Offer will be treated as valid and counted towards the acceptance condition only if the duly completed and signed Form of Acceptance is received by the Share Registrar by no later than 4:00 p.m. on the First Closing Date (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code) and the Share Registrar has recorded the acceptance and any relevant documents required have been so received, that is:
- (i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of you as the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or its/his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or
 - (iii) certified by the Share Registrar or the Stock Exchange.
- (g) If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Share Registrar must be produced.
- (h) If the Offer does not become unconditional as to acceptances on the Closing Date, the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) duly received by the Share Registrar with the Form of Acceptance will, as soon as possible but in any event within 10 days thereof, be returned by ordinary post to the relevant Shareholder(s) at their own risk.

- (i) No acknowledgement of receipt of any Form of Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. SETTLEMENT OF THE OFFER

Subject to the Offer becoming unconditional and provided that the Form of Acceptance and the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been duly received by the Share Registrar by no later than the latest time for acceptance, a cheque for the amount due to each of the Independent Shareholders who accepts the Offer less seller's ad valorem stamp duty in respect of the Shares tendered by it/him/her under the Offer will be despatched to such Independent Shareholder by ordinary post at its/his/her own risk as soon as possible but in any event within seven (7) Business Days of the later of the date on which the Offer becomes unconditional and the receipt of all the relevant documents by the Share Registrar to render such acceptance complete and valid.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save in respect of the payment of the seller's ad valorem stamp duty in respect of the Offer), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.

If the Offer does not become unconditional in all respects, the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (as the case may be) will be returned and/or sent to each Shareholder who has accepted the Offer (by ordinary post, at that Shareholder's own risk) as soon as possible but in any event within 10 days of the lapse of the Offer. Where such Shareholder who has accepted the Offer has sent one or more transfer receipt(s) and in the meantime one or more Share certificate(s) has/have been collected by or on behalf of that Shareholder in respect thereof, that Shareholder will be sent (by ordinary post, at that Shareholder's own risk) such Share certificate(s) in lieu of the transfer receipt(s).

3. NEW SHAREHOLDERS

Any new Shareholder may collect a copy of this Composite Document, together with a blank Form of Acceptance from the Share Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, during the period from the date of this Composite Document to the Final Closing Date (both days inclusive), between 9:00 a.m. and 4:30 p.m. (Hong Kong time) from Monday to Friday (other than public holidays). Such Shareholder may also contact the Share Registrar and request a copy of this Composite Document and a blank Form of Acceptance to be sent to his/her/its registered address as recorded in the register of members of the Company.

4. ACCEPTANCE PERIOD AND REVISIONS

- (a) All acceptances must be received by the latest time for acceptances, being 4:00 p.m. on the Closing Date in accordance with the instructions printed on the Form of Acceptance, unless the Offer becomes unconditional, or is extended or revised in accordance with the Takeovers Code. The Offer is conditional upon the Offeror having received valid acceptances in respect of Offer Shares which, together with the Shares already held, acquired or agreed to be acquired by it, Mr. Wong and parties acting in concert with any of them (including Sunluck, Ms. TANG Mei Lai, Metty, Mr. WONG Hon Shing, Daniel, Mr. YING Wing Cheung, William and Mr. Hung) before or during the Offer Period, will result in them holding more than 50% of all Shares. Pursuant to the Takeovers Code, where the Offer becomes unconditional, the Offer will remain open for acceptance for not less than 14 days thereafter. The Offeror will make an announcement as and when the Offer becomes unconditional.
- (b) If the Offeror decides to extend the Offer, at least 14 days' notice will be given by way of announcement, before the latest time and date for acceptance of the Offer, to those Independent Shareholders who have not accepted the Offer.
- (c) If the Offeror revises the terms of the Offer (in accordance with the relevant requirements under the Takeovers Code), all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document is posted.
- (d) If the Closing Date of the Offer is extended, any reference in this Composite Document and in the Form of Acceptance to such Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date of the Offer as so extended.
- (e) **The Offeror is under no obligation to extend or revise the Offer even if the conditions are not satisfied by the Closing Date.**

5. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision, extension or unconditionality of the Offer. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, the result of the Offer and whether the Offer has been revised, extended or expired or has become unconditional.

The announcement will state, among other matters, the total number of Shares:

- (i) for which acceptances of the Offer have been received;
- (ii) held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period; and
- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror, Mr. Wong and parties acting in concert with them.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any persons acting in concert with it has borrowed or lent (save for any borrowed Shares which have been either on lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.

- (b) In computing the total number of Shares represented by acceptances, only valid acceptances that are completed and in good order and satisfy the acceptance conditions set out in paragraph 1 of this Appendix I, and which have been received by the Share Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offer will be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

6. RIGHT OF WITHDRAWAL

- a) Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in paragraph (b) below or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offer shall be entitled to withdraw its/his/her acceptance after 21 days from the First Closing Date if the Offer has not by then become unconditional as to acceptances. An acceptor of the Offer may withdraw its/his/her acceptance by lodging a notice in writing signed by the acceptor (or its/his/her agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Share Registrar.
- b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “5. Announcements” in this Appendix I, the Executive may require that the Independent Shareholders, who have tendered acceptances to the Offer to be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met. In such case, when the Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title

(and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Independent Shareholder(s) at their own risk.

7. OVERSEAS INDEPENDENT SHAREHOLDERS

The making of the Offer to the Overseas Independent Shareholders may be affected by the laws of the relevant jurisdictions. The Overseas Independent Shareholders should observe any applicable legal or regulatory requirements. The Overseas Independent Shareholders should obtain appropriate legal advice regarding the implications of the Offer in the relevant jurisdictions with a view to observing any applicable legal or regulatory requirements. It is the responsibility of Overseas Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or regulatory or legal requirements. Overseas Independent Shareholders will also be fully responsible for the payment of any transfer or other taxes and duties by the accepting Overseas Independent Shareholders payable in respect of all relevant jurisdictions. Acceptance of an Offer by Overseas Independent Shareholders will constitute a representation and warranty by the accepting person that the local laws and requirements have been complied with and such person is permitted under all applicable laws to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representations and warranties, in respect of their custodian interests in Shares.

8. STAMP DUTY

Seller's ad valorem stamp duty payable by the Independent Shareholders who accept the Offer and calculated at a rate of 0.1% of (i) the market value of the Offer Shares subject to such acceptance; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the accepting Independent Shareholders and will pay the buyer's ad valorem stamp duty in connection with valid acceptances of the Offer and the transfer of the Offer Shares thereunder to the Stamp Office in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

9. TAX IMPLICATIONS

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance or rejection of the Offer. None of the Offeror and parties acting in concert with it, the Share Registrar, the Company, Get Nice, Odysseus Capital, Altus Capital, and their respective ultimate beneficial

owners, directors, officers, agents or associates or any other persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person as a result of their acceptance or rejection of the Offer.

10. GENERAL

- (i) All communications, notices, Form of Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror and parties acting in concert with it, the Company, Get Nice, Odysseus Capital, Altus Capital, and any of their respective directors nor the Share Registrar or other persons involved in the Offer or any of their respective agents accept any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (ii) The provisions set out in relevant Form of Acceptance form part of the terms of the Offer.
- (iii) The accidental omission to despatch this Composite Document and/or the accompanying Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (iv) The Offer is, and all acceptances will be, governed by and shall be construed in accordance with the Laws of Hong Kong.
- (v) Due execution of a Form of Acceptance will constitute an authority to the Offeror, Get Nice, the Share Registrar, or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.
- (vi) Acceptance of the Offer will be deemed to constitute a warranty by the acceptor(s) to the Offeror that the Shares are sold to the Offeror free from all liens, charges, encumbrances, rights of pre-emption, set-off, counterclaim and any other third party rights of any nature and together with all rights attached to them as at the date of this Composite Document or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the Despatch Date. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, the above representations and warranties, in respect of their custodian interests in Shares.

- (vii) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owner who is accepting the Offer.
- (viii) References to the Offer in this Composite Document and in the accompanying Form of Acceptance include any extension and/or revision thereof.
- (ix) In making their decision, Independent Shareholders should rely on their own examination of the Offer and the terms of the Offer, including the merits and risks involved.
- (x) Unless otherwise expressly stated in this Composite Document and/or the accompanying Form of Acceptance, no one other than the Offeror and the relevant accepting Independent Shareholders, as the case may be, may enforce any terms of any contract that will arise on delivery of the relevant Form of Acceptance, duly completed and executed, under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong).
- (xi) The English texts of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts in case of inconsistency.
- (xii) All references to time are to Hong Kong time.

1. FINANCIAL SUMMARY

Set out below is a summary of the financial information of the Group for the six months ended 30 June 2020 and the three years ended 31 December 2017, 31 December 2018 and 31 December 2019, respectively, which are extracted from the unaudited condensed consolidated financial statements of the Group (the “**2020 Interim Financial Statements**”) as set forth in the interim report of the Company for the six months ended 30 June 2020 (the “**2020 Interim Report**”) and the audited consolidated financial statements of the Group as set forth in the annual reports of the Company for each of the three years ended 31 December 2017, 31 December 2018 and 31 December 2019, respectively.

The consolidated financial statements of the Group for each of the three years ended 31 December 2017, 31 December 2018 and 31 December 2019 were audited by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong and did not contain any qualified opinion.

	For the six months ended 30 June 2020	For the year ended 31 December		
	<i>HK\$'000</i> unaudited	<i>HK\$'000</i> audited	<i>HK\$'000</i> audited	<i>HK\$'000</i> audited
Revenues	141,384	442,126	628,780	637,247
Other income/(loss), net (<i>Note 3</i>)	2,523	(17,764)	(5,162)	11,290
Staff costs	(93,029)	(228,972)	(295,647)	(319,303)
Rebate incentives	(19,090)	(99,093)	(149,681)	(131,278)
Advertising and promotion expenses	(3,989)	(10,976)	(15,227)	(14,774)
Operating lease charges in respect of office and shop premises	–	–	(36,803)	(33,681)
Amortisation of right-of-use assets (lease)	(16,578)	(34,737)	–	–
Depreciation of property and equipment	(1,461)	(3,274)	(3,195)	(3,259)
Net impairment losses on financial assets	(2,965)	(28,775)	(18,583)	(10,647)
Other operating costs	(15,754)	(35,801)	(38,386)	(27,326)
Operating (loss)/profit	(8,959)	(17,266)	66,096	108,269
Finance income	5,015	10,227	3,853	2,290
Interest on bank loans	(2,212)	(4,328)	(2,153)	(147)
Interest on lease liabilities	(449)	(1,364)	–	–
Interest on convertible note	(3,958)	(7,713)	(7,400)	(5,550)
(Loss)/profit before taxation	(10,563)	(20,444)	60,396	104,862
Taxation	2,702	843	(12,207)	(14,944)
(Loss)/profit and total comprehensive (loss)/income for the period/year	<u>(7,861)</u>	<u>(19,601)</u>	<u>48,189</u>	<u>89,918</u>
(Loss)/profit and total comprehensive (loss)/income attributable to:				
Equity holders	(7,784)	(19,504)	48,148	89,918
Non-controlling interests	<u>(77)</u>	<u>(97)</u>	<u>41</u>	<u>–</u>
	<u>(7,861)</u>	<u>(19,601)</u>	<u>48,189</u>	<u>89,918</u>
(Loss)/earnings per share	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Basic	(0.431)	(1.080)	2.667	5.258
Diluted	<u>(0.431)</u>	<u>(1.080)</u>	<u>2.497</u>	<u>4.655</u>

Notes:

- The Group has adopted HKFRS 9 “Financial Instruments” and HKFRS 15 “Revenue from Contracts with Customers” for the first time in preparing its financial information for the year ended 31 December 2018. The Group has been impacted by HKFRS 9 in relation to classification of financial assets and the expected credit loss for financial assets, and impacted by HKFRS 15 in relation to timing of revenue recognition and the identification and existence of variable consideration. The adoption of HKFRS 9 and HKFRS 15 do not have material effect on the Group’s result and financial position. Details of the changes in accounting policies have been disclosed in the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”).
- The Group has adopted HKFRS 16 “Leases” for the first time in preparing its financial information for the year ended 31 December 2019. On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17. Details of the changes in accounting policies have been disclosed in the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”). Due to the adoption of HKFRS 16, the retained earnings of the Group as at 1 January 2019 have been decreased by approximately HK\$5,054,000.
- The below income/(loss) were included in the item “other income/(loss), net” for the six months ended 30 June 2020 and the three years ended 31 December 2017, 31 December 2018 and 31 December 2019, respectively.

	For the six months ended 30 June 2020	For the year ended 31 December		
	<i>HK\$'000</i>	<i>2019 HK\$'000</i>	<i>2018 HK\$'000</i>	<i>2017 HK\$'000</i>
Fair value (loss)/gain on investment properties	–	(16,600)	(4,779)	8,200
Government subsidy	4,609	–	–	–
	<u>4,609</u>	<u>–</u>	<u>–</u>	<u>–</u>

- The comparative amounts of the consolidated financial statements for the year ended 31 December 2018 has been restated as set forth in the 2019 Annual Report as the Directors have identified a new operating segment to assess the Group’s performance and allocate resources. Such restatement has no material overall impact on the audited consolidated financial statements for the year ended 31 December 2018 as shown above, which is extracted from the audited consolidated financial statements of the Group as set forth in the 2018 Annual Report.

Save as disclosed above, there were no items of any income or expense which were material to the Group for the six months ended 30 June 2020 and each of the three years ended 31 December 2017, 31 December 2018 and 31 December 2019, respectively.

2. FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out or refer to in this Composite Document the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statements of cash flows, and any other primary statements as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2019 (the “**2019 Financial Statements**”); and (ii) the 2020 Interim Financial Statements, together with the relevant notes to the relevant published accounts and significant accounting policies which are of major relevance to the appreciation of the above financial information.

The 2019 Financial Statements and the 2020 Interim Financial Statements have been published in the reports as follows:

- (a) the 2020 Interim Financial Statements (including all accompanying notes) are set out from pages 16 to 41 of the 2020 Interim Report, which was posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.midlandici.com.hk>), and is accessible via the following hyperlink: <http://www.hkexnews.hk/listedco/listconews/sehk/2020/0924/2020092400442.pdf>; and
- (b) the 2019 Financial Statements (including all accompanying notes) are set out from pages 58 to 119 of the 2019 Annual Report, which was posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.midlandici.com.hk>), and is accessible via the following hyperlink: <http://www.hkexnews.hk/listedco/listconews/sehk/2020/0427/2020042700923.pdf>.

The 2019 Financial Statements and 2020 Interim Financial Statements (but not any other parts of the 2019 Annual Report and 2020 Interim Report, in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS

At the close of business on 30 September 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had the following indebtedness:

- 1) unsecured zero-coupon convertible note of approximately HK\$197.3 million with principal amount of HK\$200.0 million;
- 2) bank loans of approximately HK\$134.6 million, which was secured by certain investment properties of the Group with a net carrying value of approximately HK\$288.1 million as at 30 June 2020;
- 3) lease liabilities of approximately HK\$27.8 million; and
- 4) amounts due to non-controlling interests of approximately HK\$0.3 million.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 30 September 2020, the Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

4. MATERIAL CHANGE

The Directors confirm that, save as disclosed below, there was no material change in the financial or trading position or outlook 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, up to and including the Latest Practicable Date:

1. as disclosed in the 2020 Interim Report, the Group recorded a consolidated loss attributable to equity holders of approximately HK\$7.8 million for the six months ended 30 June 2020. This was due to a significant drop in the transaction value and volume of the non-residential properties in Hong Kong, which persisted up to the Latest Practicable Date and continued to affect the Group's revenue and performance;
2. receipt of government subsidies under the Employment Support Scheme of approximately HK\$13.5 million in June 2020 and approximately HK\$13.5 million in October 2020; and
3. based on the property valuation as at 31 October 2020, there was a revaluation deficit of approximately HK\$25.1 million on the investment properties held by the Group. Such amount of revaluation deficit represented approximately 3.0% of the market value of the relevant investment properties as at 30 June 2020.

The following is the full text of the report, prepared for the purpose of incorporation in the Composite Document received from Jones Lang LaSalle Limited, an independent valuer, in connection with its valuation as at 31 October 2020 of the property interests held by the Group.

23 November 2020

The Directors
Midland IC&I Limited
25th Floor,
World-wide House,
No. 19 Des Voeux Road Central, Central, Hong Kong

Dear Sirs,

Re: Valuation of Various Property Interests in Hong Kong

1.1 Introduction

We refer to the instructions from Midland IC&I Limited (“the Company”, together with its subsidiaries, collectively “the Group”) for us to provide market valuation in respect of various property interests held by the Group in Hong Kong. The property interests are identified in Section 2.0 Summary of Valuations (collectively, “the Properties”).

We are instructed to give our opinion of the market values of the property interests in their existing states subject to tenancies as at 31 October 2020 (“the date of valuation”) for public disclosure purposes.

We confirm that we have carried out inspection of the Properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of the individual unencumbered leasehold property interest as at the date of valuation.

1.2 Basis of Valuation

Unless otherwise stated, our valuation has been prepared in accordance with the “HKIS Valuation Standards 2017 Edition” published by The Hong Kong Institute of Surveyors (“HKIS”), the “International Valuation Standards” published by the International Valuation Standards Council (“IVSC”) and the “RICS Valuation – Global Standards” published by the Royal Institution of Chartered Surveyors (“RICS”) subject to variation to meet local established law. Unless otherwise stated, our valuations are undertaken as External Valuers as defined in the relevant Valuation Standards. We have also complied with the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Code on Takeover and Mergers.

Our valuation of the property interests is made on the basis of the Market Value as defined by IVSC and adopted by HKIS and RICS, set out as:

“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

The valuation presented in this report represents the 100% interest of the Properties and not the shareholdings of the member of the Group holding the property interests thereof.

We have applied the definition of market value to each property interest independently. We have therefore ignored the potential effect of selling the entire portfolio at one time. Likewise, we have valued each property as a single property interest and we have ignored the potential effect of selling the properties on a strata title basis.

Our valuation services have been executed in accordance with our Quality Assurance System, accredited by HKQAA via ISO 9001:2015 and our report prepared with reference to the assumptions, definitions and limiting conditions as set out in our General Principles of Valuation and attached as Appendix No.1.

1.3 Valuation Methodology

For the valuation of the Properties, we mainly adopted the direct comparison method. We have also adopted the income capitalization method for cross-reference purpose, where necessary.

The direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transferred their legal ownership. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration.

The income capitalization method is based on the capitalization of the net income potential by adopting appropriate capitalization rate, which is derived from the analysis of sale transactions and our interpretation of prevailing investor requirements or expectations. The market rents adopted in our valuation have made reference to lettings of comparable premises.

1.4 Valuation Assumptions

Our valuation has been made on the assumption that the owner sells the Properties on the open market without the benefit of deferred terms contract(s), leaseback, joint venture, management agreement(s) or any similar arrangement which could serve to affect the values of the Properties.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest nor for any expenses or taxation that may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from legal complications and encumbrances, restrictions, outgoings of an onerous nature that could affect their values.

1.5 Potential Tax Liability

The potential tax liabilities which may arise on direct disposal of the property interests held by the Group at the amounts valued by us would generally comprise the following:

- Hong Kong Profits Tax at 16.5% on the gain on disposal (excluding any profits which are considered to be capital in nature and shall not be subject to profits tax); and
- Hong Kong Stamp Duty at progressive rate from 1.5% to 8.5% on the transaction amount (of which both the seller and the buyer are jointly and severally liable on the stamp duty).

1.6 Sources of Information

We have relied to a considerable extent on the information provided by the Company including a tenancy summary as at 31 October 2020 and have obtained relevant information from the Land Registry, the Buildings Department and Rating and Valuation Department. We have also relied on advices from the Company including planning approvals, statutory notices, easements, tenure, particulars of occupancy, building plans, floor plans, floor areas and all other relevant matters and assumed that all information provided to us is correct.

The dimensions, measurements and areas included in the report are based on information contained in copies of documents obtained from the Company, the Land Registry, Rating and Valuation Department and the Buildings Department and are therefore approximations. We have not carried out on site measurements to verify the correctness of the site area of the Properties.

1.7 Measurements

All measurements are carried out in accordance with the "Code of Measuring Practice" booklet published by the HKIS. To suit the local practice, we declare our departure from the "RICS property measurement" published by RICS. Unless otherwise stated, we do not physically measure the actual properties or verify the floor areas provided to us, unless we specifically agree in writing to do so, although we make reference to the registered floor plan(s), if available.

Where saleable area is required to be measured from approved building plan(s), "addition and alteration" plan(s), registered floor plan(s), etc., the saleable area is defined as the floor area exclusively allocated to the unit including balconies, utility platforms and other similar features but excluding common areas such as stairs, lift

shafts, pipe ducts, lobbies and communal toilets. It is measured to the exterior face of the external walls and walls onto common parts or the centre of party walls. Open yards, bay windows, air-conditioning plant rooms, flower boxes, open terraces, attached roofs and carports are excluded.

1.8 Title Investigation

We have not been provided with copies of the title documents relating to the Properties but we have caused searches to be made at the Land Registry. However, we have not examined the original documents to verify ownership or to ascertain the existence of any lease amendments, which may not appear on the copies handed to us. All documents and leases have been used for reference only and all dimensions, measurements and areas are approximate. We have not seen original planning consents and have assumed that the Properties have been erected, being occupied and used in accordance with such consents and that there are no outstanding statutory notices.

1.9 Property Inspection

Except Property No.11 in Kaiseng Commercial Centre in the Summary of Valuation which are leased and occupied by third party tenants as at the date of valuation, we have been arranged to inspect the interiors of the rest of the Properties, various common areas, portions accessible to the general public on 9 November 2020 and 10 November 2020. We also inspected their exteriors and the surrounding locality of all the Properties. The inspection was conducted by Mr. Ken Lam, MHKIS, MRICS, RPS(GP), Senior Director of Valuation Advisory Services of Jones Lang LaSalle Limited. We have assumed that the internal condition of the portions within the Properties not inspected has been well maintained and has no critical repairs or deferred maintenance, where applicable. For the purpose of our valuation, we have relied on the layout as shown on the approved building plans, approved “addition and alteration” plans, assignment plan, etc. where available in arriving at our opinion of value.

We have not conducted formal site and structural surveys, as such we cannot report that the Properties are free from rot, infestation or any other structural defects. We have not carried out building surveys, nor have we inspected those parts of the Properties which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of the parts we had not inspected and this report should not be taken as making any implied representation or statement about such parts. No tests have been carried out to any of the services within the Properties.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the Properties, or has since been incorporated, and we are therefore unable to report that the Properties are free from risk in this respect. For the purpose of this valuation, we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

1.10 Site Investigation

We have not carried out any investigations on site in order to determine the suitability of ground conditions and services, etc. for future redevelopment, nor did we undertake archaeological, ecological or environmental surveys. During the course of our inspection, we did not notice any evidence of land or building contamination. Importantly, however, we are not experts in the detection or quantification of environmental problems and we have not sighted an environmental audit.

Our valuation is on the basis that these aspects are satisfactory and that where developments are contemplated, no extraordinary expenses or delays will be incurred during the construction period due to these, or to archaeological or ecological matters. In the course of our assessment, we have assumed that no contamination affects the Properties or the neighbouring land. However, should it be established subsequently that contamination exists at the Properties or on any neighbouring land, or that the premises have been or are being put to any contaminative use, we reserve the right to adjust the value reported herein.

1.11 Plant and Machinery

Our valuation normally includes all plant and machinery that form part of the building services installations. However, process plant, machinery and equipment which may have been installed wholly in connection with the occupiers' commercial processes, together with furniture and furnishings, tenants' fixtures and fittings are excluded in our valuation, unless otherwise specified.

1.12 Valuer

This valuation report is prepared by Mr. Ken Lam, MHKIS, MRICS & RPS(GP), Senior Director, assisted by Ms. Wendy Ng and Ms. Venus Kwan, both are Assistant Managers under the supervision of Ms. Dorothy Y. Y. Chow MHKIS, MRICS & RPS(GP), Senior Director of Valuation Advisory Services of Jones Lang LaSalle Limited.

We confirm that Ms. Dorothy Y. Y. Chow, Mr. Ken Lam, Ms. Wendy Ng and Ms. Venus Kwan are in the position to provide an objective and unbiased valuation and are competent to undertake the valuation assignment.

1.13 Report

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and "lockdown" applied to varying degrees. Whilst restrictions have been lifted in some cases, local lockdowns may continue to be deployed as necessary and the emergence of significant further outbreaks is possible.

As at the valuation date, we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuation is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. For the avoidance of doubt, including the 'material valuation uncertainty' declaration does not mean that the valuation cannot be relied upon. Rather, it has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the valuation date.

Given the unknown future impact that COVID-19 might have on the real estate market and the difficulty in differentiating between short term impacts and long-term structural changes, we recommend that you keep the valuations contained within this report under frequent review.

Our Summary of Valuations and Valuation Certificates are attached herewith.

Yours faithfully

For and on behalf of

Jones Lang LaSalle Limited

Dorothy Y. Y. Chow B.Sc. (Hons), MSc, MRICS, MHKIS, RPS(GP)

Senior Director

Licence No.: E-182969

Note: Ms. Dorothy Y.Y. Chow, MHKIS MRICS RPS(GP), is a qualified general practice surveyor and has 22 years of experience in the valuation of properties in Hong Kong.

2.0 SUMMARY OF VALUATION

Property Interests in Hong Kong	Market Value as at 31 October 2020 (HK\$)
1. Nos. 33 and 35 Java Road North Point Hong Kong	\$385,700,000
2. 5th Floor LMK Development Estate Nos. 10-16 Kwai Ting Road Kwai Chung New Territories	\$39,700,000
3. 6th Floor LMK Development Estate Nos. 10-16 Kwai Ting Road Kwai Chung New Territories	\$39,600,000
4. 7th Floor LMK Development Estate Nos. 10-16 Kwai Ting Road Kwai Chung New Territories	\$39,400,000
5. 8th Floor LMK Development Estate Nos. 10-16 Kwai Ting Road Kwai Chung New Territories	\$39,200,000
6. 12th Floor LMK Development Estate Nos. 10-16 Kwai Ting Road Kwai Chung New Territories	\$38,800,000
7. Car Parking Space Nos. 12, 13 and 14, G/F LMK Development Estate Nos. 10-16 Kwai Ting Road Kwai Chung New Territories	\$4,800,000

Property Interests in Hong Kong	Market Value as at 31 October 2020 (HK\$)
8. Shop 6 on Ground Floor Cambridge Court Nos. 84A-84H & 84J-84M Waterloo Road Ho Man Tin Kowloon	\$27,000,000
9. The whole of 21st Floor Ford Glory Plaza Nos. 37-39 Wing Hong Street Cheung Sha Wan Kowloon	\$76,400,000
10. Car Park No. P19, 2nd Floor Ford Glory Plaza Nos. 37-39 Wing Hong Street Cheung Sha Wan Kowloon	\$2,000,000
11. The whole of 7th and 8th Floors Kaiseng Commercial Centre Nos. 4-6 Hankow Road Tsim Sha Tsui Kowloon	\$121,000,000
TOTAL FOR THE PROPERTIES:	<hr/> <u><u>\$813,600,000</u></u>

3.0 VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 October 2020
1. Nos. 33 & 35 Java Road, North Point, Hong Kong Inland Lot Nos. 6828 and 6829 (IL6828 and IL6829) ("the Lots")	<p>The Property is located at Java Road in the North Point district, which is a long-established traditional residential area on Hong Kong Island with predominantly medium and high-rise apartment buildings and composite buildings with retail elements at lower floors.</p> <p>The total registered site area of IL6828 and IL6829 is about 2,450ft² (227.61m²).</p> <p>The Lots are held under the respective Government Leases of IL6828 and IL6829 for common terms of 75 years from 5 September 1921 renewed for another terms of 75 years. The aggregate Government rent payable for the Lots is HK\$107,064 per annum.</p> <p>The Property comprises a 13-storey (including cockloft) building originally completed in 1966 and renovated in 2018. The building is of reinforced concrete construction with tiled external elevations.</p> <p>The renovated building is occupied as a serviced apartment block with retail spaces on Ground Floor and Cockloft. The shop at No. 33 Java Road is connected to the cockloft above. 40 serviced apartment units, including a duplex unit, are provided on the 1st to 11th Floors, each unit with fixtures, fittings and furniture provided. Vertical movement within the building is facilitated mainly by 2 lifts and 2 staircases.</p>	<p>As advised by the Company, the retail portions have been leased to 2 tenants with a total rental receivable of about HK\$98,000 per month (inclusive of management fees).</p> <p>The tenancies are for 2 years and 3 years respectively with the latest expiry date on 15 October 2023.</p> <p>Occupancy rate of the residential portions was about 66%. The tenancies are for terms up to 12 months. The monthly rentals of the units range from about HK\$20,500 to HK\$40,500 per month, inclusive of management fees, Government rates and all other outgoings.</p>	<p>HK\$385,700,000</p> <p>(HONG KONG DOLLARS THREE HUNDRED EIGHTY FIVE MILLION AND SEVEN HUNDRED THOUSAND)</p>

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 October 2020
	As measured from the approved "A&A Plans", the approximate saleable areas of the Property are as follows:		
	Saleable Area (approx.)		
	Portion(s)	ft²	m²
	G/F	1,740	161.65
	Cockloft	1,471	136.66
	1/F–11/F	<u>15,023</u>	<u>1,395.67</u>
	Total	<u>18,234</u>	<u>1,693.98</u>

Notes:

- (1) We are instructed to assess the market value of the Property as an operational serviced apartment block with the furniture, fixtures and equipment essential for its operation provided therein. We have also been advised by the Company that the flats in the serviced apartment portions are mainly leased on monthly basis.
- (2) The registered owner of the Property is Most Wealth (Hong Kong) Limited, a subsidiary of the Company.
- (3) The following encumbrances were registered against the Property upon our recent search of the records at the Land Registry:
 - Notice No. WNZ/U10-05/0001/08 issued by the Building Authority under Section 24C(1) of the Buildings Ordinance dated 6 April 2009 vide Memorial No. 10100601010047 (Re: IL6828).
 - Notice No. WNZ/U10-05/0004/08 issued by the Building Authority under Section 24C(1) of the Buildings Ordinance dated 6 April 2009 vide Memorial No. 10100601010039 (Re: IL6829).

Such stated encumbrances have no material impact on the value of the Property, given the outstanding building orders will be complied with following completion of the remedial works. In the course of our valuation, we have not allowed any reinstatement cost(s) that may incur to carry out the remedial works for complying the required works of the outstanding building orders and notices if so required.

 - Offensive Trade Licence by District Lands Officer, Hong Kong East dated 21 December 2017 vide Memorial No. 18010400610097.
- (4) The Property is zoned under North Point Outline Zoning Plan No. S/H8/26 approved on 15 August 2017 for "Residential (Group A)" purposes.
- (5) The use and development of the Lots are governed by their respective Government Leases which are virtually unrestricted except the "offensive trades" clauses. Our assessment of the market value of the Property is made on the assumption that valid licence(s) and permit(s) have been obtained for the operation of the serviced apartment, if so required.

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 October 2020
<p>2. Factory Unit on 5th Floor, LMK Development Estate, Nos. 10-16 Kwai Ting Road, Kwai Chung, New Territories</p> <p>30/496 equal and undivided shares of and in Kwai Chung Town Lot No. 139 ("the Lot")</p>	<p>The Property comprises a factory unit occupying the whole of 5th Floor of LMK Development Estate ("the Building") at Kwai Ting Road in the Kwai Chung district. Kwai Chung district is an established industrial area undergoing a transition to a business zone.</p> <p>The Building is a 15-storey industrial block completed in 1973 (Occupation Permit No. N.T. 81/73). Construction of the Building is of reinforced concrete with painted external elevations. Vertical movement is facilitated by 2 cargo lifts, 1 passenger's lift and 2 staircases.</p> <p>As quoted from the approved building plans, floor-to-floor height and the floor loading capacity of the Property is 10.5 feet (3.2 metres) and 150 lbs/ft² respectively.</p> <p>As quoted from the approved building plans, the gross floor area of the Property is about 10,787ft² (1,002.14m²).</p> <p>The Lot is held from the Government under New Grant No. 4734 for a term of 99 years commencing from 1 July 1898. The term has been statutorily renewed to expire on 30 June 2047. The Government rent payable for the Property is an amount equivalent to 3% of the prevailing rateable value of the Property per annum.</p>	<p>As informed, the Property was leased for a term of 2 years from 1 March 2020 to 28 February 2022 at a monthly rent of HK\$107,500 (inclusive of rates, management fees and Government rent).</p>	<p>HK\$39,700,000</p> <p>(HONG KONG DOLLARS THIRTY NINE MILLION AND SEVENTY HUNDRED THOUSAND)</p>

Notes:

- (1) The registered owner of the Property is Century Hover Limited, a subsidiary of the Company.
- (2) The following encumbrances were registered against the Property as at the date of valuation:
 - No Objection Letter in respect of Flat B on 5th Floor dated 4 January 1982 vide Memorial No. TW241077 in relation to the use of an area of approximately 54.7m² within the unit for the provision of canteen facilities.
 - Certified Copy of Certificate of Compliance from District Officer, Tsuen Wan registered on 22 June 2018 vide Memorial No. 18062201800206.
 - Mortgage in favour of Shanghai Commercial Bank Limited for all moneys dated 27 June 2018 vide Memorial No. 18072600680101.
 - Assignment of Rentals in favour of Shanghai Commercial Bank Limited dated 27 June 2018 vide Memorial No. 18072600680110.
- (3) The Property is currently zoned under Draft Kwai Chung Outline Zoning Plan No. S/KC/29 exhibited on 19 January 2018 for “Other Specified Uses” annotated “(Business)” purposes.

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 October 2020
<p>3. Factory Unit on 6th Floor, LMK Development Estate, Nos. 10-16 Kwai Ting Road, Kwai Chung, New Territories</p> <p>30/496 equal and undivided shares of and in Kwai Chung Town Lot No. 139 ("the Lot")</p>	<p>The Property comprises a factory unit occupying the whole of 6th Floor of LMK Development Estate ("the Building") at Kwai Ting Road in the Kwai Chung district. Kwai Chung district is an established industrial area undergoing a transition to a business zone.</p> <p>The Building is a 15-storey industrial block completed in 1973 (Occupation Permit No. N.T. 81/73). Construction of the Building is of reinforced concrete with painted external elevations. Vertical movement is facilitated by 2 cargo lifts, 1 passenger's lift and 2 staircases.</p> <p>As quoted from the approved building plans, floor-to-floor height and the floor loading capacity of the Property is 10.5 feet (3.2 metres) and 150 lbs/ft² respectively.</p> <p>As quoted from the approved building plans, the gross floor area of the Property is about 10,787ft² (1,002.14m²).</p> <p>The Lot is held from the Government under New Grant No. 4734 for a term of 99 years commencing from 1 July 1898. The term has been statutorily renewed to expire on 30 June 2047. The Government rent payable for the Property is an amount equivalent to 3% of the prevailing rateable value of the Property per annum.</p>	<p>At the time of inspection, the Property was vacant.</p>	<p>HK\$39,600,000</p> <p>(HONG KONG DOLLARS THIRTY NINE MILLION AND SIX HUNDRED THOUSAND)</p>

Notes:

- (1) The registered owner of the Property is Champion Shine International Limited, a subsidiary of the Company.
- (2) The following encumbrances were registered against the Property as at the date of valuation:
 - Lease in favour of Shilihe Design Company Limited for a term of 8 years from 1 December 2013 to 30 November 2021 at a rent of HK\$75,000 per month dated 23 September 2013 vide Memorial No. 13100401040084.
 - Certified Copy of Certificate of Compliance from District Officer, Tsuen Wan registered on 22 June 2018 vide Memorial No. 18062201800206.
 - Mortgage in favour of Shanghai Commercial Bank Limited for all moneys dated 27 June 2018 vide Memorial No. 18072600680128.
- (3) The Property is currently zoned under Draft Kwai Chung Outline Zoning Plan No. S/KC/29 exhibited on 19 January 2018 for “Other Specified Uses” annotated “(Business)” purposes.

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 October 2020
<p>4. Factory Unit on 7th Floor, LMK Development Estate, Nos. 10-16 Kwai Ting Road, Kwai Chung, New Territories</p> <p>30/496 equal and undivided shares of and in Kwai Chung Town Lot No. 139 ("the Lot")</p>	<p>The Property comprises a factory unit occupying the whole of 7th Floor of LMK Development Estate ("the Building") at Kwai Ting Road in the Kwai Chung district. Kwai Chung district is an established industrial area undergoing a transition to a business zone.</p> <p>The Building is a 15-storey industrial block completed in 1973 (Occupation Permit No. N.T. 81/73). Construction of the Building is of reinforced concrete with painted external elevations. Vertical movement is facilitated by 2 cargo lifts, 1 passenger's lift and 2 staircases.</p> <p>As quoted from the approved building plans, floor-to-floor height and the floor loading capacity of the Property is 10.5 feet (3.2 metres) and 150 lbs/ft² respectively.</p> <p>As quoted from the approved building plans, the gross floor area of the Property is about 10,787ft² (1,002.14m²).</p> <p>The Lot is held from the Government under New Grant No. 4734 for a term of 99 years commencing from 1 July 1898. The term has been statutorily renewed to expire on 30 June 2047. The Government rent payable for the Property is an amount equivalent to 3% of the prevailing rateable value of the Property per annum.</p>	<p>As informed, the Property was vacant as at the date of valuation.</p>	<p>HK39,400,000</p> <p>(HONG KONG DOLLARS THIRTY NINE MILLION AND FOUR HUNDRED THOUSAND)</p>

Notes:

- (1) The registered owner of the Property is Glorious Success Global Limited, a subsidiary of the Company.
- (2) The following encumbrances were registered against the Property as at the date of valuation:
 - Certified Copy of Certificate of Compliance from District Officer, Tsuen Wan registered on 22 June 2018 vide Memorial No. 18062201800206.
 - Mortgage in favour of Shanghai Commercial Bank Limited for a consideration of all moneys dated 27 June 2018 vide Memorial No. 18072600680176.
 - Assignment of Rentals in favour of Shanghai Commercial Bank Limited dated 27 June 2018 vide Memorial No. 18072600680182.
- (3) The Property is currently zoned under Draft Kwai Chung Outline Zoning Plan No. S/KC/29 exhibited on 19 January 2018 for “Other Specified Uses” annotated “(Business)” purposes.

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 October 2020
<p>5. Factory Unit on 8th Floor, LMK Development Estate, Nos. 10-16 Kwai Ting Road, Kwai Chung, New Territories</p> <p>30/496 equal and undivided shares of and in Kwai Chung Town Lot No. 139 ("the Lot")</p>	<p>The Property comprises a factory unit occupying the whole of 8th Floor of LMK Development Estate ("the Building") at Kwai Ting Road in the Kwai Chung district. Kwai Chung district is an established industrial area undergoing a transition to a business zone.</p> <p>The Building is a 15-storey industrial block completed in 1973 (Occupation Permit No. N.T. 81/73). Construction of the Building is of reinforced concrete with painted external elevations. Vertical movement is facilitated by 2 cargo lifts, 1 passenger's lift and 2 staircases.</p> <p>As quoted from the approved building plans, floor-to-floor height and the floor loading capacity of the Property is 10.5 feet (3.2 metres) and 150 lbs/ft² respectively.</p> <p>As quoted from the approved building plans, the gross floor area of the Property is about 10,787ft² (1,002.14m²).</p> <p>The Lot is held from the Government under New Grant No. 4734 for a term of 99 years commencing from 1 July 1898. The term has been statutorily renewed to expire on 30 June 2047. The Government rent payable for the Property is an amount equivalent to 3% of the prevailing rateable value of the Property per annum.</p>	<p>As informed, the Property was vacant as at the date of valuation.</p>	<p>HK\$39,200,000</p> <p>(HONG KONG DOLLARS THIRTY NINE MILLION AND TWO HUNDRED THOUSAND)</p>

Notes:

- (1) The registered owner of the Property is Dragon Magic Investments Limited, a subsidiary of the Company.
- (2) The following encumbrances were registered against the Property as at the date of valuation:
 - Certified Copy of Certificate of Compliance from District Officer, Tsuen Wan registered on 22 June 2018 vide Memorial No. 18062201800206.
 - Mortgage in favour of Shanghai Commercial Bank Limited for a consideration of all moneys dated 27 June 2018 vide Memorial No. 18072600680191.
 - Assignment of Rentals in favour of Shanghai Commercial Bank Limited dated 27 June 2018 vide Memorial No. 18072600680205.
- (3) The Property is currently zoned under Draft Kwai Chung Outline Zoning Plan No. S/KC/29 exhibited on 19 January 2018 for “Other Specified Uses” annotated “(Business)” purposes.

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 October 2020
<p>6. Factory Unit on 12th Floor, LMK Development Estate, Nos. 10-16 Kwai Ting Road, Kwai Chung, New Territories</p> <p>30/496 equal and undivided shares of and in Kwai Chung Town Lot No. 139 (“the Lot”)</p>	<p>The Property comprises a factory unit occupying the whole of 12th Floor of LMK Development Estate (“the Building”) at Kwai Ting Road in the Kwai Chung district. Kwai Chung district is an established industrial area undergoing a transition to a business zone.</p> <p>The Building is a 15-storey industrial block completed in 1973 (Occupation Permit No. N.T. 81/73). Construction of the Building is of reinforced concrete with painted external elevations. Vertical movement is facilitated by 2 cargo lifts, 1 passenger’s lift and 2 staircases.</p> <p>As quoted from the approved building plans, floor-to-floor height and the floor loading capacity of the Property is 10.5 feet (3.2 metres) and 150 lbs/ft² respectively.</p> <p>As quoted from the approved building plans, the gross floor area of the Property is about 10,787ft² (1,002.14m²).</p> <p>The Lot is held from the Government under New Grant No. 4734 for a term of 99 years commencing from 1 July 1898. The term has been statutorily renewed to expire on 30 June 2047. The Government rent payable for the Property is an amount equivalent to 3% of the prevailing rateable value of the Property per annum.</p>	<p>As informed, the Property was vacant as at the date of valuation.</p>	<p>HK\$38,800,000</p> <p>(HONG KONG DOLLARS THIRTY EIGHT MILLION AND EIGHT HUNDRED THOUSAND)</p>

Notes:

- (1) The registered owner of the Property is Shine Treasure Holdings Limited, a subsidiary of the Company.
- (2) The following encumbrances were registered against the Property as at the date of valuation:
 - Certified Copy of Certificate of Compliance from District Officer, Tsuen Wan registered on 22 June 2018 vide Memorial No. 18062201800206.
 - Mortgage in favour of Shanghai Commercial Bank Limited for a consideration of all moneys dated 27 June 2018 vide Memorial No. 18072600680133.
 - Assignment of Rentals in favour of Shanghai Commercial Bank Limited dated 27 June 2018 vide Memorial No. 18072600680148.
- (3) The Property is currently zoned under Draft Kwai Chung Outline Zoning Plan No. S/KC/29 exhibited on 19 January 2018 for “Other Specified Uses” annotated “(Business)” purposes.

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 October 2020
7. Car Parking Space Nos. 12, 13 and 14 on Ground Floor, LMK Development Estate, Nos. 10-16 Kwai Ting Road, Kwai Chung, New Territories	The Properties comprise 3 car parking spaces on Ground Floor of LMK Development Estate (“the Building”) at Kwai Ting Road in the Kwai Chung district. Kwai Chung district is an established industrial area undergoing a transition to a business zone.	As informed, the Properties were vacant as at the date of valuation.	HK\$4,800,000 (HONG KONG DOLLARS FOUR MILLION AND EIGHT HUNDRED THOUSAND)
An aggregate of 3/496 equal and undivided shares of and in Kwai Chung Town Lot No. 139 (“the Lot”)	The Building is a 15-storey industrial block completed in 1973 (Occupation Permit No. N.T. 81/73). Construction of the Building is of reinforced concrete with painted external elevations. Car Parking Spaces on Ground Floor are accessible via an vehicular entrance fronting Kwai Ting Road. The Lot is held from the Government under New Grant No. 4734 for a term of 99 years commencing from 1 July 1898. The term has been statutorily renewed to expire on 30 June 2047. The Government rent payable for the Properties is an amount equivalent to 3% of the prevailing rateable values of the Properties per annum.		

Notes:

- (1) The registered owner of the Properties is Sino Hover Limited, a subsidiary of the Company.
- (2) The following encumbrances were registered against the Properties as at the date of valuation:
 - Certified Copy of Certificate of Compliance from District Officer, Tsuen Wan registered on 22 June 2018 vide Memorial No. 18062201800206.
 - Mortgage in favour of Shanghai Commercial Bank Limited for a consideration of part of all moneys dated 27 June 2018 vide Memorial No. 18072600680151.
 - Assignment of Rentals in favour of Shanghai Commercial Bank Limited dated 27 June 2018 vide Memorial No. 18072600680161.
- (3) The Properties are currently zoned under Draft Kwai Chung Outline Zoning Plan No. S/KC/29 exhibited on 19 January 2018 for “Other Specified Uses” annotated “(Business)” purposes.

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 October 2020
8. Shop No. 6 on Ground Floor, Cambridge Court, Nos. 84A-84H & 84J-84M Waterloo Road, Ho Man Tin, Kowloon 2/200 equal and undivided shares of and in Kowloon Inland Lot No. 7981 ("the Lot")	Cambridge Court ("the Development") situated at the south-eastern side of Waterloo Road, in the Homantin District. The Development comprises two 20-storey residential blocks over a 6-storey podium on Ground to 5 th Floors for general retail, office and car parking purposes. The development was completed in 1965. The Property comprises one of the shop units on Ground Floor of the development. The saleable area of the Property as measured from the registered floor plan is about 869ft ² (80.73m ²). The Lot is held under the Conditions of Sale No. UB7147 for a term of 75 years from 21 May 1962 renewable for a further term of 75 years. The Government rent payable for Property is part of HK\$1,034 per annum.	As informed, the Property was leased to a connected party for a term of 2 years from 15 July 2020 to 14 July 2022. The rent receivable is HK\$88,000 per month, exclusive of Government rent, rates and management fees.	HK\$27,000,000 (HONG KONG DOLLARS TWENTY SEVEN MILLION)

Notes:

- (1) The registered owner of Property is Bright Eastern Limited, a subsidiary of the Company.
- (2) According to our recent Land Registry search, we noted that Order No. C/TE/001668/17/K with Plans for Common part(s) only issued by the Building Authority under Section 24(1) of the Buildings Ordinance dated 7 June 2017 vide Memorial No. 17100300650186 with a Letter dated 11 August 2017.

In view of the extent of works required and the remedial costs are likely to be shared by all the owners within the Development, it is believed the reinstatement costs to be borne by the Company would be insignificant. In the course of our valuation, we have not allowed any reinstatement cost(s) that may incur to carry out the remedial works for complying the required works of the outstanding building orders and notices if so required.

- (3) The Property is zoned under the Ho Man Tin Outline Zoning Plan No. S/K7/24 approved on 8 September 2015 for "Residential (Group A)" purposes.

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 October 2020
9. The whole of 21 st Floor, Ford Glory Plaza, No. 37 Wing Hong Street, Cheung Sha Wan, Kowloon 1,038/30,000 equal and undivided shares of and in The Remaining Portion of Section A and The Remaining Portion of Sub-Section 2 of Section A and The Remaining Portion of New Kowloon Inland Lot No. 2828 (“the Lots”)	<p>Ford Glory Plaza (“the Building”) is situated on the north-western side of Wing Hong Street in Cheung Sha Wan District which is an established industrial area undergoing a transition to a business zone.</p> <p>The Building is a 24-storey industrial block erected over 4-storey podium on the Ground to 3rd Floors designated for workshop purposes, carpark purposes and E&M. Industrial units are accommodated on 5th to 32nd Floors (without 4th, 13th, 14th and 24th floors being omitted and 9th floor as refuge floor). The Building was completed in 2008.</p> <p>The Property comprises the whole of the 21st floor of the building.</p> <p>As quoted from the approved building plans, the gross floor area of the Property is about 10,377ft² (964.05m²).</p> <p>The Lots are held under Conditions of Sale No. UB4152 of NKIL 2828 for a term of 75 years renewed for 24 years from 1 July 1898. The term has been statutorily renewed to expire on 30 June 2047. The Government rent payable for the Property is an amount equivalent to 3% of the prevailing rateable value of the Property per annum.</p>	<p>As informed, the Property was leased to a connected party for a term of 1 year from 19 March 2020 to 18 March 2021.</p> <p>The rent receivable is HK\$212,000 per month, exclusive of Government rent, rates and management fees.</p>	<p>HK\$76,400,000</p> <p>(HONG KONG DOLLARS SEVENTY SIX MILLION AND FOUR HUNDRED THOUSAND)</p>

Notes:

- (1) The registered owner of Property is Teamway Group Limited, a subsidiary of the Company.
- (2) According to our recent Land Registry search, we noted that the following encumbrances have been registered against the Property:
 - Letter approving on certain conditions in respect of the Modification of Conditions of Sale No. UB4152 of NKIL 2828 dated 10 September 1959 vide Memorial No. UB302484.
 - Mortgage in favour of DBS Bank (Hong Kong) Limited for all moneys dated 23 January 2009 vide Memorial No. 09021701800150.
- (3) The Property is zoned under the Cheung Sha Wan Outline Zoning Plan No. S/K5/37 approved on 6 December 2016 for “Other Specified Uses” annotated “(Business)” purposes.

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 October 2020
10. Car parking Space No. P19 on 2 nd Floor, Ford Glory Plaza, No. 37 Wing Hong Street, Cheung Sha Wan, Kowloon	Ford Glory Plaza (“the Building”) is situated on the north-western side of Wing Hong Street in Cheung Sha Wan District which is an established industrial area undergoing a transition to a business zone.	As informed, the Property was leased for a term of 2 years from 2 March 2020 to 1 March 2022 at a monthly rent of HK\$4,200 (inclusive of rates, management fees and Government rent).	HK\$2,000,000 (HONG KONG DOLLARS TWO MILLION)
11/30,000 equal and undivided shares of and in The Remaining Portion of Section A and The Remaining Portion of Sub-Section 2 of Section A and The Remaining Portion of New Kowloon Inland Lot No. 2828 (“the Lots”)	The Building is a 24-storey industrial block erected over 4-storey podium on the Ground to 3 rd Floors designated for workshop purposes, carpark purposes and E&M. Industrial units are accommodated on 5 th to 32 nd Floors (without 4 th , 13 th , 14 th and 24 th floors being omitted and 9th floor as refuge floor). There are 33 private car parking space, 4 motors spaces, 9 light goods vehicles and 4 heavy good vehicles on the Ground to 1st Floors. The Building was completed in 2008. The Property comprises a covered car parking space on 2 nd Floor of the Building. The Lots are held under Conditions of Sale No. UB4152 of NKIL 2828 for a term of 75 years renewed for 24 years from 1 July 1898. The term has been statutorily renewed to expire on 30 June 2047. The Government rent payable for the Property is an amount equivalent to 3% of the prevailing rateable value of the Property per annum.		

Notes:

- (1) The registered owner of the Property is Teamway Group Limited, a subsidiary of the Company.
- (2) According to our recent Land Registry search, we noted that the following encumbrances have been registered against the Property:
 - Letter approving on certain conditions in respect of the Modification of Conditions of Sale No. UB4152 of NKIL 2828 dated 10 September 1959 vide Memorial No. UB302484.
 - Mortgage in favour of DBS Bank (Hong Kong) Limited for all moneys dated 23 January 2009 vide Memorial No. 09021701800183.
- (3) The Property is zoned under the Cheung Sha Wan Outline Zoning Plan No. S/K5/37 approved on 6 December 2016 for “Other Specified Uses” annotated “(Business)” purposes.

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 October 2020
11. The whole of 7 th and 8 th Floors, Kaiseng Commercial Centre, Nos. 4 & 6 Hankow Road, Tsim Sha Tsui, Kowloon	Kaiseng Commercial Centre ("the Building") is situated at Hankow Road close to its junction with Middle Road in the Tsim Sha Tsui district which is an established commercial area in Kowloon. The Building is a 17-storey commercial block over a basement level for retail office uses completed in 1984.	As informed, the Properties were subject to 2 tenancies both for 2 years with the latest expiry date on 28 February 2022.	HK\$121,000,000 (HONG KONG DOLLARS ONE HUNDRED TWENTY ONE MILLION)
An aggregate of 520/7,155 equal and undivided shares of and in New Kowloon Inland Lot Nos. 7703 and 8184 ("the Lots")	The Properties comprise the whole of the 7th and 8th Floors of the Building. Total saleable area as measured from the registered floor plans is about 6,910ft ² (641.95m ²). The Lots are held under the Government Lease of NKIL 7703 and Conditions of Regrant No. UB7025 of NKIL 8184 respectively and both for terms of 150 years from 24 June 1889. The aggregate Government rent payable for the Properties is part of HK\$832 per annum.	Aggregate rental receivable was about HK\$327,060, exclusive of rates and management fees.	

Notes:

- (1) The registered owners of Properties are Supreme Gold Development Limited (7th Floor) and Grand Win (H.K.) Limited (8th Floor) respectively, both are subsidiaries of the Company.
- (2) According to our recent Land Registry search, no major encumbrances have been registered against the Properties.
- (3) The Properties are zoned under the Tsim Sha Tsui Outline Zoning Plan No. S/K1/28 approved on 3 December 2013 for "Commercial (Group 6)" purposes.

Appendix No.1

General Principles of Valuation

**GENERAL PRINCIPLES ADOPTED IN THE PREPARATION
AND CONDITIONS THAT APPLY TO AND FORM PART
OF
HONG KONG VALUATIONS AND REPORTS**

This document sets out the terms of engagement for our valuation services. They apply unless we have specifically mentioned otherwise in the service agreement or in the body of the Reports. Where appropriate, we will be pleased to discuss variations to suit any particular circumstances, where appropriate. Any variations to these terms of engagement must be confirmed in writing.

Our Valuations and Reports are confidential to, and for the use only of, the party to whom they are addressed and for the stated specific purpose. No responsibility whatsoever is accepted to any third parties who may use or rely on the whole or any part of the contents of any such Valuation or Report. The whole or any part of the Valuation or Report, or reference thereto, must not be published or referred to in any document, statement, circular, or in any communication with third parties, without our prior written approval of the form and context in which it will appear.

1. Valuation Methodology:

All work is carried out in accordance with the “HKIS Valuation Standards 2017” published by The Hong Kong Institute of Surveyors (“HKIS”), the “International Valuation Standards” published by the International Valuation Standards Council (“IVSC”) and the “RICS Valuation – Global Standards” published by the Royal Institution of Chartered Surveyors (“RICS”) subject to variation to meet local established law. Unless otherwise stated, our valuations are undertaken as External Valuers as defined in the relevant Valuation Standards.

Compliance with the RICS standards may be subject to monitoring under the RICS’ conduct and disciplinary regulations.

2. Valuation Basis:

Our valuations are made on the basis of Market Value as defined by IVSC and adopted by HKIS and RICS, set out as:

“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Our valuations are made on the assumption that the owner sells the property on the open market without the benefit of a deferred terms contract, leaseback, joint venture or similar arrangement which would serve to affect the value of the property.

Each valuation is current as at the date of valuation only. The value assessed may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of preceding half of this paragraph, we do not assume any responsibility or accept liability where this valuation is relied upon after the expiration of three months from the date of valuation.

3. Costs:

No allowances are made in our valuations for dealing with any encumbrances such as charges, mortgages, nor for amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale or disposal.

4. Source of Information:

We accept as being complete and correct the information provided to us, by the sources listed, as to details of tenure, tenancies, tenant's improvements, planning consents and other relevant matters, as summarized in our report.

5. Assumptions

Unless we state otherwise in the valuation, our valuation assumes (without investigation on our part), where applicable,

- (a) good and marketable title, and no encumbrance on the property's title which could materially affect its value,
- (b) no encroachment by or on the property and no unauthorized additions or structural alterations (our valuation is made according to the original layout as shown in the Registered Floor Plans or developer's brochure and assumes no outstanding reinstatement costs to be charged on the property),
- (c) no major environmental factor (including contamination) affects the property,
- (d) no deficiencies in the structural integrity of the property and other improvements,
- (e) the property is not affected or required for any public purposes or is to be acquired for a public purpose,
- (f) there are no outstanding statutory orders on the property or the likely possibility of future orders being made by a regulatory authority,
- (g) body corporate records and finances are in a satisfactory order and there are no major financial commitments, orders or levies in respect of any major rectifications, remedial or other works to be undertaken by the body corporate above normal maintenance,

- (h) no material litigation pending relating to the property,
- (i) that the property (and any works thereto) comply with all relevant statutory regulations, including enactments relating to fire regulations,
- (j) no deleterious materials (including by way of example asbestos and calcium chloride),
- (k) ground conditions and services are suitable (including, particularly with respect to agricultural land, no possibility of latent infestation in the soil or of disease which might affect crops or stock at any time in the future) and no extraordinary expenses or delays will be incurred due to archaeological, ecological or environmental matters.

Without affecting the generality of the above, where leases or documents of title or site and building surveys or building report or pest certificate or engineer's certificate or body corporate records are provided to us for the purpose of the valuation, reliance must not be placed on our interpretation thereof of any of these documents.

6. Tenants:

Enquiries as to the financial standing of actual or prospective tenants are not made unless we specifically agree to in writing. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise in writing, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

7. Measurements:

All measurements are carried out in accordance with the "Code of Measuring Practice" booklet published by the HKIS. To suit the local legislation and/or client's request or agreement, we declare our departure from the "RICS property measurement" published by RICS. Unless otherwise stated, we do not physically measure the actual properties or verify the floor areas provided to us, unless we specifically agree in writing to do so, although we make reference to the Registered Floor Plans if available.

8. Jurisdiction:

Unless the parties otherwise agree in writing, all disputes arising out and relating to our valuation shall be finally settled under Hong Kong Law and the parties irrevocably submit to the jurisdiction of the Hong Kong Courts.

1. RESPONSIBILITY STATEMENT

All the directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors in their capacity as directors of the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

2. MARKET PRICE

The table below sets out the closing price of the Shares as quoted on the Stock Exchange on (i) the last trading day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Share HK\$
29 April 2020	0.100
29 May 2020	0.086
30 June 2020	0.094
31 July 2020	0.076
31 August 2020	0.089
30 September 2020	0.089
Last Trading Day	0.096
30 October 2020	0.093
Latest Practicable Date	0.102

During the Relevant Period, the highest closing price per Share quoted on the Stock Exchange was HK\$0.121 per Share on 13 November 2020 and the lowest closing price per Share quoted on the Stock Exchange was HK\$0.072 per Share on 19 August 2020.

3. DISCLOSURE OF INTERESTS IN SECURITIES OF THE COMPANY

Interests of the Offeror, its directors and parties acting in concert

Save as disclosed below, none of the Offeror, its directors or parties acting in concert owned or controlled or was otherwise interested (within the meaning of Part XV of the SFO) in any Shares, convertible securities, options, warrants or derivatives in respect of the Shares as at the Latest Practicable Date:

	Name of Shareholder	Nature of interests/ Capacity	Number of Shares	Approximate % of all issued voting Shares	Number of underlying Shares	Approximate % of all issued voting Shares
<i>Midland Group Offeror Acquirer Group</i>	Midland Group (Note 1):	Beneficial owner	637,906	0.04%	–	–
	Offeror Acquirer Group:					
	(i) The Offeror	Beneficial owner	434,782,608	24.08%	434,782,608 (Note 5)	24.08%
	(ii) Sunluck	Beneficial owner	273,907,222 (Note 2)	15.17%	–	–
	(iii) Mr. Wong	Beneficial owner	33,061,500 (Note 3)	1.83%	–	–
		Interest of controlled corporations	709,327,736 (Note 4)	39.29%	434,782,608 (Note 5)	24.08%
<i>Other director of the Offeror</i>	Ms. TANG Mei Lai, Metty	Interest of spouse	742,389,236 (Note 6)	41.12%	434,782,608 (Note 6)	24.08%
<i>Other concert parties of the Offeror</i>	Mr. WONG Hon Shing, Daniel (Note 7)	Beneficial owner	2,000,000	0.11%	–	–
	Mr. YING Wing Cheung, William (Note 7)	Beneficial owner	300,000	0.02%	–	–
	Mr. Hung (Note 8)	Beneficial owner	2,127,400	0.12%	–	–

Notes:

1. Such 637,906 Shares (representing approximately 0.035% of the issued Shares) represented the residual Shares to be sold in the open market by Midland Holdings or its agents as soon as practicable as part of the Midland Distribution.
2. Among the 273,907,222 Shares held by Sunluck, 193,237,150 Shares were received by Sunluck on 16 November 2020 under the Midland Distribution.
3. Among the 33,061,500 Shares beneficially held by Mr. Wong, 20,816,500 Shares were received by Mr. Wong on 16 November 2020 under the Midland Distribution.
4. Of which, 273,907,222 Shares were held by Sunluck which is indirectly wholly-owned by Mr. Wong through his wholly-owned company, Southern Field Trading Limited, and 434,782,608 Shares were held by the Offeror which is indirectly wholly-owned by Mr. Wong through his wholly-owned company, Luck Gain Holdings Limited, and 637,906 Shares were held by Midland Holdings.
5. Such interests in underlying Shares (being physically settled unlisted derivatives) represent 434,782,608 Shares issuable to the Offeror upon exercise in full of the conversion right attached to the Convertible Note.
6. Ms. TANG Mei Lai, Metty, a director of the Offeror and a person presumed to be acting in concert with the Offeror, was deemed to be interested in the same Shares and underlying Shares in which Mr. Wong was interested/deemed to be interested in under Part XV of the SFO, including the interests in the Shares and underlying Shares held by the Offeror Acquirer Group and Midland Holdings.
7. Each of Mr. WONG Hon Shing, Daniel (an executive Director) and Mr. YING Wing Cheung, William (an independent non-executive Director) are persons presumed to be acting in concert with the Offeror by virtue of being the fellow Directors of Mr. Wong in the context of the Offer.
8. Mr. Hung is a person presumed to be acting in concert with the Offeror by virtue of the role of Get Nice in the Offer.
9. The percentages are rounded to the nearest 2 decimal places and calculated on the basis of 1,805,282,608 Shares in issue as at the Latest Practicable Date, unless otherwise stated.

4. OTHER DISCLOSURES IN RELATION TO SECURITIES OF THE COMPANY

- (a) As at the Latest Practicable Date, none of the Offeror, Mr. Wong and persons acting in concert with them had borrowed or lent any relevant securities in the Company (as defined in Note 4 to Rule 22 of the Takeovers Code).
- (b) None of the Offeror, its directors or parties acting in concert had dealt for value in the Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) during the Relevant Period.
- (c) As at the Latest Practicable Date, no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any non-exempt fund managers and non-exempt principal traders connected with the Offeror, Mr. Wong or any parties acting in concert with them, and no such person had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) during the Relevant Period.

5. OTHER ARRANGEMENTS IN RELATION TO THE OFFER

- (a) As at the Latest Practicable Date, none of the Offeror, Mr. Wong and persons acting in concert with them had received any irrevocable commitment to accept or reject the Offer;
- (b) As at the Latest Practicable Date, there was no arrangement (by way of options, indemnity or otherwise) of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code between the Offeror (or its associates or any parties acting in concert with it) and any other person;
- (c) As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror and parties acting in concert with it and any of the Directors, recent Directors, Shareholders or recent Shareholders which had any connection with or dependence upon the Offer;
- (d) As at the Latest Practicable Date, there was no agreement or arrangement to which the Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offer;
- (e) As at the Latest Practicable Date, save for the Convertible Note and any Share acquired in pursuance of the Offer to be charged to Get Nice to secure the repayment of the loan facility under the Facility Documentation, there was no agreement, arrangement or understanding that the securities acquired in pursuance of the Offer will be transferred, charged or pledged to any other persons;
- (f) As at the Latest Practicable Date, there was no special deal between (1) any Shareholder on the one hand, and the Offeror, Mr. Wong and parties acting in concert with them or the Company, its subsidiaries or associated companies on the other hand; and (2) the Company on the one hand, and the Offeror, Mr. Wong and parties acting in concert with them on the other hand;
- (g) No benefit (other than statutory compensation) will be given to any Directors as compensation for loss of office or otherwise in connection with the Offer; and
- (h) Save for the payment of the Offer Price, there was no other consideration in any form paid or payable by the Offeror, Mr. Wong and parties acting in concert with them under the Offer.

6. QUALIFICATIONS AND CONSENTS

The following are the names and qualifications of the experts engaged by the Offeror who have been named in this Composite Document or whose letter, opinion or advice are contained in or referred to in this Composite Document:

Name	Qualification
Get Nice	a licensed corporation permitted to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Odysseus Capital	a licensed corporation permitted to carry out type 6 (advising on corporate finance) regulated activity under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion in this Composite Document of the opinion, letter or report (as the case may be) and references to its name, logo and qualifications in the form and context in which they are respectively included.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (a) during normal business hours at the correspondence address of the Offeror in Hong Kong at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong from 9:30 a.m. to 5:30 p.m., Monday to Friday (except public holidays), unless (i) a tropical cyclone warning signal number 8 or above is hoisted or is announced to be hoisted; or (ii) a black rainstorm warning signal is issued or is announced to be issued; (b) on the SFC's website at <http://www.sfc.hk>; and (c) on the website of the Company at <http://www.midlandici.com.hk>, from the Despatch Date up to the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the "Letter from Get Nice", the text of which is set out on pages 7 to 13 of this Composite Document;
- (c) the written consents from Get Nice and Odysseus Capital, respectively, as referred to in the section headed "6. Qualifications and Consents" in this Appendix IV; and
- (d) this Composite Document and the accompanying Form of Acceptance.

8. MISCELLANEOUS

- (i) The principal members of the Offeror's concert group are the Offeror, Mr. Wong and Sunluck.
- (ii) The Offeror is indirectly and beneficially wholly-owned by Mr. Wong through Luck Gain Holdings Limited. The directors of the Offeror and Luck Gain Holdings Limited are Mr. Wong, Ms. TANG Mei Lai, Metty and Ms. WONG Ching Yi, Angela.
- (iii) Sunluck is indirectly and beneficially wholly-owned by Mr. Wong and the directors of Sunluck are Mr. Wong and Ms. TANG Mei Lai, Metty.
- (iv) The correspondence address of the Offeror, Mr. Wong and Sunluck is situate at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong.
- (v) The correspondence address of Get Nice is situate at 10/F, Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong.
- (vi) The correspondence address of Odysseus Capital is situate at Suite 7B, Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong.
- (vii) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over the Chinese text in case of inconsistency.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Offeror or any of its associates or any parties acting in concert with any of them (excluding the Group)) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of the Offeror in their capacity as directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised:</i>		<i>HK\$</i>
<u>5,000,000,000</u>	Shares	<u>500,000,000.00</u>
<i>Issued:</i>		<i>HK\$</i>
<u>1,805,282,608</u>	Shares	<u>180,528,260.80</u>

All issued Shares rank *pari passu* in all respects regarding the rights to capital, dividends and voting.

The Company had not issued any Shares since 31 December 2019, being the date to which the latest published audited financial statements of the Group were made up, up to the Latest Practicable Date.

As at the Latest Practicable Date, save for the Convertible Note, the Company did not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares or other types of equity interest and had not entered into any agreement for the issue of such options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) convertible into or carrying right to subscribe for Shares.

3. DISCLOSURE OF INTERESTS AND DEALINGS IN SECURITIES

For the purpose of section 3 in this Appendix V, “interests” has the same meaning as ascribed to that term in Part XV of the SFO.

(a) Interests and short positions of the Directors in the shares and the underlying shares

As at the Latest Practicable Date, the interests and short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, or required to be disclosed under the Takeovers Code, were as follows:

Long positions in the Shares and underlying Shares

Name of Director	Number of Shares		Number of underlying Shares		Total	Approximate % of all issued voting Shares
	Personal interest/Beneficial owner	Corporate interest/Interest of controlled corporations	Corporate interest/Interest of controlled corporations	Corporate interest/Interest of controlled corporations		
Mr. Wong	33,061,500	709,327,736 (Note 1)	434,782,608 (Note 2)		1,177,171,844	65.21%
Mr. WONG Hon Shing, Daniel	2,000,000	–	–		2,000,000	0.11%
Mr. YING Wing Cheung, William	300,000	–	–		300,000	0.02%

Notes:

- 273,907,222 Shares were held by Sunluck which is indirectly wholly-owned by Mr. Wong through his wholly-owned company, namely Southern Field Trading Limited, 434,782,608 Shares were held by the Offeror which is indirectly wholly-owned by Mr. Wong through his wholly-owned company, namely Luck Gain Holdings Limited, and 637,906 Shares were held by Midland Holdings (represented the residual Shares to be sold in the open market by Midland Holdings or its agents as soon as practicable as part of the Midland Distribution).
- Such interests in underlying Shares (being physically settled unlisted derivatives) represent 434,782,608 Shares to be issued to the Offeror upon exercise in full of the conversion right attached to the Convertible Note.
- The percentages are rounded to the nearest 2 decimal places and calculated on the basis of 1,805,282,608 Shares in issue as at the Latest Practicable Date.

Long positions in the shares and underlying shares of associated corporation of the Company

Name of associated corporation	Name of Director	Number of shares			Total	Approximate % of the issued voting shares in associated corporation
		Personal interest/Beneficial owner	Corporate interest/Interest of controlled corporation	Family interest/Interest of spouse		
Powerful Surge Group Limited	Ms. WONG Ching Yi, Angela	5	-	-	5	5%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company and/or any of their respective associates had or was deemed to have any interest and short position in the shares, underlying shares or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to 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 in the register of the Company referred to therein or which were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, or were required to be disclosed by the Takeovers Code.

(b) Interests of the Company and the Directors in the Offeror

As at the Latest Practicable Date, Mr. Wong was the Chairman and an executive Director of the Company, and a director and the sole ultimate beneficial shareholder of the Offeror.

(c) Other disclosures

As at the Latest Practicable Date:

- (i) save as disclosed in paragraphs (a) and (b) above, none of the Directors had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror;
- (ii) none of the subsidiaries of the Company, pension funds of the Company or of any members of the Group or a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code but excluding any exempt principal trader and exempt fund managers had owned or controlled any of the relevant securities (as defined in Note 4 to

Rule 22 of the Takeovers Code) of the Company and none of such persons had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the period commencing on 20 October 2020 (being the commencement date of the Offer Period) and up to the Latest Practicable Date;

- (iii) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and none of such persons had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the period commencing on 20 October 2020 (being the commencement date of the Offer Period) and up to the Latest Practicable Date;
- (iv) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company, and none of such persons had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the period commencing on 20 October 2020 (being the commencement date of the Offer Period) and up to the Latest Practicable Date;
- (v) Mr. WONG Hon Shing, Daniel (an executive Director) has indicated to the Company that he will accept the Offer, while Mr. YING Wing Cheung, William (an independent non-executive Director) has indicated to the Company that he will not accept the Offer. None of the other Directors owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which would otherwise entitle them to accept or reject the Offer;
- (vi) neither the Company nor any of the Directors had borrowed or lent any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, save for any borrowed Shares which had been either on-lent or sold;
- (vii) the Company did not have any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror; and
- (viii) there was no special deal between (1) any Shareholder on the one hand, and the Offeror, Mr. Wong and parties acting in concert with them or the Company, its subsidiaries or associated companies on the other hand; and (2) the Company on the one hand, and the Offeror, Mr. Wong and parties acting in concert with them on the other hand.

During the Relevant Period:

- (i) none of the Director had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company; and
- (ii) none of the Company nor any Directors had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror.

4. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) was or would be given to any Directors as compensation for loss of office or otherwise in connection with the Offer;
- (b) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (c) there was no material contract entered into by the Offeror in which any Director has a material personal interest.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors had entered into any service contracts with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) have been entered into or amended within 6 months prior to the commencement of the Offer Period; (ii) were continuous contracts with a notice period of 12 months or more; or (iii) were fixed term contracts with more than 12 months to run irrespective of the notice period:

Name of Director	Position	Date of signing	Term of appointment	Fee per annum
Mr. YING Wing Cheung, William	Independent non-executive Director	15 May 2020	17 May 2020 until 16 May 2022 (<i>former term: 17 May 2018 until 16 May 2020</i>)	HK\$120,000
Mr. HO Kwan Tat, Ted	Independent non-executive Director	2 June 2020	12 June 2020 until 11 December 2021 (<i>former term: 12 December 2018 until 11 June 2020</i>)	HK\$120,000

6. LITIGATION

As disclosed in the Interim Report 2020, the Group has been involved in certain outstanding claims/litigations in respect of property agency services, including a number of cases in which third party customers alleged that certain of the Group's employees, when advising the customers, had made misrepresentations about the properties that the customers intended to acquire, a summary of which is as follows:

- a) a civil claim was filed against the Group in December 2013 alleging that a Group's employee had made misrepresentation about a property that a customer intended to acquire, with a claim amount of approximately HK\$120 million and the trial date is currently set on 16 May 2022; and
- b) 75 civil claims were filed against the Group during the period from 2015 to 2018 (of which 73 cases were consolidated into one case in September 2018), alleging that certain employees of the Group had made misrepresentations about the properties (various units in the same building) that customers intended to acquire, with unspecified claim amount. Since June 2020, the claimants and the Group have started discussion on the time and manner of mediation, but no consensus had been reached as at the Latest Practicable Date.

After seeking legal advice, the management is of the opinion that either an adequate provision has been made in the consolidated financial statements of the 2020 Interim Report to cover any potential liabilities or that no provision is required as based on the current facts and evidence, and there is no indication that an outflow of economic resources is probable.

Save as disclosed above, as at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration or claims of material importance and, so far as the Directors are aware, no litigation, arbitration or claim of material importance was pending or threatened by or against any members of the Group.

7. MATERIAL CONTRACTS

As at the Latest Practicable Date, no contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any members of the Group) had been entered into by any members of the Group within the two years prior to the commencement of the Offer Period and ending on the Latest Practicable Date which are or may be material.

8. QUALIFICATIONS AND CONSENTS

The following are the names and qualifications of the experts engaged by the Company whose letter, opinions or advice are contained in or referred to in this Composite Document:

Name	Qualification
Altus Capital	a corporation licensed to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
JLL	Jones Lang LaSalle Limited, a member of the Hong Kong Institute of Surveyors

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion in this Composite Document of the opinion, letter or report (as the case may be) and references to its name, logo and qualifications in the form and context in which they are respectively included.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (a) during normal business hours at the 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 from 9:30 a.m. to 5:30 p.m., Monday to Friday (except public holidays), unless (i) a tropical cyclone warning signal number 8 or above is hoisted or is announced to be hoisted; or (ii) a black rainstorm warning signal is issued or is announced to be issued; (b) on the SFC's website at <http://www.sfc.hk>; and (c) on the website of the Company at <http://www.midlandici.com.hk>, from the Despatch Date up to the Closing Date:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 December 2019 and the interim report of the Company for the six months ended 30 June 2020;
- (c) the "Letter from the Board", the text of which is set out on pages 14 to 18 of this Composite Document;
- (d) the "Letter from the Independent Board Committee" to the Independent Shareholders, the text of which is set out on pages 19 to 20 of this Composite Document;
- (e) the "Letter from the Independent Financial Adviser", the text of which is set out on pages 21 to 50 of this Composite Document;
- (f) the letter and property valuation report of the Group prepared by JLL, the text of which is set out in Appendix III to this Composite Document;

- (g) the written consents from each of the parties referred to in the section headed “8. Qualifications and Consents” in this Appendix V; and
- (h) the service contracts referred to in the section headed “5. Directors’ Service Contracts” in this Appendix V.

10. MISCELLANEOUS

- (a) The registered office of the Company is situate at Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The secretary of the Company is Ms. MUI Ngar May, Joel.
- (b) The Company’s head office and principal place of business in Hong Kong is situate at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong.
- (c) The Company’s branch share registrar and transfer office in Hong Kong is Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) The registered office of Altus Capital is situate at 21 Wing Wo Street, Central, Hong Kong.
- (e) The English texts of this Composite Document and the accompanying Form of Acceptance shall prevail over the Chinese texts in case of any inconsistency.