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If you are in doubt as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer, registered institution in securities, bank manager, solicitor, certified public accountant or other professional adviser.

If you have sold or transferred all your shares in Midland Holdings Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Midland Holdings Limited

美聯集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1200)

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

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



Capitalised terms used in this cover page shall have the same meanings as those defined in this circular. A letter from the Board is set out on pages 4 to 14 of this circular, a letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 15 to 16 of this circular and a letter from Somerley (as the Independent Financial Adviser) containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 33 of this circular.

A notice convening the SGM to be held at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong on Wednesday, 17 January 2024 at 12:00 noon is set out on pages 39 to 40 of this circular. A proxy form for use at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM in person, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon. The duly completed proxy form, together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power of attorney or authority, must be delivered to the Company's Hong Kong branch share registrar and transfer office, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM, or any adjourned meeting thereof.

22 December 2023

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Midland Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1200)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Cross Referral Services Framework Agreement (2021)”	the cross referral services framework agreement dated 8 February 2021 entered into between the Company and Legend Upstar for a period of three years from 16 November 2020 to 15 November 2023
“Cross Referral Services Framework Agreement (2023)”	the cross referral services framework agreement dated 6 December 2023 entered into between the Company and Legend Upstar for a period of three years from 1 January 2024 to 31 December 2026
“Cross Referral Transactions”	the cross referral services transactions between the Group and the Legend Upstar Group in relation to the estate agency businesses
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising two independent non-executive Directors, namely, Mr. SUN Tak Chiu and Mr. CHAN Nim Leung Leon

DEFINITIONS

“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Cross Referral Services Framework Agreement (2023), the transactions contemplated thereunder and the Proposed Annual Caps
“Independent Shareholders”	Shareholders other than Mr. Wong and any of his associates and any other Shareholders who have a material interest and are required to abstain from voting at the SGM in accordance with the Listing Rules
“Latest Practicable Date”	18 December 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Legend Upstar”	Legend Upstar Holdings Limited (formerly known as Midland IC&I Limited), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 459)
“Legend Upstar Group”	Legend Upstar and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wong”	Mr. WONG Kin Yip, Freddie, the Chairman and an executive Director of the Company
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“Proposed Annual Caps”	the proposed maximum annual referral fees from or to the Legend Upstar Group by the Group under the Cross Referral Services Framework Agreement (2023)
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time

DEFINITIONS

“SGM”	the special general meeting of the Company to be held to consider and, if thought fit, approve the Cross Referral Services Framework Agreement (2023), the transactions contemplated thereunder and the Proposed Annual Caps at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong on Wednesday, 17 January 2024 at 12:00 noon
“Share Option(s)”	share option(s) granted pursuant to the share option scheme adopted by the Company on 23 June 2016
“Share(s)”	the ordinary share(s) of nominal value of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

LETTER FROM THE BOARD



Midland Holdings Limited
美聯集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1200)

Executive Directors:

Mr. WONG Kin Yip, Freddie (*Chairman*)
Ms. WONG Ching Yi, Angela
(Deputy Chairman and Managing Director)
Mr. WONG Tsz Wa, Pierre
(Managing Director)
Mr. CHEUNG Kam Shing
Mr. SZE Ka Ming (*Chief Financial Officer*)

Independent Non-Executive Directors:

Mr. HO Kwan Tat, Ted
Mr. SUN Tak Chiu
Mr. CHAN Nim Leung Leon

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head Office and Principal Place of Business
in Hong Kong:*

Rooms 2505-8, 25th Floor
World-Wide House
19 Des Voeux Road Central
Hong Kong

22 December 2023

To the Shareholders

Dear Sirs/Madams,

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

1. INTRODUCTION

Reference is made to the announcement of the Company dated 6 December 2023.

The purposes of this circular are to provide you with (i) information relating to details of the Cross Referral Services Framework Agreement (2023); (ii) the recommendation of the Independent Board Committee after having considered the advice of the Independent Financial Adviser in relation to the Cross Referral Services Framework Agreement (2023) and the transactions contemplated thereunder (including the Proposed Annual Caps); (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the SGM to consider and, if thought fit, to approve the Cross Referral Services Framework Agreement (2023), the transactions contemplated thereunder and the Proposed Annual Caps.

LETTER FROM THE BOARD

2. BACKGROUND

On 6 December 2023, the Company entered into the Cross Referral Services Framework Agreement (2023) with Legend Upstar, pursuant to which members of the Group and the Legend Upstar Group may carry on the Cross Referral Transactions with each other for a period of three years from 1 January 2024 to 31 December 2026 in compliance with the Listing Rules.

3. CROSS REFERRAL SERVICES FRAMEWORK AGREEMENT (2023)

Date

6 December 2023

Parties

- (a) the Company; and
- (b) Legend Upstar

Term

The Cross Referral Services Framework Agreement (2023) will, subject to compliance with the respective independent shareholders' approval requirements by each of the Company and Legend Upstar, be valid for a term of three years from 1 January 2024 to 31 December 2026.

Details of the transactions under the Cross Referral Services Framework Agreement (2023)

The transactions under the Cross Referral Services Framework Agreement (2023) are of the same nature as those covered by the Cross Referral Services Framework Agreement (2021). They are essentially referrals of business opportunities in property transactions between members of the Group and the Legend Upstar Group for estate agency services. Pursuant to the Cross Referral Services Framework Agreement (2023):

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

LETTER FROM THE BOARD

Each referral is made on a case-by-case basis and is customer-driven (for example, if an estate agent of the Group is approached by a customer seeking industrial and commercial properties that the Group does not have available listings, the referring agent may make a referral to an estate agent with the suitable property listings whom the referring agent have a working relationship with, e.g. an agent of the Legend Upstar Group, to address the customer's needs). There is no commitment on any member of the Group or the Legend Upstar Group to refer to the other any number or value of transactions under the Cross Referral Services Framework Agreement (2023). The terms and conditions of each referral transaction will be evidenced by individual written agreements subject to the terms of the Cross Referral Services Framework Agreement (2023).

Referral fee and pricing policy

The party initiating the referral (hereinafter the “**referor**”) is entitled to a referral fee from the party accepting such referral (hereinafter the “**referee**”) by way of splitting the relevant commission income actually received, which will be received by the referee from the customer first. For instance, if the estate agent of the Group has referred a transaction to the Legend Upstar Group's agent, the Legend Upstar Group as the referee will initially receive the entire commission income from the customer, before proceeding to split such commission income with the Group as the referor.

The allocation of such commission income to be split between the Group and the Legend Upstar Group will be negotiated beforehand on a case-by-case basis and on arm's length following the terms of the Cross Referral Services Framework Agreement (2023) and pricing policy below:

- (a) the allocation of commission income shall be on normal commercial terms or better, that is, terms which a party could obtain if the transaction were negotiated on an arm's length basis or on terms as considered by each of the Group and the Legend Upstar Group to be no less favourable to it than terms available to or from (as appropriate) its respective independent third parties, and neither the Group nor the Legend Upstar Group is required to consider the favourableness of such terms with respect to one another;
- (b) the starting point in determining the initial allocation of commission income received in each individual property transaction will be the following reference ratios in line with market practice for the different type of property transaction involved:

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

LETTER FROM THE BOARD

- (c) such reference ratios may be adjusted based on the negotiation between the parties on arm's length and case-by-case basis, after taking into account relevant factors specific to the transaction including:
- (1) the characteristics, nature and value of any properties involved, such as the geographical locations, types, usages, areas or other objective features of the properties, as well as the subjective requirements of the specific customers (e.g. a party acting for the vendor of a unique and high value property is likely to be able to bargain for higher commission income);
 - (2) the expected workload of the respective agents relative to each other;
 - (3) the scope and exclusive nature of the estate agency and consultancy services involved under the engagements with the individual customers (e.g. a party acting for the vendor may bargain for higher commission income if he acts as a sole and exclusive agent for the vendor); and
 - (4) other factors (e.g. in some cases, the developer may set a sales target which, if met, will enable the estate agent for the developer to get a higher commission rate for all the transactions – in such case, when it is close to the said sales target, the estate agent for the developer may be willing to give a higher proportion of the commission income to the estate agent referring the purchaser so that the said sales target can be achieved);
- (d) the commission income allocations proposed by individual estate agents will be submitted to the respective branch managers of such agents, who will review and, if appropriate, approve the same with reference to the above criteria based on the following:
- (1) *where there are comparable factors in past referral transactions with independent-third-party estate agents:*

The branch managers would compare the commission income allocations and the terms of the transactions under the Cross Referral Services Framework Agreement (2023) with past transactions of the Group with independent-third-party estate agents, particularly those made under the then prevailing circumstances insofar as they are available.

LETTER FROM THE BOARD

(2) *where a factor has no comparable reference in past referral transactions with independent-third-party estate agents:*

If factors mentioned under paragraphs (c)(1) to (4) above have no immediately applicable comparable reference, it will be carefully reviewed in view of the arm's length negotiations between the parties, bearing in mind that the allocation of commission income shall be on normal commercial terms or better as set out in paragraph (a) above.

- (e) the commission income allocation ratio for each transaction, when finalised after considering the above factors, will be recorded; and
- (f) the commission income allocations for the transactions made under the Cross Referral Services Framework Agreement (2023) will be checked and reviewed by the respective management of the Group and the Legend Upstar Group from time to time. Annually, the said transactions conducted during the financial year will also be reviewed by the Group and the Legend Upstar Group respectively in compliance with the relevant requirements in the Listing Rules.

For reference, for primary market transactions, approximately 80.4%, 76.9% and 87.0% of allocation of commission income from the referee to the referor fell in the range of 70% to 90% during the financial years ended 31 December 2021 and 2022 and the six months ended 30 June 2023, respectively. For secondary market transactions, approximately 74.2%, 76.6% and 81.9% of allocation of commission income between the referor and referee was 50:50 during the financial years ended 31 December 2021 and 2022 and the six months ended 30 June 2023 respectively.

As income of estate agents in Hong Kong is in a large part derived from commission income, the agents from each of the referor and referee group, which are supervised by different sales management teams of the respective group, are expected to be self-motivated to secure an allocation ratio to the best of such agent's respective interests at the time when negotiating for the commission income such that any referral transaction concluded following such negotiations will be on an arm's length basis for each group.

Settlement

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

The referral fees payable by the Group to the Legend Upstar Group under the Cross Referral Services Framework Agreement (2023) will be settled through the working capital of the Group.

LETTER FROM THE BOARD

4. HISTORICAL AMOUNTS

The amounts of the existing annual caps of the referral fees to or from the Legend Upstar Group for the following years/periods are as follows:

Existing annual caps	16 Nov 2020 to 31 Dec 2020 <i>(HK\$ million)</i>	1 Jan 2021 to 31 Dec 2021 <i>(HK\$ million)</i>	1 Jan 2022 to 31 Dec 2022 <i>(HK\$ million)</i>	1 Jan 2023 to 15 Nov 2023 <i>(HK\$ million)</i>
Referral fees to the Legend Upstar Group	10.0	50.0	50.0	40.0
Referral fees from the Legend Upstar Group	15.0	110.0	110.0	95.0

Set out below are the historical amounts of the referral fees to or from the Legend Upstar Group for the following years/periods:

Historical amounts	16 Nov 2020 to 31 Dec 2020 <i>(HK\$ million)</i>	1 Jan 2021 to 31 Dec 2021 <i>(HK\$ million)</i>	1 Jan 2022 to 31 Dec 2022 <i>(HK\$ million)</i>	1 Jan 2023 to 30 Jun 2023 <i>(Note)</i> <i>(HK\$ million)</i>
Referral fees to the Legend Upstar Group	4.6	27.2	22.4	8.4
Referral fees from the Legend Upstar Group	10.0	58.5	56.1	31.4

It is noted that the historical transaction amounts for the years 2021 to 2023 may be affected by adverse market conditions and may not be reliable indicators of active transaction levels.

Note: The historical transaction amounts for 2023 are preliminary and subject to audit.

For further reference, the historical transaction amounts for the referral fees from the Legend Upstar Group ranged from approximately HK\$35.3 million to approximately HK\$102.0 million from 2013 to 2022, with an average of approximately HK\$73.8 million.

Set out below are the historical transaction amounts of the referral fees to or from the Legend Upstar Group for ten years ended 31 December 2022.

LETTER FROM THE BOARD

Historical amounts <i>(in HK\$ millions)</i>	For the year ended 31 December									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Referral fees to the Legend Upstar Group	39.2	27.3	26.4	26.2	34.6	27.8	21.7	21.3	27.2	22.4
Referral fees from the Legend Upstar Group	63.5	87.7	74.6	102.0	97.7	99.0	63.9	35.3	58.5	56.1

5. PROPOSED ANNUAL CAPS

The Proposed Annual Caps for the respective years are as follows:

Proposed Annual Caps	1 Jan 2024 to 31 Dec 2024 <i>(HK\$ million)</i>	1 Jan 2025 to 31 Dec 2025 <i>(HK\$ million)</i>	1 Jan 2026 to 31 Dec 2026 <i>(HK\$ million)</i>
Referral fees to the Legend Upstar Group	31.0	31.0	31.0
Referral fees from the Legend Upstar Group	82.0	82.0	82.0

Transaction amounts for the period, following the expiry of the Cross Referral Services Framework Agreement (2021), from 16 November 2023 to 31 December 2023, are expected to fall under the de minimis threshold under Rule 14A.76(2) of the Listing Rules. Such referral transactions are expected to be on terms in line with the established practice under the Cross Referral Services Framework Agreement (2021) and the transaction amounts, if any, will be disclosed in the next annual report of the Company in line with the disclosure standard under the Listing Rules.

Basis of determining the Proposed Annual Caps

The Proposed Annual Caps for the Group in relation to the transactions contemplated under the Cross Referral Services Framework Agreement (2023) were determined by the Group with reference to factors including:

- (a) as a starting point, the historical transaction amounts between the Group and the Legend Upstar Group for the past ten years (2013 to 2022) were taken to obtain a broader sample size with reduced variance; and
- (b) adjustment for potential business growth and property market and economic factors which are reasonably expected to carry an impact on property transactions, including:
 - (1) the volatility of the property market in Hong Kong contributing to swings in transaction volume and value; and

LETTER FROM THE BOARD

- (2) the possible outlook of the local economic conditions, including the possibility for an uptick in business and tour travels boosting the local economy, the reduction of the ad valorem stamp duty for property transactions by the government and other market stimulants, if any, such as the end of the interest hike cycle and favourable pricing strategies by developers which may drive transaction levels.

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

6. REASONS FOR AND BENEFITS OF ENTERING INTO THE CROSS REFERRAL SERVICES FRAMEWORK AGREEMENT (2023)

Referral transactions are an integral part of estate agency business, which constitute the principal activities of both the Group and the Legend Upstar Group, and broaden the agents' access to additional clientele as the Group and the Legend Upstar Group have different client bases and specialties. The Cross Referral Services Framework Agreement (2023) was entered into in accordance with the requirements of the Listing Rules to provide a uniform framework for compliance for any potential referral between both groups of companies to be conducted on arm's length terms according to their business needs, such as when a client's needs align more closely with the expertise offered by the counterparty, or in an area where the counterparty has a stronger presence.

The Directors consider that the terms of the Cross Referral Services Framework Agreement (2023) and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Cross Referral Services Framework Agreement (2023) and the transactions contemplated thereunder and the Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

7. INTERNAL CONTROL MEASURES

To ensure that the transactions contemplated under the Cross Referral Services Framework Agreement (2023) will be conducted in accordance with its terms and the pricing policy and within the Proposed Annual Caps, the Group has in place the following internal control procedures to monitor the transactions contemplated under the Cross Referral Services Framework Agreement (2023):

- (a) the aggregate amount of referral fees to and from the Legend Upstar Group will be updated on a monthly basis for appraising the latest unutilised amounts available under the Proposed Annual Caps for the relevant period;
- (b) the terms and commission income allocations for the transactions under the Cross Referral Services Framework Agreement (2023) will be reviewed by the Group from time to time to ensure they are on normal commercial terms or better (i.e. terms obtainable on an arm's length basis or terms no less favourable to the Group than those available to or from independent third parties); and

LETTER FROM THE BOARD

- (c) annually, the transactions made under the Cross Referral Services Framework Agreement (2023) conducted during the financial year will also be reviewed by the independent non-executive Directors and reported by the auditors of the Company in compliance with the relevant requirements in Chapter 14A of the Listing Rules.

Note: Any common directors in the Company and the Legend Upstar Group will be required to abstain from voting when the Board may consider matters related to the Cross Referral Services Framework Agreement (2023) and transactions contemplated therein.

8. LISTING RULES IMPLICATIONS

Mr. Wong (the Chairman and an executive Director), who is indirectly interested in approximately 37.03% of all issued Shares in the Company, is indirectly interested in approximately 58.55% of all issued shares in Legend Upstar and as such Legend Upstar is an associate of Mr. Wong and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Cross Referral Services Framework Agreement (2023) will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) calculated based on the highest of the Proposed Annual Caps exceeds 5%, the Cross Referral Transactions as contemplated under the Cross Referral Services Framework Agreement (2023) will be subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Mr. Wong and any of his associates will abstain from voting in relation to the resolution approving the Cross Referral Transactions as contemplated under the Cross Referral Services Framework Agreement (2023) and the Proposed Annual Caps at the SGM.

Mr. Wong and Ms. WONG Ching Yi, Angela are executive directors of both the Company and Legend Upstar; Mr. SZE Ka Ming is an executive director of the Company and a director of the subsidiaries of Legend Upstar; and Mr. HO Kwan Tat, Ted is an independent non-executive director of the Company and was an independent non-executive director of Legend Upstar in the last 12 months. Accordingly, Mr. Wong, Ms. WONG Ching Yi, Angela, Mr. SZE Ka Ming and Mr. HO Kwan Tat, Ted had abstained from voting on the resolutions of the Board in respect of the Cross Referral Services Framework Agreement (2023), the transactions contemplated thereunder and the Proposed Annual Caps, and Mr. HO Kwan Tat, Ted had not been included as a member of the Independent Board Committee.

An Independent Board Committee has been established to advise the Independent Shareholders in relation to the terms of the Cross Referral Services Framework Agreement (2023), the transactions contemplated thereunder and the Proposed Annual Caps. Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

9. SGM AND BOOK CLOSURE

A notice convening the SGM to be held at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong on Wednesday, 17 January 2024 at 12:00 noon is set out on pages 39 to 40 of this circular. At the SGM, the resolution in the terms set out in the notice of SGM will be proposed to the Independent Shareholders to consider and, if thought fit, to approve the Cross Referral Services Framework Agreement (2023), the transactions contemplated thereunder and the Proposed Annual Caps. Votes on the resolution will be taken by poll at the SGM as required by Rule 13.39(4) of the Listing Rules.

In accordance with the Listing Rules, any Shareholder who has a material interest in the Cross Referral Services Framework Agreement (2023) and the transactions contemplated thereunder shall abstain from voting on the resolution to be proposed at the SGM. As at the Latest Practicable Date, Mr. Wong was indirectly interested in 265,525,824 Shares, representing approximately 37.03% of all issued Shares in the Company. Accordingly, Mr. Wong and his associates will abstain from voting in relation to the ordinary resolution approving the Cross Referral Services Framework Agreement (2023), the transactions contemplated thereunder and the Proposed Annual Caps at the SGM.

A proxy form for use at the SGM is also enclosed with this circular. Whether or not you intend to attend the SGM in person, you are requested to complete the proxy form in accordance with the instructions printed thereon. The duly completed proxy form, together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power of attorney or other authority, must be returned to the Company's Hong Kong branch share registrar and transfer office, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of a proxy form will not preclude you from attending and voting in person at the SGM, or any adjourned meeting thereof.

The register of members of the Company will be closed from Friday, 12 January 2024 to Wednesday, 17 January 2024, both days inclusive, during which period no transfer of shares will be registered. To be eligible to attend and vote at the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 11 January 2024.

10. GENERAL INFORMATION

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

LETTER FROM THE BOARD

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

11. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 15 to 16 of this circular which contains its recommendation to the Independent Shareholders concerning the terms of the Cross Referral Services Framework Agreement (2023) and the transactions contemplated thereunder (including the Proposed Annual Caps); and (ii) the letter of advice from the Independent Financial Adviser set out on pages 17 to 33 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Cross Referral Services Framework Agreement (2023), the transactions contemplated thereunder and the Proposed Annual Caps and the principal factors and reasons considered by it in formulating its advice.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Cross Referral Services Framework Agreement (2023) and the transactions contemplated thereunder (including the Proposed Annual Caps) to be fair and reasonable in so far as the Company and the Independent Shareholders are concerned. The Independent Board Committee also considers that the Cross Referral Services Framework Agreement (2023) and the transactions contemplated thereunder (including the Proposed Annual Caps) was entered into on normal commercial terms and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution relating to the Cross Referral Services Framework Agreement (2023), the transactions contemplated thereunder and the Proposed Annual Caps which will be proposed at the SGM.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of incorporation in this circular.



Midland Holdings Limited

美聯集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1200)

22 December 2023

To the Independent Shareholders

Dear Sirs/Madams,

CONTINUING CONNECTED TRANSACTIONS CROSS REFERRAL SERVICES FRAMEWORK AGREEMENT

We refer to the circular of the Company dated 22 December 2023 (the “**Circular**”) of which this letter forms part. Terms used in this letter have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Cross Referral Services Framework Agreement (2023) and to advise the Independent Shareholders in respect of the Cross Referral Services Framework Agreement (2023) and the transactions contemplated thereunder (including the Proposed Annual Caps).

Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Cross Referral Services Framework Agreement (2023) and the transactions contemplated thereunder (including the Proposed Annual Caps).

We wish to draw your attention to the letter from the Board set out on pages 4 to 14 of the Circular which contains, among others, information on the Cross Referral Services Framework Agreement (2023), as well as the letter from Somerley set out on pages 17 to 33 of the Circular which contains its advice in respect of the terms of the Cross Referral Services Framework Agreement (2023) and the transactions contemplated thereunder (including the Proposed Annual Caps).

Having taken into account the advice of Somerley, we consider that the entering into of the Cross Referral Services Framework Agreement (2023) is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. We also consider that the terms of the Cross Referral Services Framework Agreement

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

(2023) and the transactions contemplated thereunder (including the Proposed Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Cross Referral Services Framework Agreement (2023) and the transactions contemplated thereunder (including the Proposed Annual Caps).

Yours faithfully,
For and on behalf of
Independent Board Committee of
Midland Holdings Limited
SUN Tak Chiu CHAN Nim Leung Leon
Independent Non-Executive Directors

LETTER FROM SOMERLEY

Set out below is the text of a letter received from Somerley Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Cross Referral Services Framework Agreement (2023) and the transactions contemplated thereunder for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

22 December 2023

*To: The Independent Board Committee and the Independent Shareholders of
Midland Holdings Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS CROSS REFERRAL SERVICES FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Cross Referral Services Framework Agreement (2023), the transactions contemplated thereunder and the Proposed Annual Caps. Details of the terms of the Cross Referral Services Framework Agreement (2023) are contained in the circular issued by the Company to the Shareholders dated 22 December 2023 (“**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 6 December 2023, the Company entered into the Cross Referral Services Framework Agreement (2023) with Legend Upstar, pursuant to which members of the Group and the Legend Upstar Group may carry on the Cross Referral Transactions with each other for a period of three years from 1 January 2024 to 31 December 2026 in compliance with the Listing Rules.

As at the Latest Practicable Date, Mr. Wong (the Chairman and an executive Director), who is indirectly interested in approximately 37.03% of all issued Shares in the Company, is indirectly interested in approximately 58.55% of all issued shares in Legend Upstar and as such Legend Upstar is an associate of Mr. Wong and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Cross Referral Services Framework Agreement (2023) will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) calculated based on the highest of the Proposed Annual Caps exceeds 5%, the Cross Referral Transactions as contemplated under the Cross Referral Services Framework Agreement (2023) will be

LETTER FROM SOMERLEY

subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising two independent non-executive Directors, namely Mr. SUN Tak Chiu and Mr. CHAN Nim Leung Leon, has been established to consider the terms of the Cross Referral Services Framework Agreement (2023) and to advise the Independent Shareholders in respect of the Cross Referral Services Framework Agreement (2023) and the transactions contemplated thereunder (including the Proposed Annual Caps). Mr. HO Kwan Tat, Ted, an independent non-executive Director, was an independent non-executive director of Legend Upstar in the last 12 months. Accordingly, Mr. HO Kwan Tat, Ted had not been included as a member of the Independent Board Committee. We, Somerley Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Cross Referral Services Framework Agreement (2023) and the transactions contemplated thereunder (including the Proposed Annual Caps).

During the past two years, we have not acted as an independent financial adviser to the Company. In addition, we are not associated with the Company, Legend Upstar or any of their respective associates, close associates or core connected persons (all as defined under the Listing Rules), and accordingly, are considered eligible to give independent advice on the above matters. Apart from normal professional fee payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, Legend Upstar or any of their respective associates, close associates or core connected persons.

In formulating our opinion and recommendation, we have reviewed, among other things, the Cross Referral Services Framework Agreement (2023), the annual report of the Company for the year ended 31 December 2022 ("**2022 Annual Report**"), the interim report of the Company for the six months ended 30 June 2023 ("**2023 Interim Report**") and the information as set out in the Circular. We have also discussed with the management of the Group ("**Management**") regarding the business and prospects of the Group.

We have relied on the information and facts supplied, and the opinions expressed, by the Directors and the Management and have assumed that they are true, accurate and complete. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been withheld from us, or to doubt the truth or accuracy of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

LETTER FROM SOMERLEY

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the following principal factors and reasons:

1. Business and financial information on the Group

(a) Business of the Group

The Company was incorporated in Bermuda with limited liability and its issued shares have been listed on the Main Board of the Stock Exchange since June 1995. The principal business of the Group is the provision of property agency services, property leasing, immigration consultancy services and money lending services.

(b) Financial results of the Group

Set out below is a summary of the financial results of the Group for the years ended 31 December 2021 and 2022 and the six months ended 30 June 2022 and 2023.

	For the six months ended 30 June		For the year ended 31 December	
	2023	2022	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenues				
Property agency for residential properties	2,321,629	1,692,862	3,060,654	5,879,786
Property agency for commercial and industrial properties and shops	25,190	12,765	34,657	96,490
Others	7,133	9,536	19,832	25,156
	2,353,952	1,715,163	3,115,143	6,001,432
Staff costs	(1,111,366)	(1,020,514)	(1,872,619)	(2,897,781)
Rebates	(764,643)	(417,213)	(759,466)	(1,803,924)
Other operating costs, net	(418,780)	(524,263)	(1,055,633)	(1,148,769)
Operating profit/(loss)	59,163	(246,827)	(572,575)	150,958
Finance costs and others	(6,957)	(4,914)	(16,226)	(6,952)
Profit/(Loss) before taxation	52,206	(251,741)	(588,801)	144,006
Taxation	(13,147)	19,761	54,830	(43,793)
Profit/(Loss) for the period/year attributable to the Shareholders	39,059	(231,980)	(533,971)	100,213

LETTER FROM SOMERLEY

The Group mainly derives revenue from the provision of property agency services for residential properties. For the year ended 31 December 2022, the Group's revenues decreased by approximately 48.1% as compared to that for the prior year, which was mainly attributable to (i) a significant decline in the transaction volume of residential property sales in Hong Kong of around 40% caused by multiple negative factors, including COVID-related restrictions and measures in Hong Kong, interest rate hikes, slowdown in sales launch of first-hand properties, poor investment sentiment and prolonged closing of the border between Hong Kong and the PRC; and (ii) business in the PRC suffered from poor market conditions in view of the lockdowns and other COVID-related measures and the loss of buyers' confidence in the presale of uncompleted properties. The Group recorded an operating loss of approximately HK\$572.6 million for the year ended 31 December 2022, as compared to an operating profit of approximately HK\$151.0 million for the prior year, representing a decrease of approximately HK\$723.6 million, and the turnaround in operating loss was mainly due to (i) the decline in revenues as mentioned above, which was partially offset by the decreases in staff costs and rebates; and (ii) limited rental concessions were granted by the landlords. The net loss of the Group for the year ended 31 December 2022 was approximately HK\$534.0 million, representing a decrease of approximately HK\$634.2 million as compared to the net profit of approximately HK\$100.2 million for the prior year. The deterioration of the results was mainly attributable to the operating loss incurred as mentioned above, but it was partially offset by the recognition of the income tax credit of approximately HK\$54.8 million for the year ended 31 December 2022 as compared with the income tax expense of approximately HK\$43.8 million for the year ended 31 December 2021.

For the six months ended 30 June 2023, the Group recorded revenues of approximately HK\$2,354.0 million, representing a year-on-year increase of approximately 37.2%, primarily due to (i) the increase in the Group's market share in Hong Kong; and (ii) the successful capture of the rebound in the Hong Kong residential property market. The operating profit of the Group was approximately HK\$59.2 million, representing a year-on-year increase of approximately HK\$306.0 million. This was mainly attributable to (i) the increase in revenues as mentioned above; and (ii) efforts towards streamlining the Group's businesses in Hong Kong and the PRC while maintaining the strength of the local frontline operations. The net profit of the Group for the period ended 30 June 2023 was approximately HK\$39.1 million, representing a year-on-year increase of approximately HK\$271.0 million. This was mainly due to increase in operating profit as mentioned above, but it was partially offset by the recognition of the income tax expense of approximately HK\$13.1 million as compared with the income tax credit of approximately HK\$19.8 million for the corresponding period in the previous year.

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(c) Financial position of the Group

Set out below is a summary of the financial position of the Group as at 30 June 2023 and 31 December 2022.

	As at 30 June 2023 HK\$'000	As at 31 December 2022 HK\$'000
Non-current assets		
Property and equipment	133,041	154,632
Right-of-use assets	331,223	496,144
Other non-current assets	<u>135,342</u>	<u>151,962</u>
	599,606	802,738
Current assets		
Trade and other receivables	2,969,477	2,551,317
Cash and cash equivalents	449,582	450,666
Other current assets	<u>16,577</u>	<u>20,695</u>
	3,435,636	3,022,678
Current liabilities		
Trade and other payables	2,686,923	2,316,819
Borrowings	200,927	54,600
Other current liabilities	<u>277,693</u>	<u>398,153</u>
	3,165,543	2,769,572
Net current assets	<u>270,093</u>	<u>253,106</u>
Non-current liabilities		
Borrowings	–	173,636
Lease liabilities	86,132	144,669
Other non-current liabilities	<u>49,781</u>	<u>53,291</u>
	135,913	371,596
Equity		
Equity attributable to the Shareholders	<u>733,786</u>	<u>684,248</u>

The majority of the Group's assets as at 30 June 2023 were (i) trade and other receivables; (ii) cash and cash equivalents; and (iii) right-of-use assets.

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The Group's operations were chiefly financed by trade and other payables and equity attributable to the Shareholders. As at 30 June 2023, the Group had trade and other payables of approximately HK\$2,686.9 million.

2. Information on Legend Upstar

Legend Upstar, formerly known as Midland IC&I Limited (stock code: 459), is listed on the Main Board of the Stock Exchange. The Legend Upstar 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.

3. Reasons for and benefits of entering into the Cross Referral Services Framework Agreement (2023)

The principal activities of the Group are, among other things, the provision of property agency services focusing on residential properties, while the principal activities of the Legend Upstar Group are, among other things, the provision of property agency services focusing on commercial and industrial properties and shops. Referral transactions are an integral part of estate agency business, which constitute the principal activities of both the Group and the Legend Upstar Group, and broaden the agents' access to additional clientele as the Group and the Legend Upstar Group have different client bases and specialties. The Company is of the view that the Cross Referral Services Framework Agreement (2023) was entered into in accordance with the requirements of the Listing Rules to provide a uniform framework for compliance for any potential referral between both groups of companies to be conducted on arm's length terms according to their business needs, such as when a client's needs align more closely with the expertise offered by the counterparty, or in an area where the counterparty has a stronger presence.

We have obtained and reviewed (i) the Cross Referral Services Framework Agreement (2021) and the Cross Referral Services Framework Agreement (2023); and (ii) the historical transaction amounts in relation to the Cross Referral Transactions in the last 10 years and understand that the Group has a long-standing and cooperative relationship with the Legend Upstar Group in the past by referring business opportunities to each other. We noted that pursuant to the relevant cross referral agreements from 2013 to 2022, the annual agency fee income from the Legend Upstar Group ranged from approximately HK\$35.3 million to approximately HK\$102.0 million, with an average of approximately HK\$73.8 million, and the annual rebate to the Legend Upstar Group ranged from approximately HK\$21.3 million to approximately HK\$39.2 million, with an average of approximately HK\$27.4 million. The historical agency fee income and rebate have directly and indirectly, respectively, contributed to the revenue of the Group and are expected to do so under the Cross Referral Services Framework Agreement (2023) in the future.

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Having considered that (i) the Cross Referral Transactions constitute the principal activities of the Group; and (ii) the long-term and stable business relationship in referring business could potentially enhance revenue of the Group in the future, we are of the view that the entering into the Cross Referral Services Framework Agreement (2023) is in the ordinary and usual course of the business of the Group and is in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the Cross Referral Services Framework Agreement (2023)

Date

6 December 2023

Parties

- (a) the Company; and
- (b) Legend Upstar

Term

From 1 January 2024 to 31 December 2026

Details of the Cross Referral Transactions

The transactions under the Cross Referral Services Framework Agreement (2023) are of the same nature as those covered by the Cross Referral Services Framework Agreement (2021). They are essentially referrals of business opportunities in property transactions between members of the Group and the Legend Upstar Group for estate agency services. Pursuant to the Cross Referral Services Framework Agreement (2023):

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

Each referral is made on a case-by-case basis and is customer-driven (for example, if an estate agent of the Group is approached by a customer seeking industrial and commercial properties that the Group does not have available listings, the referring agent may make a referral to an estate agent with the suitable property listings whom the referring agent have a working relationship with, e.g. an agent of the Legend Upstar Group, to address the customer's needs). There is no commitment on any

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member of the Group or the Legend Upstar Group to refer to the other any number or value of transactions under the Cross Referral Services Framework Agreement (2023). The terms and conditions of each referral transaction will be evidenced by individual written agreements subject to the terms of the Cross Referral Services Framework Agreement (2023).

Referral fee and pricing policy

The party initiating the referral (“**Referor**”) is entitled to a referral fee from the party accepting such referral (“**Referee**”) by way of splitting the relevant commission income actually received, which will be received by the Referee from the customer first. For instance, if the estate agent of the Group has referred a transaction to the Legend Upstar Group’s agent, the Legend Upstar Group as the Referee will initially receive the entire commission income from the customer, before proceeding to split such commission income with the Group as the Referor.

The allocation of such commission income to be split between the Group and the Legend Upstar Group will be negotiated beforehand on a case-by-case basis and on arm’s length following the terms of the Cross Referral Services Framework Agreement (2023) and pricing policy below:

- (a) the allocation of commission income shall be on normal commercial terms or better, that is, terms which a party could obtain if the transaction were negotiated on an arm’s length basis or on terms as considered by each of the Group and the Legend Upstar Group to be no less favourable to it than terms available to or from (as appropriate) its respective independent third parties, and neither the Group nor the Legend Upstar Group is required to consider the favourableness of such terms with respect to one another;
- (b) the starting point in determining the initial allocation of commission income received in each individual property transaction will be the following reference ratios in line with market practice for the different type of property transaction involved:

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

- (c) such reference ratios may be adjusted based on the negotiation between the parties on arm’s length and case-by-case basis, after taking into account relevant factors specific to the transaction including:

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- (1) the characteristics, nature and value of any properties involved, such as the geographical locations, types, usages, areas or other objective features of the properties, as well as the subjective requirements of the specific customers (e.g. a party acting for the vendor of a unique and high value property is likely to be able to bargain for higher commission income);
 - (2) the expected workload of the respective agents relative to each other;
 - (3) the scope and exclusive nature of the estate agency and consultancy services involved under the engagements with the individual customers (e.g. a party acting for the vendor may bargain for higher commission income if he acts as a sole and exclusive agent for the vendor); and
 - (4) other factors (e.g. in some cases, the developer may set a sales target which, if met, will enable the estate agent for the developer to get a higher commission rate for all the transactions – in such case, when it is close to the said sales target, the estate agent for the developer may be willing to give a higher proportion of the commission income to the estate agent referring the purchaser so that the said sales target can be achieved);
- (d) the commission income allocations proposed by individual estate agents will be submitted to the respective branch managers of such agents, who will review and, if appropriate, approve the same with reference to the above criteria based on the following:
- (1) *where there are comparable factors in past referral transactions with independent-third-party estate agents:*

The branch managers would compare the commission income allocations and the terms of the transactions under the Cross Referral Services Framework Agreement (2023) with past transactions of the Group with independent-third-party estate agents, particularly those made under the then prevailing circumstances insofar as they are available.

- (2) *where a factor has no comparable reference in past referral transactions with independent-third-party estate agents:*

If factors mentioned under paragraphs (c)(1) to (4) above have no immediately applicable comparable reference, it will be carefully reviewed in view of the arm's length negotiations between the parties, bearing in mind that the allocation of commission income shall be on normal commercial terms or better as set out in paragraph (a) above.

- (e) the commission income allocation ratio for each transaction, when finalised after considering the above factors, will be recorded; and

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- (f) the commission income allocations for the transactions made under the Cross Referral Services Framework Agreement (2023) will be checked and reviewed by the respective management of the Group and the Legend Upstar Group from time to time. Annually, the said transactions conducted during the financial year will also be reviewed by the Group and the Legend Upstar Group respectively in compliance with the relevant requirements in the Listing Rules.

Settlement

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

Our view

We have obtained and reviewed both the Cross Referral Services Framework Agreement (2021) and the Cross Referral Services Framework Agreement (2023) and noted that the substantial terms, including but not limited to the commission income allocation basis and settlement, are the same.

In order to assess the fairness and reasonableness of the commission income allocation basis, we have obtained and reviewed the list of commission income allocation between the Group and the Legend Upstar Group for both referral fees to and from the Legend Upstar Group in relation to over 1,500 Cross Referral Transactions as compared to those between the Group and independent third parties for the year ended 31 December 2021 and 31 December 2022 and six months ended 30 June 2023 (“**Review Period**”). In the primary market transactions, we noted that approximately 80.4%, 76.9% and 87.0% of commission income allocation of the transactions with the Legend Upstar Group from the Referee to the Referor fell in the range of 70% to 90% during the Review Period, respectively. We consider that the majority of the commission income allocation of the primary market transactions with the Legend Upstar Group is in line with the reference ratio range of 70% to 90%, which represents the main commission income allocation percentage range of the primary market transactions with independent third parties during the Review Period. In the secondary market transactions, we noted that approximately 74.2%, 76.6% and 81.9% of commission income allocation of transactions with the Legend Upstar Group from the Referee to the Referor was 50% during the Review Period, respectively. We consider that the majority of the commission income allocation of the secondary market transactions with the Legend Upstar Group is in line with the reference ratio of 50%, which represents the main commission income allocation percentage range of the secondary market transactions with independent third parties during the Review Period.

For the transactions with the Legend Upstar Group that fall outside the reference ratios, which are the starting point in determining the initial allocation of commission income, we understand that they are adjusted based on the negotiation between the parties on arm’s length and case-by-case basis, after taking into account relevant

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factors specific to the transaction including (i) the characteristics, nature and value of any properties involved; (ii) the expected workload of the respective agents relative to each other; (iii) the scope and exclusive nature of the estate agency and consultancy services involved; and (iv) other factors. We have reviewed 20 samples of historical transactions documents for the transactions with the Legend Upstar Group that fall outside the reference ratios during each of the Review Period and discussed these transactions with the Management and understand that the adjustments were made in accordance with the above factors. Based on our review of the historical transaction documents and the number of selected samples, we consider the selected samples are sufficient for us to understand the process of determining the allocation of commission income.

For the settlement term, we have obtained and reviewed 18 samples of historical transaction documents with the Legend Upstar Group and independent third parties during the Review Period. The settlements of referral fees were generally be made by the end of the calendar month following the month in which the commission income is actually received from or attributable to the relevant transactions with the Legend Upstar Group and independent third parties. Based on our review of the historical transaction documents and the number of selected samples, we are of the view that the selected samples are sufficient for us to understand the settlements terms with the Legend Upstar Group and independent third parties.

Based on the above, having considered that (i) the commission income allocation between the Group and the Legend Upstar Group is generally comparable to those between the Group and independent third parties; (ii) the transactions falling outside the reference ratios of commission income allocation are adjusted in accordance with specific factors based on the negotiation between the parties on arm's length and case-by-case basis; and (iii) the settlement terms of the transactions with the Legend Upstar Group are similar to those with the independent third parties, we are of the view that the terms of the Cross Referral Services Framework Agreement (2023), including the commission income allocation between the Group and the Legend Upstar Group, are on normal commercial terms or better and fair and reasonable so far as the Independent Shareholders are concerned.

5. Internal control measures

As set out in the letter from the Board contained in the Circular, the Group has in place the following internal control procedures to monitor the transactions contemplated under the Cross Referral Services Framework Agreement (2023):

- (a) the aggregate amount of referral fees to and from the Legend Upstar Group will be updated on a monthly basis for appraising the latest unutilised amounts available under the Proposed Annual Caps for the relevant period;

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- (b) the terms and commission income allocations for the transactions under the Cross Referral Services Framework Agreement (2023) will be reviewed by the Group from time to time to ensure they are on normal commercial terms or better (i.e., terms obtainable on an arm's length basis or terms no less favourable to the Group than those available to or from independent third parties); and
- (c) annually, the transactions made under the Cross Referral Services Framework Agreement (2023) conducted during the financial year will also be reviewed by the independent non-executive Directors and reported by the auditors of the Company in compliance with the relevant requirements in Chapter 14A of the Listing Rules.

Note: Any common directors in the Company and the Legend Upstar Group will be required to abstain from voting when the Board may consider matters related to the Cross Referral Services Framework Agreement (2023) and transactions contemplated therein.

In terms of the commission income allocations, the Company has current pricing policies in place to ensure the Cross Referral Transactions are on normal commercial terms or better. As mentioned in the letter from the Board contained in the Circular, we understand that the allocation of the commission income received will be negotiated on a case-by-case basis, after taking into account relevant factors specific to the transaction including but not limited to the characteristics, nature and value of any properties involved, the expected workload of the respective agents relative to each other, the scope and exclusive nature of the estate agency and consultancy services involved. The proposed commission income allocations will be submitted to branch managers, who will review and, if appropriate, approve the same with reference to the above criteria to ensure the allocation is either comparable to referral transactions with independent third parties or on normal commercial terms or better.

The independent non-executive Directors will review the Cross Referral Transactions on an annual basis to confirm that these transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) on terms that are fair and reasonable and in the interests of the Shareholders as a whole. In addition, the Company's auditors will also be engaged to report on the Cross Referral Transactions in accordance with, among other things, the relevant pricing policies of the Group and the relevant agreement governing the Cross Referral Transactions annually.

Based on the above, we concur with the view of the Board that the aforesaid internal control procedures can result in the transactions contemplated under the Cross Referral Services Framework Agreement (2023) to be conducted on normal commercial terms.

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6. The Proposed Annual Caps

The Proposed Annual Caps under the Cross Referral Services Framework Agreement (2023) for each of the years ending 31 December 2024, 2025 and 2026 are set out as follow:

	For the year ending 31 December		
	2024	2025	2026
	HK\$(million)	HK\$(million)	HK\$(million)
Referral fees to the Legend Upstar Group	31.0	31.0	31.0
Referral fees from the Legend Upstar Group	82.0	82.0	82.0

As stated in the letter from the Board contained in the Circular, the Proposed Annual Caps were determined with reference to a number of factors, particularly (i) historical transactions between the Group and the Legend Upstar Group; and (ii) adjustment for potential business growth and property market and economic factors.

We have reviewed the following information to assess the fairness and reasonableness of the Proposed Annual Caps:

(a) Property market transactions and historical transactions between the Group and the Legend Upstar Group

Set out below are the historical consideration for sale and purchase agreement of residential and non-residential units in Hong Kong and the historical transaction amounts of the referral fees to and from the Legend Upstar Group for ten years ended 31 December 2022.

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	For the year ended 31 December										Computation of the Annual Caps	
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
<i>(Amounts expressed in HK\$ million unless stated otherwise)</i>												
Referral fees to the Legend Upstar Group												
Consideration for sale and purchase agreement of residential units in Hong Kong	298,942	433,418	416,520	428,041	556,348	559,293	548,795	548,233	733,904	407,723		
Year-on-year growth rate		45.0%	(3.9)%	2.8%	30.0%	0.5%	(1.9)%	(0.1)%	33.9%	(44.4)%		
Historical referral fees	39.2	27.3	26.4	26.2	34.6	27.8	21.7	21.3	27.2	22.4		
Year-on-year growth rate		(30.4)%	(3.3)%	(0.8)%	32.1%	(19.7)%	(21.9)%	(1.8)%	27.7%	(17.6)%		
Average historical referral fees from 2013 to 2022											27.4	
Variance for volatility of the property market											10%	
											30.1	
The Proposed Annual Caps (rounded up to the nearest HK\$ million)											31.0	
Referral fees from the Legend Upstar Group												
Consideration for sale and purchase agreement of non-residential units in Hong Kong	157,339	114,041	132,134	104,816	170,067	182,090	143,644	80,152	183,934	146,736		
Year-on-year growth rate		(27.5)%	15.9%	(20.7)%	62.3%	7.1%	(21.1)%	(44.2)%	129.5%	(20.2)%		
Historical referral fees	63.5	87.7	74.6	102.0	97.7	99.0	63.9	35.3	58.5	56.1		
Year-on-year growth rate		38.1%	(14.9)%	36.7%	(4.2)%	1.3%	(35.5)%	(44.8)%	65.7%	(4.1)%		
Average historical referral fees from 2013 to 2022											73.8	
Variance for volatility of the property market											10%	
											81.2	
The Proposed Annual Caps (rounded up to the nearest HK\$ million)											82.0	

Note: Figures above are subject to round adjustments.

LETTER FROM SOMERLEY

(i) Referral fees to the Legend Upstar Group

According to the Land Registry, in the previous ten years up to the end of 2022, the annual consideration for sale and purchase agreements of residential units in Hong Kong ranged from approximately HK\$298.9 billion to approximately HK\$733.9 billion, with an average of approximately HK\$493.1 billion. The year-on-year change of the above ranged from a decrease of approximately 44.4% to an increase of approximately 45.0%, with a simple average increase of approximately 6.9%. It reached the lowest level in 2013 as the government took various demand-side cooling measures in place and, as advised by the Management, the progress of new launches of residential projects was obstructed as the market was still trying to adapt to the newly-implemented Residential Properties (First-hand Sales) Ordinance which came into effect at the end of April 2013. It reached the highest level in 2021, which increased by approximately HK\$185.7 billion or approximately 33.9% to approximately HK\$733.9 billion, which may be attributable to the boost in confidence of property buyers arising from the strong economic growth as the local pandemic eased in the first half of 2021.

For the referral fees to the Legend Upstar Group, the historical transaction amounts ranged from approximately HK\$21.3 million to approximately HK\$39.2 million during the period from 2013 to 2022, with an average of approximately HK\$27.4 million.

(ii) Referral fees from the Legend Upstar Group

According to the Land Registry, in the previous ten years up to the end of 2022, the annual consideration for sale and purchase agreements of non-residential units in Hong Kong ranged from approximately HK\$80.2 billion to approximately HK\$183.9 billion, with an average of approximately HK\$141.5 billion. The year-on-year change of the above ranged from a decrease of approximately 44.2% to an increase of approximately 129.5%, with a simple average increase of approximately 9.0%. It reached the lowest level in 2020, decreased by approximately HK\$63.4 billion or approximately 44.2% from approximately HK\$143.6 billion in 2019 to approximately HK\$80.2 billion in 2020, due to the severe travel restrictions and strict social distancing measures implemented by the Hong Kong Government since the outbreak of the COVID-19. It reached the highest level in 2021, which increased by approximately HK\$103.7 billion or approximately 1.29 times to approximately HK\$183.9 billion as compared to previous year, which was probably attributable to bottom fishing by veteran investors and expectations of border reopening.

For the referral fees from the Legend Upstar Group, the historical transaction amounts ranged from approximately HK\$35.3 million to approximately HK\$102.0 million during the period from 2013 to 2022, with an average of approximately HK\$73.8 million.

LETTER FROM SOMERLEY

As discussed above, the Hong Kong property markets and historical Cross Referral Transactions amounts between the Group and the Legend Upstar Group experienced significant fluctuations in the previous ten years due to, among others, economic performance and outlook as well as changes in government policy. Hence, taking the 10-year average of historical Cross Referral Transactions amounts for setting the Proposed Annual Caps, in our view, is acceptable as the 10-year period is adequate to capture the significant fluctuations occurred in the Hong Kong property market cycle.

(b) Variance for volatility of the property market

A variance for volatility of the property market of approximately 10.0% was applied to the 10-year average of historical Cross Referral Transactions amounts of both referral fees to and from the Legend Upstar Group, so as to accommodate any higher-than-average demands for the referral services. Based on the 10-year average of approximately HK\$27.4 million and approximately HK\$73.8 million and a variance for volatility of the property market of approximately 10.0% for each of the referral fees to and from the Legend Upstar Group, the Proposed Annual Caps become HK\$31.0 million and HK\$82.0 million (both rounded up to the nearest HK\$ million), respectively. It is worthwhile to note that both of the Proposed Annual Caps are still lower than the maximum amounts of historical Cross Referral Transactions of approximately HK\$39.2 million and HK\$102.0 million, respectively.

Having considered that the expected recovery of the Hong Kong economy as stated in the 2023 Interim Report and the unexpected circumstances may take place during 2024 to 2026, a variance for volatility of the property market of approximately 10.0% applied would provide flexibility in the case that the actual demand is more than the average referral fees during the period from 2013 to 2022, we are of the view that the addition of the volatility variance to the average historical referral fees during the period from 2013 to 2022 is acceptable.

In light of the above, we are of the view that the Proposed Annual Caps are fair and reasonable.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that, the entering into the Cross Referral Services Framework Agreement (2023) is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. We also consider that the terms of the Cross Referral Services Framework Agreement (2023) and the transactions contemplated thereunder (including the Proposed Annual Caps) are on normal commercial terms and fair and reasonable so far as the Company and the Independent Shareholders are concerned.

LETTER FROM SOMERLEY

We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolution in relation to the Cross Referral Services Framework Agreement (2023) and the transactions contemplated thereunder (including the Proposed Annual Caps) at the SGM.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Danny Cheng
Director

Mr. Danny Cheng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Somerley Capital Limited, who is licensed under the Securities and Futures Ordinance to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over 15 years of experience in the corporate finance industry.

GENERAL INFORMATION

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, interests of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in the Shares and underlying Shares

Name of Directors	Number of Shares	Number of underlying Shares	Total	Approximate percentage of the issued voting Shares
	Corporate interest/ Interest of controlled corporations	Personal interest/ Beneficial Owner <i>(Note 1)</i>		
Mr. Wong	265,525,824 <i>(Note 2)</i>	4,587,150	270,112,974	37.67%
Ms. WONG Ching Yi, Angela	–	4,587,150	4,587,150	0.64%

Notes:

- These underlying Shares (being physically settled unlisted derivatives) were held by the Director(s) by virtue of the interests in the Share Options granted to him/her. Particulars of such underlying Shares are disclosed in the sub-section headed “(ii) Underlying Shares – Share Options” below.
- These Shares were held by Sunluck Services Limited which was indirectly wholly-owned by Mr. Wong through his wholly-owned company, namely Southern Field Trading Limited.

GENERAL INFORMATION

(ii) Underlying Shares – Share Options

Share Options, which were unlisted and physically settled, to subscribe for Shares were beneficially held by certain Directors.

Name of Directors	Number of Share Options as at the Latest Practicable Date	Date of grant (Note)	Exercise price per Share (HK\$)	Exercisable period
Mr. Wong	4,587,150	17 January 2020	1.09	17 January 2021 to 16 January 2028
Ms. WONG Ching Yi, Angela	4,587,150	17 January 2020	1.09	17 January 2021 to 16 January 2028

Note: All the Share Options granted were subject to a vesting period from the date of grant until the commencement of the exercisable period.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to 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 which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

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

3. SERVICE CONTRACTS

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

GENERAL INFORMATION

4. COMPETING INTERESTS

As at the Latest Practicable Date, Mr. Wong is the chairman and executive director of Legend Upstar and was indirectly interested in approximately 58.55% of all issued shares in Legend Upstar, and Ms. WONG Ching Yi, Angela held executive directorships in the Legend Upstar Group. The Legend Upstar 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.

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

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor their respective close associates had any interest in any business which compete or is likely to compete, either directly or indirectly, with the business of the Group.

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

Save as disclosed below, as at the Latest Practicable Date, (i) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2022, being the balance sheet date of the latest published audited consolidated financial statements of the Group, acquired or disposed of by or leased to any member(s) of the Group, or were proposed to be acquired or disposed of by or leased to, any member(s) of the Group and (ii) none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Group:

- (i) A tenancy and licence framework agreement was made on 19 September 2022 between Mr. Wong and the Company whereby Mr. Wong and his associates (as the landlord entities) agreed to let or grant licence to members of the Group (as tenant or licensee) the properties owned by the landlord entities from time to time, for a term of three years from 19 September 2022 to 18 September 2025. The annual caps (i) for the period from 19 September 2022 to 31 December 2022 was HK\$9,000,000; (ii) for the year ending 31 December 2023 is HK\$18,000,000; (iii) for the year ending 31 December 2024 is HK\$18,000,000; and (iv) for the period from 1 January 2025 to 18 September 2025 is HK\$14,000,000. Further details of the framework agreement were disclosed in the announcement of the Company dated 19 September 2022.
- (ii) A tenancy agreement was made on 11 July 2022 between Bright Eastern Limited, an indirect wholly-owned subsidiary of Legend Upstar, of which Mr. Wong is the chairman, an executive director and a controlling shareholder and hence an associate of Mr. Wong, as landlord and Midland Corporate Leasing (XV) Limited, an indirect wholly-owned subsidiary of the Company, as tenant, whereby the landlord agreed to let the premises located at Shop No. 6 on Ground Floor, Cambridge Court, Nos. 84A-84H & 84J-84M Waterloo Road, Kowloon, Hong Kong as branch for a term of two years commencing from 15 July 2022 to 14 July 2024 at a monthly rental of HK\$98,000 with a one-month rent-free period

GENERAL INFORMATION

(details of which were disclosed in the announcement of the Company dated 11 July 2022). The entire equity interest of Bright Eastern Limited had been disposed by the Legend Upstar Group on 3 May 2023. Details of the disposal were disclosed in the announcements of Legend Upstar dated 7 March 2023 and 3 May 2023.

- (iii) A tenancy agreement was made on 18 March 2022 between Teamway Group Limited, an indirect wholly-owned subsidiary of Legend Upstar, of which Mr. Wong is the chairman, an executive director and a controlling shareholder and hence an associate of Mr. Wong, as landlord and Union Honor Limited, an indirect wholly-owned subsidiary of the Company, as tenant, whereby the landlord agreed to let the premises located at the Whole of 21st Floor, Ford Glory Plaza, No. 37 Wing Hong Street, Kowloon, Hong Kong as office for a term of one year from 19 March 2022 to 18 March 2023 at a monthly rental of HK\$205,000 without rent-free period (details of which were disclosed in the announcement of the Company dated 11 July 2022).

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. EXPERT AND CONSENT

- (i) Somerley is a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Cross Referral Services Framework Agreement (2023) and the Proposed Annual Caps.
- (ii) Somerley has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice and references to its names in the form and context in which they respectively appear.
- (iii) As at the Latest Practicable Date, Somerley did not have (a) any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

GENERAL INFORMATION

8. MISCELLANEOUS

- (a) The English text of this circular shall prevail over the Chinese text in case of inconsistency.
- (b) The secretary of the Company is Ms. MUI Ngar May, Joel. She is an associate member of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and has over 15 years of experience in the company secretarial field.
- (c) The head office and principal place of business in Hong Kong of the Company is at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong. The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (d) The principal share registrar and transfer office of the Company in Bermuda is MUFG Fund Services (Bermuda) Limited at 4th Floor, North Cedar House, 41 Cedar Avenue, Hamilton HM 12, Bermuda.
- (e) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

9. DOCUMENTS ON DISPLAY

A copy of each of the following documents will be on display on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.midlandholdings.com.hk) for a period of 14 days from the date of this circular:

- (i) the Cross Referral Services Framework Agreement (2021);
- (ii) the Cross Referral Services Framework Agreement (2023);
- (iii) the written consent referred to in the paragraph headed “Expert and Consent” above;
- (iv) the letter from the Independent Board Committee as set out in pages 15 to 16 in this circular; and
- (v) the letter from Somerley, the Independent Financial Adviser, as set out in pages 17 to 33 in this circular.

NOTICE OF SGM



Midland Holdings Limited

美聯集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1200)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Midland Holdings Limited (the “**Company**”) will be held at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong on Wednesday, 17 January 2024 at 12:00 noon for the purpose of considering and, if thought fit, passing, with or without amendment, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the entering into of the cross referral services framework agreement (2023) (the “**Cross Referral Services Framework Agreement (2023)**”) as defined and described in the circular of the Company dated 22 December 2023 (the “**Circular**”) between the Company and Legend Upstar Holdings Limited (a copy of the Cross Referral Services Framework Agreement (2023) having been produced to the Meeting and marked “A” and signed by the chairman of the Meeting for the purpose of identification), and the transactions contemplated thereunder and in connection therewith and any other documents ancillary to it, be and are hereby approved, ratified and confirmed;
- (b) the proposed annual caps in relation to the Cross Referral Services Framework Agreement (2023) be and are hereby approved, ratified and confirmed; and
- (c) any director(s) of the Company be and is/are hereby authorized for and on behalf of the Company to do all acts and things and execute any agreements, deeds, instruments and any other documents, under hand or under seal, or make such arrangement as he/she/they may determine to be appropriate, necessary or desirable to give effect to or in connection with the Cross Referral Services Framework Agreement (2023) and the transactions contemplated thereunder and, subject to and in accordance with the applicable laws and regulations, to approve and make such immaterial variation, amendment, supplement or waiver of immaterial matters relating thereto in the interests of the Company and its shareholders as a whole.”

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

Hong Kong, 22 December 2023

NOTICE OF SGM

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

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

Notes:

1. The resolution at the Meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or (if he is a holder of two or more shares) more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company.
3. Whether or not you intend to attend the Meeting in person, you are requested to complete and return the proxy form in accordance with the instructions stated thereon.
4. To be valid, the completed proxy form together with the power of attorney or other authority, if any, under which it is signed or a certified copy of such power of attorney or authority, must be deposited at the Company’s Hong Kong branch share registrar and transfer office, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the Meeting and at any adjournment thereof if you so wish. In such event, the proxy form shall be deemed to be revoked.
5. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding. Several executors or administrators of a deceased member of the Company in whose name any share stands shall be deemed joint holders thereof in accordance with the bye-laws of the Company.
6. The register of members of the Company will be closed from Friday, 12 January 2024 to Wednesday, 17 January 2024, both days inclusive, during which period no transfer of shares will be registered. To be eligible to attend and vote at the Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 11 January 2024.