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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 TRANSACTION**

The Board announces that on 4 April 2007, three tenancy agreements regarding the leasing of properties were entered into between the Group and various connected persons.

As each of lessors is an associate of Mr. Wong, the Chairman, Managing Director and substantial shareholder of the Company, each of these parties is deemed to be a connected person of the Company within the meaning of the Listing Rules and these transactions therefore constitute continuing connected transactions of the Company under Rule 14A.14 of the Listing Rules.

Given the aggregate annual consideration payable by the Group under all these tenancy agreements represents less than 2.5% of the applicable percentage ratios under the Listing Rules, the tenancy agreements are subject to reporting, announcement and annual review requirements as set out in the Listing Rules and no Independent Shareholders' approval is required.

\* For identification purpose only

## **DETAILS OF THE TENANCY AGREEMENTS**

### **(A) Tenancy Agreement with Capital Delta (“Agreement A”)**

Capital Delta and Orient Sheen entered into a tenancy agreement on 4 April 2007 for renewal of the lease for the following premises, details of the original lease were disclosed in the Company’s announcement dated 5 August 2005. The principal terms of Agreement A are as follows:

Lessor	:	Capital Delta
Lessee	:	Orient Sheen
Premises	:	Units B1, B2 and B3 on 29th Floor, Tower 1, Admiralty Centre, No.18 Harcourt Road, Hong Kong
Term	:	Two years commencing from 1 July 2007 and expiring on 30 June 2009 (both dates inclusive)
Rental	:	Monthly rental of HK\$260,000 (exclusive of Government rent, rates, management fees and operating expenses)
Option to renew	:	Orient Sheen has an option to renew the tenancy for a further term of two years immediately after the expiry of the term at the prevailing market rent subject to the same terms and conditions (except the rent) contained in Agreement A.

The maximum annual cap payable by Orient Sheen under the lease period of Agreement A for the years ending 31 December 2007, 31 December 2008 and 31 December 2009 based on the aforesaid monthly rental payment term, will be about HK\$1,560,000 (for six months), HK\$3,120,000 (for twelve months) and HK\$1,560,000 (for six months). The rental will be paid from internal financial resources of the Group.

### **(B) Tenancy Agreement with Vision Dynasty (“Agreement B”)**

Vision Dynasty and Union Honor entered into a tenancy agreement on 4 April 2007 for renewal of the lease of the following premises, details of the original lease were disclosed in the Company’s announcement dated 18 April 2005. The principal terms of Agreement B are as follows:

Landlord	:	Vision Dynasty
Tenant	:	Union Honor
Premises	:	Shop E, Splendid Place, No.39 Tai Koo Shing Road/ 16 Shipyard Lane, Hong Kong
Term	:	12 months commencing from 16 April 2007 and expiring on 15 April 2008
Rental	:	Monthly rental of HK\$65,700 (exclusive of Government rent, rates and management fees)
Termination	:	Both parties may early terminate the Agreement B by giving at least one month’s prior written notice
Option to renew	:	Union Honor has an option to renew the tenancy for a further term of one year immediately after the expiry of the term at the prevailing market rent.

The maximum annual cap payable by Union Honor under the lease period of Agreement B for the years ending 31 December 2007 and 31 December 2008 based on the aforesaid monthly rental payment term, will be about HK\$558,450 (for eight and a half months) and HK\$229,950 (for three and a half months). The rental will be paid from internal financial resources of the Group.

**(C) Tenancy Agreement with Goal Precise (“Agreement C”)**

Goal Precise and Topwick entered into a tenancy agreement on 4 April 2007 regarding the renewal of the lease for the following premises, details of the original lease were disclosed in the Company’s announcement dated 18 April 2005. The principal terms of Agreement C are as follows:

Landlord	:	Goal Precise
Tenant	:	Topwick
Premises	:	Shop F, Splendid Place, No. 39 Tai Koo Shing Road/ 16 Shipyard Lane, Hong Kong
Term	:	12 months commencing from 16 April 2007 and expiring on 15 April 2008
Rental	:	Monthly rental of HK\$61,000 (exclusive of Government rent, rates and management fees)
Option to renew	:	Topwick has an option to renew the tenancy for a further term of one year immediately after the expiry of the term at the prevailing market rent.

The maximum annual cap payable by Topwick under the lease period of Agreement C for the years ending 31 December 2007 and 31 December 2008 based on the aforesaid monthly rental payment term, will be about HK\$518,500 (for eight and a half months) and HK\$213,500 (for three and a half months). The rental will be paid from internal financial resources of the Group.

**REASON FOR THE TRANSACTIONS**

The office space under Agreement A is currently used by Orient Sheen as a branch of the Group for real estate agency business and the shop spaces under Agreement B and Agreement C are currently used by Union Honor and Topwick as retail branches of the Group for real estate agency business. The renewal of the Agreements A, B and C is for continuing operation of the relevant branches.

The rental payments under Agreements A to C were determined with reference to the open market for properties of similar size and location and prevailing market conditions.

The Directors, including the independent non-executive Directors, consider that the entering into of the Agreements A to C is in the ordinary and usual course of business of the Group, on normal commercial terms which were negotiated on arm’s length basis and are fair and reasonable and no less favourable to the Group than those available from the independent third parties.

## CONTINUING CONNECTED TRANSACTIONS

As each of Capital Delta, Vision Dynasty and Goal Precise is an associate of Mr. Wong, the Chairman, Managing Director and substantial shareholder of the Company as disclosed in the “General” section below, each of these parties is a connected person of the Company for the purpose of the Listing Rules. The entering into of the Agreements A to C therefore constitutes continuing connected transactions of the Company under Rule 14A.14 of the Listing Rules.

The aggregate annual cap payable by the Group under Agreements A to C represents less than 2.5% of the applicable percentage ratios. The aggregate annual cap payable by the Group under the Agreements A to C together with the Existing Tenancy Agreement (being the only other tenancy agreement entered into between the Group and Mr. Wong and/or his associates within a twelve-month period), also represents less than 2.5% of the applicable percentage ratios under the Listing Rules. The maximum annual caps for the Agreements A to C and the Existing Tenancy Agreement for each of the financial years from 2007 to 2009 are set out below:–

	For the financial year ending 31 December		
	2007 HK\$	2008 HK\$	2009 HK\$
Agreement A	1,560,000	3,120,000	1,560,000
Agreement B	558,450	229,950	n/a
Agreement C	518,500	213,500	n/a
Existing Tenancy Agreement	290,000	n/a	n/a
Annual Caps	<u>2,926,950</u>	<u>3,563,450</u>	<u>1,560,000</u>

Accordingly, the Agreements A to C are only subject to reporting, announcement and annual review requirements under Rules 14A.45 to 14A.47 and Rules 14A.37 to 14A.41 of the Listing Rules respectively and no Independent Shareholders’ approval is required.

Details of the Agreements A to C will be included in the annual report of the Company of each of the relevant financial years in accordance with Rule 14A.46 of the Listing Rules.

## INFORMATION ON THE COMPANY

The principal business activities of the Group comprising the Company and its subsidiaries are provision of property brokerage services in Hong Kong, the PRC and Macau, immigration consultancy, wealth management, mortgage referral as well as on-line education.

## GENERAL

As at the date of this announcement, the Board of the Company comprises eight Directors, of which five are executive Directors, namely Mr. Wong Kin Yip, Freddie, Ms. Tang Mei Lai, Metty, Ms. Lam Fung Fong, Mr. Chan Kwan Hing and Mr. Kwok Ying Lung and three are independent non-executive Directors, namely Mr. Koo Fook Sun, Louis, Mr. Sun Tak Chiu and Mr. Wang Ching Miao, Wilson.

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:–

“associate(s)”	has the meaning as ascribed under the Listing Rules
“Board”	the board of Directors
“Capital Delta”	Capital Delta Profits Limited, a company incorporated in British Virgin Islands with limited liability, the principal activity of which is property holding. Capital Delta is wholly-owned by Mr. Wong
“Company”	Midland Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Existing Tenancy Agreement”	the tenancy agreement which was entered into between the Group and an associate of Mr. Wong within a twelve-month period since 4 April 2007 (being the date of Agreements A to C), the details of which were disclosed in the Company’s announcements dated 21 April 2006
“Goal Precise”	Goal Precise Limited, a company incorporated in British Virgin Islands with limited liability, the principal activity of which is property holding. Goal Precise is wholly-owned by Mr. Wong
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Shareholders”	shareholders of the Company, other than Mr. Wong and his associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wong”	Mr. Wong Kin Yip, Freddie, being an executive Director, the Chairman, the Managing Director and a substantial shareholder of the Company holding approximately 18.46% interest in the Company
“Orient Sheen”	Orient Sheen Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Topwick”	Topwick Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company
“Union Honor”	Union Honor Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company

“Vision Dynasty”

Vision Dynasty Limited, a company incorporated in the British Virgin Islands with limited liability, the principal activity of which is property holding. Vision Dynasty is wholly-owned by Mr. Wong

By order of the Board  
**Lam Fung Fong**  
*Executive Director and  
Company Secretary*

Hong Kong, 18 April 2007

“Please also refer to the published version of this announcement in The Standard.”