

**CODE FOR
SECURITIES TRANSACTIONS
BY RELEVANT EMPLOYEES OF
MIDLAND HOLDINGS LIMITED**

COMPANY SECRETARIAL DEPARTMENT

*January 2007
(Updated on March 2009)*

SUMMARY OF THE CODE

DO NOT DEAL :

- ▶ *When you are aware of price-sensitive information.*
- ▶ *During 60 days period immediately preceding the publication date of the annual results of Midland or Midland IC&I.*
- ▶ *During 30 days period immediately preceding the publication date of the interim results of Midland or Midland IC&I.*

WHEN YOU CAN DEAL, follow these procedures:

- ▶ *Notify the designated Director and obtain a dated written acknowledgement;*
- ▶ *Deal within 5 business days of a dated written acknowledgement / clearance being received; and*
- ▶ *After dealing, advise Company Secretarial Department.*

These rules relate to dealings by Relevant Employees in the securities of Midland Holdings Limited (“Midland”) and of Midland IC&I Limited (“Midland IC&I”).

BASIC PRINCIPLES

1. This code (both the basic principles and the rules) is largely based on the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as contained in Appendix 10 of the Listing Rules. A Relevant Employee must seek to secure that all dealings in which he is or is deemed to be interested be conducted in accordance with this code.
2. Relevant Employees wishing to deal in any securities in Midland and/or Midland IC&I must first have regard to the provisions of Parts XIII and XIV of the Securities and Futures Ordinance (the “SFO”) with respect to insider dealing and market misconduct. It should be noted that there are occasions where Relevant Employees should not be free to deal in Midland’s and/or Midland IC&I’s securities even though the statutory requirements will not be contravened.
3. Relevant Employees who are aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are notifiable transactions or connected transactions under the Listing Rules or any price-sensitive information must refrain from dealing in Midland’s and/or

Midland IC&I's (as the case may be) securities as soon as they become aware of them or privy to them until proper disclosure of the information in accordance with the Listing Rules. For more details about price-sensitive information, please go to <http://www.hkex.com.hk/rule/psguide/full-e.pdf> for reference.

4. In addition, a Relevant Employee must not make any unauthorised disclosure of confidential information, whether to co-trustees or to any other person (even those to whom he owes a fiduciary duty) or make any use of such information for the advantage of himself or others.

Interpretation :

For the purpose of this code:

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| “Relevant Employee” | include an employee of Midland or of any subsidiary of Midland, who, because of his office or employment, is considered by the directors more likely to be in possession of unpublished price-sensitive information in relation to Midland and/or Midland IC&I or its securities. |
| “dealings in securities” | include dealings in warrants (including covered warrants issued by third parties and short positions) issued in respect of the securities. For the avoidance of doubt, any transfer of shares will be regarded as a deal including off-market transactions; |
| “dealing” | includes, subject to paragraph (a) below, any acquisition, disposal or transfer of, or offer to acquire, dispose of or transfer, or creation of pledge, charge or any other security interest in, any securities of Midland and/or Midland IC&I or any entity whose assets solely or substantially comprise securities of Midland and/or Midland IC&I, and the grant, acceptance, acquisition, disposal, transfer, exercise or discharge of any option (whether call, put or both) or other right or obligation, present or future, conditional or unconditional, to acquire, dispose of or transfer securities, or any interest in securities, of Midland and/or Midland IC&I, in each case whether or not for consideration and any agreements to do any of the foregoing, and “deal” shall be construed accordingly; |

“beneficiary” includes any discretionary object of a discretionary trust (where the Relevant Employee is aware of the arrangement) and any beneficiary of a non-discretionary trust;

“securities” means listed securities and any unlisted securities that are convertible or exchangeable into listed securities and structured products (including derivative warrants issued by a third party) issued in respect of the listed securities of Midland and/or Midland IC&I;

- (a) Notwithstanding the definition of “dealing” above, the following dealings are not subject to the provisions of this code:
- i. taking up of entitlements under a rights issue, bonus issue, capitalisation issue or other offer made by Midland or Midland IC&I to holders of its securities (including an offer of shares in lieu of a cash dividend) but, for the avoidance of doubt, applying for excess shares in a rights issue or applying for shares in excess of an assured allotment in an open offer is a “dealing”;
 - ii. allowing entitlements to lapse under a rights issue or other offer made by Midland or Midland IC&I to holders of its securities (including an offer of shares in lieu of a cash dividend); and
 - iii. undertakings to accept, or the acceptance of, a general offer for shares in Midland or Midland IC&I made to shareholders other than those that are concert parties (as defined under the Takeovers Code) of the offeror.

RULES

A. ABSOLUTE PROHIBITIONS

1. A Relevant Employee must not deal in any of the securities of Midland and/or Midland IC&I at any time when he is in possession of unpublished price sensitive information in relation to those securities, or where clearance to deal is not otherwise conferred upon him under rule B7 of this code.
2. A Relevant Employee must not deal in any securities of Midland and/or Midland IC&I on any day on which its financial results are published and:-

- (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (b) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results,

unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met as described in section C below. In that event, he or she must comply with the procedure in rule B.7 of this code.

Notes:

- i The above prohibition period is referred to as “the black-out period”.*
- ii Relevant Employees should note that the black-out period will cover any period of delay in the publication of a results announcement.*

- 3. Where a Relevant Employee is a sole trustee, the provisions of this code will apply to all dealings of the trust as if he were dealing on his own account (unless the Relevant Employee is a bare trustee and neither he nor any of his associates is a beneficiary of the trust, in which case the provisions of this code will not apply).
- 4. Where a Relevant Employee deals in the securities of a listed issuer in his capacity as a co-trustee and he has not participated in or influenced the decision to deal in the securities and is not, and none of his associates is, a beneficiary of the trust, dealings by the trust will not be regarded as his dealings.
- 5. The restrictions on dealings by a Relevant Employee contained in this code will be regarded as equally applicable to any dealings by (1) the Relevant Employee’s spouse or by or on behalf of any child under the age of 18 years (natural or adopted); (2) any company in which, the Relevant Employee or his/her close family member(s), hold 30% or above interests; and (3) any other dealings in which for the purposes of the SFO he is or is to be treated as interested. It is the duty of the Relevant Employee, therefore, to seek to avoid any such dealing at a time when he himself is not free to deal.
- 6. When a Relevant Employee places investment funds comprising securities of Midland and/or Midland IC&I under professional management, discretionary or otherwise, the managers must nonetheless be made subject to the same restrictions and procedures as the Relevant Employee himself in respect of any proposed dealings in Midland’s and/or Midland IC&I’s securities.

B. NOTIFICATION

7. A Relevant Employee must not deal in any securities of Midland and/or Midland IC&I without first notifying in writing the designated Director and receiving a dated written acknowledgement.
8. A written record is maintained by the Company Secretarial Department that the appropriate notification was given and acknowledged pursuant to rule B.7 of this code.
9. After a Relevant Employee has dealt in the securities of Midland and/or Midland IC&I, he should advise Company Secretarial Department to update the record of Relevant Employees' interests in such securities.
10. Any Relevant Employee who acts as trustee of a trust must ensure that his co-trustees are aware of the identity of any company to the securities of which this code applies so as to enable them to anticipate possible difficulties. A Relevant Employee having funds under management must likewise advise the investment manager.
11. Any Relevant Employee must deal in any securities of Midland and/or Midland IC&I within five business days of a dated written acknowledgement / clearance being received for his or her dealing notification.

C. EXCEPTIONAL CIRCUMSTANCES

12. If a Relevant Employee proposes to sell or otherwise dispose of securities of Midland and/or Midland IC&I under exceptional circumstances where the sale or disposal is otherwise prohibited under this code, the Relevant Employee must, in addition to complying with the other provisions of this code, comply with the provisions of rule B.7 of this code regarding prior written notice and acknowledgement. The Relevant Employee must satisfy the Chairman that the circumstances are exceptional and the proposed sale or disposal is the only reasonable course of action available to the Relevant Employee before the Relevant Employee can sell or dispose of the securities. An example of the type of circumstances which may be considered exceptional for such purposes would be a pressing financial commitment on the part of the Relevant Employee that cannot otherwise be satisfied.

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