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## **MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED**

*(incorporated in Hong Kong with limited liability)*

(Stock code: 71)

### **CONTINUING CONNECTED TRANSACTIONS**

#### **IN RESPECT OF LEASES AND LICENCE**

Reference is made to the announcement of the Company dated 26 February 2010 in relation to, inter alia, the Shops 503A-C Tenancy Agreement, the Office Units 609-12 Tenancy Agreement and the Licence Agreement. Those tenancy agreements will expire on 4 August 2011 and the Licence Agreement will expire on 31 August 2011.

The Board announces that, at the request of HREAL, the Group entered into the following agreements on 12 August 2011 with HREAL, a connected person of the Company, which constitute continuing connected transactions of the Company:

- (1) New Tenancy Agreement entered into between Shahdan, a wholly-owned subsidiary of the Company, as landlord and HREAL as tenant in respect of Premises I;
- (2) Shops 503A-C Renewal Tenancy Agreement entered into between Shahdan as landlord and HREAL as tenant in respect of Premises II;
- (3) Shops 609-12 Renewal Tenancy Agreement entered into between Shahdan as landlord and HREAL as tenant in respect of Premises III;
- (4) Renewal Licence Agreement entered into between Shahdan as licensor and HREAL as licensee in respect of Signage A.

HREAL is a wholly-owned subsidiary of Henderson Land, which in turn is a substantial shareholder of the Company holding approximately 44.21% interests in the Company. Accordingly, HREAL is a connected person of the Company, thereby rendering the New Tenancy Agreement, the Shops 503A-C Renewal Tenancy Agreement, the Shops 609-12 Renewal Tenancy Agreement and the Renewal Licence Agreement continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the relevant percentage ratios for the Transactions calculated on an annual basis by reference to the aggregate sum of rents, fees and other charges (exclusive of Government rates) payable by HREAL to the Group are more than 0.1% but less than 5%, in accordance with Rule 14A.34 of the Listing Rules, the Transactions are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirement of the Listing Rules. Details of the Transactions are set out below in this announcement.

References are made to the Previous Announcements in relation to, inter alia,

- (i) a tenancy agreement dated 15 August 2008 entered into between Shahdan as landlord and HREAL as tenant in respect of Shop 3013, 3/F., Miramar Shopping Centre for a term of three years commencing from 16 June 2008 to 15 June 2011;
- (ii) a licence agreement dated 15 August 2008 entered into between Shahdan as licensor and HREAL as licensee in respect of portion of podium roof, 3/F., Miramar Shopping Centre

- for a term of three years commencing from 16 June 2008 to 15 June 2011;
- (iii) a licence agreement dated 15 August 2008 entered into between Shahdan as licensor and HREAL as licensee in respect of fan room, 3/F., Miramar Shopping Centre for a term of three years commencing from 16 June 2008 to 15 June 2011;
  - (iv) a tenancy agreement dated 16 March 2009 entered into between Shahdan as landlord and Citistore Limited, a wholly-owned subsidiary of Henderson Land, as tenant in respect of Shop 2004, 2/F, Miramar Shopping Centre for a term of three years commencing from 3 October 2008 to 2 October 2011;
  - (v) Shops 503A-C Tenancy Agreement;
  - (vi) Office Units 609-12 Tenancy Agreement;
  - (vii) Licence Agreement;
  - (viii) a tenancy agreement dated 7 December 2010 entered into between Shahdan as landlord and HREAL as tenant in respect of Shop 3013, 3/F, Miramar Shopping Centre for a term of two years commencing from 16 June 2011 to 15 June 2013;
  - (ix) a licence agreement dated 7 December 2010 entered into between Shahdan as landlord and HREAL as tenant in respect of portion of podium roof, 3/F, Miramar Shopping Centre for a term of two years commencing from 16 June 2011 to 15 June 2013;
  - (x) a licence agreement dated 7 December 2010 entered into between Shahdan as licensor and HREAL as licensee in respect of fan room, 3/F, Miramar Shopping Centre for a term of two years commencing from 16 June 2011 to 15 June 2013,
- (collectively the “**Existing Agreements**”) which constitute continuing connected transactions of the Company.

The Board announces that, at the request of HREAL, the Group entered into the following agreements on 12 August 2011 with HREAL, a connected person of the Company, which constitute continuing connected transactions of the Company:

#### **DETAILS OF THE NEW TENANCY AGREEMENT**

Signing date:	12 August 2011
Parties:	Shahdan as landlord HREAL as tenant
Premises I:	Shops 501-502, 5/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
Term:	Two years eight months and four days commencing from 1 December 2011 to 4 August 2014, both days inclusive. Both the landlord and the tenant shall have the right to early terminate the lease by giving a notice of not less than three months to the other party after 4 February 2013.
Rent-free Period:	Three months commencing from and inclusive of 1 December 2011.
Rent and other charges:	(a) rent payable on a monthly basis (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution) during the term is HK\$742,900.00;
	(b) Government rates (subject to Government’s review) is HK\$83,700.00 per quarter;

- (c) aggregate monthly management fee and air-conditioning charges (subject to periodic review by Shahdan or its designated management company of Premises I) is HK\$161,531.80;
- (d) monthly promotion contribution, being 1% of the monthly rent of Premises I, that is HK\$7,429.00 subject to periodic review by Shahdan; and
- (e) decoration plan vetting fee is HK\$27,707.00 and debris disposal fee is HK\$55,414.00.

Other term: If the existing tenant of Premises I fails to deliver vacant possession of Premises I to Shahdan on or before 30 November 2011, Shahdan shall have the right to rescind the New Tenancy Agreement or any other agreement entered into between Shahdan and HREAL in respect of the tenancy of Premises I by serving seven days' written notice to HREAL. Under such circumstances, all monies paid by HREAL for Premises I shall be refunded by Shahdan to HREAL without any interest and/or compensation.

**DETAILS OF THE SHOPS 503A-C RENEWAL TENANCY AGREEMENT**

Signing date: 12 August 2011

Parties: Shahdan as landlord  
HREAL as tenant

Premises II: Shops 503A-C, 5/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong

Term: Three years commencing on 5 August 2011 to 4 August 2014, both days inclusive. Both the landlord and the tenant shall have the right to early terminate the lease by giving a notice of not less than three months to the other party after 4 February 2013.

Rent and other charges: (a) rent payable on a monthly basis (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution) during the term is HK\$458,000.00;

(b) Government rates (subject to Government's review) is HK\$71,700.00 per quarter;

(c) aggregate monthly management fee and air-conditioning charges (subject to the review at such time to be determined by Shahdan or its designated management company of Premises II) is HK\$82,622.80; and

- (d) monthly promotion contribution, being 1% of the monthly rent of Premises II, that is HK\$4,580.00 subject to periodic review by Shahdan.

#### **DETAILS OF THE SHOPS 609-12 RENEWAL TENANCY AGREEMENT**

- Signing date: 12 August 2011
- Parties: Shahdan as landlord  
HREAL as tenant
- Premises III: Office units 609-12, 6/F., Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
- Term: One year commencing from 5 August 2011 to 4 August 2012, both days inclusive. Both the landlord and the tenant shall have the right to early terminate the tenancy agreement by giving a notice of not less than one month to the other party after 4 December 2011.
- Rent and other charges:
- (a) rent payable on a monthly basis (exclusive of Government rates, management fee and air-conditioning charges) during the term is HK\$292,000.00;
  - (b) Government rates (subject to Government's review) is HK\$36,300.00 per quarter; and
  - (c) aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated management company of Premises III) is HK\$48,144.00.

#### **DETAILS OF THE RENEWAL LICENCE AGREEMENT**

- Signing date: 12 August 2011
- Parties: Shahdan as licensor  
HREAL as licensee
- Signage A: Signage A on the external wall facing Nathan Road of Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
- Term: Three years commencing from 1 September 2011 to 31 August 2014 subject to the right of early termination. Both the licensor and the licensee shall have the right to early terminate the license by giving a notice not less than three months after 29 February 2012.
- Licence fee and other charges:
- (a) The licence fee (inclusive of electricity charges) payable on a monthly basis during the term is HK\$55,000.00; and

- (b) Government rates (subject to Government's review) is HK\$7,500.00 per quarter.

User: To be used for advertising the trade name of the licensee only.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS**

Miramar Shopping Centre and Miramar Tower are held by the Group as investment for rental purposes and the Transactions will contribute to rental income of the Group. The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Transactions are entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The terms of the New Agreements were determined after arm's length negotiations between the parties and after making reference to market rental of Premises I, Premises II and Premises III and market licence fee of Signage A endorsed by a valuation certificate dated 15 June 2011 by DTZ Debenham Tie Leung Limited, an independent property valuer. The other terms of the New Agreements were determined with reference to a standard tenancy agreement and licence agreement which were also used in relation to other leases with other tenants of Miramar Shopping Centre and Miramar Tower.

As the Transactions were entered into in the ordinary and usual course of business of Shahdan and that the rent and other terms of the New Agreements were determined after arm's length negotiations between the parties with reference to the prevailing market rent and market licence fee endorsed by an independent valuer and with reference to the terms of a standard tenancy agreement and licence agreement which are also used in relation to other leases with other tenants of Miramar Shopping Centre and Miramar Tower, the Directors (including the independent non-executive Directors) are of the opinion that the terms of the New Agreements were fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES**

HREAL is a wholly-owned subsidiary of Henderson Land, which in turn is a substantial shareholder of the Company holding approximately 44.21% interests in the Company. Accordingly, HREAL is a connected person of the Company, thereby rendering the New Tenancy Agreement, the Shops 503A-C Renewal Tenancy Agreement, the Shops 609-12 Renewal Tenancy Agreement and the Renewal Licence Agreement continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since both Dr. Lee Shau Kee and Mr. Lee Ka Shing, being Directors, through companies indirectly controlled by the private trust of the family of Dr. Lee Shau Kee, are deemed to be interested in the shares in Henderson Land, they have material interest in the Transactions. The Board had delegated the power to consider and approve all connected transactions of the Company to the Company's Audit Committee. As both Dr. Lee Shau Kee and Mr. Lee Ka Shing are not members of the Audit Committee, they have not voted on the relevant board resolution(s) in respect of the Transactions.

The aggregate annual rental, licence fees and other charges (exclusive of Government rates) payable by the HREAL to the Group under the transactions contemplated under the Shops 503A-C Tenancy Agreement, the Office Units 609-12 Tenancy Agreement and the License Agreement together with the Transactions for each of the financial years ending 31 December 2011, 2012, 2013 and 2014 will be subject to the following cap amounts of HK\$14,310,000.00, HK\$24,890,000.00, HK\$23,280,000.00 and HK\$14,040,000.00 respectively. The cap amounts

are determined with reference to the annual rent, management fees, air-conditioning charges, promotion contribution, licence fees and other charges (exclusive of Government rates) payable under the Shops 503A-C Tenancy Agreement, the Office Units 609-12 Tenancy Agreement, the Licence Agreement and the New Agreements for each of the financial years ending 31 December 2011, 2012, 2013 and 2014 with respect to the existing and/or new leases for Premises I, Premises II, Premises III and Signage A, the breakdown of which are as follows:

	Year ending 31 December 2011 <i>HK\$</i>	Year ending 31 December 2012 <i>HK\$</i>	Year ending 31 December 2013 <i>HK\$</i>	Year ending 31 December 2014 <i>HK\$</i>
Shops 503A-C Tenancy Agreement (only in respect of the year ending 31 December 2011) and Shops 503A-C Renewal Tenancy Agreement	7,880,000.00	8,380,000.00	8,480,000.00	5,100,000.00
Office Units 609-12 Tenancy Agreement (only in respect of the year ending 31 December 2011) and Shops 609-12 Renewal Tenancy Agreement	5,460,000.00	3,750,000.00	---	---
Licence Agreement (only in respect of the year ending 31 December 2011) and Renewal Licence Agreement	660,000.00	660,000.00	660,000.00	440,000.00
New Tenancy Agreement	310,000.00	12,100,000.00	14,140,000.00	8,500,000.00
Total	<u>14,310,000.00</u>	<u>24,890,000.00</u>	<u>23,280,000.00</u>	<u>14,040,000.00</u>

Since the relevant percentage ratios for the Transactions calculated on an annual basis by reference to the aggregate sum of rents, licence fees and other charges (exclusive of Government rates) payable by the HREAL to the Group, even when aggregated with the annual caps of the Existing Agreements as stated in the Previous Announcements, are more than 0.1% but less than 5%, in accordance with Rule 14A.34 of the Listing Rules, the Transactions are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirement.

## **GENERAL**

The Company's principal activities consist of hotel business, food and beverage operations, travel operation and property business. The principal business of Shahdan is property rental.

The principal activities of HREAL are provision of financial, management and agency services.

## **DEFINITIONS**

Unless otherwise defined, the following expressions shall have the following meanings in this announcement:

“Board”	the board of Directors
“Company”	Miramar Hotel and Investment Company, Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Henderson Land”	Henderson Land Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“HREAL”	Henderson Real Estate Agency Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Henderson Land
“Licence Agreement”	the licence agreement entered into between Shahdan as licensor and HREAL as licensee in respect of Signage A dated 26 February 2010
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Agreements”	collectively, the New Tenancy Agreement, the Shops 503A-C Renewal Tenancy Agreement, the Shops 609-12 Renewal Tenancy Agreement and the Renewal Licence Agreement
“New Tenancy Agreement”	the letter agreement entered into between Shahdan as landlord and HREAL as tenant in respect of the tenancy of Premises I dated 12 August 2011
“Office Units 609-12 Tenancy Agreement”	the tenancy agreement entered into between Shahdan as landlord and HREAL as tenant in respect of Premises III on 26 February 2010
“Premises I”	Shops 501-502, 5/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Premises II”	Shops 503A-C, 5/F., Miramar Shopping Centre, 132

Nathan Road, Tsimshatsui, Kowloon, Hong Kong

“Premises III”	Office units 609-12, 6/F., Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Previous Announcements”	the announcements of the Company dated 15 August 2008, 16 March 2009, 26 February 2010 and 7 December 2010
“Renewal Licence Agreement”	the letter agreement entered into between Shahdan as licensor and HREAL as licensee in respect of the renewal of the license of Signage A dated 12 August 2011
“Shahdan”	Shahdan Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Shops 503A-C Renewal Tenancy Agreement”	the letter agreement entered into between Shahdan as landlord and HREAL as tenant in respect of the renewal of the tenancy of Premises II dated 12 August 2011
“Shops 503A-C Tenancy Agreement”	the tenancy agreement entered into between Shahdan as landlord and HREAL as tenant in respect of Premises II on 26 February 2010
“Shops 609-12 Renewal Tenancy Agreement”	the letter agreement entered into between Shahdan as landlord and HREAL as tenant in respect of the renewal of the tenancy of Premises III dated 12 August 2011
“Signage A”	Signage A on the external wall facing Nathan Road of Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	collectively, the transactions contemplated under the New Agreements

By Order of the Board  
Chu Kwok Sun  
Corporate Secretary

Hong Kong, 12 August 2011

*As at the date of this announcement, (i) the executive Directors are Dr. Lee Shau Kee, Mr. Lee Ka Shing, Mr. Richard Tang Yat Sun, Mr. Colin Lam Ko Yin, Mr. Norman Ho Hau Chong and Mr. Eddie Lau Yum Chuen; (ii) the non-executive Directors are Dr. Patrick Fung Yuk Bun, Mr. Dominic Cheng Ka On, Mr. Tony Ng, Mr. Howard Yeung Ping Leung, Mr. Thomas Liang Cheung Biu and Mr. Alexander Au Siu Kee; (iii) the independent non-executive Directors are Dr. David Sin Wai Kin, Mr. Wu King Cheong and Dr. Timpson Chung Shui Ming.*