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MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 71)

CONNECTED TRANSACTION

IN RESPECT OF DISPOSAL OF BOONEVILLE

On 30 September 2011, Napoleon, a wholly-owned subsidiary of the Company, entered into the Agreement with Best Homes, a connected person of the Company, relating to the disposal of the Sale Share and Sale Loan by Napoleon to Best Homes for the Consideration.

Best Homes is a company indirectly controlled by the private trust of the family of Dr. Lee Shau Kee, who is an executive Director. Accordingly, Best Homes is regarded as a connected person of the Company under Chapter 14A of the Listing Rules, therefore the Disposal contemplated under the Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in relation to the Disposal is more than 0.1% but all are less than 5% for the Company, under Rule 14A.32 of the Listing Rules, the Disposal contemplated under the Agreement is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DETAILS OF THE AGREEMENT

The principal terms of the Agreement are set out below:

Date

30 September 2011

Parties

- (1) Vendor: Napoleon, a wholly-owned subsidiary of the Company
- (2) Purchaser: Best Homes, a connected person of the Company

Assets to be disposed of

Best Homes has agreed to acquire from Napoleon the Sale Share and the Sale Loan and Napoleon has agreed to sell to Best Homes the Sale Share and the Sale Loan.

Consideration

The Consideration shall be 50% of the difference between the total assets value of Booneville on Completion and the total current liabilities of Booneville (excluding the amount of the Loans) on Completion. If calculated based on the total assets value and total current liabilities (excluding the amount of the Loans) derived from the Management Accounts, the Consideration shall be HK\$883,886.39 (the “**Initial Consideration Amount**”).

The Consideration represents the aggregate consideration for the Sale Share and the Sale Loan, out of which the consideration for the Sale Share shall be HK\$1.00 and the consideration for the Sale Loan shall be the balance thereof.

The Initial Consideration Amount shall be paid by Best Homes to Napoleon (or as Napoleon may direct) upon Completion by way of cheque or a cashier order issued by a licensed bank in Hong Kong, and shall be subject to adjustment in the following manners (if any):

- (a) In the event that the amount of total assets value less total current liabilities (excluding the amount of the Loans) shown in the Audited Completion Accounts (the “**Completion Accounts Figure**”) is less than the amount of total assets value less total current liabilities (excluding the amount of the Loans) shown in the Management Accounts (the “**Management Accounts Figure**”), Napoleon shall pay to Best Homes a sum equivalent to half of the difference between the Completion Accounts Figure and the Management Accounts Figure within 30 days after the receipt of the Audited Completion Accounts by Napoleon; and
- (b) In the event that the Completion Accounts Figure exceeds the Management Accounts Figure, Best Homes shall pay to Napoleon a sum equivalent to half of the difference between the Completion Accounts Figure and the Management Accounts Figure within 30 days after the receipt of the Audited Completion Accounts by Best Homes.

The Consideration was arrived at after arm’s length negotiations between the parties of the Agreement. As the Sale Share represents 50% of the total issued shares of Booneville and the Sale Loan represents 50% of all the shareholders’ loans owed by Booneville to its shareholders, the Consideration was determined based on 50% of the difference between the total assets value of Booneville as at the Completion Date and the total current liabilities of Booneville (excluding the amount of the Loans) as at the Completion Date.

FINANCIAL INFORMATION ON BOONEVILLE

Booneville is a company incorporated in Hong Kong with an issued share capital of 2 ordinary shares of HK\$1.00 each, and is principally engaged in the operation of the Tsui Hang Village Restaurant located at Marina Cove, Sai Kung. As at the date of this announcement and immediately prior to Completion, Napoleon owns 1 ordinary share of Booneville, representing 50% of the entire issued share capital of Booneville. To the best knowledge of the Company, Booneville does not have any subsidiary.

Based on the Management Accounts, which were prepared in accordance with the generally

accepted accounting principles in Hong Kong, the unaudited shareholders' deficit of Booneville as at 31 August 2011 was approximately HK\$22,232,227.

In accordance with the generally accepted accounting principles in Hong Kong, the audited profits before and after taxation of Booneville for the year ended 31 March 2009, the 9 months ended 31 December 2009 and the year ended 31 December 2010 are set out below:

	Year ended 31 March 2009 (audited) HK\$	Nine months ended 31 December 2009 (audited) HK\$	Year ended 31 December 2010 (audited) HK\$
Profit before taxation	29,248	108,542	493,138
Profit after taxation	29,248	108,542	493,138

Upon Completion, no gain or loss on the Disposal is expected to be recorded to the Group from the transaction contemplated under the Agreement. This is calculated by adding back the shareholders' deficit of Booneville share by the Group, and netting off the loss due to the assignment of the loan, which is prepared with reference to the generally accepted accounting principles in Hong Kong. The Company intends to use the sale proceeds for working capital of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Directors consider that the Disposal will result in a more cost efficient model for the Group's food and beverage operations and allow the Group to be more focused on its food and beverage operations by reallocating its resources effectively to other food and beverage operations of the Group.

The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Agreement 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.

LISTING RULES

Best Homes is a company indirectly controlled by the private trust of the family of Dr. Lee Shau Kee, who is an executive Director. Accordingly, Best Homes is regarded as a connected person of the Company under Chapter 14A of the Listing Rules, therefore the Disposal contemplated under the Agreement constitutes a connected transaction of 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 of Best Homes, they have material interest in the Disposal. 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 contemplated under the Agreement including the Disposal.

As one of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in relation to the Disposal is more than 0.1% but all are less than 5% for the Company, under Rule 14A.32 of the Listing Rules, the Disposal contemplated under the Agreement is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

The Group's principal activities consist of hotel business, food and beverage operations, travel operation, property business and apparel business.

The principal activities of Napoleon are investment holding and the provision of management services to group companies.

The principal activity of Best Homes is investment holding.

DEFINITIONS

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

“Agreement”	the sale and purchase agreement entered into between Napoleon as vendor and Best Homes as purchaser in respect of sale and purchase of the Sale Share and Sale Loan dated 30 September 2011
“Audited Completion Accounts”	audited completion accounts of Booneville to be prepared by the Auditor within 3 months after the Completion Date, which shall include, inter alia, the audited balance sheet of Booneville as at the Completion Date and the audited profit and loss account of Booneville for the period from 1 January 2011 to the Completion Date
“Auditor”	the auditor to be appointed by Best Homes for the purpose of preparing the Audited Completion Accounts, the appointment of which is to be agreed between the parties to the Agreement
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Booneville”	Booneville Company Limited, a company incorporated in Hong Kong
“Best Homes”	Best Homes Limited, a company incorporated in Hong Kong
“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
“Completion”	completion of the Agreement
“Completion Date”	30 September 2011, the date on which the Completion shall take place
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration payable by Best Homes to Napoleon as set out under the paragraph headed “Consideration” in this announcement
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Share and the Sale Loan by Napoleon, a wholly owned subsidiary of the Company, to Best Homes as contemplated under the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	all shareholders’ loans (including the Sale Loan) owing by Booneville to its shareholders immediately before Completion, which are in the principal amount of HK\$24 million as at the date of the Agreement
“Management Accounts”	the unaudited balance sheet of Booneville as at 31 August 2011 and the unaudited profit and loss account of Booneville for the period from 1 January 2011 to 31 August 2011
“Napoleon”	Napoleon Restaurant Limited, a company incorporated in Hong Kong
“Sale Loan”	the shareholder’s loan owing by Booneville to Napoleon immediately before Completion, which is in the principal amount of HK\$12 million as at the date of the Agreement
“Sale Share”	1 ordinary share of HK\$1.00 of Booneville, representing 50% of its issued share capital as at the date of the Agreement and as at Completion which is legally and beneficially owned by Napoleon
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary” has the meaning ascribed thereto under the Listing Rules
“%” per cent.

By Order of the Board
Chu Kwok Sun
Corporate Secretary

Hong Kong, 30 September 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 Bui 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.