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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 Tenancy Agreement and Licence Agreements

The Board would like to announce that the Group entered into the following agreements on 1 March 2007 with HREAL, a connected person of the Company, which constitute continuing connected transactions of the Company:

- (1) the Tenancy Agreement entered into between Shahdan, a wholly-owned subsidiary of the Company, as landlord and HREAL as tenant;
- (2) the First Licence Agreement entered into between Shahdan as licensor and HREAL as licensee; and
- (3) the Second Licence Agreement entered into between Contender, a wholly-owned subsidiary of the Company, as licensor and HREAL as licensee.

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 Tenancy Agreement, the First Licence Agreement and the Second Licence Agreement continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since one of the relevant percentage ratios for the Transactions calculated on an annual basis by reference to the aggregate sum of rents, fees and charges payable by HREAL to the Group is more than 0.1%, but all the relevant percentage ratios are less than 2.5%, 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 Tenancy Agreement, the First Licence Agreement and the Second Licence Agreement are set out below in this announcement.

DETAILS OF THE TENANCY AGREEMENT

- Signing date: 1 March 2007
- Parties: Shahdan as landlord
HREAL as tenant
- Premises I: Shop 503C, 5/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
- Premises II: Office units 609-12, 6/F., Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
- Terms for Premises I and Premises II: one year commencing from 5 February 2007 to 4 February 2008
- Rent and other charges for Premises I and Premises II:
- Premises I:
- (a) rent payable on a monthly basis (exclusive of Government rates, management fee and air-conditioning charges) during the term is HK\$125,450.00;
 - (b) aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated management company of Premises I) is HK\$24,989.60; and
 - (c) monthly promotion contribution, being 1% of the monthly rent of Premises I (subject to periodic review by Shahdan) is HK\$1,254.50.
- Premises II:
- (a) rent payable on a monthly basis (exclusive of Government rates, management fee and air-conditioning charges) during the term is HK\$255,000.00; and
 - (b) aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated management company of Premises II) is HK\$42,024.00.
- Premises I and Premises II:
- (a) vetting fee payable to Shahdan for vetting HREAL's decoration plans is HK\$15,218.00; and
 - (b) debris disposal fee payable to Shahdan upon signing of the Tenancy Agreement is HK\$30,436.00.

Rent-free period for Premises I and Premises II: rent-free period from 5 February 2007 to 4 March 2007 during which HREAL is not obliged to pay rent but pay for the management fee, air-conditioning charges, Government rates for Premises I and Premises II, and in respect of Premises I only, the promotion contribution

User To be used as a property agency only

DETAILS OF THE FIRST LICENCE AGREEMENT

Signing date: 1 March 2007

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: seven months from the date which shall be the 7th day from the date of notification by Shahdan or its agent that the vacant possession is ready for delivery while the expiry date of the licence shall be not later than 29 February 2008

Licence Fee: the licence fee (inclusive of electricity charges) payable on a monthly basis during the term is HK\$60,000.00

User To be used for advertising the trade name of the licensee

DETAILS OF THE SECOND LICENCE AGREEMENT

Signing date: 1 March 2007

Parties: Contender as licensor
HREAL as licensee

Signage B Signage B on the external wall facing Kimberley Road of Hotel Miramar Shopping Arcade, 118-130 Nathan Road, Tsimshatsui, Kowloon, Hong Kong

Term: ten months, from 1 May 2007 to 29 February 2008

Licence Fee: the licence fee (inclusive of electricity charges) payable on a monthly basis during the term is HK\$80,000.00

User To be used for advertising the trade name of the licensee

REASONS FOR THE TRANSACTIONS

Miramar Shopping Centre, Miramar Tower and Hotel Miramar Shopping Arcade are held by the Group as investment for rental purposes. The Directors (including the independent non-executive Directors) are of the opinion that 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 Transactions were determined after arm's length negotiations between the parties and after making reference to prevailing open market rents and licence fees as at 1 February 2007 as valued by Savills Valuation and Professional Services Limited, an independent property valuer. References are also made to the standard tenancy agreements and licence agreements entered into with other tenants and licensees of Miramar Shopping Centre, Miramar Tower and Hotel Miramar Shopping Arcade to determine the terms of the Tenancy Agreement, the First Licence Agreement and the Second Licence Agreement.

As the Transactions were entered into in the ordinary and usual course of business of Shahdan and Contender and that the rents, licence fees and other terms of the Transactions were determined after arm's length negotiations between the parties with reference to prevailing market rents and prevailing licence fees and the standard tenancy agreements and licence agreements entered into with other tenants and licensees of Miramar Shopping Centre, Miramar Tower and Hotel Miramar Shopping Arcade, the Directors are of the opinion that the terms of the Transactions 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 Tenancy Agreement, the First Licence Agreement and the Second Licence Agreement continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The aggregate annual rental and fees payable by HREAL to the Group under the Agreements for each of the financial years ending 31 March 2007 and 2008 will be subject to the following caps:

	Year ending 31 March 2007 HK\$	Year ending 31 March 2008 HK\$
Tenancy Agreement	530,000.00	4,780,000.00
First Licence Agreement	—	420,000.00
Second Licence Agreement	—	800,000.00
Total	<u>530,000.00</u>	<u>6,000,000.00</u>

Since one of the relevant percentage ratios for the Transactions calculated on an annual basis by reference to the aggregate sum of rents and fees payable by HREAL to the Group is more than 0.1%, but all the relevant percentage ratios are less than 2.5%, 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.

GENERAL

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

The principal businesses of Shahdan is property rental and of Contender is hotel operation and property rental.

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

As at the date of this announcement, (i) the executive Directors are Dr. Lee Shau Kee, Mr. Richard Tang Yat Sun, Mr. Colin Lam Ko Yin, Mr. Lee Ka Shing, Mr. Norman Ho Hau Chong, Mr. Eddie Lau Yum Chuen and Mr. Peter Yu Tat Kong; (ii) the non-executive Directors are Mr. Woo Kim Phoe, 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 Mr. Timpson Chung Shui Ming.

DEFINITIONS

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

“Agreements”	collectively, the Tenancy Agreement, the First Licence Agreement and the Second Licence Agreement
“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
“Contender”	Contender Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Directors”	the directors of the Company

“First Licence Agreement”	the licence agreement entered into between Shahdan as licensor and HREAL as licensee in respect of Signage A dated 1 March 2007
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Premises I”	Shop 503C, 5/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Premises II”	Office units 609-12, 6/F., Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Second Licence Agreement”	the licence agreement entered into between Contender as licensor and HREAL as licensee in respect of Signage B dated 1 March 2007
“Shahdan”	Shahdan Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Signage A”	Signage on the external wall facing Nathan Road of Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Signage B”	Signage on the external wall facing Kimberley Road of Hotel Miramar Shopping Arcade, 118-130 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement entered into between Shahdan as landlord and HREAL as tenant in respect of Premises I and Premises II on 1 March 2007

“Transactions”

collectively, the transactions contemplated under the Tenancy Agreement entered into between Shahdan and HREAL on 1 March 2007, the First Licence Agreement entered into between Shahdan and HREAL on 1 March 2007 and the Second Licence Agreement entered into between Contender and HREAL on 1 March 2007 which are treated as if they were one transaction pursuant to Rule 14A.25 of the Listing Rules

By Order of the Board
Chu Kwok Sun
Corporate Secretary

Hong Kong, 1 March 2007