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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 RENEWAL OF LEASES AND LICENCE**

Reference is made to the announcement of the Company dated 12 September 2008 in relation to, inter alia, the First Tenancy Agreement, the Second Tenancy Agreement and the Licence Agreement.

The First Tenancy Agreement and the Second Tenancy Agreement has been expired on 4 February 2010 and the Licence Agreement will expire on 28 February 2010. The Board announces that, at the request of HREAL, the Group entered into the following agreements on 26 February 2010 with HREAL, a connected person of the Company, which constitute continuing connected transactions of the Company:

- (1) the Renewal First Tenancy Agreement entered into between Shahdan, a wholly-owned subsidiary of the Company, as landlord and HREAL as tenant;
- (2) the Renewal Second Tenancy Agreement entered into between Shahdan as landlord and HREAL as tenant;
- (3) the Renewal Licence Agreement entered into between Shahdan 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 Renewal First Tenancy Agreement, the Renewal Second 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 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 Transactions are set out below in this announcement.

Reference is made to the announcement of the Company dated 15 August 2008, 12 September 2008 and 16 March 2009 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 3 years commencing from 16 June 2008; (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; (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; (iv) the First Tenancy Agreement; (v) the Second Tenancy Agreement; (vi) the Licence Agreement; and (vii) a tenancy agreement dated 16 March 2009 entered into between Shahdan as landlord and Citistore Properties Limited, a wholly-owned subsidiary of Henderson Land, as tenant in respect of Shop 2004, 2/F, Miramar Shopping Centre for a term of 3 years commencing from 3 October 2008 (collectively the “**Existing Agreements**”) which constitute continuing connected transactions of the Company.

The First Tenancy Agreement and the Second Tenancy Agreement has been expired on 4 February 2010 and the Licence Agreement will expire on 28 February 2010. The Board announces that, at the request of HREAL, the Group and HREAL has on 26 February 2010 entered into the Renewal First Tenancy Agreement, the Renewal Second Tenancy Agreement and the Renewal Licence Agreement.

#### **DETAILS OF THE RENEWAL FIRST TENANCY AGREEMENT**

- Signing date: 26 February 2010
- Parties: Shahdan as landlord  
HREAL as tenant
- Premises I: Shop 503A-C, 5/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
- Term: For a term of eighteen months commencing from 5 February 2010 to 4 August 2011, both days inclusive, provided that both the landlord and the tenant shall have the right to early terminate this tenancy agreement by giving a notice of not less than three months to other party after 5 November 2010.
- 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\$421,000.00;
  - (b) Government rates (subject to Government’s review) is HK\$59,250.00 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 I) is HK\$76,528.80; and
  - (d) monthly promotion contribution, being 1% of the monthly rent of Premises I, that is, HK\$4,210.00, subject to periodic review by Shahdan.

*(Note: Payment of items (a), (c) and (d) shall be payable in*

*advance on the first day of every calendar month; payment of item (b) shall be payable on the first day of January, April, July and October; and all payment will usually be made by way of cheque)*

User To be used as a property agency only

## **DETAILS OF THE RENEWAL SECOND TENANCY AGREEMENT**

Signing date: 26 February 2010

Parties: Shahdan as landlord  
HREAL as tenant

Premises II: Office units 609-12, 6/F., Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong

Term: A fixed term of eighteen months commencing from 5 February 2010 to 4 August 2011, both days inclusive. Both the landlord and the tenant shall have the right to early terminate this tenancy agreement by serving three months' prior written notice to other party after 5 November 2010.

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\$232,000.00;

(b) Government rates (subject to Government's review) is HK\$38,250.00 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 II) is HK\$44,574.00.

*(Note: Payment of item (a) shall be payable in advance on the first day of every calendar month; payment of item (b) shall be payable on the first day of January, April, July and October; and payment of item (c) will usually be made in advance on the first day of each month and all payment will usually be made by way of cheque)*

User To be used under the name of HREAL only  
*(Note: Premises II is currently used by HREAL as a property agency and, as informed by HREAL, Premises II will continue to be used as a property agency.)*

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

Signing date:	26 February 2010
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:	A term of eighteen months commencing from 1 March 2010 to 31 August 2011 subject to the right of early termination. Both the licensor and the licensee shall have the right to early terminate this licence agreement by giving a notice not less than 3 months after 1 December 2010.
Licence fee and other charges:	(a) The licence fee (inclusive of electricity charges) payable on a monthly basis during the term is HK\$50,000.00; and  (b) Government rates (subject to Government's review) is HK\$4,050.00 per quarter.  <i>(Note: Payment of item (a) shall be payable in advance on the first day of each month; payment of item (b) shall be payable upon Shahdan receives the rates assessment bill from the Rating &amp; Valuation Department and all payment will usually be made by way of cheque)</i>
User:	To be used for advertising the trade name of the licensee only

## **REASONS FOR THE TRANSACTIONS**

Miramar Shopping Centre and Miramar Tower are held by the Group as investment for rental purposes. 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 the Premises I and II and market licence fee of Signage A endorsed by a valuation certificate dated 18 January 2010 by Savills Valuation and Professional Services 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 Renewal First Tenancy Agreement, the Renewal Second Tenancy Agreement and the Renewal Licence Agreement continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The aggregate annual rental, licence fees and other charges (exclusive of Government rates) payable by the HREAL to the Group under the Transactions for each of the financial years ending 31 December 2010 and 2011 will be subject to the following cap amounts of HK\$10,840,000 and HK\$6,440,000 respectively. The cap amounts are determined with reference to the annual rent, management fees, air-conditioning charges, promotion contribution, licence fees and other charges payable under the New Agreements.

The breakdown of the cap amounts for the aggregate rental and fees payable by HREAL to the Group under the Transactions are as follows:

	Year ending 31 December 2010 <i>HK\$</i>	Year ending 31 December 2011 <i>HK\$</i>
Renewal First Tenancy Agreement	6,300,000	3,700,000
Renewal Second Tenancy Agreement	3,900,000	2,300,000
Renewal Licence Agreement	640,000	440,000
Total	10,840,000	6,440,000

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 announcement of the Company dated 15 August 2008, 12 September 2008 and 16 March 2009, 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.

## 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
“First Tenancy Agreement”	the tenancy agreement entered into between Shahdan as landlord and HREAL as tenant in respect of Premises I on 12 September 2008
“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 12 September 2008
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Agreements”	collectively, the Renewal First Tenancy Agreement, the Renewal Second Tenancy Agreement and the Renewal First Licence Agreement
“Premises I”	Shop 503A-C, 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
“Renewal First Tenancy Agreement”	the tenancy agreement entered into between Shahdan as landlord and HREAL as tenant in respect of Premises I on 26 February 2010

“Renewal Licence Agreement”	the licence agreement entered into between Shahdan as licensor and HREAL as licensee in respect of Signage A dated 26 February 2010
“Renewal Second Tenancy Agreement”	the tenancy agreement entered into between Shahdan as landlord and HREAL as tenant in respect of Premises II on 26 February 2010
“Second Tenancy Agreement”	the tenancy agreement entered into between Shahdan as landlord and HREAL as tenant in respect of Premises II on 12 September 2008
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	collectively, the transactions contemplated under the Renewal First Tenancy Agreement, the Renewal Second Tenancy Agreement and the Renewal Licence Agreement

By Order of the Board  
 Chu Kwok Sun  
 Corporate Secretary

Hong Kong, 26 February 2010

*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 Mr. Timpson Chung Shui Ming.*