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

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 71)

### **CONTINUING CONNECTED TRANSACTION REGARDING THE RENEWAL OF SUB-LEASE AND LICENCES AT IFC MALL**

Reference is made to the 2005 Announcement relating to a continuing connected transaction concerning the entering into in respect of a Confirmation of Sub-Lease between Profit Advantage Limited, a wholly-owned subsidiary of the Company as tenant and IFC Development Limited as landlord, whereby the Landlord agreed to sub-lease to the Tenant the Premises, the principal terms of which were disclosed in the 2005 Announcement.

On 6 July 2007, the Board announced that it has exercised the first option as contemplated under the Confirmation of Sub-Lease to renew the Sub-Lease, the principal terms of which were disclosed in the 2007 Announcement.

As the First Renewed Period of the Confirmation of Sub-Lease expired on 6 July 2010, the Board wishes to announce that it has exercised the second option as contemplated under the Confirmation of Sub-Lease to renew the Sub-Lease for a term of 3 years commencing from 7 July 2010 to 6 July 2013 at a basic rent of HK\$697,161.60 per month plus the Turnover Rent (exclusive of rates, air-conditioning and management charges, promotional levy and all other outgoings (if any)). Certain storerooms and advertisement lightbox(es) at the ifc Mall are also being licenced by the Landlord to the Tenant on an annual basis (or such shorter period as may be agreed between the Landlord and the Tenant), at an aggregate licence fee of HK\$31,630.00 (inclusive of management charges but exclusive of air-conditioning charges, rates, electricity, tax and other outgoings (if any)) per month, which will be subject to termination upon termination of the Second Renewed Sub-Lease.

As the Landlord is an associate of Henderson Land Development Company Limited, a substantial shareholder of the Company, it is a connected person of the Company, thereby rendering the transactions contemplated under the Second Renewed Sub-Lease and the Licences continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Since the relevant percentage ratios for the transactions contemplated under the Second Renewed Sub-Lease and the Licences, if aggregated with the transactions contemplated under the Initial Renewed Sub-Lease and the Licences, will be more than 0.1% but less than 5% on an aggregated and annual basis, in accordance with Rule 14A.34 of the Listing Rules, the transactions contemplated under the Second Renewed Sub-Lease and the Licences 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.

## **DETAILS OF THE SECOND RENEWED SUB-LEASE AND THE LICENCES**

Date	22 July 2010
Parties:	Profit Advantage Limited, a wholly-owned subsidiary of the Company, as tenant (in respect of the Second Renewed Sub-Lease) and as licensee (in respect of the Licences)  IFC Development Limited, an associate of Henderson Land Development Company Limited, as landlord (in respect of the Second Renewed Sub-Lease) and as licensor (in respect of the Licences)
Location:	Shop Nos. 3101-3107 on Level Three of ifc Mall and certain storerooms and advertisement lightbox(es) at ifc Mall
Term:	Three (3) years commencing from 7 July 2010 to 6 July 2013, and for the Licences, on an annual basis (and/or such shorter period as may be agreed between the Landlord and the Tenant) subject to termination upon termination of the Second Renewed Sub-Lease
Rent and other charges:	The Second Renewed Sub-Lease is at a basic rent of HK\$697,161.60 plus the Turnover Rent (exclusive of rates, air-conditioning and management charges, promotional levy and all other outgoings (if any)); and the Licences are at an aggregate licence fee of HK\$31,630.00 (inclusive of management charges but exclusive of air-conditioning charges, rates, electricity, tax and other outgoings (if any)) per month; which shall both be payable on a monthly basis  The aggregate air-conditioning and management charges and promotional levy payable on monthly basis in respect of the Second Renewed Sub-Lease shall be approximately HK\$328,408.30 per month (subject to review from time to time) and the extra air-conditioning charges at a rate of HK\$1,216.00 per day (subject to review from time to time). The aggregate air-conditioning charges payable on a monthly basis in respect of the Licences shall be approximately HK\$21,814.22 per month (subject to review from time to time)

## **REASONS FOR ENTERING INTO THE SECOND RENEWED SUB-LEASE AND THE LICENCES**

The Company, through its wholly-owned subsidiary, Profit Advantage Limited, has commenced operating two up-market restaurants at the Premises since February 2005 and the Directors (including independent non-executive Directors) are of the opinion that ifc Mall, being a landmark in Hong Kong located in the city center, is an ideal location for the Company to continue to operate the two up-market restaurants and to bring profits to the Group. The storerooms and the advertisement lightbox(es) under the Licences are used in connection with the restaurant business and the Directors (including independent non-executive Directors) are of the opinion that the use of the storerooms and the advertisement lightbox(es) are desirable for the operation of the restaurant business in ifc Mall. The terms of the Second Renewed Sub-Lease and the Licences were determined after arm's length negotiations between the parties. The basic rent for the Second Renewed Sub-Lease is determined with reference to the open market rent for the Premises as agreed between the Landlord and the Tenant provided that the basic rent shall not be less than the basic rent paid for the last calendar

month of the First Renewal Period or more than 120% of the basic rent paid for the last calendar month of the First Renewed Period as provided in the Confirmation of Sub-Lease. The Licence fees and other charges are determined after making reference to the licence fees and other charges payable for similar premises and licence in ifc Mall.

The Directors (including independent non-executive Directors) are of the opinion that the Second Renewed Sub-Lease and the Licences were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms after arm's length negotiations between the parties; and (iii) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## LISTING RULES

As the Landlord is an associate of Henderson Land Development Company Limited, a substantial shareholder of the Company, it is a connected person of the Company, thereby rendering the transactions contemplated under the Second Renewed Sub-Lease and the Licences 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 Development Company Limited, 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 of the annual rent, licence fees, management and air-conditioning charges and promotional levy (if applicable) payable by the Tenant to the Landlord in respect of the Transactions for each of the financial years ended 31 December 2010, 2011, 2012 and 2013 will be subject to the cap amounts of HK\$14,000,000, HK\$15,000,000, HK\$16,000,000 and HK\$8,100,000 respectively. The cap amounts are determined with reference to the estimated aggregate of the annual basic rent, Turnover Rent, licence fees, management and air-conditioning charges and promotional levy (if applicable) payable in respect of the Transactions. In determining the annual Turnover Rent for the cap amounts, the Company estimates the Gross Receipts by reference to the total Gross Receipts for the last financial year and its estimated annual growth.

The breakdown of the cap amounts for the aggregate annual rental and other charges payable by the Tenant to the Landlord under the Transactions are as follows:

	Year ending 31 December 2010 HK\$	Year ending 31 December 2011 HK\$	Year ending 31 December 2012 HK\$	Year ending 31 December 2013 HK\$
Initial Renewed Sub-Lease and Licences	6,420,000	---	---	---
Second Renewed Sub-Lease and the Licences	<u>7,580,000</u>	<u>15,000,000</u>	<u>16,000,000</u>	<u>8,100,000</u>
Total	14,000,000 =====	15,000,000 =====	16,000,000 =====	8,100,000 =====

Since the relevant percentage ratios for the transactions contemplated under the Second Renewed Sub-Lease and the Licences, if aggregated with the transactions contemplated under the Initial Renewed Sub-Lease and Licences, will be more than 0.1% but less than 5% on an aggregated and annual basis, in accordance with Rule 14A.34 of the Listing Rules, the transactions contemplated under the Second Renewed Sub-Lease and the Licences 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 activities of Henderson Land Development Company Limited and its subsidiaries are property development and investment, property leasing, finance, building construction, infrastructure business, hotel operation, department store operation, project management, property management and investment holding.

## **DEFINITIONS**

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

“2005 Announcement”	the announcement of the Company dated 8 March 2005 relating to the entering into of the Confirmation of Sub-Lease
“2007 Announcement”	the announcement of the Company dated 6 July 2007 relating to the entering into of the Initial Renewed Sub-Lease
“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 Stock Exchange
“Confirmation of Sub-Lease”	a confirmation of sub-lease dated 8 February 2005 entered into between the Landlord and the Tenant in respect of the Premises as disclosed in the 2005 Announcement
“Directors”	the directors of the Company
“Gross Receipts”	the gross amount of all sums billed or received in the course of the Tenant's business conducted at the Premises excluding 10% service charge
“Group”	the Company and its subsidiaries
“ifc Mall”	ifc Mall (Retail Accommodation on Site R of Inland Lot No.8898) in Hong Kong, being the premises leased to the Landlord from MTR Corporation Limited under a head lease in 2003

“Initial Renewed Sub-Lease”	the renewed Sub-Lease for a term of 3 years commencing from 7 July 2007 to 6 July 2010 (“First Renewal Period”) at a basic rent of HK\$580,968.00 per month plus the Turnover Rent
“Landlord”	IFC Development Limited, indirectly owned as to approximately 34.21% by Henderson Land Development Company Limited, thereby an associate of Henderson Land Development Company Limited and a connected person of the Company
“Licences”	licences of certain storerooms and advertisement lightbox(es) at ifc Mall being obtained and/or which may be obtained by the Tenant from the Landlord.
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Premises”	Shop Nos. 3101-3107 on Level Three of ifc Mall subleased to the Tenant as disclosed in the 2005 Announcement
“Second Renewed Sub-Lease”	the renewed Sub-Lease for a term of 3 years commencing from 7 July 2010 to 6 July 2013 at a basic rent of HK\$697,161.60 per month plus the Turnover Rent
“Sub-Lease”	the sub-lease of the Premises between the Landlord and the Tenant as contemplated under the Confirmation of Sub-Lease which was disclosed in the 2005 Announcement
“Tenant”	Profit Advantage Limited, a wholly-owned subsidiary of the Company
“Transactions”	the continuing connected transactions between the Landlord and the Tenant under the Initial Renewed Sub-Lease and Licences and the Second Renewed Sub-Lease and the Licences
“Turnover Rent”	the additional rent calculated as the excess of 10% of Gross Receipts against the basic rent of HK\$697,161.60 per month

By Order of the Board  
 Chu Kwok Sun  
*Corporate Secretary*

Hong Kong, 20 August 2010

As at the date of this announcement, (i) the executive directors of the Company 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 of the Company 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 of the Company are: Dr. David Sin Wai Kin, Mr. Wu King Cheong and Mr. Timpson Chung Shui Ming.