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MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED
(Incorporated in Hong Kong with limited liability)
Stock Code: 71

**CONTINUING CONNECTED TRANSACTION
REGARDING
CONFIRMATION OF LEASE AT WORLD FINANCIAL CENTRE,
BEIJING, THE PRC**

On 26 August 2010, the Confirmation of Lease was entered into between 北京高億房地產開發有限公司 (Beijing Gaoyi Property Development Co., Ltd.*) as landlord and Profit Advantage, a wholly-owned subsidiary of the Company as tenant, whereby the Landlord agreed to lease to the Tenant the Premises upon the principle terms as set out below in this announcement.

Profit Advantage is in the process of incorporating a wholly owned subsidiary in the PRC known as Beijing Cuisine Cuisine which will own and operate an up-market restaurant at the Premises. It is contemplated that after the obtaining of the business licence of Beijing Cuisine Cuisine in the PRC and at the request of Profit Advantage, Profit Advantage, Beijing Cuisine Cuisine and the Landlord will enter into a Novation Agreement whereby Profit Advantage will novate all its rights and obligations under the Lease to Beijing Cuisine Cuisine to the effect that Beijing Cuisine Cuisine shall become the Tenant.

As the Landlord is an indirect wholly owned subsidiary of Henderson Land, a substantial shareholder of the Company, it is an associate of Henderson Land, thus a connected person of the Company under the Listing Rules. The Transactions therefore constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules which are subject to reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules. The Transactions are not subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules as the applicable percentage ratios in respect of the Transactions, on an annual basis, do not exceed 5%.

DETAILS OF THE CONFIRMATION OF LEASE

- Date : 26 August 2010
- Parties : (1) Profit Advantage, a wholly-owned subsidiary of the Company, as tenant
- (2) 北京高億房地產開發有限公司 (Beijing Gaoyi Property Development Co., Ltd.*), an associate of a substantial shareholder of the Company, as landlord

Profit Advantage is in the process of incorporating a wholly owned subsidiary known as Beijing Cuisine Cuisine in the PRC, which will own and operate an up-market restaurant at the Premises. It is provided under the Confirmation of Lease that after obtaining the business licence of Beijing Cuisine Cuisine and within 30 days of notification from Profit Advantage, Profit Advantage, Beijing Cuisine Cuisine and the Landlord will enter into a Novation Agreement whereby Profit Advantage will novate all the rights and obligations under the Lease to Beijing Cuisine Cuisine. The Landlord has consented to and will cooperate with Profit Advantage to complete the aforesaid novation. Profit Advantage has agreed to guarantee the performance of all the obligations of Beijing Cuisine Cuisine under the Lease.

- Premises : Unit Nos. 201, 202, 203, 204 and 205 on Level Two of West Tower, WFC, with a total net area of 2,688.45 sq. m. (“**Rental Area**”)
- Term of Lease : Initial term of thirty-six (36) months commencing from 15 November 2010 or such other day as the Landlord has notified the Tenant by giving 21 days prior written notice, whichever is the later (the “**Initial Term**”)
- Rent : The monthly rent (exclusive of management fee and other related charges) shall be the Fixed Rent or the Turnover Rent, whichever is the higher, as determined below:
- (a) The fixed rent shall be determined with reference to the net area of the Premises at the rate of RMB130 (approximately HK\$149.40) per sq. m. (“**Fixed Rent**”), i.e. RMB349,498.50 (equivalent to approximately HK\$401,722.00) per calendar month based on the Rental Area. The final net area of the Premises (“**Final Rental Area**”) shall be determined based on the Actual Area Report which will be provided by the Landlord after the execution of the Confirmation of Lease, and therefore the final amount of Fixed Rent payable will be subject to adjustment based on the Final Rental Area; and

- (b) The turnover rent shall be the amount representing 7% of the Net Turnover before tax per month derived from the restaurant business operated at the Premises (“**Turnover Rent**”).

The Fixed Rent shall be payable monthly by the Tenant to the Landlord on the first day of each calendar month. The Tenant shall supply the Landlord with the amount of the Net Turnover before tax and the Turnover Rent of each calendar month (and the relevant supporting documents if so required by the Landlord) within 10 working days after the end of each calendar month. In the event that the Turnover Rent is higher than the Fixed Rent paid for the relevant month, the Tenant shall within 10 working days after the Landlord has confirmed the amount of the turnover for the relevant month, pay to the Landlord such amount representing the excess of the Turnover Rent over the Fixed Rent paid for the relevant month. The Tenant shall also provide the Landlord with the audited accountants report within 90 days following 31 December of each year to verify and determine the actual Net Turnover of each month during the financial period reported on, which shall be applied to calculate the actual monthly Turnover Rent payable for such period. Any excess rent that has been paid by the Tenant to the Landlord prior to the final determination of the actual monthly Net Turnover as mentioned above will be refunded by the Landlord and any shortfall will be paid by the Tenant to the Landlord.

Special provision

Notwithstanding the above, it is however provided that for the period from the date of commencement of the Initial Term and prior to the date when a total gross area of 91,184.01 sq. m. of the office space at WFC has been let (i.e. before the leasing rate having reached 50%), the rent payable per month for the Premises shall only be at a fixed rent calculated at the rate of RMB65 (approximately HK\$74.70) per sq. m. of net area (“**Initial Fixed Rent**”) and no Turnover Rent shall be required to be paid during such period. The Initial Fixed Rent shall be payable monthly by the Tenant to the Landlord on the first day of each calendar month during such period. Upon the leasing rate having reached 50%, the fixed rent payable per month shall become the Fixed Rent and the Turnover Rent, whichever is the higher as mentioned in the foregoing paragraphs.

Management fee and other charges : Management fee (exclusive of promotional levy) payable on a monthly basis shall be at the rate of RMB50 (approximately HK\$57.47) per sq. m. (subject to review from time to time by the Landlord or the property management company appointed by the Landlord), i.e. RMB134,422.50 (approximately HK\$154,508.62) per month based on the Rental Area. The management fee is determined with reference to the net area of the Premises and will

therefore be subject to adjustment by reference to the Final Rental Area of the Premises as determined by the Actual Area Report. The management fee shall be payable to the Landlord on the first day of each calendar month.

A deposit of RMB1,451,763.00 (representing three months' Fixed Rent (at RMB130 per sq. m.) and three months' management fee based on the Rental Area) is payable to the Landlord after the signing of the Confirmation of Lease, and an advanced payment of RMB309,171.75 (representing one month's Initial Fixed Rent at RMB65 per sq. m. and one month's management fee based on the Rental Area) is payable to the Landlord upon the signing of the formal agreement for the Lease. The deposit of the Fixed Rent, the Initial Fixed Rent and the management fee mentioned above will be subject to adjustment by reference to the Final Rental Area of the Premises as determined by the Actual Area Report.

Renovation period and rent free period : Upon signing of the formal lease agreement in respect of the Lease and the payment of the aforesaid deposit and advanced payment, the Landlord shall grant to the Tenant four months of renovation period from the commencement of the Initial Term, during which, the Tenant shall not be obliged to pay rent but shall pay the management fee and all other related charges.

The Tenant shall also be entitled to a further rent-free period of three months, being the fifth to the seventh month of the commencement of the Initial Term, during which, the Tenant shall not be obliged to pay rent but shall pay the management fee and all other related charges.

Option : The Tenant is entitled to (i) a first option (the "**1st Option**"), exercisable by the Tenant by giving the Landlord no less than 6 months' written notice prior to the expiry of the Initial Term to renew the Lease for 3 years ("**First Renewed Term**"); and (ii) a second option (the "**2nd Option**") exercisable by the Tenant by giving the Landlord no less than 6 months' written notice prior to the expiry of the First Renewed Term to further renew the Lease for a further 2 years ("**Second Renewed Term**") if the 1st Option has been exercised by the Tenant. The parties will enter into new lease agreement(s) if the 1st Option and/or the 2nd Option is exercised to renew the duration of the Lease.

The monthly rent chargeable for the First Renewed Term and the Second Renewed Term shall be the relevant fixed rent or the turnover rent, whichever is the higher, to be determined with reference to the then prevailing market rent provided that, (i) in respect of the First Renewed Term, the fixed rent per month shall not be lower than the monthly Fixed Rent payable during the Initial Term and should not represent more than 15% increment over the monthly Fixed Rent payable during the Initial Term; and

(ii) in respect of the Second Renewed Term, the fixed rent per month shall not be lower than the monthly fixed rent payable during the First Renewed Term and should not represent more than 15% increment over the monthly fixed rent payable during the First Renewed Term. In respect of both the First Renewed Term and the Second Renewed Term, the calculation of the turnover rent per month shall be the same as the Turnover Rent per month under the Initial Term.

- Usage : The Premises shall be used for operating an up-market restaurant.
- Formal lease agreement : After signing of the Confirmation of Lease, the parties shall proceed to prepare a formal lease agreement in respect of the Lease to be entered into between the Landlord and the Tenant which shall reflect the terms as set out in the Confirmation of Lease.

The rent, management fee and other related charges (if any) payable under the Lease will be financed by internal resources of the Group. The aggregate of the annual rent, management fee and other related charges (if any) payable by the Tenant to the Landlord under the Transactions for each of the financial years ended 31 December 2010, 2011, 2012 and 2013 will be subject to the annual cap amounts of RMB270,000 (approximately HK\$310,000), RMB6,230,000 (approximately HK\$7,200,000), RMB9,700,000 (approximately HK\$11,200,000) and RMB8,300,000 (approximately HK\$9,500,000) respectively. The annual cap amounts are determined with reference to the estimated aggregate of the annual rent, management fee and all other related charges payable under the Transactions. In determining the annual Turnover Rent for determining the annual cap amounts, the Company has estimated the Net Turnover per month by reference to the projected number of customers and the average bill amount for each customer in the restaurant.

REASONS FOR THE TRANSACTIONS

The Company, through its indirect wholly-owned subsidiary, Beijing Cuisine Cuisine, will operate an up-market restaurant serving Cantonese cuisine at the Premises. The Directors (including independent non-executive Directors) are of the opinion that WFC is an ideal location for the Company to operate the up-market restaurant and to bring profits to the Group.

The terms of the Transactions were determined after arm's length negotiations between the parties. The terms of the Lease (including the terms for determining the rental) is determined with reference to prevailing market terms and conditions.

The Company has recently engaged Savills Valuation and Professional Services Limited, independent valuers, to review the terms of the Confirmation of Lease. On the basis of the opinion given by Savills Valuation and Professional Services Limited, the Directors (including independent non-executive Directors) are of the opinion that the Transactions 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 with reference to the prevailing market terms and conditions; and (iii) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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 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.

As the Landlord is an indirect wholly owned subsidiary of Henderson Land, a substantial shareholder of the Company, it is an associate of Henderson Land and thus a connected person of the Company under the Listing Rules. The Transactions therefore constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules which are subject to reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules. The Transactions are not subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules as the applicable percentage ratios in respect of the Transactions, on an annual basis, do not exceed 5%.

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.

DEFINITIONS

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

“Actual Area Report”	最終實測面積報告, the report determining the final net area of the Premises
“Beijing Cuisine Cuisine”	北京國金軒餐飲有限公司 (Beijing Cuisine Cuisine Restaurant Company Limited*)
“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 Lease”	a confirmation of lease dated 26 August 2010 entered into between the Landlord and Profit Advantage in respect of the lease of the Premises
“Directors”	the directors of the Company
“Fixed Rent”	the Fixed Rent as more particularly described in the paragraph “Rent” under the section “Details of the Confirmation of Lease” in this announcement
“Group”	the Company and its subsidiaries
“Henderson Land”	Henderson Land Development Company Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 12)
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Landlord”	北京高億房地產開發有限公司 (Beijing Gaoyi Property Development Co., Ltd.*), a company established under the laws of the PRC, an indirect wholly-owned subsidiary of Henderson Land (a substantial shareholder of the Company) and a connected person of the Company
“Lease”	the lease of the Premises between the Landlord and the Tenant as contemplated under the Confirmation of Lease and the formal lease agreement to be entered into between the Landlord and the Tenant pursuant to the Confirmation of Lease
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Net Turnover”	the gross turnover of the Tenant’s restaurant business operated at the Premises, excluding 10% service charge, discounts and/or other rebates, of each calendar month
“Novation Agreement”	the agreement to be made between Profit Advantage, Beijing Cuisine Cuisine and the Landlord, whereby Profit Advantage will novate all its rights and obligations under the Lease to Beijing Cuisine Cuisine

“Premises”	Unit Nos. 201, 202, 203, 204 and 205 on Level Two of West Tower, WFC
“PRC”	the People’s Republic of China
“Profit Advantage”	Profit Advantage Limited, a company incorporated in Hong Kong with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square meter
“Tenant”	Profit Advantage or, after the execution of the Novation Agreement, Beijing Cuisine Cuisine
“Transactions”	the continuing connected transactions between the Landlord and the Tenant under the Lease
“Turnover Rent”	the monthly turnover rent for the Premises being the amount representing 7% of the Net Turnover before tax
“WFC”	World Financial Centre, No. 1 East 3 rd Ring Middle Road, Chaoyang District, Beijing (北京市朝陽區東三環中路 1 號，環球金融中心)
“%”	per cent

For the purpose of this announcement, all amounts in RMB are translated into HK\$ at an exchange rate of RMB1:HK\$0.87.

* For identification only

By Order of the Board
Miramar Hotel and Investment Company, Limited
 Chu Kwok Sun
Corporate Secretary

Hong Kong, 26 August 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.