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MIRAMAR GROUP 美麗華集團

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 71)

CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF THE NEW CITISTORE LEASE

Reference is made to the Citistore Lease disclosed in the announcement of the Company dated 16 March 2009. The Citistore Lease has expired on 2 October 2011. The Board announces that Shahdan, a wholly-owned subsidiary of the Company, as landlord and Citistore, a connected person of the Company, as tenant entered into the New Citistore Lease on 15 May 2012.

As Citistore is an indirect wholly-owned subsidiary of Henderson Land, a substantial shareholder of the Company, it is a connected person of the Company, thereby rendering the transactions contemplated under the New Citistore Lease 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 and other charges (exclusive of Government rates) payable by Citistore to the Group, even when aggregated with the annual caps of the Existing Agreements as stated in the Previous Announcements, are more than 0.1% but less than 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.

Reference are made to the Previous Announcements in relation to, inter alia,

- (i) a tenancy agreement dated 7 December 2010 entered into between Shahdan as landlord and HREAL as tenant in respect of Shop 3013, 3/F, Miramar Shopping Centre for a term of two years commencing from 16 June 2011 to 15 June 2013;
- (ii) a licence agreement dated 7 December 2010 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 two years commencing from 16 June 2011 to 15 June 2013;
- (iii) a licence agreement dated 7 December 2010 entered into between Shahdan as licensor and HREAL as licensee in respect of fan room, 3/F, Miramar Shopping Centre for a term of two years commencing from 16 June 2011 to 15 June 2013;
- (iv) a tenancy agreement dated 12 August 2011 entered into between Shahdan as landlord and HREAL as tenant in respect of Shops 501-502, 5/F, Miramar Shopping Centre for

a term of two years eight months and four days commencing from 1 December 2011 to 4 August 2014;

- (v) a tenancy agreement dated 12 August 2011 entered into between Shahdan as landlord and HREAL as tenant in respect of Shops 503A-C, 5/F, Miramar Shopping Centre for a term of three years commencing from 5 August 2011 to 4 August 2014;
- (vi) a tenancy agreement dated 12 August 2011 entered into between Shahdan as landlord and HREAL as tenant in respect of Office units 609-12, 6/F, Miramar Tower for a term of one year commencing from 5 August 2011 to 4 August 2012;
- (vii) a licence agreement dated 12 August 2011 entered into between Shahdan as licensor and HREAL as licensee in respect of Signage A on the external wall facing 132 Nathan Road of Miramar Shopping Centre for a term of three years commencing from 1 September 2011 to 31 August 2014.

(collectively the “**Existing Agreements**”) which constitute continuing connected transactions of the Company.

The Board announces that since the Citistore Lease expired on 2 October 2011, Shahdan as landlord and Citistore as tenant entered into the New Citistore Lease on 15 May 2012.

MAJOR TERMS OF THE NEW CITISTORE LEASE

- Date: 15 May 2012
- Parties: Shahdan as landlord
Citistore as tenant
- Citistore Premises: Shop 2004, 2nd Floor, Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
- Term: Initial term of 3 years commencing from 3 October 2011 to 2 October 2014 (“Initial term”)
- Rent and other charges:
- (a) The rent payable on monthly basis (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution) (payable in advance on the 1st day of each month) during the term shall be as follows:
 - (i) From 3 October 2011 to 2 October 2014, basic rent in the sum of HK\$220,800.00 per month plus the Annual Additional Turnover Rent (payable in arrear);
 - (ii) From 3 October 2014 to 2 October 2017, provided the option (as defined below) is exercised by the Tenant, at open market rent plus the Annual Additional Turnover Rent (payable in arrear).
 - (b) Government rates (subject to Government’s review) is HK\$19,800.00 per quarter (payable on the 1st day of January, April, July and October);

- (c) aggregate monthly management fee and air-conditioning charges for the period from 3 October 2011 to 31 December 2011 is HK\$36,833.90 and commencing from 1 January 2012 will be HK\$41,067.00 (subject to periodic review by Shahdan or its property manager) (payable in advance on the 1st day of each month);
- (d) monthly promotion contribution being 1% of the monthly basic rent as referred to in (a) above (subject to periodic review by Shahdan) (payable in advance on the 1st day of each month); and

Option: Citistore is entitled to a option, exercisable by Citistore by giving Shahdan not less than 6 months' and not more than 7 months' written notice prior to the expiry of the Initial term to renew the New Citistore Lease for 3 years.

User: To be used as retail shop only

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS

Miramar Shopping Centre is held by the Group as investment for rental purposes and the Transactions will contribute to rental income of the Group. 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 Citistore Lease were determined after arm's length negotiations between the parties and after making reference to market rental of the Citistore Premises endorsed by a valuation certificate dated 14 September 2011 by DTZ Debenham Tie Leung Limited, an independent property valuer. The other terms of the New Citistore Lease were determined with reference to a standard tenancy agreement which is also used in relation to other leases with other tenants of Miramar Shopping Centre.

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 Citistore Lease was determined after arm's length negotiations between the parties with reference to the prevailing market rent endorsed by an independent property valuer and with reference to the terms of a standard tenancy agreement which is also used in relation to other leases with other tenants of Miramar Shopping Centre, the Directors (including the independent non-executive Directors) are of the opinion that the terms of the New Citistore Lease were fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES

Citistore is an indirect 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, Citistore is a connected person of the Company, thereby rendering the Transactions 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, 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 annual rental and other charges (exclusive of Government rates) payable by Citistore to the Group under the Transactions for each of the financial years ending 31 December 2012, 2013 and 2014 will be subject to the cap amounts of HK\$3,810,000.00, HK\$3,875,000.00 and HK\$3,100,000.00 respectively. The cap amounts are determined with reference to the annual basic rental, the estimated Annual Additional Turnover Rent based on historical figures under the Citistore Lease, management fees, air-conditioning charges, promotion contribution and other charges payable under the New Citistore Lease.

Since the relevant percentage ratios for the Transactions calculated on an annual basis by reference to the aggregate sum of rents and other charges (exclusive of Government rates) payable by Citistore to the Group, even when aggregated with the annual caps of the Existing Agreements as stated in the Previous Announcements, are more than 0.1% but less than 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, property business and apparel business. The principal business of Shahdan is property rental.

Citistore is principally engaged in department store operation.

DEFINITIONS

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

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| “Annual Additional Turnover Rent” | the additional turnover rent for each period of twelve (12) months, which equals to the amount of 10% of the turnover of Citistore’s business during the relevant twelve (12) months’ period less the annual basic rent for the same twelve (12) months (applicable only where the aforesaid 10% of the turnover exceeds the aforesaid annual basic rent) |
| “Board” | the board of Directors |
| “Citistore” | Citistore (Hong Kong) Limited, an indirect wholly-owned subsidiary of Henderson Land |
| “Citistore Lease” | The lease dated 16 March 2009 entered into between Shahdan as landlord and Citistore Limited as tenant in respect of the Citistore Premises for a term of 3 years commencing from 3 October 2008 to 2 October 2011 |
| “Citistore Premises” | Shop 2004, 2 nd Floor, Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, 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 |
| “connected person” | has the meaning ascribed thereto under the Listing Rules |
| “Directors” | the directors of the Company |
| “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 |
| “New Citistore Lease” | the lease dated 15 May 2012 entered into between Shahdan as landlord and Citistore as tenant in respect of the Citistore Premises |

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| “Previous Announcements” | the announcements of the Company dated 7 December 2010 and 12 August 2011 |
| “Shahdan” | Shahdan Limited, a wholly-owned subsidiary of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Transactions” | the transactions contemplated under the New Citistore Lease |

By Order of the Board
 Chu Kwok Sun
 Corporate Secretary

Hong Kong, 15 May 2012

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.