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MIRAMAR GROUP
美麗華集團

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED
美麗華酒店企業有限公司
(incorporated in Hong Kong with limited liability)
(Stock code: 71)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF PROPERTY

The Board wishes to announce that on 26 September 2014, the Company as vendor entered into the Provisional Sale and Purchase Agreement with the Purchaser, pursuant to which the Company agreed to sell and the Purchaser agreed to purchase the Property at the Consideration of HK\$480,000,000 .

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but all applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board wishes to announce that on 26 September 2014, the Company as vendor entered into the Provisional Sale and Purchase Agreement with the Purchaser, pursuant to which the Company agreed to sell and the Purchaser agreed to purchase the Property at the Consideration of HK\$480,000,000 . A formal sale and purchase agreement in respect of the Property is expected to be signed on or before 13th October 2014.

PRINCIPAL TERMS OF THE PROVISIONAL SALE AND PURCHASE AGREEMENT

Date : 26 September 2014

Parties : (1) Vendor: the Company
(2) Purchaser: Real Honest Limited

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected person(s) as defined under the Listing Rules.

Asset to be disposed of

The Property, being the entire building of No. 6 Knutsford Terrace, Kowloon, as erected on Kowloon Inland Lot No. 7415. The Property is sold on an “as is” basis and in the then existing state and condition.

Consideration and payment terms

The Consideration of HK\$480,000,000 shall be payable by the Purchaser to the Company in the following manner:

- (1) an initial deposit and in part payment of the Consideration in the sum of HK\$24,000,000 has been paid in cash upon signing of the Provisional Sale and Purchase Agreement;
- (2) a further deposit and in part payment of the Consideration in the sum of HK\$24,000,000 shall be paid in cash upon signing the formal sale and purchase agreement in respect of the Property; and
- (3) the balance of the Consideration in the sum of HK\$432,000,000 shall be paid in cash upon Completion.

The Consideration was arrived at after arm’s length negotiations between the Purchaser and the Company on normal commercial terms after taking into account relevant factors, such as the market values of comparable properties, and the size, character and location of the Property.

Completion

Completion is expected to take place at or before 5:00 p.m. on or before 9th January 2015.

Deposits under Tenancy and Licence Agreements

Upon Completion, the Company will account and transfer the deposits received under existing tenancy agreements and licence agreements in respect of the Property to the Purchaser, who will undertake to refund such deposits to the relevant tenant and/or licensee in accordance with the relevant tenancy agreements and/or licence agreements,

and the Purchaser will fully indemnify the Company against all costs and loss suffered by the Company if the Purchaser fails to make the said refunds.

Hotel Licence in respect of the Property

The Company will transfer and assign to the Purchaser the hotel licence in respect of the Property after the date of Completion, but the Company gives no warranty and/or representation as to the time of transfer and assignment, and does not warrant and/or represent as to whether the government would approve and/or endorse the said assignment and/or transfer.

INFORMATION ON THE PROPERTY

The Property to be disposed of is a multi-storey commercial building. The Property has been used by the Company as investment property for the purpose of generating rental income. Since 2013, the Group has been renovating the Property to convert it into a hotel building. The areas in the ground floor level, 1st floor, 3rd floor and 4th floor are premises leased since late June 2014 for food and beverage business which are subject to existing tenancies and certain other parts of the Property are subject to existing licenses, while the remaining 5th floor to 22nd floor are being converted into a hotel.

The valuation of the Property as at 30 June 2014 prepared by an independent property valuer of the Group was HK\$349,000,000 whereas the book value of the Property was approximately HK\$332,000,000 as at 31 August 2014.

For the two financial years immediately preceding the Disposal, the net profits attributable to the Property are as follows:

	For the year ended 31 December 2013	For the year ended 31 December 2012
	HK\$'000	HK\$'000
Rental and service income	196	6,459
Increase in fair value of Property	8,515	26,259
Net profit/ (loss) before taxation	7,391	31,456
Net profit/ (loss) after taxation	7,391	31,456

INFORMATION ON THE PARTIES

The Purchaser is a company incorporated in Hong Kong with limited liability and the principal business of the Purchaser is investment holding.

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

REASONS FOR AND BENEFITS OF THE DISPOSAL

In view of the recent appreciation of the property market in Hong Kong, while on the other hand, the pressure on hotel room rates has been escalating due to changes in market conditions, using the Property to operate a hotel is no longer a commercially attractive option to the Company and the Board considers that it is a good opportunity to realize the Group's investment by disposing of the Property. The Directors are of the view that the terms of the Provisional Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

Subject to final audit, it is estimated that upon Completion, the net gain arising from the Disposal is expected to be approximately HK\$120,000,000, calculated by taking into account the estimated book value of the Property as at Completion (having taken into account the estimated renovation cost and expenses up to Completion) of approximately HK\$355,000,000 and other estimated costs and expenses relating to the Disposal of approximately HK\$5,000,000.

The Board intends to use the net proceeds arising from the Disposal as general working capital and fund for future development of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but all applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, terms and expressions shall have the following meanings unless the context otherwise requires:

“Board”	the board of Directors;
“Company”	Miramar Hotel and Investment Company, Limited 美麗華酒店企業有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Provisional Sale and Purchase Agreement;
“Consideration”	HK\$480,000,000, being the consideration of the Disposal;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Property by the Company to the Purchaser in accordance with the terms and conditions of the Provisional Sale and Purchase Agreement;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Property”	the entire building of No. 6 Knutsford Terrace, Kowloon, as erected on Kowloon Inland Lot No. 7415;
“Provisional Sale and Purchase Agreement”	the provisional sale and purchase agreement dated 26 September 2014 entered into between the Company and the Purchaser, pursuant to which the Company agreed to sell and the Purchaser agreed to purchase the Property at the Consideration;

“Purchaser”	Real Honest Limited 誠真有限公司, a company incorporated in Hong Kong with limited liability;
“sq.ft”	square feet;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent.

By Order of the Board
Chu Kwok Sun
Corporate Secretary

Hong Kong, 26 September 2014

As at the date of this announcement, (i) the executive Directors are 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. Lee Shau Kee, Dr. Patrick Fung Yuk Bun, Mr. Dominic Cheng Ka On and Mr. Alexander Au Siu Kee; (iii) the independent non-executive Directors are Dr. David Sin Wai Kin, Mr. Wu King Cheong, Dr. Timpson Chung Shui Ming, Mr. Howard Yeung Ping Leung and Mr. Thomas Liang Cheung Bui.