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MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 71

CONTINUING CONNECTED TRANSACTION REGARDING RENEWED 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.

As the initial term of the Sub-Lease expired on 6 July 2007, the Board wishes to announce that it will exercise the option as contemplated under the Confirmation of Sub-Lease to renew the Sub-Lease for a term of 3 years commencing from 7 July 2007 to 6 July 2010 at a basic rent of HK\$580,968 per month plus the Turnover Rent. 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\$29,628 (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 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 under Rule 14A.11 of the Listing Rules. The Transaction therefore constitutes a continuing connected transaction for the Company under the Listing Rules which is subject to reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules. No shareholders' approval is required as the percentage ratios of the Transaction, on an annual aggregate basis, does not exceed 2.5% of each of the applicable percentage ratios under the Listing Rules. The Company will comply with the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules in respect of the Transaction. The Company will also comply with the requirements under Rule 14A.37 to Rule 14A.40 of the Listing Rules in relation to the Transaction during each of the four years ended 31 March 2008, 2009, 2010 and 2011.

DETAILS OF THE TRANSACTION

- Parties:** Profit Advantage Limited, a wholly-owned subsidiary of the Company, as tenant (in respect of the 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 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 2007 to 6 July 2010, subject to a second renewal as disclosed in the 2005 Announcement for the Renewed Sub-Lease 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 Renewed Sub-Lease
- Rent and other charges:** The Renewed Sub-Lease is at a basic rent of HK\$580,968 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\$29,628 (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 Renewed Sub-Lease shall be approximately HK\$348,000 per month (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\$13,400 per month (subject to review from time to time)

The aggregate amounts paid by the Tenant to the Landlord under the Sub-Lease for the financial years ended 31 March 2005, 2006 and 2007 were approximately HK\$3,797,000, HK\$9,698,000 and HK\$10,404,000. The rent, licence fees and other fees payable under the Renewed Sub-Lease and the Licences will be financed by internal resources of the Tenant. 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 Transaction for each of the financial years ended 31 March 2008, 2009, 2010 and 2011 will be subject to the cap amounts of HK\$15,000,000, HK\$16,000,000, HK\$17,000,000 and HK\$6,000,000 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 Renewed Sub-Lease and the Licences. 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.

REASONS FOR THE TRANSACTION

The Company, through its wholly-owned subsidiary, Profit Advantage Limited, has commenced operating two up-market restaurants serving Cantonese and Szechuan cuisine respectively 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 Transaction were determined after arm's length negotiations between the parties. The basic rent for the 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 exceed HK\$580,968 per month 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 Transaction was 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.

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.

As the Landlord, being indirectly owned as to approximately 34.21% by Henderson Land Development Company Limited, is an associate of Henderson Land Development Company Limited, a substantial shareholder of the Company, the Landlord is therefore a connected person of the Company under Rule 14A.11 of the Listing Rules and the Transaction constitutes a continuing connected transaction for the Company under Rule 14A.13 of the Listing Rules.

The Transaction constitutes a continuing connected transaction under Rule 14A.34 of the Listing Rules and details of the Transaction is subject to disclosure in an announcement and inclusion in the next published annual report and accounts of the Company under Rules 14A.45 to 14A.47 of the Listing Rules. The Company will also comply with the requirements under Rule 14A.37 to Rule 14A.40 of the Listing Rules in relation to the Transaction during each of the four years ended 31 March 2008, 2009, 2010 and 2011. As the Transaction, on an annual aggregate basis, does not exceed 2.5% of each of the applicable percentage ratios under the Listing Rules, no shareholders' approval is required.

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, Mr. Eddie Lau Yum Chuen and Mr. Peter Yu Tat Kong; (ii) the non-executive Directors are Mr. Woo Kim Phoe, 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 are Dr. David Sin Wai Kin, Mr. Wu King Cheong and Mr. Timpson Chung Shui Ming.

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
“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
“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 sub-leased to the Tenant as disclosed in the 2005 Announcement
“Renewed Sub-Lease”	the renewed Sub-Lease for a term of 3 years commencing from 7 July 2007 to 6 July 2010 at a basic rent of HK\$580,968 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
“Transaction”	the continuing connected transactions between the Landlord and the Tenant under the 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\$580,968 per month

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

Hong Kong, 6 July 2007