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

*(incorporated in Hong Kong with limited liability)*

(Stock code: 71)

### **CONTINUING CONNECTED TRANSACTIONS**

### **IN RESPECT OF RENEWAL OF LEASES AND LICENCE AND ENTERING INTO OF NEW LEASE**

Reference is made to the announcement of the Company dated 28 February 2008 in relation to, inter alia, the First Tenancy Agreement, the Second Tenancy Agreement and the First Licence Agreement.

The First Tenancy Agreement and the Second Tenancy Agreement will expire on 4 February 2009 and the First Licence Agreement will expire on 28 February 2009. The Board announces that, at the request of HREAL, the Group entered into the following agreements on 12 September 2008 with HREAL, a connected person of the Company, which constitute continuing connected transactions of the Company:

- (1) the Renewal First Tenancy Agreement entered into between Shahdan, a wholly-owned subsidiary of the Company, as landlord and HREAL as tenant;
- (2) the Renewal Second Tenancy Agreement entered into between Shahdan as landlord and HREAL as tenant; and
- (3) the Renewal First Licence Agreement entered into between Shahdan as licensor and HREAL as licensee.

In addition, the Board announces that on 12 September 2008, at the request of HREAL, Shahdan as landlord entered into the Third Tenancy Agreement with HREAL as tenant which constitutes continuing connected transaction of the Company.

Since the relevant percentage ratios for the Transactions calculated on an annual basis by reference to the aggregate sum of rents, fees and other charges (exclusive of Government rates) payable by HREAL to the Group is more than 0.1%, but all the relevant percentage ratios are less than 2.5%, 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. Details of the Transactions are set out below in this announcement.

Reference is made to the announcement of the Company dated 28 February 2008 and 15 August 2008 in relation to, inter alia, (i) the First Tenancy Agreement; (ii) the Second Tenancy Agreement; (iii) the First Licence Agreement; (iv) a licence agreement dated 28 February 2008 entered into between Contender Limited, a wholly-owned subsidiary of the Company, as licensor and HREAL as licensee in respect of Signage B on the external wall facing Kimberley Road of Hotel Miramar Shopping Arcade for a term of one year commencing from 1 March 2008 to 28 February 2009; (v) a lease dated 23 December 2005 entered into between Shahdan as landlord and Citistore Properties Limited, a wholly-owned subsidiary of Henderson Land, as tenant in respect of Shop 2004, 2/F, Miramar Shopping Centre for a term of 3 years commencing from 3 October 2005; (vi) a tenancy agreement dated 15 August 2008 entered into between Shahdan as landlord and HREAL as tenant in respect of Shop 3013, 3/F, Miramar Shopping Centre for a term of 3 years commencing from 16 June 2008; (vii) a licence agreement dated 15 August 2008 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 three years commencing from 16 June 2008; and (viii) a licence agreement dated 15 August 2008 entered into between Shahdan as licensor and HREAL as licensee in respect of fan room, 3/F, Miramar Shopping Centre for a term of three years commencing from 16 June 2008 (collectively the “**Existing Agreements**”) which constitute continuing connected transactions of the Company.

The First Tenancy Agreement and the Second Tenancy Agreement will expire on 4 February 2009 and the First Licence Agreement will expire on 28 February 2009. The Board announces that, at the request of HREAL, the Group and HREAL has on 12 September 2008 entered into the Renewal First Tenancy Agreement, the Renewal Second Tenancy Agreement and the Renewal First Licence Agreement.

In addition, the Board announces that on 12 September 2008, at the request of HREAL, Shahdan as landlord entered into the Third Tenancy Agreement with HREAL as tenant.

#### **DETAILS OF THE RENEWAL FIRST TENANCY AGREEMENT**

Signing date:	12 September 2008
Parties:	Shahdan as landlord HREAL as tenant
Premises I:	Shop 503C, 5/F, Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
Term:	One year commencing from 5 February 2009 to 4 February 2010
Rent and other charges:	(a) rent payable on a monthly basis (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution) during the term is HK\$166,000.00;  (b) Government rates (subject to Government’s review) is HK\$17,850.00 per quarter;  (c) aggregate monthly management fee and air-conditioning charges (subject to the review at such time to be determined by Shahdan or its designated management company of Premises I) is HK\$25,742.30; and

- (d) monthly promotion contribution, being 1% of the monthly rent of Premises I, that is, HK\$1,660.00, subject to periodic review by Shahdan.

*(Note: Payment of items (a), (c) and (d) shall be payable in advance on the first day of every calendar month; payment of item (b) shall be payable on the first day of January, April, July and October; and all payment will usually be made by way of cheque)*

User To be used as a property agency only

#### **DETAILS OF THE RENEWAL SECOND TENANCY AGREEMENT**

Signing date: 12 September 2008

Parties: Shahdan as landlord  
HREAL as tenant

Premises II: Office units 609-12, 6/F, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong

Term: One year commencing from 5 February 2009 to 4 February 2010

- Rent and other charges:
- (a) rent payable on a monthly basis (exclusive of Government rates, management fee and air-conditioning charges) during the term is HK\$329,000.00;
  - (b) Government rates (subject to Government's review) is HK\$35,700.00 per quarter; and
  - (c) aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated management company of Premises II) is HK\$43,248.00.

*(Note: Payment of item (a) shall be payable in advance on the first day of every calendar month; payment of item (b) shall be payable on the first day of January, April, July and October; and payment of item (c) will usually be made in advance on the first day of each month and all payment will usually be made by way of cheque)*

User To be used under the name of HREAL only  
*(Note: Premises II is currently used by HREAL as a property agency and, as informed by HREAL, Premises II will continue to be used as a property agency.)*

#### **DETAILS OF THE RENEWAL FIRST LICENCE AGREEMENT**

Signing date: 12 September 2008

Parties: Shahdan as licensor  
HREAL as licensee

Signage A: Signage A on the external wall facing Nathan Road of Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong

Term: One year commencing from 1 March 2009 to 28 February 2010

Licence fee and other charges: (a) The licence fee (inclusive of electricity charges) payable on a monthly basis during the term is HK\$68,000.00; and

(b) Government rates as per Government's assessment.

*(Note: Payment of item (a) shall be payable in advance on the first day of each month; payment of item (b) shall be payable upon Shahdan receives the rates assessment bill from the Rating & Valuation Department and all payment will usually be made by way of cheque)*

User: To be used for advertising the trade name of the licensee only

#### **DETAILS OF THE THIRD TENANCY AGREEMENT**

Signing date: 12 September 2008

Parties: Shahdan as landlord  
HREAL as tenant

Premises III: Shop 503A and shop 503B, 5/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong

Term: For the period of eighteen months and four days commencing from 1 August 2008 to 4 February 2010

Rent and other charges: (a) rent payable on a monthly basis (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution) during the term is HK\$343,400.00;

(b) aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated management company of Premises III) is HK\$46,960.10;

(c) Government rates (subject to Government's review) is HK\$33,600.00 per quarter;

(d) vetting fee payable to Shahdan for vetting HREAL's decoration plans is HK\$9,154.00;

(e) monthly promotion contribution, being 1% of the monthly rent of Premises III, that is, HK\$3,434.00, subject to

periodic review by Shahdan;

- (f) debris disposal fee is HK\$18,308.00; and
- (g) professional fees, including Shahdan's project architects or electrical and mechanical consultants, if any, in approving HREAL's decoration plans.

*(Note: Payments of items (a), (b) and (d) shall be payable in advance on the first day of every calendar month; payment of item (c) shall be payable on the 1<sup>st</sup> day of January, April, July and October; payment of item (e) will usually be made in advance on the first day of each month; item (f) was paid upon signing of the Third Tenancy Agreement and all payment will usually be made by way of cheque)*

Rent-free period: HREAL is entitled to enjoy a rent-free period from 1 August 2008 to 30 September 2008

User: To be used as a property agency only

## **REASONS FOR THE TRANSACTIONS**

Miramar Shopping Centre and Miramar Tower are held by the Group as investment for rental purposes.

The terms of the New Agreements were determined after arm's length negotiations between the parties and after making reference to market rental of Premises I, II and III and market licence fee of Signage A endorsed by a valuation as at 11 July 2008 prepared by DTZ Debenham Tie Leung Limited, an independent property valuer.

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.

## **LISTING RULES**

HREAL is a 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, HREAL is a connected person of the Company, thereby rendering the Renewal First Tenancy Agreement, the Renewal Second Tenancy Agreement, the Renewal First Licence Agreement and the Third Tenancy Agreement continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The aggregate annual rental, licence fees and other charges (exclusive of Government rates) payable by the HREAL to the Group under the Transactions for each of the financial years ending 31 March 2009 and 2010 will be subject to the cap amount of HK\$4,792,000 and HK\$14,030,000 respectively. The cap amounts are determined with reference to the annual rent, management fees, air-conditioning charges, promotion contribution, licence fees, decoration plans vetting fees and debris disposal fees and other charges payable under the New

Agreements.

The breakdown of the cap amounts for the aggregate rental and fees payable by HREAL to the Group under the New Agreements are as follows:

	Year ending 31 March 2009 HK\$	Year ending 31 March 2010 HK\$
Renewal First Tenancy Agreement	470,000	2,550,000
Renewal Second Tenancy Agreement	1,010,000	5,520,000
Renewal First Licence Agreement	162,000	900,000
The Third Tenancy Agreement	3,150,000	5,060,000
Total	<u>4,792,000</u>	<u>14,030,000</u>

Since the relevant percentage ratios for the Transactions calculated on an annual basis by reference to the aggregate sum of rents, licence fees and other charges (exclusive of Government rates) payable by the HREAL to the Group, even when aggregated with the annual caps of the Existing Agreements as stated in the announcement of the Company dated 28 February 2008 and 15 August 2008, is more than 0.1%, but all the relevant percentage ratios are less than 2.5%, 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.

## **GENERAL**

The Company's principal activities consist of hotel business, food and beverage operations, travel operation and property business. The principal business of Shahdan is property rental.

The principal activities of HREAL are provision of financial, management and agency services.

## **DEFINITIONS**

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

“Board”	the board of Directors
“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
“First Licence Agreement”	the licence agreement entered into between Shahdan as licensor and HREAL as licensee in respect of Signage A dated 28 February 2008
“First Tenancy Agreement”	the tenancy agreement entered into between Shahdan as landlord and HREAL as tenant in respect of Premises I on 28 February 2008
“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 Agreements”	collectively, the Renewal First Tenancy Agreement, the Renewal Second Tenancy Agreement, the Renewal First Licence Agreement and the Third Tenancy Agreement
“Premises I”	Shop 503C, 5/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Premises II”	Office units 609-12, 6/F., Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Premises III”	Shop 503A and shop 503B, 5/F., Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Renewal First Tenancy Agreement”	the tenancy agreement entered into between Shahdan as landlord and HREAL as tenant in respect of Premises I on 12 September 2008
“Renewal Second Tenancy Agreement”	the tenancy agreement entered into between Shahdan as landlord and HREAL as tenant in respect of Premises II on 12 September 2008
“Renewal First Licence Agreement”	the licence agreement entered into between Shahdan as licensor and HREAL as licensee in respect of Signage A dated 12 September 2008
“Second Tenancy Agreement”	the tenancy agreement entered into between Shahdan as landlord and HREAL as tenant in respect of Premises II

on 28 February 2008

“Shahdan”	Shahdan Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Signage A”	Signage on the external wall facing Nathan Road of Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Tenancy Agreement”	the tenancy agreement entered into between Shahdan as landlord and HREAL as tenant in respect of Premises III on 12 September 2008
“Transactions”	collectively, the transactions contemplated under the Renewal First Tenancy Agreement, the Renewal Second Tenancy Agreement, the Renewal First Licence Agreement and the Third Tenancy Agreement

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

Hong Kong, 12 September 2008

*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 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.*