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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 TENANCY AGREEMENT AND LICENCE AGREEMENTS AND CITISTORE LEASE

Reference is made to (1) the announcement of the Company dated 1 March 2007 in relation to, inter alia, the Tenancy Agreement, the First Licence Agreement and the Second Licence Agreement; and (2) the announcement of the Company dated 30 January 2008 in relation to, inter alia, the revision of annual caps under the Agreements for the financial year ending 31 March 2008.

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

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

Since the relevant percentage ratios for the Transactions calculated on an annual basis by reference to the aggregate sum of rents, fees and charges 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 (1) the announcement of the Company dated 1 March 2007 in relation to, inter alia, the Tenancy Agreement, the First Licence Agreement and the Second Licence Agreement; and (2) the announcement of the Company dated 30 January 2008 in relation to, inter alia, the revision of annual caps under the Agreements for the financial year ending 31 March 2008.

The Tenancy Agreement, the First Licence Agreement and the Second Licence Agreement expire in February 2008. The Board announces that the Group and HREAL has on 28 February 2008 entered into the New First Tenancy Agreement, the New Second Tenancy Agreement, the New First Licence Agreement and the New Second Licence Agreement.

DETAILS OF THE NEW FIRST TENANCY AGREEMENT

Signing date:	28 February 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 2008 to 4 February 2009
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\$153,135.00; (b) aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated management company of Premises I) is HK\$25,742.30; and (c) monthly promotion contribution, being 1% of the monthly rent of Premises I, that is, HK\$1,531.35, subject to periodic review by Shahdan.
User:	To be used as a property agency only

DETAILS OF THE NEW SECOND TENANCY AGREEMENT

Signing date: 28 February 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

Terms: One year commencing from 5 February 2008 to 4 February 2009

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\$279,905.00; and

(b) 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.

User: To be used as a property agency only

DETAILS OF THE NEW FIRST LICENCE AGREEMENT

Signing date: 28 February 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 2008 to 28 February 2009

Licence Fee: The licence fee (inclusive of electricity charges) payable on a monthly basis during the term is HK\$66,200.00

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

DETAILS OF THE NEW SECOND LICENCE AGREEMENT

Signing date:	28 February 2008
Parties:	Contender as licensor HREAL as licensee
Signage B:	Signage B on the external wall facing Kimberley Road of Hotel Miramar Shopping Arcade, 118-130 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
Term:	One year commencing from 1 March 2008 to 28 February 2009
Licence Fee:	The licence fee (inclusive of electricity charges) payable on a monthly basis during the term is HK\$106,000.00
User:	To be used for advertising the trade name of the licensee

CITISTORE LEASE

Reference is also made to a lease made between Shahdan and Citistore Properties on 23 December 2005 whereby Citistore Properties had agreed to lease from Shahdan the Citistore Premises for a fixed term of 3 years commencing from 3 October 2005 at the basic rent of HK\$90,000.00 per month plus a Turnover Rent (exclusive of government rates, management fee, air-conditioning fees and promotion contribution), with an option exercisable by Citistore Properties to renew for a further term of three years provided that, inter alia, Citistore Properties shall have served to Shahdan not more than seven months' and not less than six months' notice in writing prior to the expiry of the Citistore Lease. The aggregate monthly management fee and air-conditioning charges shall be HK\$32,411.30 (subject to periodic review by Shahdan or its building manager). The monthly promotion contribution is calculated at 1% of the monthly rent of the Citistore Lease. The monthly licence fee for the licence of lightbox(es) at the Miramar Shopping Centre shall be HK\$5,600. Since the relevant percentage ratios for the Citistore Lease calculated on an annual basis by reference to the aggregate sum of rents, air-conditioning charges, management fee, promotion contribution and licence fee payable by Citistore Properties to the Group for the year ended 31 March 2008 is expected to be more than 0.1% but less than 2.5%, in accordance with Rule 14A.34 of the Listing Rules, the Citistore Lease is 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.

REASONS FOR THE TRANSACTIONS

Miramar Shopping Centre, Miramar Tower and Hotel Miramar Shopping Arcade 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 and II and market licence fees of Signage A and Signage B endorsed by a valuation as at 22 January 2008 prepared by DTZ Debenham Tie Leung Limited, an independent property valuer. The terms of the Citistore Lease were determined after arm's length negotiations between the parties and after making reference to the rents payable for other premises similar to the Citistore Premises within the Miramar Shopping Centre.

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 and Citistore Properties are both wholly-owned subsidiaries of Henderson Land, which in turn is a substantial shareholder of the Company holding approximately 44.21% interests in the Company. Accordingly, HREAL and Citistore Properties are connected persons of the Company, thereby rendering the New First Tenancy Agreement, the New Second Tenancy Agreement, the New First Licence Agreement, the New Second Licence Agreement and the Citistore Lease continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The aggregate annual rental, licence fees and other charges payable by the HL Group to the Group under the Transactions for each of the financial years ending 31 March 2008 and 2009 will be subject to the cap amount of HK\$10,900,000 and HK\$10,550,000 respectively. The cap amounts are determined with reference to (i) the annual rent, management fees, air-conditioning charges, promotion contribution and licence fees under the Agreements, the New Agreements and the Citistore Lease; and (ii) the increased air-conditioning charges in respect of Premises I and Premises II for the six months ended 31 December 2007 and the estimated increase in the air-conditioning fees for the three months ending 31 March 2008 and for the financial year ending 31 March 2009.

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

	Year ending 31 March 2008 HK\$	Year ending 31 March 2009 HK\$
Lease of First Premises under the Tenancy Agreement	1,960,000	–
New First Tenancy Agreement	440,000	2,400,000
Lease of Second Premises under the Tenancy Agreement	4,100,000	–
New Second Tenancy Agreement	900,000	4,900,000
First Licence Agreement and the New First Licence Agreement	600,000	900,000
Second Licence Agreement and New Second Licence Agreement	1,100,000	1,400,000
Citistore Lease	1,800,000	950,000
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Total	<u>10,900,000</u>	<u>10,550,000</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 payable by the HL Group 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.

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 and of Contender is hotel operation and property rental.

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

Citistore Properties has no business activity other than the holding of the Citistore Lease.

DEFINITIONS

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

“Agreements”	collectively, the Tenancy Agreement, the First Licence Agreement and the Second Licence Agreement
“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
“Contender”	Contender Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Citistore Lease”	the lease made between Shahdan as landlord and Citistore Properties as tenant on 23 December 2005 in respect of the Citistore Premises
“Citistore Premises”	Shop 2004, 2nd Floor, Miramar Shopping Centre, 132 Nathan Road, Kowloon, Hong Kong
“Citistore Properties”	Citistore Properties Limited, a wholly-owned subsidiary of Henderson Land
“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 1 March 2007
“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
“HL Group”	Henderson Land and its subsidiaries

“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 New First Tenancy Agreement, the New Second Tenancy Agreement, the New First Licence Agreement and the New Second Licence Agreement
“New 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
“New Second Licence Agreement”	the licence agreement entered into between Contender as licensor and HREAL as licensee in respect of Signage B dated 28 February 2008
“New 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
“New 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
“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
“Second Licence Agreement”	the licence agreement entered into between Contender as licensor and HREAL as licensee in respect of Signage B dated 1 March 2007
“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
“Signage B”	Signage on the external wall facing Kimberly Road of Hotel Miramar Shopping Arcade, 118-130 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement entered into between Shahdan as landlord and HREAL as tenant in respect of Premises I and Premises II on 1 March 2007
“Transactions”	collectively, the transactions contemplated under the New First Tenancy Agreement, the New Second Tenancy Agreement, the New First Licence Agreement, the New Second Licence Agreement and the Citistore Lease
“Turnover Rent”	means the turnover rent determined on the following basis:– <ul style="list-style-type: none"> (i) if the annual gross turnover of Citistore Properties’ business conducted in the Citistore Premises without any deduction (“AGT”) exceeds HK\$9,857,000 but lower than HK\$12,321,000 then the Turnover Rent shall be 8% of the excess of AGT over HK\$9,857,000; and (ii) if the AGT exceeds HK\$12,321,000 then the Turnover Rent shall be 8% of HK\$2,464,000 (i.e. HK\$12,321,000-HK\$9,857,000) plus 5% of the excess of AGT over HK\$12,321,000

By Order of the Board
Chu Kwok Sun
Corporate Secretary

Hong Kong, 28 February 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 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.