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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)

**CONTINUING CONNECTED TRANSACTION
IN RESPECT OF THE NEW CITISTORE TENANCY AGREEMENT**

Reference is made to the Citistore Tenancy Agreement disclosed in the announcement of the Company dated 15 May 2012. The Citistore Tenancy Agreement has expired on 2 October 2014. 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 Tenancy Agreement on 8 October 2014.

Citistore is an indirect wholly-owned subsidiary of Henderson Land, which in turn is a substantial shareholder of the Company holding approximately 45.08% interests in the Company. Accordingly, Citistore is a connected person of the Company, thereby rendering the Transaction continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Since the relevant percentage ratios for the Transaction 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 the Listing Rules, the Transaction is only subject to the reporting and announcement requirements of the Listing Rules and are exempt from the shareholders' approval requirement of the Listing Rules.

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

- (i) 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;
- (ii) 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;
- (iii) 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;
- (iv) Citistore Tenancy Agreement dated 15 May 2012;
 - (v) a tenancy agreement dated 6 June 2013 entered into between Shahdan as landlord and HPAL as tenant in respect of Shop 3013, 3/F, Miramar Shopping Centre for a term of three years commencing from 16 June 2013 to 15 June 2016;
 - (vi) a licence agreement dated 6 June 2013 entered into between Shahdan as licensor and HPAL as licensee in respect of portion of podium roof, 3/F, Miramar Shopping Centre for a term of three years commencing from 16 June 2013 to 15 June 2016;
 - (vii) a licence agreement dated 6 June 2013 entered into between Shahdan as licensor and HPAL as licensee in respect of fan room, 3/F, Miramar Shopping Centre for a term of three years commencing from 16 June 2013 to 15 June 2016;
 - (viii) a tenancy agreement dated 10 July 2014 entered into between Shahdan as landlord and HPAL as tenant in respect of Shops 501-502 and Shops 503A-C, 5/F, Miramar Shopping Centre for a term of three years commencing from 5 August 2014 to 4 August 2017;
 - (ix) a licence agreement dated 10 July 2014 entered into between Shahdan as licensor and HPAL as licensee in respect of Signage A on the external wall facing 132 Nathan Road of Miramar Shopping Centre for a term of two years eleven months and four days commencing from 1 September 2014 to 4 August 2017;
 - (x) a licence agreement dated 10 July 2014 entered into between Shahdan as licensor and HPAL as licensee in respect of Pillar Signage near Shops Nos. G3-5, two service lift cars and service lift lobby near Shops Nos. G21 and G22 on the Ground Floor of Miramar Shopping Centre for a term of three years commencing from 5 August 2014 to 4 August 2017;
- (collectively the “**Existing Agreements**”) which constitute continuing connected transaction of the Company.

The Board announces that the Group entered into the New Citistore Tenancy Agreement on 8 October 2014 with Citistore, a connected person of the Company, which constitute continuing connected transaction of the Company:

MAJOR TERMS OF THE NEW CITISTORE TENANCY AGREEMENT

- | | |
|-------------------------|--|
| Date: | 8 October 2014 |
| Parties: | Shahdan as landlord
Citistore as tenant |
| Citistore Premises: | Shop 2004, 2 nd Floor, Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong |
| Term: | Three years commencing from 3 October 2014 to 2 October 2017 |
| 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 1 st day of each month) during the term is HK\$290,000.00 per month plus the Annual Additional Turnover Rent (payable in arrear); |

- (b) Government rates (subject to Government's review) is HK\$26,700.00 per quarter (payable on the 1st day of January, April, July and October);
- (c) aggregate monthly management fee and air-conditioning charges (subject to periodic review by Shahdan or its property manager) (payable in advance on the 1st day of each month) is HK\$47,890.44;
- (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).

Rent-free period: Three respective rent free periods for a total of 3 months during the Term as follows:

- (1) initial rent-free period commencing from 3 October 2014 for a period of one month;
- (2) second rent-free period commencing from 3 October 2015 for a period of one month;
- (3) third rent-free period commencing from 3 October 2016 for a period of one month.

During the rent-free period, Citistore is not obliged to pay rent but pay for the management fee, air-conditioning charges, Government rates and promotion contribution and other outgoings in respect of Citistore Premises.

User: To be used as retail shop only

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION

Miramar Shopping Centre is held by the Group as investment for rental purposes and the Transaction 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 Transaction 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 Tenancy Agreement 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 15 September 2014 by DTZ Debenham Tie Leung Limited, an independent property valuer. The other terms of the New Citistore Tenancy Agreement 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 Transaction was entered into in the ordinary and usual course of business of Shahdan and that the rent and other terms of the New Citistore Tenancy Agreement were 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 Tenancy Agreement 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 45.08% interests in the Company. Accordingly, Citistore is a connected person of the Company, thereby rendering the Transaction continuing connected transaction 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 trusts 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 Transaction. 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 Transaction.

The aggregate annual rental and other charges (exclusive of Government rates) payable by Citistore to the Group under the transactions contemplated under the Citistore Tenancy Agreement together with the Transaction for each of the financial years ending 31 December 2014, 2015, 2016 and 2017 will be subject to the cap amounts of HK\$4,000,000.00, HK\$5,000,000.00, HK\$5,000,000.00 and HK\$4,000,000.00 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 Tenancy Agreement, management fees, air-conditioning charges, promotion contribution and other charges (exclusive of Government rates) payable under the Citistore Tenancy Agreement and the Transaction for each of the financial years ending 31 December 2014, 2015, 2016 and 2017 with respect to the existing and new tenancy agreements for the Citistore Premises, the breakdown of which are as follows:

	Year ending 31 December 2014 HK\$	Year ending 31 December 2015 HK\$	Year ending 31 December 2016 HK\$	Year ending 31 December 2017 HK\$
Citistore Tenancy Agreement	3,100,000	---	---	---
New Citistore Tenancy Agreement	900,000	5,000,000	5,000,000	4,000,000
Total	<u>4,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>4,000,000</u>

Since the relevant percentage ratios for the Transaction 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 the Listing Rules, the Transaction is only subject to the reporting and

announcement requirements of the Listing Rules and are exempt from the 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. Citistore is principally engaged in department store operations.

DEFINITIONS

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

“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 Tenancy Agreement”	The tenancy agreement dated 15 May 2012 entered into between Shahdan as landlord and Citistore (Hong Kong) Limited as tenant in respect of the Citistore Premises for a term of 3 years commencing from 3 October 2011 to 2 October 2014
“Citistore Premises”	Shop 2004, 2 nd Floor, Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“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
“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

“HPAL”	Henderson Property Agency Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Henderson Land
“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 Tenancy Agreement”	the tenancy agreement dated 8 October 2014 entered into between Shahdan as landlord and Citistore as tenant in respect of the Citistore Premises
“Previous Announcements”	the announcements of the Company dated 12 August 2011, 15 May 2012, 6 June 2013 and 10 July 2014
“Shahdan”	Shahdan Limited 正信有限公司, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction contemplated under the New Citistore Tenancy Agreement

By Order of the Board
 Chu Kwok Sun
 Corporate Secretary

Hong Kong, 8 October 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.