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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)

(Warrant code: 1437)

CONTINUING CONNECTED TRANSACTION IN RESPECT OF THE RENEWAL OF SUB-LEASE AT IFC MALL

Reference is made to the Announcement of the Company dated 19 November 2013 relating to a continuing connected transactions concerning the entering into in respect of the Existing Sub-Lease and Licence 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 and Licence.

The Existing Sub-Lease and Licence will expire on 6 July 2016. On 7 June 2016, the Board announces that it has exercised the option as contemplated under the Existing Sub-Lease and a Renewed Sub-Lease was entered into between the Tenant and the Landlord to renew the Sub-Lease for a term of 3 years commencing from 7 July 2016 to 6 July 2019 at a basic rent of HK\$923,602.93 per month plus the Turnover Rent (exclusive of rates, air-conditioning and management charges, promotional levy and all other outgoings (if any)).

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, thereby rendering the transaction contemplated under the Renewed Sub-Lease continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Since the relevant percentage ratios for the transaction contemplated under the Renewed Sub-Lease, if aggregated with the transactions contemplated under the Existing Sub-Lease and Licence, will be more than 0.1% but less than 5% on an aggregated and annual basis, in accordance with the Listing Rules, the transaction contemplated under the Renewed Sub-Lease is only subject to the reporting and announcement requirements of the Listing Rules and is exempt from the shareholders' approval requirement of the Listing Rules.

DETAILS OF THE NEW SUB-LEASE AND LICENCES

Signing date: 7 June 2016

Parties: Profit Advantage Limited, a wholly-owned subsidiary of the Company, as tenant;

IFC Development Limited, an associate of Henderson Land Development Company Limited, as landlord

Location: Shop Nos. 3101-3107 on Level Three of ifc Mall

Term: Three years commencing from 7 July 2016 to 6 July 2019

Rent and other charges: The rent payable on monthly basis (exclusive of rates, air-conditioning and management charges, promotional levy and all other outgoings) during the term is HK\$HK\$923,602.93 per month together with turnover rent representing the amount by which 11% of the Gross Receipts exceeds the basic rent per month (the “Turnover Rent”).

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\$471,144.50 per month (subject to review from time to time).

REASONS FOR THE TRANSACTIONS

The Company, through its wholly-owned subsidiary, Profit Advantage Limited, has commenced operating two up-market restaurants 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 terms of the New Sub-Lease 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 Group.

The Directors (including independent non-executive Directors) are of the opinion that the New Sub-Lease 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.

LISTING RULES

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, thereby rendering the transaction contemplated under the Renewed Sub-Lease 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 Development Company Limited, 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 of the annual rent, licence fee, air-conditioning and management charges and promotional levy (if applicable) payable by the Tenant to the Landlord in respect of the Transactions for each of the financial years ended 31 December 2016, 2017, 2018 and 2019 will be subject to the cap amounts of HK\$17,000,000, HK\$18,000,000, HK\$19,000,000 and HK\$10,000,000 respectively. The cap amounts are determined with reference to the estimated aggregate of the annual basic rent, annual Turnover Rent, annual licence fee, annual air-conditioning and annual management charges and annual promotional levy (if applicable) payable in respect of the Transactions. 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.

The breakdown of the cap amounts for the aggregate annual rental and other charges payable by the Tenant to the Landlord under the Transactions are as follows:

| | Year ending 31 December 2016 HK\$ | Year ending 31 December 2017 HK\$ | Year ending 31 December 2018 HK\$ | Year ending 31 December 2019 HK\$ |
|-----------------------------------|--|--|--|--|
| Existing Sub-Lease and Licence | 8,500,000 | --- | --- | --- |
| Renewed Sub-Lease | 8,500,000 | 18,000,000 | 19,000,000 | 10,000,000 |
| Total | <u>17,000,000</u> | <u>18,000,000</u> | <u>19,000,000</u> | <u>10,000,000</u> |

Since the relevant percentage ratios for the transaction contemplated under the Renewed Sub-Lease, if aggregated with the transactions contemplated under the Existing Sub-Lease and Licence, will be more than 0.1% but less than 5% on an aggregated and annual basis, in accordance with the Listing Rules, the transaction contemplated under the Renewed Sub-Lease is only subject to the reporting and announcement requirements of the Listing Rules and is exempt from the shareholders' approval requirement.

GENERAL

The Group's principal activities consist of hotel business, food and beverage operations, travel operation and property business. The principal activities of the Landlord are property development and investment, hotel and serviced apartment operations and investment holding. The principal activities of Henderson Land Development Company Limited and its subsidiaries are property development and investment, construction, hotel operation, finance, department store operation, project management, property management and investment holding.

DEFINITIONS

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

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| “Associate” | has the meaning ascribed thereto under the Listing Rules |
| “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 Stock Exchange |
| “Directors” | the directors of the Company |
| “Existing Sub-Lease” | the sub-lease dated 19 November 2013 entered into between the Landlord and the Tenant in respect of the Premises for a term of 3 years commencing from 7 July 2013 to 6 July 2016 at a basic rent of HK\$836,594.00 per month plus the additional rent calculated as the excess of 11% of the Gross Receipts against the basic rent of HK\$836,594.00 per month |
| “Gross Receipt” | 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, a company incorporated in British Virgin Islands with limited liability and is an associate of Henderson Land Development Company Limited and a connected person of the Company |
| “Licence” | licence of certain floor space 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 |
| “Renewed Sub-Lease” | A sub-lease for a term of three years commencing from 7 July 2016 to 6 July 2019 at a basic rent of HK\$923,602.93 per month plus Turnover Rent |
| “Premises” | Shop Nos. 3101-3107 on Level Three of ifc Mall (Retail Accommodation on Site R of Inland Lot No. 8898) being the premises leased to the Landlord from MTR Corporation Limited under a head lease in 2003 and sub-leased to the Tenant under the New Sub-Lease |
| “Tenant” | Profit Advantage Limited (億萬全有限公司), a wholly-owned subsidiary of the Company |
| “Transaction” | the continuing connected transaction between the Landlord and the Tenant under the Existing Sub-Lease and Licence and the Renewed Sub-Lease |
| “Turnover Rent” | the additional rent calculated as the excess of 11% of Gross Receipts against the basic rent of HK\$923,602.93 per month |

By Order of the Board
 Chu Kwok Sun
Corporate Secretary

Hong Kong, 7 June 2016

As at the date of this announcement, (i) the executive Directors are Mr. Lee Ka Shing, Mr. Richard Tang Yat Sun, Dr. 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 Biu.