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**MIRAMAR GROUP**  
**美麗華集團**

**MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 71)**

**CONNECTED TRANSACTIONS**

**DISPOSAL OF SHARES IN AND SHAREHOLDER'S LOAN DUE BY  
PROSPERWELL PROPERTIES LIMITED AND DISPOSAL OF  
SHARES IN GOURMET ENTERPRISES LIMITED**

The Board announces that on 23 December 2013, the Company, HKKE and Broadwin entered into the Prosperwell S&P Agreement in relation to the acquisition by Broadwin from the Company of 93% interest in the issued share capital of Prosperwell and the Company's rights and interests in the Shareholder's Loan, and from HKKE, a wholly-owned subsidiary of the Company, of 7% interest in the issued share capital of Prosperwell.

In addition, on 23 December 2013, the Company and Broadwin also entered into the Gourmet S&P Agreement in relation to the acquisition by Broadwin from the Company of approximately 94.4% interest in the issued share capital of Gourmet.

As at the date of this announcement, Broadwin is an indirect wholly-owned subsidiary of Henderson Land Development Company Limited which in turn is a substantial shareholder of the Company, therefore Broadwin is a connected person of the Company under the Listing Rules. Accordingly, the entering into of each of the S&P Agreements constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since some of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the S&P Agreements, when aggregated, are more than 0.1% but all are less than 5%, the entering into of each of the S&P Agreements is subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **I. INTRODUCTION**

On 23 December 2013, the Company, HKKE and Broadwin entered into the Prosperwell S&P Agreement in relation to the acquisition by Broadwin from the Company of 93% interest in the issued share capital of Prosperwell and the Company's rights and interests in the Shareholder's Loan, and from HKKE of 7% interest in the issued share capital of Prosperwell. The principal terms of the Prosperwell S&P Agreement are set out in section II below.

On 23 December 2013, the Company and Broadwin also entered into the Gourmet S&P Agreement in relation to the acquisition by Broadwin from the Company of approximately 94.4% interest in the issued share capital of Gourmet. The principal terms of the Gourmet S&P Agreement are set out in section IV below.

## **II. THE PROSPERWELL S&P AGREEMENT**

**Date:** 23 December 2013

**Parties:** (1) the Company;  
(2) HKKE, a wholly-owned subsidiary of the Company; and  
(3) Broadwin, a connected person of the Company.

### **Subject matter of the Prosperwell S&P Agreement:**

Prosperwell is a wholly-owned subsidiary of the Company, the issued share capital of which is held as to 93% by the Company and 7% by HKKE, a wholly-owned subsidiary of the Company.

Subject to the terms and conditions of the Prosperwell S&P Agreement, Broadwin shall acquire (i) from the Company 93% of the issued share capital of Prosperwell and take the assignment of the Shareholder's Loan; and (ii) from HKKE 7% of the issued share capital of Prosperwell, free from all encumbrances and together with all rights attached, accrued or accruing thereto at or after the Prosperwell Completion.

The Purchaser is not obliged to purchase the Prosperwell Sale Shares or take the assignment of the Shareholder's Loan unless the sale and purchase of the Prosperwell Sale Shares and the assignment of the Shareholder's Loan are completed simultaneously.

### **Consideration and payment terms**

The initial consideration for the Prosperwell Sale Shares shall be HK\$26,699,693 and the initial consideration for the Shareholder's Loan shall be HK\$1,860,047. The Prosperwell Initial Consideration shall be payable by Broadwin by cheque at the Prosperwell Completion.

The initial consideration for the Prosperwell Sale Shares was determined after arm's length negotiations between the Company, HKKE and Broadwin and based on the net asset value of Prosperwell as set out in the Prosperwell Proforma Completion Accounts as adjusted by the Relevant Prosperwell Adjustment. The initial consideration for the Shareholder's Loan was determined after arm's length negotiations between the

Company and Broadwin and based on the amount stated as outstanding and owing by Prosperwell to the Company in the Prosperwell Proforma Completion Accounts on a dollar-for-dollar basis.

The final consideration for the Prosperwell Sale Shares shall be determined based on the net asset value of Prosperwell as at the Prosperwell Completion Date as set out in the Prosperwell Completion Accounts as adjusted by the Relevant Prosperwell Adjustment (the “**Final Adjusted NAV of Prosperwell**”). The final consideration for the Shareholder’s Loan shall be determined based on the amount of the Shareholder’s Loan as stated as outstanding and owing by Prosperwell to the Company in the Prosperwell Completion Accounts on a dollar-for-dollar basis.

The Company and HKKE shall procure the Prosperwell Completion Accounts be prepared and delivered to Broadwin as soon as practicable after the Prosperwell Completion Date. If the parties cannot agree on the Final Adjusted NAV of Prosperwell or the Prosperwell Final Consideration based on the Prosperwell Completion Accounts so delivered to Broadwin, the parties agreed to procure the Auditors to audit the Prosperwell Completion Accounts and to certify the Final Adjusted NAV of Prosperwell and the Prosperwell Final Consideration as correct.

The Company and HKKE are required under the Prosperwell S&P Agreement to refund to Broadwin by cheque an amount equivalent to any excess of the Prosperwell Initial Consideration over the Prosperwell Final Consideration within 7 days of the determination of the Prosperwell Final Consideration. On the other hand, Broadwin is required under Prosperwell S&P Agreement to pay to the Company and HKKE by cheque an amount equivalent to any excess of the Prosperwell Final Consideration over the Prosperwell Initial Consideration within 7 days of the determination of the Prosperwell Final Consideration. Such adjustment, if any, is not expected to be material to the Company.

### **Prosperwell Completion**

Prosperwell Completion has taken place on 23 December 2013. Upon the Prosperwell Completion, the Company and HKKE cease to hold any issued share capital in Prosperwell and Prosperwell therefore ceases to be a subsidiary of the Company.

### **III. INFORMATION ABOUT PROSPERWELL**

Prosperwell is principally engaged in property rental, and is the legal and beneficial owner of the Prosperwell Property. The Prosperwell Property comprises the workshop on the ground floor of Fuk Wo Industrial Building located at No.5, Sheung Hei Street, Kowloon, Hong Kong. The saleable area of the Prosperwell Property is approximately 3,640 sq. ft. plus yard area of approximately 123 sq. ft. The Prosperwell Property is currently subject to a tenancy.

Set out below is the key financial information of Prosperwell based on its audited accounts prepared by the Auditors:

	<b>Year ended 31 December 2012</b>	<b>Year Ended 31 December 2011</b>
	HK\$	HK\$
Net profit before taxation	2,510,710	1,730,379
Net profit after taxation	2,502,732	1,708,867

The audited net asset value of Prosperwell as at 31 December 2012 was HK\$10,151,003. The unaudited net asset value of Prosperwell as at 30 June 2013 was HK\$11,810,036. The unaudited book value of the Prosperwell Sale Shares as at 30 June 2013 was HK\$10,000.

The market value of the Prosperwell Property as at 16 December 2013 was HK\$28,700,000 according to the valuation performed by an independent property valuer.

The Company expects to record a net gain of approximately HK\$14,660,000 from the transactions contemplated under the Prosperwell S&P Agreement, which is determined by the initial consideration for the Prosperwell Sale Shares less (i) the net asset value of Prosperwell as set out in the Prosperwell Proforma Completion Accounts and (ii) the estimated amount of expenses/costs attributed to the transaction. Shareholders should note that the actual net gain from the transaction to be recorded by the Company will depend on the financial position of Prosperwell as at the Prosperwell Completion Date as shown in the Prosperwell Completion Accounts. The Group intends to use the sale proceeds as general working capital of the Group.

#### **IV. GOURMET S&P AGREEMENT**

**Date:** 23 December 2013

**Parties:** (1) the Company; and  
(2) Broadwin, a connected person of the Company.

##### **Subject matter of the Gourmet S&P Agreement:**

Gourmet is a non wholly-owned subsidiary of the Company, the issued share capital of which is held as to approximately 94.4% by the Company, approximately 5.4% by Yeung Chi Shing Estates Limited, approximately 0.1% by Tim Yu Investment Company Limited and approximately 0.1% by Mr. Yuen Cheong, deceased.

Subject to the terms and conditions of the Gourmet S&P Agreement, Broadwin shall acquire from the Company approximately 94.4% of the issued share capital of Gourmet free from all encumbrances and together with all rights attached, accrued or accruing thereto at or after the Gourmet Completion.

##### **Consideration and payment terms**

The initial consideration for the Gourmet Sale Shares shall be HK\$63,699,142 and shall be payable by Broadwin by cheque at the Gourmet Completion.

The Gourmet Initial Consideration was determined after arm's length negotiations between the Company and Broadwin and based on the net asset value of Gourmet as set out in the Gourmet Proforma Completion Accounts as adjusted by the Relevant Gourmet Adjustment and multiplied by approximately 94.4%.

The Gourmet Final Consideration shall be determined based on the net asset value of Gourmet as at the Gourmet Completion Date as set out in the Gourmet Completion Accounts as adjusted by the Relevant Gourmet Adjustment (the "**Final Adjusted NAV of Gourmet**").

The Company shall procure the Gourmet Completion Accounts be prepared and delivered to Broadwin as soon as practicable after the Gourmet Completion Date. If the parties cannot agree on the Final Adjusted NAV of Gourmet or the Gourmet Final Consideration based on the Gourmet Completion Accounts so delivered to Broadwin, the parties agreed to procure the Auditors to audit the Gourmet Completion Accounts and to certify the Final Adjusted NAV of Gourmet and the Gourmet Final Consideration as correct.

The Company is required under the Gourmet S&P Agreement to refund to Broadwin by cheque an amount equivalent to any excess of the Gourmet Initial Consideration over the Gourmet Final Consideration within 7 days of the determination of the Gourmet Final Consideration. On the other hand, Broadwin is required under Gourmet S&P Agreement to pay to the Company by cheque an amount equivalent to any excess of the Gourmet Final Consideration over the Gourmet Initial Consideration within 7 days of the determination of the Gourmet Final Consideration. Such adjustment, if any, is not expected to be material to the Company.

### **Conditions precedent**

Gourmet Completion is conditional upon: (a) the Company having given notice to the Board of the Gourmet of its intention to sell the Gourmet Sale Shares and the Board of Gourmet having offered the Gourmet Sale Shares to each of the other shareholders of Gourmet (the "**Gourmet Offer**") in accordance with the articles of association of Gourmet, and neither the Company nor Gourmet has received from any of the other shareholders of Gourmet an acceptance of the Gourmet Offer within 21 days after the Gourmet Offer; and/or (b) the Company and Gourmet having obtained from other shareholders of Gourmet the waiver of any restrictions (including pre-emption rights, if any) on the transfer of the Gourmet Sale Shares under the articles of association of Gourmet or otherwise.

If the above conditions shall not have been fulfilled on or before 31 December 2013, Broadwin shall not be bound to proceed with the purchase of the Gourmet Sale Shares and the Gourmet S&P Agreement shall automatically terminate and cease to be of any effect. The above conditions have already been fulfilled as at the date of this announcement.

### **Gourmet Completion**

As the above conditions have been fulfilled, Gourmet Completion has taken place on 23 December 2013. Upon the Gourmet Completion, the Company ceases to hold any issued share capital in Gourmet and Gourmet therefore ceases to be a subsidiary of the

Company.

## V. INFORMATION ABOUT GOURMET

Gourmet is principally engaged in property rental, and is the legal and beneficial owner of the Gourmet Properties. The Gourmet Properties comprise three shops on the ground floor of Kam Tong Building, Nos. 12-14, 18-34 Mok Cheong Street and Nos. 68 and 70 Pak Tai Street, Kowloon, Hong Kong, having a total saleable area of approximately 2,527 sq.ft. The Gourmet Properties are currently subject to tenancies.

Set out below is the key financial information of Gourmet based on its audited accounts prepared by the Auditors:

	<b>Year ended 31 December 2012</b>	<b>Year Ended 31 December 2011</b>
	HK\$	HK\$
Net profit before taxation	3,593,569	2,422,866
Net profit after taxation	3,593,569	2,397,493

The audited net asset value of Gourmet as at 31 December 2012 was HK\$28,732,502. The unaudited net asset value of Gourmet as at 30 June 2013 was HK\$32,503,656. The unaudited book value of the Gourmet Sale Shares as at 30 June 2013 was HK\$525,390.

The total market value of the Gourmet Properties as at 16 December 2013 was HK\$62,600,000 according to the valuation performed by an independent property valuer.

The Company expects to record a net gain of approximately HK\$33,200,000 from the transactions contemplated under the Gourmet S&P Agreement, which is determined by the initial consideration for the Gourmet Sale Shares less (i) the share of net asset value of Gourmet attributable to the Gourmet Sale Shares as set out in the Gourmet Proforma Completion Accounts and (ii) the estimated amount of expenses/costs attributed to the transaction. Shareholders should note that the actual net gain from the transaction to be recorded by the Company will depend on the financial position of Gourmet as at the Gourmet Completion Date as shown in the Gourmet Completion Accounts. The Group intends to use the sale proceeds as general working capital of the Group.

## VI. REASONS FOR AND BENEFITS OF ENTERING INTO THE S&P AGREEMENTS

The Directors consider that the Properties are not part of the Group's strategic assets as they do not align with the current and future business strategy of the Group, and that the funds generated from the disposal as contemplated under the S&P Agreements will provide financial resources to the Group which can be better utilized to meet with the business needs of the Group.

In light of the above, the Directors (including the independent non-executive Directors but excluding Dr. Lee Shau Kee and Mr. Lee Ka Shing who did not take part in the voting of the resolutions of the Company approving the S&P Agreements) are of the

opinion that each of the S&P Agreements was entered into (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms after arm's length negotiations between the parties; and (iii) on terms that were fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **VII. LISTING RULES IMPLICATIONS**

As at the date of this announcement, Broadwin is an indirect wholly-owned subsidiary of Henderson Land Development Company Limited which in turn is a substantial shareholder of the Company, therefore Broadwin is a connected person of the Company under the Listing Rules. Accordingly, the entering into of each of the S&P Agreements constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since some of the relevant applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the S&P Agreements, when aggregated, are more than 0.1% but all are less than 5%, the entering into of each of the S&P Agreements is subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 but is exempt from the independent shareholders' approval requirements 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 trust 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 each of the S&P Agreements and the transactions contemplated thereunder. 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) of the Company in respect of each of the S&P Agreements and the transactions contemplated thereunder.

## **VIII. GENERAL**

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

HKKE is principally engaged in property holding.

Broadwin is principally engaged in investment holding.

## IX. DEFINITIONS

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

“Agreed Gourmet Properties Value”	means the value of the Gourmet Properties as agreed between the Company and Broadwin being HK\$62,600,000 in aggregate which was determined based on a valuation of the Gourmet Properties as at 16 December 2013 performed by an independent property valuer
“Agreed Prosperwell Property Value”	means the value of the Prosperwell Property as agreed between the Company, HKKE and Broadwin, being HK\$28,700,000 which was determined based on a valuation of the Prosperwell Property as at 16 December 2013 performed by an independent property valuer
“Auditors”	KPMG or such other auditors as may be agreed by the parties to the S&P Agreements
“Board”	the board of Directors
“Broadwin”	Broadwin Int’l Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Henderson Land Development Company Limited
“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
“Director(s)”	the director(s) of the Company
“Gourmet”	Gourmet Enterprises Limited, a company incorporated in Hong Kong with limited liability and is owned as to, among others, approximately 94.4% by the Company
“Gourmet Completion”	completion of the sale and purchase of the Gourmet Sale Shares in accordance with the terms of the Gourmet S&P Agreement
“Gourmet Completion Accounts”	the unaudited accounts of Gourmet comprising a profit and loss account for the period from 1 January 2013 to the Gourmet Completion Date and the balance sheet as at the Gourmet Completion Date (but not taking into consideration the transactions at Gourmet Completion and

the effects thereof), to be delivered by the Company to Broadwin not later than 30 days after the Gourmet Completion Date;

“Gourmet Completion Date”	23 December 2013
“Gourmet Final Consideration”	the final consideration for the Gourmet Sale Shares
“Gourmet Initial Consideration”	the initial consideration for the Gourmet Sale Shares, being HK\$63,699,142
“Gourmet Proforma Completion Accounts”	the unaudited proforma compilation schedule in respect of Gourmet comprising a profit and loss account for the period from 1 January 2013 to the Gourmet Completion Date and the proforma balance sheet as at the Gourmet Completion Date (but not taking into consideration the transactions at Gourmet Completion and the effects thereof) already delivered by the Company to Broadwin prior to the signing of the Gourmet S&P Agreement
“Gourmet Properties”	the properties located at Shops 10-12, Nos. 28, 30 and 32 Mok Cheong Street, Ground Floor, Kam Tong Building, Nos. 12-14, 18-34 Mok Cheong Street, Nos. 68 and 70 Pak Tai Street, Kowloon, Hong Kong
“Gourmet S&P Agreement”	the sale and purchase agreement dated 23 December 2013 and entered into between the Company and Broadwin in respect of the acquisition by Broadwin of approximately 94.4% interest in the issued share capital of Gourmet held by the Company
“Gourmet Sale Shares”	one thousand and seven hundred (1700) shares of HK\$100 each of Gourmet being approximately 94.4% of the issued share capital of Gourmet
“Group”	the Company and its subsidiaries
“HKKE”	Hong Kong and Kowloon Entertainment Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Properties”	Prosperwell Property and Gourmet Properties

“Prosperwell”	Prosperwell Properties Limited, a company incorporated in Hong Kong with limited liability and is held as to 93% by the Company and 7% by HKKE and therefore a wholly-owned subsidiary of the Company
“Prosperwell Completion”	completion of the sale and purchase of the Prosperwell Sale Shares and the assignment of the Shareholder’s Loan in accordance with the terms of the Prosperwell S&P Agreement
“Prosperwell Completion Accounts”	the unaudited accounts of Prosperwell comprising a profit and loss account for the period from 1 January 2013 to the Prosperwell Completion Date and the balance sheet as at the Prosperwell Completion Date (but not taking into consideration the transactions at the Prosperwell Completion and the effects thereof), to be delivered by the Company and HKKE to Broadwin not later than 30 days after the Prosperwell Completion Date;
“Prosperwell Completion Date”	23 December 2013
“Prosperwell Final Consideration”	the final consideration for the Prosperwell Sale Shares and the final consideration for the Shareholder’s Loan
“Prosperwell Initial Consideration”	the initial consideration for the Prosperwell Sale Shares and the initial consideration for the Shareholder’s Loan, being HK\$28,559,740 in aggregate
“Prosperwell Proforma Completion Accounts”	the unaudited proforma compilation schedule in respect of Prosperwell comprising a profit and loss account for the period from 1 January 2013 to the Prosperwell Completion Date and the proforma balance sheet as at the Prosperwell Completion Date (but not taking into consideration the transactions at the Prosperwell Completion and the effects thereof) already delivered by the Company and HKKE to Broadwin prior to the signing of the Prosperwell S&P Agreement
“Prosperwell Property”	the property located at Ground Floor, Fuk Wo Industrial Building, No. 5 Sheung Hei Street, Kowloon, Hong Kong
“Prosperwell S&P Agreement”	the sale and purchase agreement dated 23 December 2013 and entered into between the Company, HKKE and Broadwin in respect of the acquisition by Broadwin of (1) the 93% equity interest held by the Company in Prosperwell; (2) the Company’s rights and interests in the Shareholder’s Loan and (3) the 7% equity interest held by HKKE in Prosperwell

“Prosperwell Sale Shares”	one hundred (100) shares of HK\$100 each of Prosperwell, being the entire issued share capital of Prosperwell
“Relevant Gourmet Adjustment”	adjustment of the net asset value of Gourmet, by (i) replacing the book value of the Gourmet Properties with the Agreed Gourmet Properties Value and (ii) not taking into account any deferred tax liability in the computation of the liabilities
“Relevant Prosperwell Adjustment”	adjustment of the net asset value of Prosperwell, by (i) replacing the book value of the Prosperwell Property with the Agreed Prosperwell Property Value and (ii) not taking into account any deferred tax liability in the computation of the liabilities
“Shareholder’s Loan”	the loan owing by Prosperwell to the Company as at the Prosperwell Completion Date
“S&P Agreements”	Prosperwell S&P Agreement and Gourmet S&P Agreement
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent

By Order of the Board  
 Chu Kwok Sun  
 Corporate Secretary

Hong Kong, 23 December 2013

*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 and Mr. Eddie Lau Yum Chuen; (ii) the non-executive Directors are: 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.*