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If you have sold all your shares in **MIRAMAR HOTEL AND INVESTMENT CO., LTD.**, you should at once hand this document to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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MIRAMAR HOTEL AND INVESTMENT CO., LTD.

(Incorporated in Hong Kong with limited liability)

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

A notice convening the Annual General Meeting of Miramar Hotel And Investment Co., Ltd. to be held at Miramar Ballroom, Hotel Miramar Penthouse, 130 Nathan Road, Kowloon on Friday, 23 August 2002 at 12:00 noon is set out on pages 1 to 2 of the 2001-2002 annual report of the Company. Whether or not you propose to attend the Annual General Meeting, you are requested to complete the form of proxy accompanying the 2001-2002 annual report of the Company in accordance with the instructions printed thereon and return the same to the registered office of the Company at 118-130 Nathan Road, Kowloon, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not prevent shareholders of the Company from attending and voting at the Annual General Meeting or any adjournment thereof if they so wish.

25 July 2002

DEFINITIONS

In this document, the following expressions have the following meanings unless the context requires otherwise:

“Annual General Meeting”	the Annual General Meeting of the Company to be held at 118-130 Nathan Road, Kowloon, Hong Kong on Friday, 23 August 2002 at 12:00 noon and notice of which is set out on pages 1 to 2 of the 2001-2002 annual report of the Company
“Companies Ordinance”	the Companies Ordinance (Chapter 32) of the Laws of Hong Kong
“Company”	Miramar Hotel And Investment Co., Ltd., a company incorporated in Hong Kong with limited liability under the Companies Ordinance whose shares are listed on the Stock Exchange
“Directors”	the directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Proposal”	the proposal to give a general mandate to the Directors to exercise the powers of the Company to allot, issue and deal in, during the period as set out in the Issue Resolution, Shares up to a maximum of 20 per cent. of the issued share capital of the Company as at the date of passing the Issue Resolution
“Issue Resolution”	the proposed ordinary resolution as referred to in Resolution A under Item (4) of the notice of Annual General Meeting
“Latest Practicable Date”	19 July 2002, being the latest practicable date prior to the printing of this document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Proposal”	the proposal to give a general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution, Shares up to a maximum of 10 per cent. of the issued share capital of the Company as at the date of passing the Repurchase Resolution
“Repurchase Resolution”	the proposed ordinary resolution as referred to in Resolution B under Item (4) of the notice of Annual General Meeting
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange
“Share(s)”	share(s) of HK\$0.70 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE CHAIRMAN



MIRAMAR HOTEL AND INVESTMENT CO., LTD.

(Incorporated in Hong Kong with limited liability)

Directors:

Dr HO Tim (*Honorary Chairman*)

Dr LEE Shau Kee (*Chairman*)

*Dr David SIN Wai Kin (*Vice Chairman*)

Mr WOO Kim Phoe (*Vice Chairman*)

The Honourable LEE Quo Wei

Mr Robert YUE

Mr Patrick FUNG Yuk Bun

Mr Dominic CHENG Ka On

Mr Richard TANG Yat Sun

*Mr Stephen HO Tze Tung

Mr Colin LAM Ko Yin

Mr Eddie LAU Yum Chuen

Mr Tony NG

Mr Norman HO Hau Chong

Mr Howard YEUNG Ping Leung

Mr Peter YU Tat Kong

Registered Office:

118-130 Nathan Road

Kowloon

Hong Kong

* *Independent non-executive directors*

25 July 2002

To shareholders,

Dear Sir or Madam,

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

INTRODUCTION

At the last annual general meeting of the Company held on 16 August 2001, ordinary resolutions were passed to grant general mandates to the Directors to issue and to repurchase Shares. These general mandates will lapse at the conclusion of the forthcoming Annual General Meeting.

LETTER FROM THE CHAIRMAN

The purpose of this circular is to seek your approval of the resolutions, inter alia, relating to the Issue Proposal and the Repurchase Proposal to be proposed at the Annual General Meeting to be held on Friday, 23 August 2002, notice of which is set out on pages 1 to 2 of the 2001-2002 annual report of the Company.

GENERAL MANDATE TO ISSUE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be granted a general mandate to allot, issue and deal in Shares not exceeding 20 per cent. of the issued share capital of the Company as at the date of passing the Issue Resolution. It will also be proposed at the Annual General Meeting an ordinary resolution to extend such issue mandate by addition thereto any Shares representing the number of Shares repurchased by the Company after the granting of the general mandate to repurchase up to 10 per cent. of the issued share capital of the Company as at the date of passing the Repurchase Resolution.

GENERAL MANDATE TO REPURCHASE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed to grant to the Directors a general mandate to exercise all powers of the Company to repurchase Shares representing up to 10 per cent. of the issued share capital of the Company as at the date of passing the Repurchase Resolution.

ANNUAL GENERAL MEETING

On pages 1 to 2 of the 2001-2002 annual report of the Company, you will find a notice convening the Annual General Meeting at which three ordinary resolutions will be proposed to approve, inter alia, the general mandate to issue and repurchase Shares and the extension of the general mandate to issue Shares.

ACTION TO BE TAKEN

A form of proxy for use at the Annual General Meeting is enclosed in the 2001-2002 annual report of the Company. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the form of proxy accompanying the 2001-2002 annual report of the Company and return it to the registered office of the Company at 118-130 Nathan Road, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not prevent shareholders of the Company from attending and voting at the Annual General Meeting or any adjournment thereof if they so wish.

LETTER FROM THE CHAIRMAN

RECOMMENDATION

The Directors believe that the proposal for the Issue Proposal and the Repurchase Proposal are all in the best interests of the Company and its shareholders. Accordingly, the Directors recommend that all shareholders of the Company should vote in favour of the resolutions set out in the notice of Annual General Meeting.

By Order of the Board

LEE SHAU KEE

Chairman

This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10 per cent. of the issued share capital of the Company as at the date of passing the Repurchase Resolution. For the purpose of this appendix, the term “shares” shall be as defined in the Hong Kong Code on Share Repurchases to mean shares of all classes and securities which carry a right to subscribe or purchase shares. This appendix also constitutes the memorandum required under Section 49BA(3) of the Companies Ordinance.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 577,231,252 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Resolution to repurchase a maximum of 57,723,125 Shares.

2. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Proposal is in the best interests of the Company and its shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and its shareholders.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Articles of Association and the Companies Ordinance. The Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profits of the Company and/or the proceeds of a new issue of Shares, made for the purpose of the repurchase to such an extent allowable under the Companies Ordinance.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31 March 2002 in the event that the power to repurchase Shares pursuant to the Repurchase Resolution was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the power to repurchase Shares pursuant to the Repurchase Resolution to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARES PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:

	Shares	
	Highest	Lowest
	HK\$	HK\$
July 2001	5.800	5.550
August 2001	5.850	5.500
September 2001	5.500	5.000
October 2001	5.550	5.200
November 2001	5.800	5.400
December 2001	5.850	5.550
January 2002	5.800	5.500
February 2002	5.850	5.550
March 2002	5.850	5.550
April 2002	5.750	5.450
May 2002	6.200	5.700
June 2002	6.350	6.100

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Resolution and in accordance with the Listing Rules and the applicable laws of Hong Kong.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Proposal if such is approved by the shareholders of the Company.

No other connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the shareholders of the Company.

6. TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Resolution, a shareholder’s proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the following corporations (together the “Substantial Shareholders”) hold interests of 10 per cent. or more of the issued share capital of the Company:

Name of Corporation	No. of Shares	per cent. of issued capital after exercise in full of Repurchase Resolution	
		per cent. of existing issued capital	
Rimmer (Cayman) Limited (“Rimmer”)	252,105,250 <i>(Note 1)</i>	43.67% (approx.)	48.53% (approx.)
Hopkins (Cayman) Limited (“Hopkins”)	252,105,250 <i>(Note 1)</i>	43.67% (approx.)	48.53% (approx.)
Henderson Development Limited (“Henderson Development”)	252,105,250 <i>(Note 2)</i>	43.67% (approx.)	48.53% (approx.)
Henderson Land Development Company Limited (“Henderson Land”)	252,105,250 <i>(Note 2)</i>	43.67% (approx.)	48.53% (approx.)
Kingslee S.A.	252,105,250 <i>(Note 3)</i>	43.67% (approx.)	48.53% (approx.)
Henderson Investment Limited (“Henderson Investment”)	252,105,250 <i>(Note 3)</i>	43.67% (approx.)	48.53% (approx.)
Aynbury Investments Limited (“Aynbury”)	252,105,250 <i>(Note 3)</i>	43.67% (approx.)	48.53% (approx.)
Higgins Holdings Limited (“Higgins”)	100,612,750 <i>(Note 3)</i>	17.43% (approx.)	19.37% (approx.)
Multiglade Holdings Limited (“Multiglade”)	79,121,500 <i>(Note 3)</i>	13.71% (approx.)	15.23% (approx.)
Threadwell Limited (“Threadwell”)	72,371,000 <i>(Note 3)</i>	12.54% (approx.)	13.93% (approx.)

Notes:

- (1) Rimmer, as trustee of a discretionary trust, held a majority of units in a unit trust (“Unit Trust”). Hopkins was the trustee of the Unit Trust which beneficially owned all the issued ordinary shares in the share capital of Henderson Development. These 252,105,250 Shares are duplicated in the interests described in Notes 2 and 3.
- (2) Henderson Development had a controlling interest in Henderson Land which was the holding company of Kingslee S.A. These 252,105,250 Shares are duplicated in the interests described in Notes 1 and 3.

- (3) Kingslee S.A., a subsidiary of Henderson Land, was the holding company of Henderson Investment. The 252,105,250 Shares were beneficially owned by some of the subsidiaries of Henderson Investment. Higgins, Multiglade and Threadwell were subsidiaries of Aynbury. Aynbury was a subsidiary of Henderson Investment. These 252,105,250 Shares represent the Shares described in Notes 1 and 2.

Based on the above shareholding interest of the Substantial Shareholders, and in the event that the Directors exercise the power in full to repurchase Shares pursuant to the Repurchase Resolution, the interest of the Substantial Shareholders (other than Higgins, Multiglade and Threadwell) in the issued share capital of the Company would be increased to approximately 48.53 per cent., and such an increase may give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. The Directors have no present intention to exercise the power to repurchase Shares to such an extent that it will trigger the obligations of the Substantial Shareholders under the Takeovers Code to make a mandatory offer. The Directors are not aware of the consequences which may arise under the Takeovers Code as a result of any repurchases made pursuant to the Repurchase Resolution.

7. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.