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MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 71)

CONTINUING CONNECTED TRANSACTIONS REGARDING LEASES AT MIRAMAR TOWER

Reference are made to the announcements of the Company dated 24 July 2009, 2 February 2010, 22 June 2010 and 17 September 2010 in relation to Miramar Tower 1817-18 Lease, Miramar Tower 1803-07, 1812 Lease, Miramar Tower 1801-02 Lease, Miramar Tower 1808, 1813 Lease, Miramar Tower 1814 Lease and Miramar Tower 1815 Lease which were all entered into between Shahdan as landlord and Union Medical as tenant respectively.

The Board announces that on 29 December 2011, the New Lease was entered into between Shahdan as landlord and Union Medical as tenant, which constitutes continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.25 of the Listing Rules, the Miramar Tower 1817-18 Lease, the Miramar Tower 1803-07, 1812 Lease, the Miramar Tower 1801-02 Lease, the Miramar Tower 1808, 1813 Lease, the Miramar Tower 1814 Lease, the Miramar Tower 1815 Lease and the New Lease will be aggregated and treated as if they were one transaction. As the aggregate annual consideration payable under the Transactions, on an annual basis, does not exceed 5% of each of the applicable percentage ratios under the Listing Rules, pursuant to Rule 14A.34 of the Listing Rules, the Company is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and no independent shareholders' approval is required.

As at the date of this announcement, so far as the Directors are able to ascertain after making reasonable enquiries, Union Medical is a company indirectly controlled by the private trust of the family of Dr. Lee Shau Kee, Chairman of the Company. Accordingly, Union Medical is a Connected Person of the Company thereby rendering the New Lease continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Reference is made to:

- (i) the announcement dated 24 July 2009 in relation to the Miramar Tower 1817-18 Lease entered into by Shahdan as landlord and Union Medical as tenant in respect of the Miramar Tower 1817-18 Premises for a term of three years commencing from 12 June 2009 to 11 June 2012;
- (ii) the announcement dated 2 February 2010 in relation to the Miramar Tower 1803-07, 1812 Lease entered into by the same parties in respect of the Miramar Tower 1803-07, 1812 Premises for a term of three years commencing from 1 February 2010 to 31 January 2013;
- (iii) the announcement dated 22 June 2010 in relation to the Miramar Tower 1801-02 Lease and Miramar Tower 1808, 1813 Lease entered into by the same parties in respect of the Miramar Tower 1801-02 Premises and Miramar Tower 1808, 1813 Premises for a term of three years commencing from 1 June 2010 to 31 May 2013 and from 15 June 2010 to 14 June 2013 respectively; and
- (iv) the announcement dated 17 September 2010 in relation to the Miramar Tower 1814 Lease and Miramar Tower 1815 Lease entered into by the same parties in respect of the Miramar Tower 1814 Premises and Miramar Tower 1815 Premises for a term of three years commencing from 16 August 2010 to 15 August 2013 and from 16 September 2010 to 15 September 2013 respectively.

The Board announces that Shahdan and Union Medical had on 29 December 2011 entered into the following New Lease, particulars of which are set out below:

DETAILS OF THE NEW LEASE

Signing date	:	29 December 2011
Parties	:	Shahdan as landlord Union Medical as tenant
First New Premises	:	Unit 1816, 18 th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
Term	:	One year and nine months, commencing from 16 December 2011 to 15 September 2013
Rent and other charges	:	the rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) during the term is HK\$49,000.00

the aggregate monthly management fee and air-conditioning charges (subject to the periodic review or revision by

Shahdan or its designated property manager) is HK\$6,074.70

Extra chilled water supply costs may be charged by Shahdan to Union Medical for additional chilled water supply required by Union Medical which is beyond the specified normal daily chilled water supply hours

Rent-free period	One month commencing from 16 December 2011 during which Union Medical shall not be obliged to pay rent but shall pay the management fee, air-conditioning charges, government rates and utility charges for the New Premises
User	: To be used as a clinic only and staffed by any combination of the specialist physicians specializing in Internal Medicine

REASONS FOR ENTERING INTO THE NEW LEASE

Miramar Tower is held by the Group as an investment for rental purposes. The Directors (including the independent non-executive Directors) are of the opinion that the New Lease was 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 Lease were determined after arm's length negotiations between the parties and the rent is determined by reference to market rental of the New Premises endorsed by a valuation certificate dated 7 November 2011 by Savills Valuation and Professional Services Limited, an independent valuer. The other terms of the New Lease were determined with reference to a standard tenancy agreement which was also used in relation to other leases with other tenants of Miramar Tower.

As the New Lease was entered into in the ordinary and usual course of business of Shahdan and that the rent and other terms of the New Lease were determined after arm's length negotiations between the parties with reference to the prevailing market rent endorsed by an independent 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 Tower, the Directors (including the independent non-executive Directors) are of the opinion that the terms of the New Lease were fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, so far as the Directors are able to ascertain after making reasonable enquiries, Union Medical is a company indirectly controlled by the private trust of the family of Dr. Lee Shau Kee. Accordingly, Union Medical is a Connected Person of the Company thereby rendering the New 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 trust of the family of Dr. Lee Shau Kee, are deemed to be interested in the shares in Union Medical, they have material interest in the New Lease. 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 New Lease.

As the Miramar Tower 1817-18 Lease, the Miramar Tower 1803-07, 1812 Lease, the Miramar Tower 1801-02 Lease, the Miramar Tower 1808, 1813 Lease, the Miramar Tower 1814 Lease, the Miramar Tower 1815 Lease and the New Lease are entered into by Shahdan with the same Connected Person, namely, Union Medical and all seven leases related to premises in the same floor of the same building, they are regarded as related transaction and therefore are treated as if they were one transaction pursuant to Rule 14A.25 of the Listing Rules. As the aggregate annual consideration payable under the Transactions, on an annual basis, does not exceed 5% of each of the applicable percentage ratios under the Listing Rules, pursuant to Rule 14A.34 of the Listing Rules, the Company is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and no independent shareholders' approval is required.

The aggregate annual rental and other charges payable by Union Medical to Shahdan under the Transactions for each of the financial years ending 31 December 2011, 2012, and 2013 will be subject to the following cap amounts of HK\$12,100,000, HK\$12,230,000 and HK\$3,310,000 respectively. The cap amounts are determined with reference to the annual rent, management fees, air-conditioning charges, estimated extra air-conditioning charges, chilled water supply costs (including possible increment of management fees, air-conditioning fees and extra chilled water supply charges), vetting fee and debris removal fee payable by Union Medical under the Transactions.

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

	Year ending 31 December 2011 HK\$	Year ending 31 December 2012 HK\$	Year ending 31 December 2013 HK\$
Miramar Tower 1817-18 Lease	1,200,000	530,000	---
Miramar Tower 1803-07, 1812 Lease	6,300,000	6,300,000	520,000
Miramar Tower 1801-02 Lease	1,880,000	1,880,000	790,000
Miramar Tower 1808, 1813 Lease	1,930,000	1,940,000	890,000
Miramar Tower 1814 Lease	460,000	460,000	290,000
Miramar Tower 1815 Lease	320,000	330,000	230,000
New Lease	10,000	790,000	590,000
Total	<u>12,100,000</u>	<u>12,230,000</u>	<u>3,310,000</u>

GENERAL

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

The principal business of Shahdan is property rental.

The principal activities of Union Medical and its subsidiaries are operation of a hospital and clinics.

DEFINITIONS

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

“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
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Miramar Tower 1817-18 Lease”	the lease entered into between Shahdan as landlord and Union Medical as tenant in respect of the Miramar Tower 1817-18 Premises dated 24 July 2009
“Miramar Tower 1803-07, 1812 Lease”	the lease entered into between Shahdan as landlord and Union Medical as tenant in respect of the Miramar Tower 1803-07, 1812 Premises dated 2 February 2010
“Miramar Tower 1801-02 Lease”	the lease entered into between Shahdan as landlord and Union Medical as tenant in respect of the Miramar Tower 1801-02 Premises dated 22 June 2010
“Miramar Tower 1808, 1813 Lease”	the lease entered into between Shahdan as landlord and Union Medical as tenant in respect of the Miramar Tower 1808, 1813 Premises dated 22 June 2010

“Miramar Tower 1814 Lease”	the lease entered into between Shahdan as landlord and Union Medical as tenant in respect of the Miramar Tower 1814 Premises dated 17 September 2010
“Miramar Tower 1815 Lease”	the lease entered into between Shahdan as landlord and Union Medical as tenant in respect of the Miramar Tower 1815 Premises dated 17 September 2010
“Miramar Tower 1817-18 Premises”	Units 1817-18, 18 th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Miramar Tower 1803-07, 1812 Premises”	Units 1803-07, 1812, 18 th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Miramar Tower 1801-02 Premises”	Units 1801-02, 18 th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Miramar Tower 1808, 1813 Premises”	Units 1808, 1813, 18 th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Miramar Tower 1814 Premises”	Unit 1814, 18 th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Miramar Tower 1815 Premises”	Unit 1815, 18 th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“New Lease”	the lease entered into between Shahdan as landlord and Union Medical as tenant in respect of the New Premises dated 29 December 2011
“New Premises”	Unit 1816, 18 th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Shahdan”	Shahdan Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto under the Listing Rules
“Transactions”	collectively, the transactions contemplated under the Miramar Tower 1817-18 Lease, the Miramar Tower 1803-07, 1812 Lease, the Miramar Tower 1801-02 Lease, the Miramar Tower 1808, 1813 Lease, the Miramar Tower 1814 Lease, the Miramar Tower 1815 Lease and the New Lease

“Union Medical” Union Medical Centre Limited, a company incorporated in Hong Kong with limited liability, the principal activity of which is the operation of a hospital

“%” per cent

By Order of the Board
Chu Kwok Sun
Corporate Secretary

Hong Kong, 29 December 2011

As at the date of this announcement, (i) the executive directors of the Company 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 of the Company are: 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 of the Company are: Dr. David Sin Wai Kin, Mr. Wu King Cheong and Dr. Timpson Chung Shui Ming.