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## **MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED**

*(incorporated in Hong Kong with limited liability)*

(Stock code: 71)

### **CONTINUING CONNECTED TRANSACTION REGARDING LEASES AT MIRAMAR TOWER**

On 28 June 2006, the Board announced that Shahdan, a wholly-owned subsidiary of the Company, had on 22 April 2005 and 28 June 2006 entered into the First Lease and the Second Lease respectively with Union Medical. The Board announces that Shahdan had on 17 August 2007 entered into the Third Lease with Union Medical. Pursuant to Rule 14A.25 of the Listing Rules, the First Lease, the Second Lease and the Third Lease will be aggregated and treated as if they were one transaction. As the aggregate annual consideration payable under the Transaction, on an annual basis, does not exceed 2.5% 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. Details of the Third Lease are set out below in this announcement.

Union Medical is a company in which Dr. Lee and Mr. Lee have 100% deemed interest under the Listing Rules and therefore is an Associate of Dr. Lee and Mr. Lee. As Dr. Lee and Mr. Lee are Directors and are, by virtue of their respective deemed interests under the Listing Rules, taken as substantial shareholders of the Company, Union Medical is a Connected Person of the Company thereby rendering the First Lease, the Second Lease and the Third Lease continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 28 June 2006 in relation to, inter alia, the First Lease dated 22 April 2005 entered into by Shahdan as landlord and Union Medical as tenant in respect of the First Premises for a term of three years commencing from 25 April 2005 to 24 April 2008 and the Second Lease dated 28 June 2006 entered into by the same parties in respect of the Second Premises for a term of three years from 12 June 2006 to 11 June 2009. The Board announces that Shahdan and Union Medical has on 17 August 2007 entered into the Third Lease, particulars of which are set out below.

## **DETAILS OF THE THIRD LEASE**

Signing date:	17 August 2007
Parties:	Shahdan as landlord Union Medical as tenant
Premises:	Units 1801-02, 18th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong, of approximately 5,589 square feet ("Third Premises")
Term:	three years commencing from 1 June 2007 to 31 May 2010
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\$145,300.00  the aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated management company of Miramar Tower) is HK\$23,026.70
Rent-free period:	two months commencing from 1 June 2007 during which Union Medical shall not be obliged to pay rent but shall pay for the management fee, air-conditioning charges, government rates and utility charges for the Third Premises
User:	To be used as a clinic only and staffed by any combination of the specialist physicians specializing in Surgery, Cardiology, Urology, Chest Specialist, Orthopaedics, Obstetrics & Gynecology, Ophthalmology and Ear, Nose, Throat Surgery, but no services of a General Out-Patient Clinic, Family Medicine and Infectious Disease Specialty shall be provided

The annual rental and other charges payable by Union Medical to Shahdan under the First Lease (for the period from 1 April 2007 to 31 May 2007 only)<sup>Note</sup> for the financial year ending 31 March 2008 will be subject to the cap amount of HK\$230,000.

The annual rental and other charges payable by Union Medical to Shahdan under the Second Lease for each of the financial years ending 31 March 2008, 2009 and 2010 will be subject to the cap amounts of HK\$990,000, HK\$1,000,000 and HK\$200,000 respectively.

The annual rental and other charges payable by Union Medical to Shahdan under the Third Lease for each of the financial years ending 31 March 2008, 2009, 2010 and 2011 will be subject to the cap amounts of HK\$1,580,000, HK\$2,300,000, HK\$2,300,000 and HK\$400,000 respectively.

The aggregate annual rental and other charges payable by Union Medical to Shahdan under the First Lease, the Second Lease and the Third Lease for each of the financial years ending 31 March 2008, 2009, 2010 and 2011 will be subject to the cap amounts of HK\$2,800,000, HK\$3,300,000, HK\$2,500,000 and HK\$400,000 respectively. The cap amounts are determined with reference to the annual rent, management fees and air-conditioning charges payable by Union Medical pursuant to the First Lease, the Second Lease and the Third Lease. The Company will comply with the requirements of the Listing Rules if any change is made to the above cap amounts.

*Note:* Pursuant to a surrender agreement dated 17 August 2007 entered into between Shahdan and Union Medical, the First Lease was early terminated on 31 May 2007. The First Premises is rented by a third party (not being a Connected Person of the Company) for the remainder of the term of the First Lease. As a result, the First Lease ceased to be a continuing connected transaction of the Company since 1 June 2007.

## **REASONS FOR THE TRANSACTION**

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 Transaction 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 Third Lease was determined after arm's length negotiations between the parties and the rent is determined by reference to market rent of the Third Premises endorsed by a valuation certificate dated 29 May 2007 by Savills Valuation and Professional Services Limited, an independent valuer. The other terms of the Third Lease were determined with reference to the standard tenancy agreement entered into with other tenants of Miramar Tower and were similar to those applied to the First Lease and the Second Lease.

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 Third Lease were determined after arm's length negotiations between the parties and with reference to the prevailing market rent endorsed by an independent valuer, the Directors are of the opinion that the terms of the Third Lease were fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES**

Union Medical is a company in which Dr. Lee and Mr. Lee have 100% deemed interest under the Listing Rules and is therefore an Associate of Dr. Lee and Mr. Lee. As Dr. Lee and Mr. Lee are Directors and are, by virtue of their respective deemed interests under the Listing Rules, also taken as substantial shareholders of the Company, Union Medical is a Connected Person of the Company thereby rendering the First Lease, the Second Lease and the Third Lease continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the First Lease, the Second Lease and the Third Lease are entered into by Shahdan with the same Connected Person, namely, Union Medical and all three leases related to premises in the same floor of the same building, they are regarded as related transactions 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 Transaction, on an annual basis, does not exceed 2.5% 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. Details of the Transaction will be subject to disclosure in an announcement and inclusion in the next published annual report and accounts of the Company. The Company will also comply with the requirements under Rule 14A.37 to Rule 14A.40 of the Listing Rules in relation to the Transaction during each of the four financial years ending 31 March 2008, 2009, 2010 and 2011.

## **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.

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

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, Mr. Eddie Lau Yum Chuen and Mr. Peter Yu Tat Kong; (ii) the non-executive Directors are Mr. Woo Kim Phoe, Dr. Patrick Fung Yuk Bun, Mr. Dominic Cheng Ka On, Mr. Tony Ng, Mr. Howard Yeung Ping Leung, Mr. Thomas Liang Cheung Bui and Mr. Alexander Au Siu Kee; (iii) the independent non-executive Directors are Dr. David Sin Wai Kin, Mr. Wu King Cheong and Mr. Timpson Chung Shui Ming.

## **DEFINITIONS**

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

“Associate”	has the meaning ascribed thereto under the Listing Rules
“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
“Directors”	the directors of the Company
“Dr. Lee”	Dr. Lee Shau Kee

“First Lease”	the lease entered into between Shahdan as landlord and Union Medical as tenant in respect of the First Premises dated 22 April 2005 which was early terminated on 31 May 2007 pursuant to a surrender agreement entered into by the same parties dated 17 August 2007
“First Premises”	Units 1809-10, 18th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lee”	Mr. Lee Ka Shing
“Second Lease”	the lease entered into between Shahdan as landlord and Union Medical as tenant in respect of the Second Premises dated 28 June 2006
“Second Premises”	Units 1817-18, 18th 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
“Third Lease”	the lease entered into between Shahdan as landlord and Union Medical as tenant in respect of the Third Premises dated 17 August 2007
“Third Premises”	Units 1801-02, 18th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Transaction”	the First Lease entered into between Shahdan and Union Medical on 22 April 2005, the Second Lease and the Third Lease subsequently entered into between the same parties on 28 June 2006 and 17 August 2007 respectively which are treated as if they were one transaction pursuant to Rule 14A.25 of the Listing Rules
“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

By Order of the Board  
**Chu Kwok Sun**  
*Corporate Secretary*

Hong Kong, 17 August 2007