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MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

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

CONTINUING CONNECTED TRANSACTIONS REGARDING RENEWAL OF LEASE AND ENTERING INTO OF NEW LEASE

Reference is made to the announcement of the Company dated 17 August 2007 in relation to Miramar Tower 1801-02 Lease which expired on 31 May 2010. On 2 February 2010, the Board announced that Shahdan had on 24 July 2009 and 2 February 2010 entered into the Miramar Tower 1817-18 Lease and the Miramar Tower 1803-07, 1812 Lease respectively with Union Medical.

The Board announces that on 22 June 2010, the Renewal Lease and the New Lease were entered into between Shahdan as landlord and Union Medical as tenant, which constitutes a 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 Renewal 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. Accordingly, Union Medical is a Connected Person of the Company thereby rendering the Renewal Lease and the New Lease a 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; and
- (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.

The Board announces that Shahdan and Union Medical had on 22 June 2010 entered into the Renewal Lease and the New Lease, particulars of which are set out below:

DETAILS OF THE RENEWAL LEASE

- Signing date : 22 June 2010
- Parties : Shahdan as landlord
Union Medical as tenant
- Renewal Premises : Units 1801-02, 18th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
- Term : three years, commencing from 1 June 2010 to 31 May 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\$130,000.00
- 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\$24,424.00
- 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
- Sublet : The tenant shall have the right to sublet a part of the Miramar Tower 1801-02 Premises during the Term to Paragon Clinic

Limited, which is a third party (not being a Connected Person of the Company)

DETAILS OF THE NEW LEASE

- Signing date : 22 June 2010
- Parties : Shahdan as landlord
Union Medical as tenant
- New Premises : Units 1808 and 1813, 18th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
- Term : Three years, commencing from 15 June 2010 to 14 June 2013 (both dates inclusive)
- Rent and other charges : The total rent payable on a monthly basis (exclusive of government rates, management fee and air-conditioning charges) during the term is HK\$133,000.00
- 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\$23,392.70
- 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 : Two months commencing from 15 June 2010 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 clinics only to be staffed by any combination of the specialist physicians specializing in Dermatology & Surgery and Orthopaedics.

REASONS FOR THE TRANSACTIONS

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 Renewal Lease and the New Lease were 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 Renewal Lease and 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 Renewal Premises and the New Premises endorsed by a valuation certificate dated

5 May 2010 by Savills Valuation and Professional Services Limited, an independent valuer. The other terms of the Renewal Lease and 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 Transactions were entered into in the ordinary and usual course of business of Shahdan and that the rent and other terms of the Renewal Lease and 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 Renewal Lease and 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. Accordingly, Union Medical is a Connected Person of the Company thereby rendering the Renewal Lease and the New Lease a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the Miramar Tower 1817-18 Lease, the Miramar Tower 1803-07, 1812 Lease, the Renewal Lease and the New Lease are entered into by Shahdan with the same Connected Person, namely, Union Medical and all four 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 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 2010, 2011, 2012 and 2013 will be subject to the following cap amounts of HK\$8,480,000, HK\$11,310,000, HK\$10,650,000 and HK\$2,200,000 respectively. The cap amounts are determined with reference to the annual rent, management fees, air-conditioning charges, estimated extra air-conditioning charges and chilled water supply costs (including possible increment of management fees, air-conditioning fees and extra chilled water supply charges) 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 2010 HK\$	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	1,200,000	530,000	---
Miramar Tower 1803-07, 1812 Lease	4,400,000	6,300,000	6,300,000	520,000
Renewal Lease	2,080,000	1,880,000	1,880,000	790,000
New Lease	<u>800,000</u>	<u>1,930,000</u>	<u>1,940,000</u>	<u>890,000</u>
Total	<u>8,480,000</u>	<u>11,310,000</u>	<u>10,650,000</u>	<u>2,200,000</u>

Note: This comprises approximately HK\$980,000 being the rental and other charges paid by Union Medical to Shahdan under the Miramar Tower 1801-02 Lease for the period from 1 January 2010 to 31 May 2010 and HK\$1,100,000 being the cap amount of the rental and other charges payable by Union Medical to Shahdan under the Renewal Lease for the period from 1 June 2010 to 31 December 2010.

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 and clinics.

DEFINITIONS

“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
“Dr. Lee”	Dr. Lee Shau Kee, a Director
“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 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 17 August 2007
“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 Premises”	Units 1801-02, 18 th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“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
“New Lease”	the lease entered into between Shahdan as landlord and Union Medical as tenant in respect of the New Premises dated 22 June 2010
“New Premises”	Units 1808 and 1813, 18 th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Renewal Lease”	the lease entered into between Shahdan as landlord and Union Medical as tenant in respect of Miramar Tower 1801-02 Premises dated 22 June 2010
“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 Renewal 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, 22 June 2010

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 Bui 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 Mr. Timpson Chung Shui Ming.