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MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 71)

CONTINUING CONNECTED TRANSACTION

The board announces that Shahdan, a wholly-owned subsidiary of the Company, had on 22 April 2005 entered into the First Lease with Union Medical. As the aggregate annual consideration payable by Union Medical to Shahdan under the First Lease, on an annual basis, is less than 0.1% of each of the applicable percentage ratios, the First Lease was not subject to any reporting, announcement and shareholders' approval at the time it was entered into. The board further announces that Shahdan has on 28 June 2006 entered into the Second Lease with Union Medical. Pursuant to Rule 14A.25 of the Listing Rules, the First Lease and the Second 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 First Lease and the Second Lease are set out below in this announcement.

Union Medical is a company in which Dr. Lee Shau Kee ("Dr. Lee") and Mr. Lee Ka Shing ("Mr. Lee") have 100% deemed interest under the SFO 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 SFO, taken as substantial shareholders of the Company, Union Medical is a connected person of the Company thereby rendering the First Lease and the Second Lease continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

DETAILS OF THE FIRST LEASE

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| Signing date: | 22 April 2005 |
| Parties: | Shahdan as landlord Union Medical as tenant |
| First Premises: | Units 1809-10, 18th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong, of approximately 5,280 square feet |
| Term: | three years, from 25 April 2005 to 24 April 2008 |

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\$79,200

the aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated management company of the Premises) is HK\$21,120

Rent-free period: Two months of rent-free period commencing from 25 April 2005 during which Union Medical was not obliged to pay rent but shall pay for the management fee, air-conditioning charges, Government rates and utility charges for the First Premises

User: To be used as a clinic only to be staffed by any combination of the specialist physicians specializing in Surgery, Cardiology, Urology, Chest Specialist, Orthopaedics, Obstetrics & Gynaecology, Ophthalmology and Ears, Nose, Throat Surgery

DETAILS OF THE SECOND LEASE

Signing date: 28 June 2006

Parties: Shahdan as landlord
Union Medical as tenant

Second Premises: Units 1817-18, 18th Floor, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong, of approximately 2,399 square feet

Term: three years, from 12 June 2006 to 11 June 2009

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\$62,374

the aggregate monthly management fee and air-conditioning charges (subject to the periodic review by Shahdan or its designated management company of the Premises) is HK\$9,596

Rent-free period: two months of rent-free period commencing from 12 June 2006 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 Second Premises

User: To be used as a clinic only to be staffed by any combination of the specialist physicians specializing in Plastic and Cosmetic Surgery only

The aggregate annual rental and other charges payable by Union Medical to Shahdan under the First Lease and the Second Lease for each of the financial years ending 31 March 2007, 2008, 2009 and 2010 will be subject to the cap amounts of HK\$1,880,000, HK\$2,204,000, HK\$1,013,000 and HK\$184,000 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 and the Second Lease. The Company will comply with the requirements of the Listing Rules if any change is made to the above cap amounts.

REASONS FOR THE TRANSACTION

Miramar Tower is held by the Group as 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 Transaction were determined after arm's length negotiations between the parties and after making reference to market rents of premises in Miramar Tower. In determining the market rents of premises in Miramar Tower, the Group has referred to the rents of the premises similar to those in Miramar Tower in the Tsimshatsui area which tenancy agreements were concluded near to the respective dates of the First Lease and the Second Lease. The other terms of both the First Lease and the Second Lease were determined with reference to the standard tenancy agreement entered into with other tenants of Miramar Tower.

As the Transaction was entered into in the ordinary and usual course of business of Shahdan and that the rents and other terms of the Transaction were determined after arm's length negotiations between the parties and with reference to prevailing market rents from time to time and the standard tenancy agreement entered into with other tenants of Miramar Tower, the Directors are of the opinion that the terms of the Transaction 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 SFO 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 SFO, also taken as substantial shareholders of the Company, Union Medical is a connected person of the Company thereby rendering the First Lease and the Second Lease continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the First Lease and the Second Lease are entered into by Shahdan with the same connected person, namely, Union Medical and both leases are in respect of premises in the same building and on the same floor, 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 Rules 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 2007, 2008, 2009 and 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 provision of artificial fertilization treatment services.

As at the date of this announcement, (i) the executive Directors are Dr. Lee Shau Kee, Mr. Richard Tang Yat Sun, Mr. Colin Lam Ko Yin, Mr. Lee Ka Shing, 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, Mr. 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 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:

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| “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 |
| “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 |

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| “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 |
| “Premises” | Miramar Tower |
| “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 |
| “SFO” | the Securities and Futures Ordinance, Chapter 571, Laws of Hong Kong |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Transaction” | the First Lease entered into between Shahdan and Union Medical on 22 April 2005 and the Second Lease subsequently entered into between the same parties on 28 June 2006 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, 28 June 2006