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MIRAMAR GROUP

MIRAMAR HOTEL AND INVESTMENT COMPANY, LIMITED

美麗華酒店企業有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 71)

CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF NEW TENANCY AGREEMENT AND NEW LICENCE AGREEMENT

Reference is made to the announcement of the Company dated 3 August 2017 in relation to, inter alia, the Shops 501, 502, 503, 505 and 506 Tenancy Agreement and Pillar Signage Licence Agreement. Such Tenancy Agreement and Pillar Signage Licence Agreement will expire on 4 August 2020.

The Board announces that the Group entered into the following agreements on 31 July 2020 with the connected person of the Company, which constitute continuing connected transactions of the Company:

- (1) New Tenancy Agreement entered into between Shahdan, a wholly-owned subsidiary of the Company, as landlord and HPAL, a connected person, as tenant in respect of Premises; and
- (2) New Pillar Signage Licence Agreement entered into between Shahdan as licensor and HPAL as licensee in respect of the Pillar Signage Licence Area.

HPAL is an indirect wholly-owned subsidiary of Henderson Land, which in turn is a substantial shareholder of the Company, accordingly, HPAL is a connected person of the Company, thereby rendering the Transactions continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the relevant percentage ratios for the Transactions calculated on an annual basis by reference to the aggregate sum of rents, licence fees and other charges (exclusive of Government rates) payable by HPAL to the Group are more than 0.1% but less than 5%, in accordance with the Listing Rules, the Transactions are only subject to the reporting and announcement requirements of the Listing Rules and are exempt from the shareholders' approval requirement of the Listing Rules. Details of the Transactions are set out below in this announcement.

References are made to the Previous Announcements in relation to, inter alia,

- (i) a tenancy agreement dated 29 June 2020 entered into between Shahdan as landlord and HPAL, an indirect wholly-owned subsidiary of Henderson Land, as tenant in respect of Shop 312, 3/F., Mira Place 1 for a term of one year commencing from 2 July 2020 to 1 July 2021;
 - (ii) Shops 501, 502, 503, 505 and 506 Tenancy Agreement;
 - (iii) Pillar Signage Licence Agreement;
- (collectively the “**Existing Agreements**”) which constitute continuing connected transactions of the Company.

The Board announces that the Group entered into the following agreements on 31 July 2020 with HPAL, a connected person of the Company, which constitute continuing connected transactions of the Company:

DETAILS OF THE NEW TENANCY AGREEMENT

- | | |
|-------------------------|--|
| Signing date: | 31 July 2020 |
| Parties: | Shahdan as landlord
HPAL as tenant |
| Premises: | Shops 501-506, 5/F., Mira Place 1, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong |
| Term: | Three years commencing from 5 August 2020 to 4 August 2023, both days inclusive. Both the landlord and the tenant shall have the right to early terminate this tenancy agreement by giving a notice of not less than three months to the other party after 4 August 2022 |
| Rent and other charges: | (a) rent payable on a monthly basis (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution) during the term is HK\$2,260,000.00; |
| | (b) Government rates (subject to Government’s review) is HK\$100,000.00 per month; |
| | (c) aggregate monthly management fee and air-conditioning charges (subject to periodic review by Shahdan or its designated management company of the Premises) is HK\$435,885.70; and |
| | (d) monthly promotion contribution, being 2% of the monthly rent of Premises, that is HK\$45,200.00 subject to periodic review by Shahdan. |

DETAILS OF NEW PILLAR SIGNAGE LICENCE AGREEMENT

Signing date:	31 July 2020
Parties:	Shahdan as licensor HPAL as licensee
Pillar Signage Licence Area:	Pillar Signage near Shop No. G02 on the Ground Floor of Mira Place 1, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
Term:	Three years commencing from 5 August 2020 to 4 August 2023, both days inclusive, subject to the right of early termination. The licensor shall have the right to early terminate this license agreement by giving one month's prior notice to the licensee and repossess the Pillar Signage Licence Area without any compensation to the licensee
Licence fee and other charges:	(a) The licence fee (exclusive of electricity charges but inclusive of management fee, air-conditioning charge and rates) payable for the whole term is HK\$1,100.00; (b) Electricity charges, and ongoing maintenance cost (if any) shall be borne by the licensee during the Licence Period.
User:	To be used for advertising the trade name of the licensee only

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS

Mira Place 1 is held by the Group as investment for rental purposes and the Transactions will contribute to rental income of the Group.

The terms of the Transactions were determined after arm's length negotiations between the parties and after making reference to market rental of Premises and market licence fee of Pillar Signage Licence Area endorsed by a valuation certificate dated 17 July 2020 by Cushman & Wakefield Limited, an independent property valuer. The other terms of the New Agreements were determined with reference to a standard tenancy agreement and licence agreement which were also used in relation to other leases with other tenants of Mira Place 1.

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 New Agreements were determined after arm's length negotiations between the parties with reference to the prevailing market rent and market licence fees endorsed by an independent valuer and with reference to the terms of a standard tenancy agreement and licence agreement which are also used in relation to other leases with other tenants of Mira Place 1, the Directors (including the independent non-executive Directors) are of the opinion that the Transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms after arm's length negotiations between the parties; and (iii) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES

HPAL is an indirect wholly-owned subsidiary of Henderson Land, which in turn is a substantial shareholder of the Company, accordingly, HPAL is a connected person of the Company, thereby rendering the Transactions continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Mr. Lee Ka Shing, the Chairman and Chief Executive Officer, is regarded as materially interested in the transactions contemplated under the New Agreements through his deemed interest in the shares of Henderson Land. The Board had delegated the power to consider and approve all connected transactions of the Company to the Company's audit committee. As Mr. Lee Ka Shing is not a member of the audit committee, he has not voted on the relevant Board resolution(s) in respect of the transactions contemplated under the New Agreements.

The aggregate annual rental, licence fees and other charges (exclusive of Government rates) payable by HPAL to the Group under the transactions contemplated under the Shops 501, 502, 503, 505 and 506 Tenancy Agreement and the New Agreements for each of the financial years ending 31 December 2020, 2021, 2022 and 2023 will be subject to the following cap amounts of HK\$39,700,000, HK\$40,000,000, HK\$40,200,000, and HK\$24,000,000 respectively. The cap amounts are determined with reference to the annual rent, management fees, air-conditioning charges, promotion contribution, licence fee and other charges (exclusive of Government rates) payable by HPAL to the Group under the Shops 501, 502, 503, 505 and 506 Tenancy Agreement and the New Agreements for each of the financial years ending 31 December 2020, 2021, 2022 and 2023 with respect to the existing and/or new leases for the Premises and Pillar Signage Licence Area, the breakdown of which are as follows:

	Year ending 31 December 2020 HK\$	Year ending 31 December 2021 HK\$	Year ending 31 December 2022 HK\$	Year ending 31 December 2023 HK\$
Shops 501, 502, 503, 505 and 506 Tenancy Agreement	23,500,000	---	---	---
New Tenancy Agreement	16,198,900	40,000,000	40,200,000	24,000,000
New Pillar Signage Licence Agreement	1,100	---	---	---
Total	<u>39,700,000</u>	<u>40,000,000</u>	<u>40,200,000</u>	<u>24,000,000</u>

Since the relevant percentage ratios for the Transactions calculated on an annual basis by reference to the aggregate sum of rents, licence fees and other charges (exclusive of Government rates) payable by HPAL to the Group, even when aggregated with the annual caps of the Existing Agreements as stated in the Previous Announcements, are more than 0.1% but less than 5%, in accordance with the Listing Rules, the Transactions are only subject to the reporting and announcement requirements of the Listing Rules and are exempt from the shareholders' approval requirement of the Listing Rules.

GENERAL

The Company's principal activities consist of property rental, hotels and serviced apartments, food and beverage operation and travel operation. The principal business of Shahdan is property rental. The principal activities of HPAL are provision of management and agency services.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Miramar Hotel and Investment Company, Limited (美 麗華酒店企業有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 71)
“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
“Henderson Land”	Henderson Land Development Company Limited (恒 基兆業地產有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“HPAL”	Henderson Property Agency Limited (恒基物業代理 有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Henderson Land
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Agreements”	collectively, the New Tenancy Agreement and the New Pillar Signage Licence Agreement
“New Pillar Signage Licence Agreement”	the agreement entered into between Shahdan as licensor and HPAL as licensee in respect of the Pillar Signage Licence Area dated 31 July 2020

“New Tenancy Agreement”	the agreement entered into between Shahdan as landlord and HPAL as tenant in respect of the tenancy of the Premises dated 31 July 2020
“Pillar Signage Licence Area”	Pillar Signage near Shop No. G02 on the Ground Floor of Mira Place 1, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Pillar Signage Licence Agreement”	the agreement entered into between Shahdan as licensor and HPAL as licensee dated 3 August 2017
“Premises”	Shops 501-506, 5/F., Mira Place 1, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Previous Announcements”	the announcements of the Company dated 3 August 2017 and 29 June 2020
“Shahdan”	Shahdan Limited (正信有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	collectively, the transactions contemplated under the New Agreements
“Shops 501, 502, 503, 505 and 506 Tenancy Agreement”	the tenancy agreement entered into between Shahdan as landlord and HPAL as tenant in respect of the tenancy of Shops 501, 502, 503, 505 and 506 (also known as Shops 501-506) of Mira Place 1 dated 3 August 2017

By Order of the Board
 Chu Kwok Sun
 Corporate Secretary

Hong Kong, 31 July 2020

As at the date of this announcement, (i) the executive directors of the Company are: Mr. Lee Ka Shing, Mr. Richard Tang Yat Sun, Dr. 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 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, Dr. Timpson Chung Shui Ming, Mr. Howard Yeung Ping Leung and Mr. Thomas Liang Cheung Bui.