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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 TRANSACTION REGARDING NEW TENANCY AGREEMENT

Reference is made to the announcement of the Company dated 3 August 2017 in relation to the Existing Lease which was entered into between Shahdan as landlord and HPAL as tenant, commencing from 5 August 2017 to 4 August 2020.

The Board announces that on 29 June 2020, the New Tenancy Agreement was entered into between Shahdan as landlord and HPAL as tenant, which constitutes continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

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

Pursuant to Rule 14A.81 of the Listing Rules, the Existing Lease and the New Tenancy Agreement will be aggregated and treated as if they were one transaction. As the aggregate annual consideration payable under the Transactions, on an annual basis, exceeds 0.1% but less than 5% of each of the applicable percentage ratios under the Listing Rules, the Transactions are only subject to the reporting and announcement requirements of the Listing Rules and is exempt from the shareholders' approval requirements of the Listing Rules.

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The Board announces that on 29 June 2020, the New Tenancy Agreement was entered into between Shahdan as landlord and HPAL as tenant which constitutes continuing connected transaction of the Company under Chapter 14A of the Listing Rules, particulars of which are set out below:

DETAILS OF THE NEW TENANCY AGREEMENT

- Signing date: 29 June 2020
- Parties: Shahdan as landlord
HPAL as tenant
- Premises: Shop 312, 3/F., Mira Place 1, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
- Term: One year commencing from 2 July 2020 and expiring on 1 July 2021, both days inclusive, or the 7th day(s) from the date of notification by the Landlord or its solicitor that the vacant possession of the Premises is ready for delivery (“Lease Commencement Date”).
- Rent and other charges:
- (a) rent payable on a monthly basis (exclusive of management fee and air-conditioning charges, government rates and promotion contribution) during the term is HK\$157,633.00;
 - (b) Government rates (subject to Government’s review) is HK\$7,550.00 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\$33,135.10;
 - (d) monthly promotion contribution, being 2% of the monthly rent of Premises, that is HK\$3,152.66 subject to periodic review by Shahdan;
 - (e) Extra chilled water supply costs may be charged by Shahdan to HPAL for additional chilled water supply required by HPAL which is beyond the specified normal daily chilled water supply hours; and
 - (f) Licence of certain area at the Premises being obtained by the Tenant from the Landlord at a licence fee of HK\$1.00 (exclusive of management fee and air-conditioning charges, government rates and other outgoings) during the term. Such Licence shall commence and co-terminate on the same date as that of the New Tenancy Agreement.
- User: To be used for property agency.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW TENANCY AGREEMENT

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

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

As the New Tenancy Agreement was entered into in the ordinary and usual course of business of Shahdan and that the rent and other terms of the New Tenancy Agreement were determined after arm's length negotiations between the parties with reference to the prevailing market rent and market licence fee endorsed by an independent valuer and with reference to the terms of a standard tenancy 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 New Tenancy Agreement was 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

As HPAL is an indirect wholly-owned subsidiary of Henderson Land, which in turn is a substantial shareholder of the Company, HPAL is a connected person of the Company, thereby rendering the New Tenancy Agreement a continuing connected transaction 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 Tenancy Agreement 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 Tenancy Agreement.

As the Existing Lease and the New Tenancy Agreement are entered into by Shahdan with the same connected person, namely, HPAL and two agreements related to the premises in different 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.81 of the Listing Rules.

The aggregate annual rental, licence fee and other charges (exclusive of Government rates) payable by HPAL to the Group under the Transactions for each of the financial years ending 31 December 2020 and 2021 will be subject to the following cap amounts of HK\$24,900,000.00 and HK\$1,500,000.00 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) (including possible increment of management fees, air-conditioning fees and extra chilled water supply charges) payable by HPAL under the Transactions for each of the financial years ending 31 December 2020 and 2021, the breakdown of which are as follows:

	Year ending 31 December 2020 <i>HK\$</i>	Year ending 31 December 2021 <i>HK\$</i>
Existing Lease	23,500,000	---
New Tenancy Agreement	<u>1,400,000</u>	<u>1,500,000</u>
Total	<u><u>24,900,000</u></u>	<u><u>1,500,000</u></u>

As the aggregate annual consideration payable under the Transactions, on an annual basis, exceeds 0.1% but less than 5% of each of the applicable percentage ratios under the Listing Rules, the Transactions are only subject to the reporting and announcement requirements of the Listing Rules and is exempt from the shareholders' approval requirements of the Listing Rules.

GENERAL

The Group's principal activities consist of property rental, hotels and serviced apartments, food and beverage operation and travel operation. The principal activities 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
“Directors”	the directors of the Company
“Existing Lease”	the lease entered into between Shahdan as landlord and HPAL as tenant in respect of the tenancy of Shops Nos. 501, 502, 503, 505 and 506, 5/F., Mira Place 1, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong dated 3 August 2017

“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 Tenancy Agreement”	the agreement entered into between Shahdan as landlord and HPAL as tenant in respect of the tenancy of the Premises dated 29 June 2020
“Premises”	Shop 312, 3/F., Mira Place 1, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“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 Existing Lease and the New Tenancy Agreement

By Order of the Board
 Chu Kwok Sun
 Corporate Secretary

Hong Kong, 29 June 2020

As at the date of this announcement, (i) the executive Directors 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 are Dr. Patrick Fung Yuk Bun, Mr. Dominic Cheng Ka On and Mr. Alexander Au Siu Kee; (iii) the independent non-executive Directors 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.