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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)

**CONNECTED TRANSACTION AND
CONTINUING CONNECTED TRANSACTION
RELATING TO MIRA MOON**

Reference is made to the announcement of the Company dated 5 December 2013 in respect of the Existing Lease Agreement. As the Existing Lease Agreement will expire on 20 May 2024, Intelligent House Limited (an indirect wholly-owned subsidiary of Henderson Land) as landlord and Mira Moon Limited (a wholly-owned subsidiary of the Company) as tenant, have entered into the New Lease Agreement whereby the Landlord has agreed to lease to the Tenant the Premises for a term of 3 years commencing from 21 May 2024 at a Base Rent of HK\$1,320,000 per month plus the Additional Rent (if any), together with the payment of Food and Beverage Charges, Government Rates and other outgoings (if any) to the Landlord. The Premises will continue to be used by the Tenant as a hotel under the name “Mira Moon”.

As at the date of this announcement, the Landlord is an indirect wholly-owned subsidiary of Henderson Land which in turn is the holding company of the Company, accordingly, the Landlord is a connected person of the Company under the Listing Rules. Therefore, under Chapter 14A of the Listing Rules, (a) the payment of the Base Rent (being fixed payment) constitutes a one-off connected transaction for the Company; and (b) the payment of the Additional Rent, Food and Beverage Charges (if any), Government Rates and other outgoings (if any) to the Landlord under the New Lease Agreement (being variable payments) constitutes a continuing connected transaction for the Company under the Listing Rules.

Given that (i) one or more of the applicable percentage ratios in respect of the New Lease Agreement on the basis of the value of the right-of-use asset, being the aggregate discounted amount of the Base Rent in the amount of HK\$44,762,294, exceed 0.1% but are all less than 5%; and (ii) some of the applicable percentage ratios in respect of the New Lease Agreement on the basis of the highest annual cap amount in respect of the

aggregate of the Annual Additional Rent, Food and Beverage Charges (if any), Government Rates and all other outgoings (if any) (on an annual basis) exceed 0.1% but all of them are less than 5%, the New Lease Agreement and the transactions contemplated thereunder are exempt from the shareholders' approval requirement, but are subject to the reporting, announcement and (to the extent constituting continuing connected transaction for the Company) annual review requirements under Chapter 14A of the Listing Rules.

THE NEW LEASE AGREEMENT

On 20 May 2024, the Tenant and the Landlord entered into the New Lease Agreement in respect of the leasing of the Premises. The principal terms of the New Lease Agreement are summarised as follows:

- Date : 20 May 2024
- Parties : Intelligent House Limited (聰明居有限公司) as landlord
Mira Moon Limited as tenant
- Premises : the Premises, being a building now known as "MIRA MOON" located at No.388 Jaffe Road, Wanchai, Hong Kong
- Term : 3 years commencing from 21 May 2024 to 20 May 2027 (both days inclusive)
- Termination by sale or redevelopment or refurbishment : If, at any time during the Term, the Landlord shall resolve to (i) sell the Premises or any part of it directly or indirectly (including the change in the shareholding or control of the Landlord and/or its immediate holding company); or (ii) re-develop, refurbish, demolish or renovate the Premises or any part of it, the Landlord shall have the right upon giving not less than 6 months' prior written notice to the Tenant to terminate the New Lease Agreement
- Rent : A base rent of HK\$1,320,000 per month (the "**Base Rent**") (payable monthly in advance on the 1st day of each calendar month) plus the Additional Rent, which is calculated in the following manner:

Additional Rent

The Additional Rent in respect of each Relevant Year for the Term (the "**Annual Additional Rent**") shall be:

- (i) where the Gross Annual Room Revenue is less than or equal to HK\$80,000,000, the amount of the Additional Rent payable shall be 22.5% of the Gross Annual Room Revenue exceeding HK\$15,840,000 for the Relevant Year; or

- (ii) where the Gross Annual Room Revenue is more than HK\$80,000,000 but less than or equal to HK\$100,000,000, the amount of the Additional Rent payable shall be 25% of the Gross Annual Room Revenue exceeding HK\$15,840,000 for the Relevant Year; or
- (iii) where the Gross Annual Room Revenue is more than HK\$100,000,000 but less than or equal to HK\$130,000,000, the amount of the Additional Rent payable shall be 27.5% of the Gross Annual Room Revenue exceeding HK\$15,840,000 for the Relevant Year; or
- (iv) where the Gross Annual Room Revenue is more than HK\$130,000,000, the amount of the Additional Rent payable shall be 30% of the Gross Annual Room Revenue exceeding HK\$15,840,000 for the Relevant Year.

If the amount of Annual Additional Rent calculated based on (i) above is a negative figure, then no Annual Additional Rent shall be payable by the Tenant to the Landlord for that Relevant Year.

The Annual Additional Rent in respect of any Relevant Year shall be paid annually in arrears by the Tenant to the Landlord within 90 days immediately following the end of the Relevant Year subject to the terms and conditions of the New Lease Agreement.

Food and Beverage Charges : The Tenant shall pay to the Landlord 15% of the monthly Food and Beverage Revenue of the Tenant's business at the Food and Beverage Outlets without any deduction (the "**Food and Beverage Charges**").

Provisional Food and Beverage Charges in respect of any calendar month shall be paid in arrears by the Tenant in respect of the monthly Food and Beverage Revenue of the Tenant's business during the relevant calendar month by the 15th day of the immediately following calendar month.

Within 90 days after the expiration of each calendar year, the Tenant shall supply a statement certified by its auditors or external accountants (the "**Certified Statement**") as to the actual amount of the Food and Beverage Revenue for the relevant calendar year.

If the actual sum paid as provisional Food and Beverage Charges payable for any calendar month is less than the actual Food and Beverage Charges payable for the relevant calendar month calculated based on the Certified Statement, the shortfall shall be paid by the Tenant to the Landlord within 30

days of the Landlord's notice to the Tenant on such shortfall. If the actual sum paid as provisional Food and Beverage Charges payable for any calendar month is more than the actual Food and Beverage Charges payable for the relevant calendar month calculated based on the Certified Statement, such excess sum shall be refunded by the Landlord to the Tenant within 30 days of the Landlord's receipt of the Certified Statement.

Government Rates	The Tenant shall pay to the Landlord HK\$38,500 per month (subject to adjustment by the Hong Kong Government) in advance on the 1 st day of each calendar month in respect of the government rates of the Premises (the “ Government Rates ”).
Deposit	: A sum of HK\$1,320,000 has already been paid by the Tenant to the Landlord as deposit as at the date of the New Lease Agreement
User	: To use the Premises for the purpose of a high class hotel and providing such types of services that are normally provided by other high class hotels in Hong Kong.
Formal lease agreement	The Landlord and the Tenant will enter into a tenancy agreement in respect of the Premises containing, among others, the major terms disclosed above.

ACCOUNTING IMPLICATION AND TREATMENT UNDER LISTING RULES

In accordance with the HKFRS 16 applicable to the Group, since the payments to be made by the Group contemplated under the New Lease Agreement comprise different components (i.e. fixed payments and variable payments), different accounting treatments will apply. The Group will recognize the Base Rent (being fixed payment) as an acquisition of right-of-use asset taking into account the aggregate discounted amount of the Base Rent initially measured to be in the amount of HK\$44,762,294 in accordance with HKFRS 16. The Annual Additional Rent, Food and Beverage Charges, Government Rates and all other outgoings (being variable payments) will be recognized as expenses in the Group's profit and loss accounts in the periods in which they are incurred, and the payment of such expenses will be regarded as a continuing connected transaction for the Company under Chapter 14A.31 of the Listing Rules.

BASIS OF DETERMINATION OF THE ANNUAL CAPS

As the payment of the Additional Rent, Food and Beverage Charges, Government Rates and all other outgoings (if any) under the New Lease Agreement (being variable payments) constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules, the Company is required to set annual caps for the aggregate amount of these payments in respect of the relevant period or financial year. The annual caps stated below are determined with reference to the historical amounts and the estimated amount of the Annual Additional Rent, Food and Beverage Charges,

Government Rates and all other outgoings (if any) in respect of the relevant period or financial year stated below. The estimated Annual Additional Rent was determined with reference to the estimated Gross Annual Room Revenue; and the estimated annual Food and Beverage Charges was determined with reference to the projected revenue in the Food and Beverage Outlets and its estimated annual growth.

Historical amounts

The historical amounts in respect of the additional rent, food and beverage charges (if any), government rates and all other outgoings (if any) (on an annual basis) paid pursuant to the Existing Lease Agreement in respect of the relevant financial year are stated below:

For the financial year ended 31 December 2021:	HK\$434,905
For the financial year ended 31 December 2022 :	HK\$241,821
For the financial year ended 31 December 2023 :	HK\$709,598

Annual caps

The relevant annual cap for the aggregate of the Annual Additional Rent, Food and Beverage Charges (if any), Government Rates and all other outgoings (if any) in respect of the relevant period or financial year are stated below:

For the period from 21 May 2024 to 31 December 2024:	HK\$1,800,000
For the financial year ending 31 December 2025 :	HK\$3,900,000
For the financial year ending 31 December 2026 :	HK\$9,500,000
For the relevant period from 1 January 2026 to 20 May 2027:	HK\$5,600,000

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW LEASE AGREEMENT

With the aim to realize the synergy effect among the hotel business of the Group in Hong Kong, the entering into of the New Lease Agreement and the operation of Mira Moon will continue to facilitate the Group to formulate a long-term strategic plan for the development of business of the Hotel. The Board is of the view that the entering into of the New Lease Agreement is consistent with the Group’s development strategies and business plans to diversify its hotel business, and will contribute to the expansion of the Group’s hotel business, with a view to improving the income stream of, and providing additional revenue to, the Group.

The terms of the New Lease Agreement (including the Base Rent, Additional Rent and Food and Beverage Charges) were determined after arm’s length negotiations between the Landlord and the Tenant, and the Base Rent was determined with reference to market rental of the Premises endorsed by a valuation certificate dated 8 May 2024 by Cushman & Wakefield Limited, an independent property valuer, as well as with reference to standard terms of lease agreements adopted for lease of similar properties in relation to

hotel business.

In light of the above, the Directors (including the independent non-executive Directors) are of the opinion that the New Lease 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 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, the Landlord is an indirect wholly-owned subsidiary of Henderson Land which in turn is the holding company of the Company, accordingly, the Landlord is a connected person of the Company under the Listing Rules. Therefore, under Chapter 14A of the Listing Rules, (a) the payment of the Base Rent (being fixed payment) constitutes a one-off connected transaction for the Company; and (b) the payment of the Additional Rent, Food and Beverage Charges (if any), Government Rates and outgoings (if any) to the Landlord under the New Lease Agreement (being variable payments) constitutes a continuing connected transaction for the Company under the Listing Rules.

Given that (i) one or more of the applicable percentage ratios in respect of the New Lease Agreement on the basis of the value of the right-of-use asset, being the aggregate discounted amount of the Base Rent in the amount of HK\$44,762,294, exceed 0.1% but are all less than 5%; and (ii) some of the applicable percentage ratios in respect of the New Lease Agreement on the basis of the highest annual cap amount in respect of the aggregate of the Annual Additional Rent, Food and Beverage Charges (if any), Government Rates and all other outgoings (if any) (on an annual basis) exceed 0.1% but all of them are less than 5%, the New Lease Agreement and the transactions contemplated thereunder are exempt from the shareholders' approval requirement, but are subject to the reporting, announcement and (to the extent constituting continuing connected transaction for the Company) annual review requirements under Chapter 14A of the Listing Rules.

Dr. Lee Ka Shing, the Chairman and Chief Executive Officer of the Company, is regarded as materially interested in the transactions contemplated under the New Lease Agreement through his deemed interest in the shares of Henderson Land by virtue of the Securities and Futures Ordinance (Cap. 571). The Board had delegated the power to consider and approve all connected transactions of the Company to the Company's audit committee. As Dr. 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 Lease Agreement.

GENERAL

The principal activity of the Company is investment holding, and the principal activities of its subsidiaries consist of property rental, hotels and serviced apartments, food and beverage operation and travel operation.

The Tenant is principally engaged in the operation of hotel business.

The principal business of the Landlord is property development and investment.

Henderson Land is an investment holding company and its subsidiaries are principally engaged in the businesses of property development and investment, construction, project management, property management, department store operation, hotel operation and investment holding. The shareholding information of Henderson Land is available on the Stock Exchange's website (<https://www.hkexnews.hk/>).

DEFINITIONS

“Additional Rent”	being the additional rent payable by the Tenant to the Landlord with reference to the amount of the Gross Annual Room Revenue, the calculation of which is summarized in the sub-section headed “Rent” under the section headed “THE NEW LEASE AGREEMENT” in this announcement
“Annual Additional Rent”	the Additional Rent in respect of each Relevant Year for the Term, the calculation of which is summarized in the sub-section headed “Rent” under the section headed “THE NEW LEASE AGREEMENT” in this announcement
“Base Rent”	the base rent payable by the Tenant to the Landlord under the New Lease Agreement, being a sum of HK\$1,320,000 per month
“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
“Existing Lease Agreement”	the lease agreement dated 5 December 2013 entered into between the Landlord and the Tenant in respect of the Premises
“Food and Beverage Charges”	15% of the monthly Food and Beverage Revenue of the Tenant's business at the Food and Beverage Outlets, payment of which is summarized in the sub-section headed “Food and Beverage Charges” under the section headed “THE NEW LEASE AGREEMENT” in this announcement
“Food and Beverage Outlets”	the restaurants and food and beverage outlets at the Premises

“Food and Beverage Revenue”	the aggregate of all sums of money or other consideration received or receivable in each month for all goods, food, beverages, liquors and drinks of any kinds sold consumed or otherwise disposed of and for all services sold or performed and from all business of any nature whatsoever conducted or operated by the Tenant at in from or upon the Food and Beverage Outlets at the Premises (save and except the minibar services provided in each hotel room)(inclusive of service charge but exclusive of tax (if any) paid or accounted for by the Tenant to the taxing authority or any discount promotional or complimentary bills arising from the normal course of the Tenant’s business at the Food and Beverage Outlets)
“Gross Annual Room Revenue”	in relation to any Relevant Year, the aggregate of the amount or the value of the consideration received or receivable by the Tenant in respect of such period from all business carried on in upon or from the Premises including, among others, (a) the consideration received or receivable for the provision of accommodation and the performance of other services (such as provision of telephone, laundry and dry cleaning services, internet, other telecommunications services, facsimile services, minibar services in each hotel room) and all other sales related to the operation or the use of the Premises as a hotel, (b) all commissions; and (c) all rents, licence fees or other value or consideration from any part of the Premises operated for the purpose of retail, other sales, business centres, facilities for fitness, health and sports, function rooms, exhibition facilities or conference facilities or in respect of machines and other devices providing services or amusement of any kind in the Premises (excluding the provision of catering, food and beverage services) and from any licensees or concessionaries in any part of the Premises
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Henderson Land”	Henderson Land Development Company Limited (恒基兆業地產有限公司), a company listed on the Stock Exchange (Stock Code: 12)

“Hotel”	a 33-storey hotel with 89 rooms known as “MIRA MOON” located at No.388 Jaffe Road, Wanchai, Hong Kong
“Landlord”	Intelligent House Limited (聰明居有限公司), a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of Henderson Land
“New Lease Agreement”	the offer to lease dated 20 May 2024 issued by the Landlord and accepted by the Tenant in respect of the Premises
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Premises”	the remaining portion of section A of Marine Lot No.436 together with the building erected thereon now known as “MIRA MOON” at No.388 Jaffe Road, Wanchai, Hong Kong
“Relevant Year”	each and every year of the Term
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto under the Listing Rules
“Tenant”	Mira Moon Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Company
“Term”	the term of the New Lease Agreement, being a period commencing from 21 May 2024 to 20 May 2027 (both days inclusive)
“%”	per cent

By Order of the Board
Chu Kwok Sun
Corporate Secretary

Hong Kong, 20 May 2024

As at the date of this announcement, (i) the executive Directors are Dr. Lee Ka Shing, Dr. Colin Lam Ko Yin, Mr. Richard Tang Yat Sun, Mr. Eddie Lau Yum Chuen and Mr. Norman Ho Hau Chong; (ii) the non-executive Directors are Dr. Patrick Fung Yuk Bun and Mr. Dominic Cheng Ka On; and (iii) the independent non-executive Directors are Dr. Timpson Chung Shui Ming, Mr. Howard Yeung Ping Leung, Mr. Thomas Liang Cheung Bui, Mr. Wu King Cheong, Mr. Alexander Au Siu Kee and Mr. Benedict Sin Nga Yan.