Press Release **[For Immediate Release]**

Miramar Hotel and Investment Company, Limited
Announces 2020 Annual Results
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[Hong Kong – 18 March 2021] Miramar Hotel and Investment Company, Limited (the “Company”) and its subsidiaries (collectively, the “Group”), HKSE stock code: 71, announced today the annual results for the year ended 31 December 2020.

	For the year ended 31 December		
HK$ Million	**2020**	2019	Change
Revenue	**1,315**	3,062	-57.1%
Profit attributable to shareholders	**302**	1,288	-76.6%
Underlying profit attributable to shareholders	**454**	784	-42.1%
Basic underlying earnings per share (HK$)	**0.66**	1.13	-41.6%
Dividend per share (HK Cents)			
Final dividend per share	**28**	34	-17.7%
Interim dividend per share	**22**	24	-8.3%

The Group’s revenue for the year amounted to HK$1,315 million (2019: HK$3,062 million), a decrease of 57.1% against last year. Profit attributable to shareholders for the year was HK$302 million (2019: HK$1,288 million) with a year-on-year decrease of 76.6%. Mr. Lai Ho Man, Director of Group Finance, said, “The decrease is mainly caused by the revaluation loss on fair value of our investment properties (there was revaluation gain in last year) and the weakened business performances of our hotel & serviced apartments business, food & beverage business and travel business which, in turn, was due to the impact from Coronavirus disease (“COVID-19”) pandemic.” The Board is pleased to recommend a final dividend of HK28 cents per share (2019: HK34 cents per share) payable to shareholders whose names are on the Register of Members as at 17 June 2021. Including an interim dividend of HK22 cents per share (2019: HK24 cents per share) paid on 13 October 2020, the total dividend payout for the whole year will be HK50 cents per share (2019: HK58 cents per share).

In 2020, the relapsing COVID-19 pandemic has caused lasting damages to the global economy, cross countries trade activities and all walks of life. There is no doubt that Hong Kong as an international hub could not manage alone. The prolonged cross-border travel restrictions and stringent anti-epidemic measures have triggered to significant deterioration in domestic economic activities across diverse industries. The number of visitors to Hong Kong plummeted by 93.6% to 3.57 million (2019: 55.91 million) while overnight visitors fell by 94.3% to 1.36 million (2019: 23.75 million). The drop in GDP further worsened from a decrease of 1.2% in 2019 to a decline of 6.1% in 2020. The local unemployment rate has also risen from 3.3% in 2019 to 6.6% in 2020.

Under the worldwide economic adversity, the Group's various businesses have faced implacable challenges. Hotel, food and beverage and travel businesses were severely affected by the plunge in the number of visitors to Hong Kong and the imposition of social distancing measures. In view of the economic downturn, the lease restructuring and rent concessions granted to tenants have also slightly affected the Group's property rental business performances and that in turn induced a downward valuation on the relevant investment properties. In responding to such a critical and unfavorable business surrounding, swift and flexible reactions to the market are crucial. On top of continuing to implement strict cost controls and postponed dispensable capital expenditures, the Group has strategically created new experiences and products that catered to the rehabilitated consumer behaviors, and at the same time adjusted operational tactics to respond to the intensive anti-epidemic regulations. The themed staycation packages targeting local market and the exquisite dining and festive takeaway offers have proven to be well accepted and commended.

Hotels and Serviced Apartments Business

The global tourism and hospitality industries have been almost completely shutdown with no signs of full relaxation of worldwide travel control measures. With the sharp drop of number of visitors to Hong Kong, local tourism and hotel industries were among the hardest hit and related industries were facing tremendous pressures. In 2020, overall visitors and overnight visitors to Hong Kong fell by 93.6% and 94.3% to 3.57 million and 1.36 million respectively; amongst them, mainland tourists were 2.71 million and 0.88 million respectively. The hotel and serviced apartments business recorded revenue of HK$202 million, down by 63.9% from last year. The earnings before interest, taxes, depreciation and amortization ("EBITDA") was a loss of HK$5.3 million.

To cope with stringent cross-border travel restrictions, the Group flexibly adjusted our business strategies and created unprecedented experiences with new services. Various popular themed staycation packages have been launched in response to the shifted local consumption patterns, including "Escape Room" and "The Mira-cle of Mermaid Dance Staycation", along with innovative technological elements, such as virtual reality gaming experience, in order to enhance and diversify customer experiences, and thereby incurring occupancy rates and revenue. In addition, Mira Moon Hotel was arranged as a quarantine hotel to act in concert with the government's anti-epidemic and quarantine measures, and respond to the different needs of travelers. The Group has also strengthened cost control and temporarily suspended recruitment to get well prepared for the journey ahead.

Property Rental Business

Hong Kong's retail industry has suffered successive shocks by the epidemic, and the rents of shops and commercial buildings in core shopping districts have continued to drop with ascending vacancy rate, further to the exits of international brands in Hong Kong, the reduction of business scale and branches by local chain retailers, and the closure of small and medium enterprises. Overall leasing activities have slowed down as a result. Relief measures including lease restructuring and rent concessions were offered to individual tenants to withstand the vicissitude. The revenue of our property rental business thus contracted slightly to HK$819 million with EBITDA at HK$713 million, which were down 10.3% and 10.7% respectively compared with last year.

The Group proactively launched various marketing activities and promotions to drive footfall to the mall and boost tenants' sales revenue, such as coupon rebates campaign "DINE & EARN — Reward Your Way!" and "MIRA Grab & Go" takeaway offers. Besides, the Group has continued to instill dynamism and a sense of freshness into the mall through optimizing tenant mix and introducing new brands including Gyu-Kaku Buffet, Donguri Republic, etc. We also made an all-out effort to improve various facilities including the repartitioning of retail space, refinement of arcade layout, and upgrade of facilities including lavatories and concierge, which were completed in the third quarter. This served to release and maximize the mall's potential, and further enhances traffic flow, property asset quality and service level.

Change in fair value of investment properties

The Group's investment properties (mainly Mira Place) are stated at fair value, being reassessed semi-annually. The fair value of investment properties was determined on the basis of opinions provided by an independent firm of professional surveyors (Cushman & Wakefield Limited). The enduring COVID-19, depressed consumer sentiments and the overall lackluster economic performance all converged to weigh upon the rental levels of both retail shops and office premises in Hong Kong. The fair value of the Group's portfolio of investment properties has thus decreased by HK$152 million during the year (2019: an increase of HK$504 million) with book value at HK$15.3 billion as at 31 December 2020.

Food and Beverage Business

Different levels of restrictions on social distancing imposed by the government in response to the epidemic condition have caused a sharp decline in patronage and revenue in the catering industry throughout the year, especially limits on the number of customers per table and the banning of dinner dine-in services. The Group's food and beverage business recorded revenue of HK$120 million, while EBITDA was a loss of HK$11.5 million for the year. In 2019, the revenue and EBITDA were HK$244 million and HK$24 million respectively.

Customers avoid dining out and unnecessary social activities with the imposition of social distancing measures. In view of the rapid demand growth for takeaway meals, the Group instantly adjusted our restaurant operations to accommodate the new normal of catering consumption by strengthening takeaway promotions and cost control. Apart from the partnership with food delivery platforms, the Group launched its first online platform MIRA eSHOP with exclusive takeaway and dine-in offers, and promoted takeaway packages for families and small group gatherings, to accommodate the customers' demands. At the same time, the Group facilitated customers' demand on flexible dining with dine-in discounts and afternoon tea sessions at our Chinese restaurants, in order to maximize revenues.

Travel Business

The global tourism industry has entered into a quivering winter with no sign of recovery in the near term when airlines cancelling flights in large scale and countries imposing different cross-border travel and immigration control measures. The Hong Kong-Singapore Air Travel Bubble has put a halt lately due to the upsurge of local cases. All above have dealt a heavy blow to Hong Kong's tourism industry. The Group's travel business recorded revenue of HK$174 million, a decrease of 87.1% from last year while EBITDA recorded a loss of HK$23.1million. The revenue and the EBITDA of last year were HK$1,345 million and HK$94 million respectively. On top of strict cost control measures, the management will continue to closely monitor the market situation and anti-epidemic measures on international border restriction, in order to adjust operating mode in a timely manner.

Operating and other expenses

During the economic downturn, the Group continued to strictly control costs and improve operating efficiency. During the year, general recurring operating costs were reduced by approximately HK$83.3 million compared with last year. In addition, according to relevant accounting standards, the Group is required to conduct regular assessments of their leased right-of-use assets and other property, plant and equipment. Due to the epidemic, the operating income generated from these assets is expected to decline, an impairment loss of HK$34.2 million in the leased right-of-use assets and other property, plant and equipment was recorded during the year. As a result, overall operating costs dropped by HK$49.1 million to HK$165.8 million compared to last year (2019: HK$214.9 million).

Corporate Finance

The Group pursues a conservative and steady financial policy with sufficient funds and credit lines, which are adequate for us to cope with the uncertain economic environment in the foreseeable future, and to carry out business development plans that offer good investment yield. The Group has a strong liquidity position and hence liquidity risk is minimal. The Group's gearing ratio (calculated by dividing consolidated total borrowings by the consolidated total shareholders' equity) as of 31 December 2020 was at only 0.02% (31 December 2019: 0.04%). Consolidated net cash was at approximately HK$5 billion (31 December 2019: HK$5.2 billion), of which HK$2.99 million were from secured borrowings (31 December 2019: HK$2.73 million).

Business Outlook

There is no deny that Hong Kong as well as the global economic has continued to be seized with drawbacks caused by the aggravation of COVID-19 throughout the world. Coupled with the influence of geopolitics and Sino-US frictions, Hong Kong is further facing the gravest situation from deteriorated business environment to shortcoming local sentiments. Yet, the Group with its entrenched substances and affluent know-how would expeditiously gratify the new normal under the epidemic.

Mr. Lee Ka Shing, Chairman and CEO of the Company, has concluded, “Concomitantly, my team and I would strive to prepare and commit for the upcoming challenges and destabilizing factors with prudence, determination and optimism. I trust Hong Kong will recuperate gradually with the epidemic being under control and I will continue to lead the Group pragmatically to uplift service quality and operational efficiency in preparing to seize on any potential opportunities and mark a new beginning under the new normal.”

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About Miramar Hotel and Investment Company, Limited

Established in Hong Kong in 1957, Miramar Hotel and Investment Company, Limited (Miramar Group) is a group with a diversified service-oriented business portfolio comprising stylish hotels and serviced apartments, property rental, food and beverage, and travel services in Hong Kong and Mainland China. Miramar Group has been listed on the Hong Kong Stock Exchange since 1970 (HKEx Stock Code: 71) and is a member of Henderson Land Group.

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