MIRAMAR GROUP

Press Release **[For Immediate Release]**

Miramar Hotel and Investment Company, Limited
Announces 2021 Annual Results

****

[Hong Kong – 18 March 2022] 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 2021.

HK$ Million	*For the year ended 31 December*		
	2021	2020	Change
Revenue	**1,247**	1,315	-5.1%
Profit attributable to shareholders	**330**	302	+9.3%
Underlying profit attributable to shareholders	**423**	454	-6.8%
Basic underlying earnings per share (HK$)	**0.61**	0.66	-7.6%
Dividend per share (HK Cents)			
Final dividend per share	**26**	28	-7.1%
Interim dividend per share	**20**	22	-9.1%

The Group's revenue for the year amounted to HK$1,247 million (2020: HK$1,315 million), a decrease of 5.1% against last year. Profit attributable to shareholders for the year was HK$330 million (2020: HK$302 million) with a year-on-year increase of 9.3%. Mr. Lai Ho Man, Director of Group Finance, said, "The aforesaid outcome is mainly caused by the decrease in revaluation loss on fair value of investment properties compared with last year, and the increase in income attributable to the Group's hotel & serviced apartments business and food & beverage business compared with last year." The Board is pleased to recommend a final dividend of HK26 cents per share (2020: HK28 cents per share) payable to shareholders whose names are on the Register of Members as at 17 June 2022. Including an interim dividend of HK20 cents per share (2020: HK22 cents per share) paid on 13 October 2021, the total dividend payout for the whole year will be HK46 cents per share (2020: HK50 cents per share).

More than two years have passed since the initial outbreak of covid-19 pandemic. Intermittent surges of the pandemic and emergences of variant strains have destabilized the global economy. Governments around the world have kept anti-pandemic measures up in response. Hong Kong's local economy rebounded slightly as the pandemic in its fourth wave then was put under control during the middle of last year, which successfully drove up overall consumption sentiments, bringing about a respectable business revival to the Group's hotel & serviced apartments and food & beverage operations. However, early in 2022, the outbreak of the fifth wave dealt a heavy blow to local economic and social functioning once again with the local government following up with the strictest ever social-distancing rules, afflicting the Group's businesses.

Overall, all of the Group's businesses continued to be constrained to varying degrees by the influences of such factors as covid-19 pandemic situation, social-distancing rules and the economic atmosphere. The Group has incessantly kept a close watch on the pandemic and swiftly adjusted its strategies and operations accordingly. Every endeavor has been made to initiate new sales models and product categories, including the launch of the Group's first consumption voucher reward across multiple businesses and pre-sale promotions at eShop. Following a series of marketing initiatives and activities, the hotel & serviced apartments business turned from loss to a surplus and the food & beverage business recorded an increase in revenue. The leasing segment saw a slight drop in overall performance attributed to our continued reliefs to certain tenants seriously affected by the pandemic through rent concession or lease restructuring. Revaluation of the relevant properties continued to dip slightly.

Hotels and Serviced Apartments Business

During the year, the hotel and serviced apartments business recorded a revenue of HK$286 million, up by 41.8% from last year. The earnings before interest, taxes, depreciation and amortization ("EBITDA") was HK$4.6 million, a reversal from last year's loss of HK$5.3 million.

As the pandemic situation continued for more than two years, the hotel sector across the globe was hit to an extent never seen before. With the strictest quarantine measures and cross-border restrictions in place in Hong Kong, the number of visits to Hong Kong slumped by 97.4% to 0.09 million (2020：3.57 million）, while overnight visits fell by 93.4% to 0.09 million（2020: 1.36 million）. Despite all sorts of limitations, the Group continued to actively explore the local market demand and launched themed staycation packages one after another, including an Australian-themed experience "Wanderful Australia" in collaboration with the Australian government, and the partnered Christmas campaign "The Aurora Of Festive MIRAcles" with the Finnish Tourist Board and Finnair. The aforesaid promotional efforts successfully improved the occupancy rate of The

Mira Hong Kong Hotel. Meanwhile, against the background of immense demand for quarantine hotels, the Group's Mira Moon Hotel continued to be commissioned as a designated quarantine hotel by the government, with an average occupancy rate of more than 70%.

The Group made agile adjustments to its strategies, which led to a rapid revenue growth of more than 40% in the hotel and serviced apartments business, and its EBITDA reversed from loss to profit. Faced with the onslaught of the pandemic's fifth wave, the Group continued to strengthen cost control in adequate and enduring preparation for an uncertain future.

Property Rental Business

The revenue of our property rental business decreased to HK$814 million, with EBITDA at HK$697 million, down by 0.6% and 2.2% respectively, compared with last year.

In the first half of 2021, with the pandemic retreating pandemic and the government releasing a consumption voucher scheme, Hong Kong's retail market improved moderately. Yet, the overall retail sector was still under pressure, either from operational difficulties, or from shrinking business, which went on to bring pressure to the local leasing business on rental adjustment and lease renewal. Hence, there was an absence of significant improvement in rental income and vacancy rate of commercial shops and buildings in core districts. During the period, the Group continued to provide targeted relief to certain tenants impacted by the pandemic in order to lessen pressures on their operations. At the same time, the Group launched various promotional activities to encourage customer consumption, increase footfall and boost sales, including consumption rebates, themed weekend pop-up markets and various festive events.

Along with increasing public awareness of environmental protection, our shopping malls also infused various green elements into its operational and strategic partnerships, including a rebranded loyalty programme with sustainable living concept; green pop-up markets; and the Gimme LiVe music festival embedded with music and environmental-friendly features. While various efforts were made to promote environmental protection, the Group also encourages shoppers to give back to society by collaborating with charities such as UNICEF and Food Angel. To further enhance the customers' experience, the mall invited a number of specialty brands and restaurants to join in, including Umegaoka Sushi No Midori Souhonten, Nuttea, and the first image concept store for men RICKYKAZAF.

Change in fair value of investment properties

The Group's investment properties (mainly the Mira Place) are stated at fair value, and reviewed on a semi-annual basis. The fair value of investment properties is determined based on the opinions obtained by the Group from an independent professional surveyor firm (Cushman & Wakefield Limited). The prolonged impact of covid-19 adversely affected the overall economy and consumption propensity, and carried pressures onto the local rental market for shops and offices. During the year, the fair value of the Group's total investment properties decreased by HK$112 million (2020: decreased by HK$152 million). As at 31 December 2021, the book value of the overall investment properties was HK$15.2 billion.

Food and Beverage Business

The Group's food and beverage business recorded revenue of HK$133 million, up by 11.0%, compared with last year; EBITDA recorded loss of HK$10.8 million for the year, which loss was reduced as compared with last year.

Early last year, the government relaxed social distancing measures when the pandemic situation was under control. Consumption sentiment among citizens began to improve steadily, and dine-in business and reservation rate started to recover. With the launch of the "vaccine bubble" programme in April last year, the Group's restaurants quickly adjusted its operational model to type C or D, and raised the upper limits on the maximum diners per table and the total capacity of the restaurants, as well as extending the operating hours, in order to capture the rising demands for dine-in services and festive celebrations. Meanwhile, the Group continued to stimulate sales through special offers for dine-in and takeaway and advance sales through Mira eShop. The Group also actively sought collaborative business opportunities, including joining hands with liquor wholesalers in launching festive hampers and wine tasting menus. In view of the potential of the local catering market, the Group closed two restaurants during the year, and actively preparing to introduce brand-new dining concepts to extend new markets and demographics. Thanks to the various agile sales strategies, the year's revenue improved in comparison to last year.

Travel Business

Due to the resurgence in covid-19 cases, cross-border reopening was delayed indefinitely and there was yet no sign of the international tourism market recovering. Just like any other peers in the industry, the Group's travel business stayed in a standstill. Though the government had once announced the resumption of open-sea cruise travel in the middle of last year, it was once again called to a halt by early 2022, in view of the mutated virus widely spreading, overlaying the local tourism market with heavy dark clouds. The Group's travel business recorded revenue of HK$13.5 million, down by 92.2% compared with HK$173.7 million last year, and EBITDA recorded a loss of HK$23.3 million, similar to that of last year. The management will continue to closely monitor the market situation, the latest border control measures and mandatory quarantine policies, and to strictly control costs and adjust operating strategy in a timely manner.

Operating and other expenses

Despite the discouraging outlook around the globe, the Group continued to strictly control costs and improve its operating efficiency. On the other hand, in accordance with the Hong Kong Accounting Standards, the Group is required to conduct regular assessments of its leased right-to-use assets, other properties, plant and equipment. Due to the enduring pandemic, the operating income derived from these assets is expected to decline, hence an impairment provision of HK$31.6 million on the aforesaid assets was made during the year. Overall operating costs dropped to HK$163.3 million (2020：HK$165.8 million).

Corporate Finance

The Group is committed to a stable and healthy financial policy, with more than sufficient funds and credit lines secured, that would enable the Group to cope with any uncertain economic situation forthcoming, and to undertake business development plans of promising prospect. The Group maintained a good liquidity position, with very mild liquidity risk. The Group’s gearing ratio (calculated by dividing consolidated total borrowings by the consolidated total shareholders’ equity) as of 31 December 2020 was nil (31 December 2020: 0.02%). Consolidated net cash was at approximately HK$5.2 billion (31 December 2020: HK$5.0 billion), and no bank loan (31 December 2020: HK$2.99 million).

Business Outlook

Currently, Hong Kong comes under the impact of a rapid spread of variant strains, reversing the hard-to-come-by economic recovery and the slightly-improved business environment last year into a ditch of uncertainties, dragging down the pace of economic recovery. Faced with the recursive nature of the pandemic situation, the Group will, nonetheless, maintain a prudent and positive outlook, and firmly entrench our businesses in addressing to the various challenges. Meanwhile, the Group earnestly seeks various potential investment opportunities, and getting the team ready for business development.

Mr. Lee Ka Shing, Chairman and CEO of the Company, has concluded, "Personally, I have unwavering faith in Hong Kong as a resilient and versatile city. With the government support on citywide vaccination and swift implementation of relief measures, I believe that, with a solid foundation, ample resources and a professional team, the Group will swiftly grip the opportunity and stride together with Hong Kong on a recovery path as soon as the pandemic has come under control."

— End —

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.

For further information, please contact:

Bonny Wang

Marketing Manager – PR & Corporate Communications

Tel: (852) 2315 5318

Email: bonny.wang@miramar-group.com

Lucy Cheung

Director of Group Marketing & Corporate Communications

Tel: (852) 2315 5513

Email: lucy.cheung@miramar-group.com