

# MIRAMAR GROUP

[For Immediate Release]

## Miramar Hotel and Investment Company, Limited Announces 2016 Interim Results

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**Revenue amounted to HK\$1,485 million in a challenging economic environment**

[Hong Kong – 17 August 2016] Miramar Hotel and Investment Company, Limited (“Miramar” or “the Group”, HKSE stock code: 71) announced today the unaudited interim results for the six months ended 30 June 2016.

HK\$ Million	For the six months ended 30 June		
	2016	2015	Change
Revenue	<b>1,485</b>	1,575	- 6 %
Underlying profit attributable to shareholders <i>(excluding disposal gain from KT6 last period)</i>	<b>263</b>	330	- 21 %
Underlying earnings per share – basic and diluted <i>(excluding disposal gain from KT6 last period)</i>	<b>45 cents</b>	57 cents	- 21 %
Interim dividend per share	<b>20 cents</b>	20 cents	0 %

For the six months ended 30 June 2016 (the “Reporting Period”), the Group’s unaudited revenue was HK\$1,485 million, representing a decrease of 6% compared to the six months ended 30 June 2015 (the “Last Corresponding Period”). Unaudited profit attributable to shareholders, at HK\$263 million, decreased by 29% compared to the Last Corresponding Period. Excluding the net increase in fair value of investment properties and the one-off gain of HK\$122 million from the sale of KT6 in the Last Corresponding Period, unaudited underlying profit attributable to shareholders decreased 21% to HK\$263 million, and basic underlying earnings per share were HK\$0.45, a decrease of 21% compared to the Last Corresponding Period.

Regarding the results in the first half of 2016, Mr. Lee Ka Shing, Miramar Group’s Chairman and CEO, said, “The global economy remained challenging during the Reporting Period. Inflation continues to ease, “Brexit”, terrorist attacks in several European countries and the slow growth of the Mainland economy compounded the uncertainty. As a result of these, local consumption started to become visible as consumer spending turned cautious. The Group adapted quickly to mitigate and minimize these impacts by reviewing our offerings to reflect changing customer needs and striving to beat our competitors whilst strengthening our infrastructure and cost management.”

### Property Rental Business

The Group’s property business weathered the pressure on retail and office leasing business well, recording growth in both revenue and EBITDA amounted to HK\$422 million and HK\$372

# MIRAMAR GROUP

million, respectively. These results are particularly satisfactory in the context of a decline in overall tourist arrivals and retail spending.

Impacted by lower retail sales, tenants sought various ways to lower their operating costs, including putting expansion plans on hold or scaling back on premises. We mitigated this by continuing to refine our tenant mix, aligning it with the changing needs of our target segment; and strengthening tenant retention. Complimenting this, a series of promotion programs brought life and energy to our malls and enhanced the shopping experience for both shoppers and tenants.

## **Hotels and Serviced Apartments Business**

The Mira Hong Kong and Mira Moon continued to execute strategies to defend their revenue base. This included working closely with our distribution partners, shifting our distribution channel mix and improving its effectiveness. The Group will also actively develop the MICE segment.

## **Food and Beverage Business**

During the Reporting Period, reflecting current economic conditions, local consumers turned cautious. Management took a number of measures to attract customers and boost revenue, including participating in cross-promotions with reputable brands to enhance its brand synergy, as well as introducing unique food and beverage experience to stimulate customer's spending. We have been reviewing our restaurants to strengthen their value propositions and improving their cost structure. The School Food brand opened its ninth Korean cuisine outlet in Tsuen Wan Plaza, and introduced fresh dishes to all its outlets in response to the shift in dining trends and increased competition from new Korean eateries.

## **Travel Business**

During the Reporting Period, the business broadened its travel offering by entering into a S&P agreement in early July with HK Ferry (Holdings) Company Limited to acquire HYFCO Travel Agency Limited. This acquisition is expected to be completed by this year end, and will bring synergies to the Group Travel business and provide another springboard for revenue growth.

During the fourth quarter of 2015, close to the traditional peak Chinese Lunar New Year holiday period, terrorist attacks in Belgium and France severely impacted travel sentiment and led to a significant drop in European tours. In addition, the strong Japanese Yen dampened demand for tours to Japan. Our revenue accordingly dropped 11% during the Reporting Period. Overall, these impacts were event-driven and temporary. Our travel business model is robust with a lean cost structure and is well-positioned to capitalize on an uptake in local travel appetite.

## **Business Outlook**

Mr. Lee concluded, "Adhering to our cost effectiveness-oriented business philosophy, the Group will continue to adopt a prudent and positive attitude to continue improving its competitiveness. The Group will take advantage of current market conditions to further strengthen its value propositions, while deepening its capabilities in managing pricing and capacities in our hotels and outlets. In addition, the Group will invest in and develop technological applications that will facilitate increasing its visibility to demand and occupancy levels by segment and channel,

# MIRAMAR GROUP

enabling it to further optimize service quality and operational efficiency. The Group is financially strong, cash-rich with very low gearing; and its core businesses are in cash generation businesses with robust and resilient business models. Attractive investment opportunities could arise in the current market conditions, and the Group is financially well-positioned to seize such opportunities. I have confidence in the ability of the Group's management team to navigate these choppy and foggy waters, and deliver healthy and sustainable results. ”

— 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:**

### **Miramar Hotel and Investment Company, Limited**

Assistant Marketing Manager-Corporate Communications  
Carol Hui  
Tel: (852) 2315 5318 / (852) 6177 7344  
Fax: (852) 2316 7320  
Email: [carol.hui@miramar-group.com](mailto:carol.hui@miramar-group.com)