MIRAMAR GROUP

[For Immediate Release]

Miramar Hotel and Investment Company, Limited
Announces 2020 Interim Results

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[Hong Kong – 18 August 2020] 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 2020 (the ‘‘period’’).

HK$ Million	*For the six months ended 30 June*		
	2020	2019	Change
Revenue	**765**	1,586	-51.8%
Underlying profit attributable to shareholders*	**229**	420	-45.4%
Underlying earnings per share *	**33 cents**	61 cents	-45.9%
Interim dividend per share	**22 cents**	24 cents	-8.3%

** Underlying profit attributable to shareholders and underlying earnings per share excluded the post-tax effects of the investment properties valuation movements and other non-operating and non-recurring items*

The Group’s revenue for the period amounted to approximately HK$765 million, a decrease of 51.8% against the corresponding period last year. Profit attributable to shareholders for the period was approximately HK$157 million with a year-on-year decrease of 79.6%. Excluding the decrease of the fair value of investment properties of HK$72.5 million and other non-core net income, the underlying profit attributable to shareholders reduced by 45.4% to approximately HK$229 million. The underlying earnings per share decreased by 45.9% to HK$0.33.

Mr. Lai Ho Man, Miramar’s Director of Group Finance, said, “While still suffering from the low consumption propensity and ebbing investment atmosphere under the unstable social situation and Sino-US trade frictions last year, Hong Kong was further hammered by the global outbreak of Coronavirus Disease (“COVID-19”) at the start of the year which drove the economy into a quivering winter beset with unprecedented challenges. Under these unfavorable influences and the adverse economic turn, the Group’s hotel, food and beverage and travel businesses have been severely battered. The lease restructuring and granting of rent concessions, coupled with the declined valuations on the relevant investment properties also contributed to the lackluster performance of the Group's asset management business."

Hotels and Serviced Apartments Business

The whirlwind outbreak of COVID-19 pandemic has swept across the globe and brought travel to a standstill, devastating the hospitality and travel industry. Visitor arrivals to Hong Kong in the first half of this year dropped 90% year-on-year. The monthly average number of arrivals in the second quarter was less than 9,000 a month. Subsequently, the Group's hotel and serviced apartment business was severely hit with revenue decreased by 69% from the last corresponding period to HK$102.5 million. The earnings before interest, taxes, depreciation and amortization ("EBITDA") recorded a loss of HK$10.4 million while there was a profit of HK$119 million in last corresponding period.

To encourage local consumptions and lift up hotel occupancy rates, the Group has quickly shifted its focus to target the neighbourhood and local community by offering dining and leisure-focused staycation packages and flash sales. The Group has also implemented various cost control measures to minimize operating costs while maintaining service quality, which include temporary closure of certain catering outlets and cessation of recruitment.

Property Rental Business

Hong Kong's retail industry is among the hardest hit amid the pandemic, with the 10.1% year-on-year fall in private consumption expenditure in the first quarter and 9% year-on-year fall in GDP for two consecutive quarters. While the Group recorded weak leasing performances under the economic downturn, relief measures including lease restructuring and granting of rent concessions were offered to individual tenants to cope with their challenging business environment. The revenue of our property rental business thus contracted slightly to HK$417.5 million with EBITDA at HK$368.2 million, which were down by 9.6% and 10% respectively compared with the last corresponding period.

The Group has especially launched various marketing activities and promotions in the wake of the adverse operating conditions, including cash-reward campaign ''DINE & EARN — Reward Your Way!'', takeaway offer ''MIRA Grab & Go'' and ''Thankful Fest'', driving footfall and boosting sales revenue for tenants. The Group continues to provide a dynamic and refreshing shopping experience by optimizing tenant mix and introducing new brands including "Donguri Republic" and fashionable eyewear ''Zoff''.

Food and Beverage Business

The imposition of social distancing measures and restrictions to catering business on seating capacity and operating hours has decimated the food services sector with a sharp drop in patronage and revenue, in which the business receipts of Chinese restaurants dropped significantly by 35.9%. The Group's food and beverage business revenue recorded approximately HK$67.8 million, while EBITDA turned to a loss of approximately HK$6.3 million; the revenue and EBITDA were HK$137.4 million and HK$14.6 million respectively in last corresponding period.

The Group adopted a flexible operating model and introduced corresponding strategies in response to the shifted customer dining behaviours, including the fine tunes of menus and pricing, strengthening the partnership with food delivery and catering platforms, and implementation of cost control measures on procurement, inventory and human resources.

Travel Business

The spread of the COVID-19 led to reinforced epidemic prevention and tightened travel restrictions around the world. Large scales of flights cancellation by airlines and trips rescheduling by travellers brought the global tourism industry to a standstill. The Group's travel business was intensely affected with inevitable cancellation of most of the tour groups to overseas. Revenue from travel business was HK$177.4 million, and the EBITDA reverted to a loss of approximately HK$16.6 million; the revenue and EBITDA were HK$656.5 million and HK$43.7 million respectively in last corresponding period. The management will continue to closely monitor the market conditions, identify and implement appropriate measures to control operating costs.

Treasury Management and Financial Condition

The Group's financial policy is strong and steady, 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. Regarding liquidity risk, as of 30 June 2020, the consolidated net cash was approximately HK$5.2 billion (31 December 2019: HK$5.2 billion), and bank loans were HK$2.72 million (31 December 2019: HK$2.73 million). Regarding financing risk, as of 30 June 2020, the total banking facilities granted was approximately HK$1 billion (31 December 2019: HK$1.3 billion), of which 0.27% (31 December 2019: 0.21%) has been used. Accordingly, the gearing ratio (calculated by dividing the total consolidated borrowings by the total consolidated shareholders' equity) was only 0.04% (31 December 2019: 0.04%).

Business Outlook

In response to the results in the first half of 2020 and the business outlook of the Group, Mr. Lee Ka Shing, Miramar Group's Chairman and CEO said, "The Group has been rooted in Hong Kong for over 60 years and has witnessed and weathered various adversities with Hong Kong. Now that the epidemic continues to relapse without signs of being under control, and the tensions between China and the United States have aggravated, there is no doubt that Hong Kong will continue to be seized with huge economic difficulties this year. However, riding on the strength of the Group's steadfast solidarity, rich experience and potent financial position, my team and I would spare out no efforts to exclude all the difficulties by adopting responsive and flexible business tactics in order to enhance operating efficiency and maintain market competitiveness while keep on exploring eligible investment opportunities, gearing up and getting ready for the opportunities ahead along the path towards recovery from the epidemic in hand with Hong Kong."

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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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