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[For Immediate Release]

Miramar Hotel and Investment Company, Limited Announces 2021 Interim Results

[Hong Kong – 18 August 2021] 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 2021 (the “period”).

<i>HK\$ Million</i>	<i>For the six months ended 30 June</i>		
	2021	2020	Change
Revenue	584	765	-23.7%
Underlying profit attributable to shareholders*	193	229	-15.7%
Underlying earnings per share*	28 cents	33 cents	-15.7%
Interim dividend per share	20 cents	22 cents	-9.1%

* *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 such as net gain on disposal of properties*

The Group’s revenue for the period amounted to HK\$584 million, a decrease of 23.7% against the corresponding period last year. Profit attributable to shareholders for the period was approximately HK\$158 million with a year-on-year increase of 0.6%. Excluding the revaluation loss on fair value of investment properties of HK\$54 million and the net gain on disposal of non-core properties of HK\$19 million, the underlying profit attributable to shareholders decreased by 15.7% to HK\$193 million. The underlying earnings per share decreased by 15.7%, year-on-year, to HK\$0.28.

Mr. Lai Ho Man, Miramar’s Director of Group Finance, said, “Since the beginning of 2020, the globally raging coronavirus disease (“COVID-19”) pandemic has dealt severe blows to the global economy and the local business environment in Hong Kong. All four of the Group’s core

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businesses have encountered daunting challenges with the pandemic lingering for over a year, including but not limited to cross-border travel restrictions, social distancing measures, subdued consumer demand and dampened investment sentiment.”

Hotels and Serviced Apartments Business

As the COVID-19 pandemic situation has been recurring since its outbreak, strict travel restrictions and immigration control remained in force around the world. The trend of recovery could be hardly seen in the international tourism market, adversely affecting Hong Kong local tourism and hotel industries for over a year. During the period, Hong Kong recorded an average of less than 6,000 arrivals per month. To tackle such circumstances, the Group continued to reinforce its business strategy on targeting local consumer market by rolling out interestingly themed staycation packages and co-organising a diverse range of creative workshops with lifestyle brand merchants in its shopping mall. On the other hand, seeing the increasing number of arrivals and demand for quarantine hotels, the Group extended the enrollment period of Mira Moon Hotel as a designated quarantine hotel, which had an average occupancy rate of over 60% during the period.

As a result, the Group’s revenue from the hotels and serviced apartments business for the period grew by 17% to HK\$119.9 million over the same period last year, with a year-on-year reduction of 27% in loss of earnings before interest, taxes, depreciation and amortisation (EBITDA) to HK\$7.62 million. The Group will continue to exercise tight cost control and get well prepared to operate as a going concern.

Property Rental Business

The persistent COVID-19 pandemic has left Hong Kong retail industry at rock bottom and in limbo, and hit public consumption hard for a prolonged period of time. Last year, Hong Kong’s GDP declined by 6.1% on an annual basis. As the pandemic situation was easing, the retail industry took a favourable turn during the first half of the year. Hong Kong’s GDP lifted by 7.9% in the first quarter from the same period last year. However, the figures remained far below the pre-pandemic levels in general. Players in the retail industry still struggled to survive and were under pressures from downscaling business, which led to rental rate adjustments and ascending vacancy rate.

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To ride out the difficult times together with tenants, the Group continued to offer them appropriate relief measures including lease restructuring and rent concessions during the period. The disruption to the property rental business was minor during the period as reflected by the slight year-on-year decline of 3.4% and 4.6% in its revenue and EBITDA to HK\$403.2 million and HK\$351.0 million, respectively. During this challenging time, efforts were focused on enhancing customers' shopping experience and mall amenities, including an upgrade of the membership programme and mobile app. In response to the shifted local consumption patterns, a number of lifestyle brands have been invited to set up pop-up stores and organise special weekend markets in the mall in order to broaden the target customer base, improve service standard and increase the mall's competitiveness.

Food and Beverage Business

During the period, the government made further adjustments to the social distancing measures based on the pandemic situation, and eased the measures in respect of the operation mode of catering premises under "vaccine bubble" in April. Unfortunately, the catering industry failed to see immediate lift in patronage and revenue. The Group's food and beverage business recorded a revenue of HK\$59.9 million but incurred an EBITDA loss of HK\$5.5 million during the period. As a comparison, revenue and EBITDA loss was HK\$67.8 million and HK\$6.3 million respectively, in the same period last year.

After the first quarter of the year, the atmosphere in the catering sector showed a gradual improvement, with the proportion of dine-in business returned to uptrend. The Group continued to adopt targeted strategies for its food and beverage business by strengthening dine-in discount offers, diversifying takeaway packages, and boosting pre-sale promotions via Mira eShop, in a bid to satisfy different customer needs. In addition, the Group seized the opportunities arising from the festive celebration vibes and emerging food culture, by constantly introducing new festive food products to attract customers across all age groups and thereby to boost business profitability.

Travel Business

The tourism industry still shivered in a harsh winter as there was no relaxation on anti-pandemic measures and immigration control in most of the countries amid volatile pandemic infections and severe spreading of COVID-19 variants. The Group's travel business was inevitably affected and unlikely to recover in the near term. During the period, the travel business recorded a revenue of

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HK\$0.7 million and an EBITDA loss of HK\$7.8 million. This compares to the revenue and EBITDA loss of HK\$177.4 million and HK\$16.6 million respectively, reported for the same period last year. The management will continue to closely monitor the market developments and the updates on immigrant control, arrival quarantine policy and other measures of countries, and explore feasible measures for implementation to achieve strengthened control over operating costs.

Treasury Management and Financial Condition

The Group adopts a sound financial policy and maintains adequate funds and credit lines sufficient to cope with economic uncertainties in the foreseeable future and execute investment-effective business development plans as and when appropriate. In terms of liquidity risk, as of 30 June 2021, the Group had a consolidated net cash position of HK\$5.3 billion (31 December 2020: HK\$5 billion) and no loans (31 December 2020: HK\$2.99 million). In terms of financing risk, as at 30 June 2021, the total amount of credit facilities available to the Group was HK\$1 billion (31 December 2020: HK\$1 billion), none of them have been utilised (31 December 2020: 0.30%). Accordingly, the gearing ratio (calculated by dividing the total consolidated borrowings by the total consolidated shareholders' equity) was nil (31 December 2020: 0.02%).

Business Outlook

In response to the results in the first half of 2021 and the business outlook of the Group, Mr. Lee Ka Shing, Miramar Group's Chairman and CEO said, "Although we see a glimpse of hope ahead, there is still a long way to go for Hong Kong on the journey of economic recovery, which is filled with challenges and uncertainties. In spite of this, the Group will remain vigilant and agile, adopt a multi-pronged approach and strive to enhance business competitiveness with its ample and rich resources, extensive experience and solid foundation. Foreseeing the rising local vaccination rate and various schemes to boost local consumptions launched by the government, I strongly believe that Hong Kong is picking up the momentum of economic recovery and on the way out of COVID-19 doldrums. At the same time, I will hold a pragmatic attitude to lead our team moving forward, increase operating efficiency, and take active steps to restart the economy together 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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