MIRAMAR

Press Release **[For Immediate Release]**

Miramar Hotel and Investment Company, Limited
Announces 2023 Interim Results

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[Hong Kong – 17 August 2023] 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 2023 (the ‘‘period’’).

HK$ Million	*For the six months ended 30 June*		
	2023	2022	Change
Revenue	**1,142**	591	93.3%
Underlying profit attributable to shareholders*	**400**	211	90.0%
Underlying earnings per share*	**58 cents**	30 cents	93.3%
Interim dividend per share	**23 cents**	21 cents	9.5%

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

The Group’s revenue for the period amounted to HK$1,142 million, an increase of 93.3% against the corresponding period last year. Profit attributable to shareholders for the period was HK$380 million with a year-on-year increase of 86.5%. Excluding the revaluation loss on fair value of investment properties of HK$17.1 million, the underlying profit attributable to shareholders increased by 90% to HK$400 million. The underlying earnings per share increased by 93.3%, year-on-year, to HK$0.58.

Mr. Lai Ho Man, Miramar’s Director of Group Finance, said, “With the receding of the COVID-19, the global economy and the local business environment gradually improved. However, as the business environment improved progressively, the problems of human resources and rising costs also ensued. In preparation for the reopening of borders, the Group has taken positive moves in advance and implemented various multipronged policies and measures in such aspects as business targets, human resources, cost controls, product designs and others, thereby achieving impressive high-flying results performance"

Hotels and Serviced Apartments Business

As the COVID-19 pandemic, which lasted for more than three years, was gradually under control last year, strict travel restrictions and border control implemented in various countries and Hong Kong were gradually relaxed. For the first half of 2023, the total visitors arrivals and overnight visitors to Hong Kong exceeded 12.88 million and 6.57 million respectively, representing a significant growth of nearly 170 times and 90 times compared to 76,000 and 73,000 respectively for the same period last year, which reflected the full recovery of Hong Kong's tourism and hotel industry during the first half of the year. As of 30 June this year, only around 50% of international flights resumed while the frequency of the high-speed rail ramped up as compared to that before the pandemic. Before the surge of international visitors, the Group has continued to devote more resources to develop the market of the Mainland visitors, particularly the city clusters along the high-speed rail and investment promotion fairs organized in Hong Kong by enterprises from different Mainland provinces and cities.

In addition, the Group has fully prepared itself for the full recovery of Hong Kong's tourism and hotel industry since last year amidst the pandemic, and considered that human resources for the housekeeping department was one of the significant variations in hotel business and an important factor that constrained its business volume. Hence, adhering to its flexible and multi-pronged business and operational strategies, the Group jointly organized the ''From Retraining to Direct Employment Program'' with the Hong Kong Federation of Trade Unions (HKFTU) Study Centre and Hotels, Food & Beverage Employees Association since September last year. In particular, the ''Certificate Program in Housekeeping'', which was the most popular course, was launched to provide professional training and on-site internship in hotels under the Group for those who aspire to become a hotel room attendant. In light of the enthusiastic response, the Group and The Federation of Hong Kong and Kowloon Labour Unions (HKFLU) organized the relevant courses again in the first half of the year. Since February 2023, the Group organized the ''Certificate Program in Housekeeping'' in collaboration with the HKFLU, the second largest trade union. The program received overwhelming response with nearly 90% of the trainees applying to join the Group as a hotel room attendant after graduation. Currently, the Group is the sole partner of the Hospitality Retraining Program of the HKFTU and the HKFLU. In respect of the employment of ethnic minorities, the Group cooperated with Yau Tsim Mong District Council members and Hong Kong Nepalese Federation to host ‘‘Recruitment Day for Ethnic Minorities’’ and send invitations directly to 15,000 Nepalese in Hong Kong. Satisfactory response was received on the Recruitment Day. The Group will continue to hold recruitment days for ethnic minorities in the future to promote an inclusive and harmonious society.

Thanks to the properly formulated business and operational strategies above, the business volume of the Group has not been seriously constrained by shortage of human resources in the market, and hence the occupancy rate of both The Mira Hong Kong and Mira Moon was over 90% during the first half of 2023, which reached 91.1% and 95.2% respectively, while the average room rate also increased by 58.4% and 8.0% respectively. As a result, the revenue from room rental business of The Mira Hong Kong recorded a significant increase of 195% and the revenue from room rental business of Mira Moon climbed by 455.4% due to the asset quality enhancement project carried out last year. The food and beverage business under the hotel segment of the Group also recorded an increase of 92.6% in revenue as compared with the same period last year. The overall revenue from the hotel and serviced apartment business for the period increased to HK$267.2 million compared with the same period last year, and earnings before interest, taxes, depreciation and amortization (EBITDA) recorded a profit of HK$65.5 million, as compared to revenue of HK$107.9 million and EBITDA loss of HK$13.7 million for the same period last year.

Property Rental Business

Regarding the rental properties (including shopping malls and office buildings) that mainly located at Tsim Sha Tsui, a popular destination among tourists, the Group adjusted its strategies as early as last year for the post-pandemic recovery of the market, thereby well-positioning to seize unprecedented opportunities. Before and after the announcement of full border reopening by the government at the beginning of this year, the Group has launched various promotional campaigns, including the Rabbit Shrine-themed Chinese New Year celebration campaign featuring the Wishing Pavilion at the Rabbit Shrine, the Bell of Happiness and the three-meter-tall Giant Fortune Rabbit, the ‘‘White Valentine’s Day Popup’’ and the ‘‘Kagawa One Day Tour’’ campaign, which successfully benefitted from a first-mover advantage, attracted attention from the market and boosted footfall, resulting in a high double-digit growth in footfall of Mira Place in the first quarter on a continuous basis. In the second quarter, the Group joined hands with Dreamcatcher Inno Box to provide a variety of natural, organic and environmentally-friendly products, which echoed with the Group’s emphasis on environmental protection and the concept of sustainable development. In addition, the Group also launched the ‘‘Reward MI’’ spending reward scheme and ‘‘Sands of Touch — Sealed with Love’’. The exhibition features the love story of Nobel Prize winner Dr. Charles Kao, the father of fiber optics, bringing love and positive energy to the public and Hong Kong.

Internally, the Group continued to enhance the quality of its rental properties, including the improvement works for shopping malls and the lift lobby of office buildings, which incorporated green, natural and environmentally-friendly elements to promote the concepts of ‘‘Mi Go Green’’ and sustainable development, with a view to contributing to a green earth and the efficient use of resources.

During the period, revenue from the Group’s property rental business was stable at HK$398.9 million, while EBITDA recorded a profit of HK$349.0 million, as compared to revenue of HK$406.9 million and EBITDA of HK$349.6 million last year.

Food and Beverage Business

The business environment of the food and beverage industry has been greatly improved as the Government of Hong Kong has lifted the restrictions on restaurant and banquet capacity as well as other social distancing measures since December last year. In addition, thanks to the full border reopening between Hong Kong and the Mainland on 6 February this year and the removal of pandemic prevention measures and restrictions, the food and beverage sector and consumer market both saw a positive sentiment. The Group also made a head start to grasp opportunities on the post-pandemic rebound and launched two new concept brands, the ‘‘Chinesology’’ offering modernized Chinese cuisine and the ‘‘JAJA’’ offering new vegetarian propositions, last year. Revenues from the Group’s Chinese cuisine and western cuisine business registered a robust growth, more than doubled as compared with the same period last year. According to the statistics of total restaurants receipts from the Census and Statistics Department of the Hong Kong Government, the growth of the food and beverage sector in Hong Kong for the first and second quarters of 2023 over the same period last year amounted to 81.8% and 24.3%, respectively, while the food and beverage business of the Group notably outperformed the peer average with a growth of 219.0% and 51.0% for the first and second quarters of 2023, respectively. The Group also recorded a significant growth in both the restaurant traffic and spending per person. Besides, the Group continued to boost sales by offering dine-in discounts and takeaway and Mira eShop promotions to satisfy customers with different needs. In terms of festive food, revenue for the period also grew by 28%, with the sales of Chinese New Year pudding for the Chinese New Year reaching a record high. During the period, the Group recorded revenue from food and beverage business of HK$138.6 million and an EBITDA profit of HK$15.7 million, compared to revenue of HK$65.2 million and EBITDA loss of HK$6.0 million in the same period last year.

Travel Business

As the COVID-19 pandemic came under control since last year, most countries around the world and Hong Kong gradually relaxed their border control and pandemic prevention measures, such as allowing people to exempt from quarantine upon arrival and relaxing vaccination and declaration requirements, and therefore the business environment of global cross-border tourism industry witnessed a gradual recovery. The Group has been getting prepared for recovery and border reopening from last year, with a view to seizing the opportunity to capitalize on the post-pandemic travel demand of customers. The Group launched outbound tours to different countries, including Western Europe, Europe, Russia, Southeast Asia, Japan, South Africa and Egypt, as well as cruise tours to address and satisfy the exuberant demand for outbound travel of customers after returning to normalcy. Given that the air capacity of Hong Kong will have to be increased in an orderly manner after resumption of normal operation, the Group will be prudently optimistic about the future prospects of the travel business if the air capacity of Hong Kong rebounds to the pre-pandemic level. By mid-year, the air capacity of Hong Kong was about half of the pre-pandemic level. The aviation industry estimated that it will recover to 70% of the pre-pandemic level by the end of 2023, and further return to the pre-pandemic level by the end of 2024, meaning that the air capacity of Hong Kong will nearly double between the middle of this year and the end of next year. The development of the travel business was constrained by insufficient air capacity. As such, with the expectation of doubling air capacity by next year, a promising and bright outlook for the travel business can be foreseen. During the period, revenue from the travel business was HK$337.4 million with EBITDA profit of HK$10.5 million, compared with revenue of HK$10.8 million and EBITDA loss of HK$7.9 million in the same period last year.

Treasury Management and Financial Condition

The Group adopts a stable and healthy financial policy all the while with more than sufficient and abundant funds and credit lines secured. In addition, the Group also reviews the expansion needs of its core businesses and monitors the volatile investment environment and requirements from time to time, so as to ensure our ability to expand and capitalize on securities, bonds and other investment opportunities in an investment-effective manner, and hence enhance the returns for shareholders.In terms of liquidity risks, as at 30 June 2023, the Group had a consolidated cash position of HK$5.5 billion (31 December 2022: HK$5.4 billion) and no loans (31 December 2022: nil). In terms of financing risk, as at 30 June 2023, the total amount of credit facilities available to the Group was HK$914 million (31 December 2022: HK$1 billion), none of them have been utilised (31 December 2022: nil). Accordingly, the gearing ratio (calculated by dividing the total consolidated borrowings by the total consolidated shareholders' equity) was nil (31 December 2022: nil).

Business Outlook

In response to the results in the first half of 2023 and the business outlook of the Group, Dr. Lee Ka Shing, Miramar Group's Chairman and CEO said, "During the pandemic, leveraging on its solid foundation and extensive experience, the Group successfully stabilized its business through early deployment. Nevertheless, the global political and economic conditions remained unstable, and inflation and rising labour costs became a major issue to the commercial sector. In the second half of the year, the increase in the number of both flights and international visitors is expected to reach 25% as compared with the first half of the year, and there will be 40% growth in the number of flights next year, implying that the number of overseas tourists will increase significantly. We will continue to enhance operational efficiency and add value to the services to cope with challenges arising from the ever-changing market after further recovery. Hence, we will remain cautiously optimistic and adopt flexible strategies to seize opportunities arising from the growth in the number of flights and international visitors in the second half of the year and next year."

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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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