

# MIRAMAR GROUP

## Press Release

### For Immediate Release

#### Miramar Hotel and Investment Company, Limited Announces 2015 Annual Results

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#### Miramar Group's Revenue exceeds HK\$3.2 billion 5-year sustainable growth recorded

[Hong Kong – 17 March 2016] Miramar Hotel and Investment Company, Limited (“Miramar” or “the Group”, HKSE stock code: 71) announced today the annual results for the year ended 31 December 2015.

<i>HK\$ Million</i>	<i>For the year ended 31 December</i>		
	<b>2015</b>	<b>2014</b>	Change
Revenue	<b>3,251</b>	3,127	4%
Underlying profit attributable to shareholders	<b>729</b>	567	29%
Basic underlying earnings per share (HK\$)	<b>1.26</b>	0.98	29%
Dividend per share (HK Cents)			
Final dividend per share	<b>34</b>	32	6%
Interim dividend per share	<b>20</b>	17	18%

The Group's revenue rose by 4% to approximately HK\$3,251,000,000 for the financial year ended 31 December 2015 (the “Reporting Period”) compared to the financial year ended 31 December 2014 (the “Last Corresponding Period”) (2014: HK\$3,127,000,000). Profit attributable to shareholders increased by 4% year-on-year to approximately HK\$1,355,000,000 (2014: HK\$1,301,000,000). Excluding the net increase in the fair value of the Group's investment properties, underlying profit attributable to shareholders grew by 29% year-on-year to approximately HK\$729,000,000 (2014: HK\$567,000,000). Basic underlying earnings per share rose by 29% year-on-year to HK\$1.26 (2014: HK\$0.98). The Board of Directors recommended the payment of a final dividend of HK 34 cents per share (2014: HK 32 cents),

amounted to a full-year dividend of HK 54 cents per ordinary share (2014: HK 49 cents) with an interim dividend of HK 20 cents per share (2014: HK 17 cents).

### **Bonus Warrants Issue**

The Group issued Bonus Warrants on the basis of one Warrant for every five Shares held on the record date (i.e. 30 June 2015). Each Warrant entitled the holder to subscribe in cash for one Share at the initial subscription price of HK\$13.50 per Share (subject to adjustments). The Warrants are exercisable at any time during a period of thirty months commencing from 20 July 2015 to 19 January 2018. The Warrant commenced trading on the Hong Kong Stock Exchange on 21 July 2015.

Regarding the annual results of 2015, Mr. Lee Ka Shing, Chairman and CEO of Miramar Group, said, "During 2015, global economic conditions continued to be challenging and mixed and the Group was not immune to these pressures. In the United States, the Federal Reserve Board raised the US dollar interest rate for the first time in a decade. Here in Hong Kong, total visitor arrivals declined 2.5% with Mainland arrivals falling 3%. The impact on Hong Kong of slower economic growth in Mainland China became more tangible during the second half of the year.

However, we have long thrived by closely observing and anticipating changing market conditions. The Group responded by seizing market opportunities, reacting quickly to changing customer needs and business conditions, and strengthening cost and risk management. These initiatives enabled the Group to deliver growth in its core businesses. The financial results for 2015 marked the fifth consecutive year of growth in our underlying profits attributable to shareholders.

### **Hotels and Serviced Apartments Business**

2015 was the most challenging year for the Hong Kong hotel industry in recent years, bearing the brunt of a strong Hong Kong dollar that is pegged to the United States dollar, and experienced a 3.9% drop in overnight visitor arrivals. In this context, EBITDA (earnings before interest, tax, depreciation and amortization) amounted to approximately HK\$239 million, representing a decline of 2% year-on-year.

The Mira Hong Kong and its boutique sister Mira Moon executed a number of strategies aimed at defending and stimulating their revenue base and containing costs whilst delivering quality services and value-added offerings. Key initiatives included continuing to adopt flexible

marketing and sales strategies; working closer with our overseas partner networks to broaden and deepen customer reach; improving sales channel efficiency; continuing to improve our service quality to satisfy the needs of our MICE customers and offering tailor-made packages for banqueting and company events.

### **Property Rental Business**

The Group's Property Rental business experienced healthy stable growth in 2015. Rental income grew 5% to HK\$834 million, and EBITDA climbed 7% year-on-year to HK\$724 million.

The Group's portfolio consists of some 1,000,000 square feet of shopping malls and an office tower strategically located in the heart of Tsim Sha Tsui. Our investments in these properties enhanced their appeal to tenants and shoppers.

Our strategy to appeal to targeted market segments was supported by carefully managing tenant mix and promotion events throughout the year. This was well received with an increase in footfall into our malls and in total tenant sales despite an overall decline in retail spending in Hong Kong.

The year saw the completion of a number of aspects of the multi-year asset enhancement program. Most notably, the main atrium area at the Miramar Shopping Centre was completed during the first quarter of the year, together with a totally new Kimberley Road façade. The internal footfall circulation within Mira Mall was also improved, enhancing the overall sophistication and ambience of the mall.

### **Food and Beverage Business**

Our Food and Beverage businesses posted healthy growth. Revenue grew 20% to HK\$467 million compared to 2014 and EBITDA soared 183% year-on-year to HK\$45 million.

During the year, we saw a shift in dining trends and responded quickly to these changing needs. We listened to customer preferences, and responded by introducing new menu items and seasonal offerings that excited the palates of our diners. We offered tailor-made and diversified banqueting menus to meet varying customer needs. As a result, our banqueting segment saw an increase in revenue.

A new Tsui Hang Plus loyalty program was launched in August 2015, designed to build and strengthen customer loyalty and engagement with diners patronizing our Tsui Hang Village Cantonese and Yun Yan Sichuan restaurants. Meanwhile, the School Food chain continued to expand with the addition of four new outlets in Mongkok, Whampoa, Tai Koo and Tuen Mun. During the Reporting Period, we partnered with banks and credit card companies to offer promotional programs to reach a wider spectrum of customers.

### **Travel Business**

During the Reporting Period, outbound traffic continued to increase, particularly in the long haul sector. Overall revenue increased 4% to HK\$1,275,000,000, while EBITDA enjoyed a 39% growth to HK\$74 million.

Miramar Travel sponsored the popular “Empress of China” television drama series in April 2015 that increased the brand awareness of Miramar Travel, and subsequently the number of people signing up for tours. The Group’s travel business will continue to invest and develop its online booking capabilities to expand and deepen customer reach.

### **Business Outlook**

Looking forward, the business environment is likely to be more difficult. The year started with increased uncertainty in the direction of US dollar interest rates, soft commodity prices, and volatility in global financial markets. Here in Hong Kong, retail spending and visitor arrivals are expected to continue to be soft whilst property and rental prices will be under pressure.

Mr. Lee concluded, “During 2016, we will execute strategies that protect and facilitate business growth, deploy our resources efficiently and mitigate risks; and continue to improve on our core properties to further enhance their attractiveness as a destination. In addition, we will seek and seize investment opportunities that arise.”

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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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