MIRAMAR

Press Release **[For Immediate Release]**

Miramar Hotel and Investment Company, Limited
Announces 2023 Annual Results

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[Hong Kong – 19 March 2024] Miramar Hotel and Investment Company, Limited ("Miramar" or 'the Group", HKSE stock code: 71) announced today the audited results for the year ended 31 December 2023.

HK$ Million	*For the year ended 31 December*		
	2023	2022	Change
Revenue	2,553	1,382	+84.7%
Profit attributable to shareholders	977	480	+103.5%
Underlying profit attributable to shareholders	821	523	+56.8%
Basic underlying earnings per share (HK$)	1.19	0.76	+70%
Dividend per share (HK Cents)			
Final dividend per share	**30**	29	+3.4%
Interim dividend per share	**23**	21	+9.5%

The Group's revenue for the year 2023 amounted to HK$2,552.6 million (2022: HK$1,382.2 million), an increase of 84.7% against last year. Profit attributable to shareholders for the year was HK$977.1 million (2022: HK$480.1 million) with a year-on-year increase of 103.5%. Mr. Lai Ho Man, Director of Group Finance, said, "The aforesaid outcome is mainly attributable to the increase in revenue from the Group's three business segments (including hotel and serviced apartments, food and beverage and travel business) compared with last year and the fair value appreciation of investment properties over last year." The Board is pleased to recommend a final dividend of HK30 cents per share (2022: HK29 cents per share) payable to the shareholders whose names are on the Register of Members as of 18 June 2024. Including an interim dividend of HK23 cents per share (2022: HK21 cents per share) paid on 12 October 2023, the total dividend payout for the whole year will be HK53 cents per share (2022: HK50 cents per share).

After more than three years of efforts to combat the COVID-19 outbreak, the pandemic finally came to an end. The Hong Kong Government lifted all pandemic prevention measures and resumed full border opening in early 2023, bringing significant improvement to the tourism and hospitality industries in Hong Kong. Nevertheless, the passenger volume of Hong Kong's aviation industry had only recovered to 80% of the pre-pandemic level by the end of 2023, and the cross-border coach services in the Pearl River Delta had only recovered by 30% to 50%, posing a direct impact on the growth of occupancy rate of the hotel industry in terms of both long-haul and short-haul visitors. Fortunately, the Hong Kong section of the high-speed rail resumed operation in early 2023, and its passenger volume reached 17 million in November of the same year, exceeding the annual passenger volume in 2019. The Group seized the opportunity and shifted its marketing focus from international travelers at the airport to medium- and long-haul mainland visitors using the high-speed rail. A series of sales initiatives targeting Individual Visit Scheme (''IVS'') travelers and high-speed rail passengers were also launched at The Mira Hong Kong and Mira Moon Hotel. These efforts successfully attracted visitors from various provinces in mainland China, including business tours and IVS travelers, resulting in a steady growth in occupancy rates and banquet business for both hotels in 2023.

In terms of the food and beverage business, the Group quickly seized the opportunities presented in the post-pandemic rebound after the full removal of pandemic control measures. We stepped up our promotional efforts and focused on developing e-commerce to enhance the user experience of our online shops. As a result of these measures, the food and beverage business rebounded successfully and recorded a revenue of HK$279.4 million during the year. The property rental business of the Group remained stable during the year, benefiting from the retail market recovery and our solid customer traffic. As early as last year, we adjusted our strategies and prepared for the post-pandemic market recovery. This included launching a number of activities targeting the active young customer segment, such as themed decorations, inviting various brands to set up pop-up stores in our malls and organizing special weekend markets. In addition, the Group actively responded to the HKSAR Government's economic stimulus measures and organized district events to boost footfall. We also continued to enhance the quality of our properties for rental, including improvement works in the mall and office tower lift lobbies, thereby enhancing the appeal of the properties and improving the tenant experience. In terms of travel business, revenue increased significantly to HK$896.1 million during the period, thanks to the full recovery and border reopening in Hong Kong.

Hotels and Serviced Apartments Business

During the year, the overall revenue from the hotel and serviced apartment business amounted to HK$581.9 million, an increase of 82.8% compared with HK$318.4 million for the same period last year; and earnings before interest, taxes, depreciation and amortization (EBITDA) recorded a profit of HK$153.5 million, representing an increase of 763.6% compared with HK$17.8 million for the same period last year.

The Hong Kong Government lifted all pandemic prevention measures and resumed full border opening in 2023. The number of visitor arrivals and overnight visitors to Hong Kong exceeded 34 million and 17 million, respectively, representing a significant growth of 55.7 times and 28.8 times compared with the same period last year. The tourism and hospitality industries of Hong Kong significantly improved accordingly. With foresight into the opportunities, the Group has early prepared itself for the return to normalcy in Hong Kong. In terms of manpower, we jointly organized the ‘‘From Retraining to Direct Employment Program’’ with the HKFTU Study Centre and Hotels, Food & Beverage Employees Association to provide professional training for those who aspire to become hotel room attendants. Starting from February 2023, the Group collaborated with the Federation of Hong Kong and Kowloon Labour Unions to co-organize the ‘‘Certificate Program in Housekeeping’’. The program response has been positive, with close to 90% of the students applying to become room attendants at the Group’s hotels upon completion of the course. 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 the ‘‘Recruitment Day for Ethnic Minorities’’. With satisfactory response on the recruitment, the Group will continue to organize similar activities to promote an inclusive society in the future. In terms of hotel accommodation, we launched a number of accommodation plans targeting mainland business travelers, IVS travelers, high-speed rail passengers, and overseas tourists. These plans included offering customized 24-hour FlexiStay plans and flexible check-in and check-out schedules, all of which have successfully attracted mainland business tours, IVS tourists, and overseas visitors to stay at our hotels and use our banquet services. The Group’s food and beverage business also actively introduced various seasonal thematic menus and partnered with different local brands and restaurants from around the world to launch food and beverage events. This not only enhanced our international competitiveness but also brought a richer dining experience to local customers and travelers.

Thanks to the properly formulated business and operational strategies mentioned above, the occupancy rate of The Mira Hong Kong and Mira Moon reached 90% and 95% in 2023, respectively, representing a significant growth of 22 percentage points and 54 percentage points compared with the occupancy rate of 68% and 41% in 2022, respectively, while the average room rate also reached HK$1,432 and HK$1,706, increasing by 61% and 40%, respectively. As a result, the revenue from the room rental business of The Mira Hong Kong recorded a significant increase of 126.2%, and the revenue from room rental business of Mira Moon also climbed by 215.2% due to the asset quality enhancement project carried out last year. Revenue from the food and beverage business under the hotel segment of the Group also recorded an increase of 49.6% compared with the same period last year.

Property Rental Business

The revenue from the Group's property rental business remained stable at HK$795.2 million during the year, while EBITDA recorded a profit of HK$670.1 million, compared with revenue of HK$800 million and EBITDA of HK$676.6 million last year, representing a slight decrease of 0.6% and 1.0% over last year, respectively.

Hong Kong's retail market has gradually recovered following the full reopening of the border at the beginning of the year, leading to overall improvements in business conditions. To capitalize on the rebound in consumer spending, the Group launched a number of distinctive themed decorations and promotional campaigns during the year, which attracted footfall and enhanced the customer shopping experience successfully. These campaigns included the Rabbit Shrine-themed Chinese New Year campaign, annual music event ''Gimme LiVe Music Festival 2023'', ''Mira After 8'' Night Fever campaign, and ''Find Your Santa Zo-mate'' Christmas event, which successfully garnered market attention. In addition, we invited a number of local and international brands to set up pop-up stores and organize special weekend markets in our malls during the year, diversifying the mall's offerings and resulting in a steady growth in footfall at Mira Place. Internally, the Group continued to enhance the quality of its properties for rental, including the improvement works in the mall and office tower lift lobbies that incorporated green and sustainable elements to promote the concepts of ''Mi Go Green'' and sustainable development. These enhancements aimed to increase the appeal of its properties and enrich the tenant experience while contributing to a green Earth and the efficient use of resources.

Change in fair value of investment properties

The Group's investment properties are stated at fair value and are reviewed on a semi-annual basis. The fair value of investment properties is determined with reference to the opinions obtained by the Group from an external professional surveyor firm (Cushman & Wakefield Limited). The fair value of the Group's total investment properties increased by HK$159.5 million (2022: a decrease of HK$23.2 million) during the year. The book value of the overall investment properties as at 31 December 2023 was HK$15.3 billion. The investment properties of the Group are held for the long term with the purpose of earning recurring income. The revaluation gain was non-cash in nature and had no substantive impact on the cash flow of the Group.

Food and Beverage Business

During the year, the business environment of the food and beverage industry has greatly improved as the Hong Kong Government lifted the social distancing measures for restaurants and banquets. In addition, thanks to the full border reopening between Hong Kong and the Mainland on 6 February this year, the food and beverage sector and consumer market both saw a positive sentiment. In 2022, with its insight into opportunities on the post-pandemic rebound, the Group launched two new brands: ''Chinesology'' (唐述), offering modernized Chinese cuisine, and ''JAJA'', offering innovative vegetarian options. In late 2023, the Group continued to seize opportunities by opening ''Mue Mue'', a restaurant that offers modernized Thai cuisine with a Chinese twist in Mira Place 1. This expansion has further diversified the food and beverage business portfolio, allowing for the development of a wider customer base.

According to the statistics of total receipts of restaurants from the Census and Statistics Department of the Hong Kong Government, the performance of the food and beverage sector in Hong Kong for 2023 recorded a growth of 26.1% over the same period last year, while the food and beverage business of the Group also performed strongly with significant growth in both restaurant cover and spending per person, resulting in an overall revenue growth of 61.3%, which notably outperformed the peer average in Hong Kong. In addition, the Group continued to strengthen sales promotions for dine-in, takeaway, and Mira eShop during the period, catering to the diverse needs of customers. In terms of festival food, revenue for the year also grew by 49.1%, with the sales of Chinese New Year pudding reaching a record high. During the year, the Group's food and beverage business recorded revenue of HK$279.4 million and an EBITDA profit of HK$29.9 million, compared with revenue of HK$173.3 million and EBITDA loss of HK$1.9 million in the same period last year.

Travel Business

During the year, the business environment of the global cross-border tourism industry witnessed a gradual recovery. The Group launched outbound tours to different countries and cruise tours to capture the exuberant demand for outbound travel among locals as normalcy returned. Given the orderly increase in air capacity of Hong Kong after the resumption of normal operation, as at the end of 2023, the air capacity was about 80% of the pre-pandemic level and it is estimated that it will completely return to the pre-pandemic level by the end of 2024, fostering a promising and bright outlook for the travel business. During the period, revenue from the travel business of the Group rebounded strongly to HK$896.1 million with EBITDA profit of HK$46.7 million, compared with revenue of HK$90.6 million and EBITDA loss of HK$13.3 million in the same period last year.

Operating and Other Expenses

The Group continued to strictly control costs and improve its operating efficiency. Overall operating costs increased by 34.5% to HK$228.7 million (2022: HK$170.0 million) over the same period last year. The extent of increase in operating costs was much less than the extent of increase in revenue due to strict cost control.

Treasury Management and Financial Condition

The Group manages the exposure to exchange rate, interest rate, liquidity and financing risks arising from the course of its daily operations in accordance with its established policies, and closely monitors its own financial position and requirements, to ensure solvency and commitment. In terms of exchange rate risk, as the Group mainly operates in Hong Kong with its related cash flows, assets and liabilities denominated in HKD, the primary exposure arises from assets and business operations in Mainland China and UK, and bank deposits in RMB, GBP and USD. In terms of interest rate and liquidity risks, as the Group’s capital is mainly denominated in HKD with no borrowings, the main interest rate risk of the Group is the interest rate risk of HKD deposit. There is no interest rate risk associated with financing and borrowing. As at 31 December 2023, the Group had a consolidated cash position of HK$5.6 billion (31 December 2022: HK$5.4 billion) and no loans (31 December 2022: nil). In terms of financing risk, as at 31 December 2023, the total amount of credit facilities available to the Group was HK$0.9 billion (31 December 2022: HK$1 billion), none of them have been utilized (31 December 2022: nil). Accordingly, the gearing ratio (calculated by dividing the total consolidated borrowings by the total consolidated shareholders’ equity) of the Group was nil (31 December 2022: nil). During the year, the Group has seized the investment opportunities continuously and made more investment on financial assets mainly for long-term purpose. As at 31 December 2023, long term equity investment and current financial assets were HK$332.2 million (31 December 2022: HK$28.1 million) and HK$89.5 million (31 December 2022: HK$58.4 million) respectively. The Group adopts a stable and healthy financial policy with more than sufficient funds and credit lines secured, which would enable the Group to cope with economic uncertainties in the foreseeable future, invest in any securities and bonds and execute investment-effective business development plans when appropriate.

Business Outlook

With the gradual recovery of global air capacity and increased connectivity between Hong Kong and China, we are confident in the diversity of development opportunities and growth potential of the market. Recently, the HKSAR Government announced the inclusion of two cities, namely Xi'an and Qingdao, in the ''Individual Visit Scheme''. This will further increase the influx of tourists from the Mainland, benefiting the hospitality, food and beverage, retail and tourism sectors of Hong Kong. In addition, the Group plans to intensify its promotional efforts in the food and beverage business and strengthen the e-commerce development continuously. By offering more diversified food and beverage options and improving the online shopping experience, the Group expects to attract more customers and boost its revenue.

Mr. Lee Ka Shing, Chairman and CEO of the Company, has concluded, "Overall, the Group is optimistic about its future business outlook. It is estimated that the hospitality and tourism industries and food and beverage businesses will continue to grow as the economy recovers and the market picks up. The Group will continue to actively adapt to market changes, seek new development opportunities and provide quality services and experience to meet customer demands."

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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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