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Press Release **[For Immediate Release]**

Miramar Hotel and Investment Company, Limited
Announces 2024 Interim Results

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[Hong Kong – 20 August 2024] 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 2024 (the ''period'').

HK$ Million	*For the six months ended 30 June*		
	2024	2023	Change
Revenue	**1,401**	1,142	22.7%
Underlying profit attributable to shareholders*	**398**	400	-0.5%
Underlying earnings per share*	**60 cents**	60 cents	-
Interim dividend per share	**23 cents**	23 cents	-

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

The Group's revenue for the period amounted to HK$1,401 million (2023: HK$1,142 million), representing an increase of 22.7% against the corresponding period last year. Profit for the period was HK$400 million (2023: HK$393 million) with a moderate year-on-year increase of 1.8%. Excluding the revaluation loss on fair value of investment properties of HK$17.8 million, the underlying profit attributable to shareholders slightly decreased by 0.5% to HK$398 million (2023: HK$400 million). The underlying earnings per share were the same as last year at HK60 cents.

Mr. Lai Ho Man, Miramar's Director of Group Finance, said, "As the global economy enters a new post-pandemic era, shifts in lifestyles and consumption patterns, coupled with the recurring geopolitical tensions, continued trade restrictions targeting Hong Kong and China, and shrinking global liquidity, have all directly or indirectly impacted the Hong Kong economy, posing challenges to the local business environment. Despite this challenging environment, the Group has managed to demonstrate strong resilience by leveraging its solid foundation and extensive business experiences. All business segments performed steadily, registering moderate growth during the review period."

Hotels and Serviced Apartments Business

During the review period, the sustained high exchange rate of the Hong Kong dollar dampened the inbound tourism industry and consumer sentiment among visitors. Moreover, passenger volume and flight frequencies at the airport had yet to be fully restored to pre-pandemic levels, presenting headwinds for the hospitality, retail, food and beverage and related sectors. However, the continuous expansion of the high-speed rail network within Hong Kong, both in terms of additional stops and increased frequencies, has brought positive impact. Additionally, 10 new cities have been added to the "Individual Visit Scheme" in the first half of the year, which delivered a significant boost to tourist arrivals in Hong Kong and helped bridge the gap in visitor traffic arising from the still-recovering air capacity.

With foresight into the opportunities, the Group devoted more targeted resources to develop the market of the mainland visitors before the resumption of international flights, with a particular focus on the city clusters along the high-speed rail network, aiming to attract medium- and long-haul mainland visitors to stay at its hotels. Concurrently, the Group worked closely with domestic travel agencies to explore additional cooperation opportunities. Besides, the Group also boosted the exposure and reputation of its hotels through collaborations with third-party platforms, such as participating in the "Hong Kong Boutique Tour" (香港小而美之旅) campaign organized by the Hong Kong Tourism Board. The Mira Hong Kong was featured as a recommended hotel for the campaign under the theme of "We are in the Trend" (我們正當潮) in May. Furthermore, in response to the recovering tourists demand, the Group continued the "Certificate Program in Housekeeping" in collaboration with The Federation of Hong Kong and Kowloon Labour Unions and the Hong Kong Federation of Trade Unions, providing professional trainings for those who aspire to become a hotel room attendant. The latest course was successfully completed in April this year, with all graduated trainees joined the Group's hotels as either full-time or part-time hotel room attendants. For the banquet business, with the post-pandemic wedding banquet market still in the recovery stage, the Group has strategically navigated this transitional period. For instance, corporate events such as company gatherings and activities of professional bodies and societies were promoted in a bid to compensate for the short-term impact of reduced wedding banquets during this period.

As a result of the properly formulated strategies, the occupancy rate of both The Mira Hong Kong and Mira Moon exceeded 90% during the first half of 2024, reaching 91.6% and 94.6% respectively, with the average room rate also increased by 8.3% and 2.8% respectively. Consequently, the revenue from room rental business of The Mira Hong Kong and Mira Moon climbed by 9.7% and 2.6% respectively, and the food and beverage business of The Mira Hong Kong also reported a growth of 16.5% over the same period last year. The overall revenue from the hotels and serviced apartment business for the period increased to HK$296.9 million compared with the same period last year, and earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to HK$75.4 million. Their growth rates were 11.1% and 15.1%, respectively, as compared to the revenue of HK$267.2 million and EBITDA of HK$65.5 million for the same period last year.

Property Rental Business

Amid the persistent geopolitical tensions that continued to impact the global and Hong Kong-Mainland economies during the first half of 2024, coupled with the significant shifts in people's lifestyles and consumption patterns, the Group adapted its marketing strategies for the property rental business, including diversifying the industries and geographic origins of its tenant base, so as to mitigate the risk of lease terminations. As a result, both Mira Place and the office buildings delivered solid performances in terms of leasing activity, revenue and footfall during the review period.

In respect of office buildings, the Group made major adjustments to its leasing portfolio to mitigate operational risks. This involved carefully considering the background and business nature of tenants to enhance the stability of the tenant base. Besides, the Group increased the proportion of semi-retail tenants to diversify the vacancy risk arising from the relocation of single tenants, as well as divided large office spaces into smaller units to boost the rental return per square foot. Turning to the shopping mall business, the Group's promotional efforts centered around revitalizing the central Tsim Sha Tsui area. Through collaborations with the Hong Kong Government and local community groups, we organized various events to stimulate the district economy and enhance the accessibility and connectivity of Mira Place. Early this year, the Group organized the "Night Vibes Tsim Sha Tsui" campaign in partnership with the Government and local organizations, which created synergies with the "Dragon's Blessings" Lunar New Year event at Mira Place mall. Featuring immersive lighting experiences, this initiative successfully drew crowds of local citizens and tourists to celebrate the Lunar New Year together. Meanwhile, the Group also dedicated proactive efforts to support the promotion of a series of district-based events hosted by the District Council, with a view to heightening the exposure of Mira Place. Furthermore, recognizing the growing demand for personalized consumption among local customers and tourists, the Group reinforced Mira Place's positioning as a brand championing personalization and creativity in the review period. This involved launching a series of events targeting the young customer segment, such as the "Dream with Mi" campaign. Through initiatives like the "Mira Dreamers" handcrafted market and "Sing Your Dream" music event, these campaigns promoted local craft brands and music culture. Complementing these customer-centric initiatives, the Group also organized a range of thematic handicraft and cultural markets at Mira Place, providing shoppers with truly spectacular shopping experiences. Also, the Group remained committed to enhancing the quality and sustainability of its properties. This involved incorporating sustainability elements into its improvement works, with the aim of elevating the overall tenant experience at Mira Place.

Driven by the above rental and promotional strategies, the revenue from the Group’s property rental business remained stable at HK$401.2 million during the period, while EBITDA recorded a profit of HK$340.4 million, compared with revenue of HK$398.9 million and EBITDA of HK$349.0 million.

Food and Beverage Business

The return to normalcy at the beginning of 2023 witnessed a substantial rebound in Hong Kong's consumer sentiment. However, the ongoing interest rate hikes by the US Federal Reserve have led to the weakening and depreciation of other currencies, including the Renminbi and Japanese Yen. This has given rise to a new trend of outbound travel and northbound spending in Mainland China, inevitably impacting the retail, food and beverage sectors in the city. To address these evolving market dynamics, the Group focused on strengthening its sales promotions through digital channels and Mira eShop, the Group’s online platform. The Group has also actively partnered with various media to promote its food and beverage brands from multiple perspectives, ramping up exposure and stimulating consumption. During the period, the revenue of the Group’s Chinese cuisine business was comparable to the previous year, while the western cuisine and new brand restaurant operations performed in line with expectations. The festival food segment registered robust growth, with both sales volume and value reaching record highs. The total revenue grew by 34% to HK$16.6 million. During the period, the overall revenue from the Group’s food and beverage business rose by approximately 3.0% from the same period last year to HK$142.8 million with an EBITDA profit of HK$0.03 million, compared to revenue of HK$138.6 million and EBITDA profit of HK$15.7 million in the same period last year.

Travel Business

During the review period, while flight and passenger volumes were yet to fully recover, the Group leveraged its extensive travel expertise and strong partnership network to actively launch a variety of outbound tours to destinations across Europe, Southeast Asia, Japan, South Africa, Egypt, and beyond, including both guided tours and cruise packages. In addition, catering to the diversified travel expectations of customers, the Group developed a range of quality travel products with innovative and unique features to drive demand under the review period. For instance, an online store was launched in collaboration with an international railway company to promote in-depth railway tours in Europe. Meanwhile, an “AI Travel 智遊世界” activity was organized jointly with a renowned electronics brand to make traveling more fun and enjoyable. Alongside these novel products, the Group continued to promote sustainable travel in partnership with European airlines, with its commitment in corporate social responsibilities while also appealing to environmentally conscious customers. Moreover, recognizing the growing appetite among travelers to explore mainland China, the Group also focused on expanding its in-depth tour offerings within China. This included the launch of the Hainan Wenchang Aerospace Technology Tour, which introduced the history of China's aerospace development and was well-received by the market. During the period, the Group's unwavering focus on staying attuned to market trends and proactively embracing change paid off handsomely. Revenue from travel business amounted to HK$560.0 million with EBITDA of HK$40.1 million, representing an increase of 66.0% and 283.2% as compared with revenue and EBITDA of HK$337.4 million and HK$10.5 million in the same period last year, respectively.

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 Hong Kong dollar, the primary exposure arises from assets and business operations in Mainland China, United Kingdom, and bank deposits in Renminbi, Great British Pound, Australian dollar and US dollar. 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 Hong Kong dollar deposit. There is no interest rate risk associated with financing and borrowing. In light of the recent debts of financial institutions (including local banks) in Switzerland, Europe, Japan and the United States as well as the public concerns about their solvency, the Group has adopted a conservative and prudent principle to reduce and minimize the deposits placed with relevant financial institutions so as to effectively control the risks. Furthermore, since the second half of last year, given the continued rise in interest rates for US dollar and other currencies, the Group has adopted a conservative and proactive capital management strategy to limit market and counterparty risks to a controllable range, thereby allowing different banks to bid for the Group's deposits and enhancing our return rates. As such, in the first half of 2024, the effective interest rate of the Group's overall deposits was 4.9% per annum, which was a remarkable performance. As of 30 June 2024, the Group had a consolidated cash position of HK$5.8 billion (31 December 2023: HK$5.6 billion) and no loans (31 December 2023: nil). In terms of financing risk, as of 30 June 2024, the total amount of credit facilities available to the Group was HK$0.9 billion (31 December 2023: HK$0.9 billion), none of them have been utilized (31 December 2023: 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 2023: nil). The Group adopts a stable and healthy financial policy 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, ensuring the ability to expand and capitalize on securities, bonds and other investment opportunities in an investment-effective manner, and hence enhance the returns for shareholders.

Business Outlook

Looking ahead, Dr. Lee Ka Shing, Miramar Group's Chairman and CEO, remains cautiously optimistic about the Hong Kong economy. He said, "The United States dollar index reached a relatively high level since 2000 during the first half of the year. This has led to a strong Hong Kong dollar, which not only affected the inbound tourism industry, but also dragged down visitor spending, posing operational pressure on the hotel, retail and food and beverage sectors, as well as their related industries. In addition, a number of measures to benefit Hong Kong have also given a boost to its economic outlook, including: 1) the Hong Kong Government's active deployment of the "Southbound Travel for Guangdong Vehicles" program, coupled with the expected continued expansion of the "Individual Visit Scheme" - including the addition of 10 newly eligible cities this year - is believed to be able to drive more consumer groups to Hong Kong; 2) the opening of the Shenzhen-Zhongshan Link has significantly reduced the travel time to downtown Hong Kong to just around 70 minutes from Shenzhen Airport through the Shenzhen Bay Port, which is expected to attract more mainland visitors to the city; 3) the Airport Authority expects passenger volume to be fully restored by the end of this year, while the new three-runway system will be put into operation, potentially increasing international flight frequencies. Together with the Authority's recently launched additional route and flight incentive programs, this is anticipated to provide a significant boost to passenger arrivals and departures, thereby injecting fresh impetus into Hong Kong's economy."

Internally, Mr. Lee Ka Shing mentioned the Group will continue to adjust its operational strategies to address market changes. He said: "In the second half of the year, the Group plans to gradually commence minor enhancement projects at its hotels, including the maintenance of hotel rooms and related facilities, aiming to further improve the occupancy rates and room rates. Meanwhile, the Group will collaborate with the Government and local associations to further upgrade the transportation network in central Tsim Sha Tsui area, thereby enhancing the accessibility and connectivity of Mira Place and The Mira Hong Kong. The Group will also continue to consolidate the e-commerce development to promote operational efficiency. Moreover, we will diversify our dining portfolio and tenant mix, while also enhancing our customers' travel and shopping experiences. This multifaceted approach aims to increase the Group's market share, create value for shareholders, and add value to the services - all in order to capitalize on the further recovery and address the evolving challenges of the market."

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About Miramar Hotel and Investment Company, Limited

Miramar Hotel and Investment Company (HK Stock Code: 71) is a member of Henderson Land Group, dedicated to delivering amazing experiences and quality services to our customers in the realm of stylish living. Our business spans various areas, including stylish hotels and serviced apartments, property rental, food and beverage, and travel services. Under our flagship, Mira Place, the landmark of Tsim Sha Tsui, we bring together over 120 trendy brands and 40 restaurants. Additionally, our prestigious five-star design hotel, The Mira Hong Kong in Tsim Sha Tsui, and the award-winning boutique hotel, Mira Moon in Causeway Bay, offer a distinctive and sensational accommodation experience for guests. The Group's dining portfolio covers a diverse range of culinary businesses, including refined Western cuisine, Southeast Asian cuisine, high-end Cantonese cuisine, and vegetarian options, providing customers with a splendid and memorable dining experience.

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