

# MIRAMAR GROUP

## Press Release

### For Immediate Release

#### Miramar Hotel and Investment Company, Limited Announces 2016 Annual Results

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[Hong Kong – 17 March 2017] 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 2016.

<i>HK\$ Million</i>	<i>For the year ended 31 December</i>		
	<b>2016</b>	2015	Change
Revenue	<b>3,118</b>	3,251	-4%
Profit attributable to shareholders (excluding the one-off gain in the sale of No. 6 Knutsford Terrace)	<b>1,277</b>	1,232	+4%
Underlying profit attributable to shareholders (excluding the one-off gain in the sale of No. 6 Knutsford Terrace)	<b>580</b>	606	-4%
Basic underlying earnings per share (HK\$) (excluding the one-off gain in the sale of No. 6 Knutsford Terrace)	<b>1.00</b>	1.05	-4%
Dividend per share (HK Cents)			
Final dividend per share	<b>34</b>	34	-
Interim dividend per share	<b>20</b>	20	-

The Group's revenue for the Reporting Period amounted to HK\$3,118 million, representing a slight decrease of 4% compared to the financial year ended 31 December 2015 (2015: HK\$3,251 million).

Benefitting from a net increase in the fair value of our investment properties, the profit attributable to shareholders increased by 4% year-on-year to approximately HK\$1,277 million (2015: HK\$1,232 million (excluding the one-off gain in the sale of No.6 Knutsford Terrace)).

Again, excluding the effects of one-off gain of the sale of No.6 Knutsford Terrace and the net increase in the fair value of our investment properties, the underlying profit attributable to shareholders decreased by 4% to approximately HK\$580 million (2015: HK\$606 million). The basic underlying earnings per share dropped by 4% year-on-year to HK\$1.00 (2015: HK\$1.05).

The Board of Directors recommended the payment of a final dividend of HK 34 cents per share (2015: HK 34 cents), amounted to a full-year dividend of HK 54 cents per ordinary share (2015: HK 54 cents) with an interim dividend of HK 20 cents per share (2015: HK 20 cents).

To cope with the challenges brought by the external environment, the management adopted several measures. Besides making great efforts to improve internal operational efficiency and strengthen risk management, we vigorously strived to enhance the value of our operations, including optimizing our tenant mix, improving service quality and enriching customer experiences. At the same time we stepped up our marketing promotion and expanded our cooperation with overseas partners in order to broaden our customer source. These measures gradually yielded remarkable results in the second half of the year which brought the full year results to the comparable level as in 2015.

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

During the year, total visitor arrivals decreased by 4.5% year-on-year, with mainland China arrivals falling to 6.7%. In addition, as the United States dollar continued to be strong, the non-dollar tourist destinations were thus more attractive than Hong Kong to visitors. The Group's hotels and serviced apartments recorded a revenue of HK\$638 million, and EBITDA (earnings before interest, tax, depreciation and amortisation) amounted to HK\$228 million, representing a decline of approximately 5%.

### **The Mira Hong Kong**

Challenged by both fewer visitor arrivals and the strong Hong Kong dollar, The Mira Hong Kong's average occupancy and room rates slightly dropped in 2016. The management proactively reviewed its operational processes to reduce overlapping procedures and streamline its manpower deployment, which successfully reduced its manpower costs by 3%.

### **Mira Moon**

Mira Moon has not only remained competitive but in fact grown steadily despite fierce price competition from nearby hotels and decreased visitor arrivals to Hong Kong. In 2016, the hotel's

average occupancy and room rates remained stable compared to the previous year, while its food and beverage business achieved satisfactory growth.

### **Serviced Apartments**

Located in the bustling Gubei residential area of the booming Hongqiao district, Miramar Apartment sits adjacent to Shanghai's business hub and upscale residential area, enjoying exceptional living convenience and comfort. During the year, Miramar Apartment's operations remained satisfactory. Other than those units undergoing refurbishing and tenant changes, the apartments were continually fully occupied.

### **Property Rental Business**

The Group's property rental business remained solid in 2016 amidst Hong Kong's economic slowdown and lower retail sales, with a revenue of HK\$829 million and an EBITDA of HK\$724 million, which were largely flat compared to the previous year.

Miramar Tower and Miramar Shopping Centre are the Group's key rental properties with a total of 1,000,000 square feet of floor area. The Mira Hong Kong, the Group's flagship hotel, sits adjacent to these properties and provides excellent conference venues. This combination amasses excellent business opportunities.

During the year, the Group continued to optimize its tenant mix and successfully attracted more semi-retail tenants such as one-stop beauty centres and large-scale fitness clubs. These tenants now account for over 20% of the office space. Merging shopping mall facilitation into the office floors, this scheme enhanced the property's value and facilitated stable development of the Group's rental business.

Amid the lacklustre turnover of the retail sector, Miramar Shopping Centre continually refined its retail sales mix and successfully boosted pedestrian flow through its floors. Both the per-square-foot rent and occupancy rates have remained at levels similar to last year.

### **Asset Enhancement Program and Mall Integration**

During the year, Miramar Shopping Centre and Mira Mall continued to carry out their asset enhancement program to keep the malls fresh and attractive through interior renovation and decoration, as well as tenant portfolio optimisation. Thanks to these promotional events, the

Group's retail spaces saw a rise of 8% in their average yearly pedestrian traffic, which boosted tenants' sales revenue.

In 2017, the Group will continue to integrate Miramar Shopping Centre and Mira Mall, affording customers a more comprehensive shopping and leisure experience. In the long term, through integrating our retail, hotel, and other businesses for better synergy, we hope to bring about for customers brand-new, all-encompassing experience that covers shopping, entertainment, dining and even upscale accommodations.

### **Food and Beverage Business**

The Group recorded a revenue of HK\$448 million from its food and beverage business, approximately the same as last year, with EBITDA declined to HK\$42 million.

Impacted by the slowing economic growth, consumers turned cautious and consumption propensity to dine out was affected. For the Group's restaurants, customer visits decreased slightly, while consumption per capita remained steady. Our Chinese restaurants like Cuisine Cuisine and Tsui Hang Village showed remarkable performance, providing a stable income for the Group. The Group also launched traditional delicacies in 2016, such as glutinous rice cakes and moon cakes, which were adored by customers. This year, the Group aims to expand this move by launching more specially-prepared foods to diversify business incomes.

### **Travel Business**

Impeded by Hong Kong's slowing economy, the Group's travel business showed unsatisfactory performance in the first half of the year. However, the second half saw a turnaround thanks to enhanced promotions and beefed-up itineraries that successfully stimulated traveller spending. The revenue was HK\$1,198 million for the whole year. The EBITDA declined to HK\$30 million.

The Group completed the acquisition of HYFCO Travel Agency Limited in 2016, which brought in a revenue of HK\$23 million.

### **Investments**

With the upward trend in global interest rate and unsettling geopolitical situation, the Group adopted a more prudent investment strategy during the second half of the year with no further purchases of shares or bonds. Under favourable global investment climate at the end of the

year, provisions for impairment of the Group's investment portfolio saw an improvement compared to the first half of 2016.

### **Business Outlook**

Looking ahead, the global economic outlook for 2017 is clouded by increased uncertainty, complicated by geopolitical risks, the concerns about trade protectionism and the hastened pace of U.S. interest rates hikes. Amid slowing economic growth in mainland China coupled with dearth of signs of recovery in Hong Kong's retail market and rising labour costs, it is expected that the Group will continue to face a challenging operating environment. However, the Group will keep a close watch on global economic conditions and investment opportunities, and lose no time in exploiting them. The Group will further improve cost and risk management and optimize the operation of various departments, thereby enhancing operational efficiency.

Mr. Lee concluded, "The Group will also embrace the global e-commerce trend through leveraging the robustness of social media coverage to expand our marketing scope. In our drive for increased revenues and profits, we will actively utilize information embedded in our business databases to further facilitate cross-selling by enhancing and integrating our customer relations management functions of our retail, food and beverage, hotel, and travel businesses. With 2017 marking the proud 60<sup>th</sup> anniversary of Miramar Group, we will with conviction, determination and aspiration continue to provide the best of services to all our customers and stakeholders."

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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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