

MIRAMAR GROUP

Press Release

For Immediate Release

Miramar Hotel and Investment Company, Limited Announces 2017 Annual Results

[Hong Kong – 19 March 2018] 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 2017.

<i>HK\$ Million</i>	<i>For the year ended 31 December</i>		
	2017	2016	Change
Revenue	3,186	3,118	2%
Profit attributable to shareholders	1,519	1,277	19%
Underlying profit attributable to shareholders	764	580	32%
Basic underlying earnings per share (HK\$)	1.27	1.00	27%
Dividend per share (HK Cents)			
Final dividend per share	36	34	5.9%
Interim dividend per share	23	20	15%

The Group's revenue for the Reporting Period amounted to HK\$3,186 million, representing an increase of 2% compared to the financial year ended 31 December 2016 (2016: HK\$3,118 million).

Profit attributable to shareholders for the reporting period increased by 19% to HK\$1,519 million (2016: HK\$1,277 million). This growth is mainly attributable to the satisfactory performance of both the Property rental segment and Hotels and serviced apartments segment, with additional contributions from the one-off net gain upon disposal of a property in Central, revaluation gain of investment properties and net gain on disposal of securities.

Excluding the increase of HK\$723 million in the fair value of our investment properties and the one-off net gain from the disposal of a property in Central of HK\$32 million, the basic underlying profit surged significantly by 32% to approximately HK\$764 million (2016: HK\$580 million). The basic underlying earnings per share increased by 27% to HK\$1.27 (2016: HK\$1.00).

The Board of Directors recommended the payment of a final dividend of 36 Hong Kong cents per share (2016: 34 Hong Kong cents), amounted to a full-year dividend of 59 Hong Kong cents per ordinary share (2016: 54 Hong Kong cents) with an interim dividend of Hong Kong 23 cents per share (2016: 20 Hong Kong cents).

The economic performance of Hong Kong in 2017 continued its advance. According to the Hong Kong Tourism Board, overnight visitor arrivals to Hong Kong increased by 5% year-on-year. The management has leveraged on these favorable economic conditions by actively enhancing the tenant mix of our shopping mall and office tower. Continuous efforts are also spent to boost service quality and enrich customer experience. At the same time, agile revenue strategies have been adopted with prudent cost control measures. These have resulted in solid performance in our hotels and serviced apartments as well as property rental segments. For the food and beverage operation segment, we have re-aligned our business strategy in response to the market changes impacting our locations and brand considerations.

Hotels and Serviced Apartments Business

During the reporting period, Hotels and Serviced Apartments of the Group benefited from visitor arrivals and overnight visitor arrivals returning to growth. Revenue has increased by 4% to HK\$662 million compared to last year. Moreover, the management has adopted proactive and aggressive promotion and pricing strategy which increased the attractiveness of hotel room and food and beverage. Earnings before interest, taxes, depreciation and amortisation (“EBITDA”) amounted to HK\$248 million, representing an increase of approximately 11%. During the year, the occupancy rate and average room rate of both The Mira Hong Kong and Mira Moon rose satisfactorily. The increase in the occupancy rate of both hotels at around 7% is higher than those among hotels in the same district.

Property Rental Business

The Group's Property Rental business grew steadily in 2017. Property Rental business recorded revenue of HK\$859 million and EBITDA of HK\$754 million. Both revenue and EBITDA rose by 4% compared to last year.

The Group has planned for years and finally completed the strategic integration for the four core properties, namely Miramar Shopping Centre, Mira Mall, Miramar Tower and The Mira Hong Kong, located at a golden shopping area in Tsim Sha Tsui. With 1.2 million square feet, the properties have been rebranded as Mira Place which has become the new landmark of Tsim Sha Tsui since 2 June 2017. We trust such integration and synergy will bring our consumers a brand-new and all-encompassing experience that covers shopping, entertainment, dining and even upscale accommodations and life style.

The Group continued to optimise the tenant mix of its office and successfully attracted more semi-retail tenants. Mira Place meticulously selected brands in Hong Kong and around the world, introduced pop-up stores and brought in different types of flagship shops to strengthen the retail mix of our shopping mall. By proactively conducted various kinds of promotional events, the mall's traffic rose by 6% on average year-on-year, which boosted tenants' sales revenue by 13%.

Mira Place is the Group's major investment properties. Due to the increase in revenue from Mira Place under the on-going asset optimisation project, the Group's investment property portfolio recorded a net increase in fair value of HK\$723 million, at the rate similar to last year, amounting to HK\$14.1 billion as at 31 December 2017.

Food and Beverage Business

The Food and Beverage business recorded revenue of HK\$394 million and EBITDA of HK\$23 million respectively, dropped 12% and 34% respectively due to the strategic revamp of certain brands. Cuisine Cuisine and Tsui Hang Village have achieved good performance and contributed stable revenue to the Group. Food and Beverage business still faces intense challenges such as high rental costs, high labor costs and shortage of labor. The Group is dedicated to improve operating efficiency, continue to seize opportunities to properly implement its multi-brand strategy, improve food and services quality of our outlets and introduce new dishes and new themes at regular intervals to respond to market trends.

Travel Business

Revenue from Travel segment increased by 6% to HK\$1,272 million compared to last year. The increase was mainly due to the rise in income from tour to Japan and Europe. EBITDA amounted to HK\$29 million.

Corporate Finance

The Group maintains its conservative and sound financial policy with a very high level of liquidity. Gearing, calculated by dividing consolidated total borrowings by the consolidated total shareholders' equity, was only 0.1% as at 31 December 2017 (31 December 2016: 5%).

As the Group is buttressed by a large cash pool to fund its development program in the foreseeable future, we have terminated some credit arrangements as appropriate to reduce financial expenses during the year. At 31 December 2017, total available credit facilities amounted to approximately HK\$1.3 billion (31 December 2016: approximately HK\$2.7 billion), 0.2% (31 December 2016: 28%) of which have been utilised. At 31 December 2017, consolidated net cash were approximately HK\$3.4 billion (31 December 2016: HK\$2.1 billion), of which HK\$3 million comprised secured borrowings (31 December 2016: HK\$14 million).

Business Outlook

Mr. Lee concluded, "Looking forward, mainland China is expected to continue providing stable political and prosperous economic settings for Hong Kong. While the financial markets may see greater volatility under the regime of rising interest rates and clouded by possible international trade clashes, the balancing forces of low-lying inflation and still-robust consumer confidence should support stable and sustained global growth, thereby providing a strong buttress to Hong Kong's economy. I shall lead the Group management in our unreserved and incessant drive to advance our core businesses, by enhancing service quality and operational efficiency as well as grasping appropriate investment opportunities to broaden revenue sources with the aim of raising profits and shareholders' values."

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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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