

MIRAMAR GROUP

Press Release

[For Immediate Release]

Miramar Hotel and Investment Company, Limited Announces 2018 Annual Results

PBT Exceeds HKD1,000 Million with Overall Steady Growth

[Hong Kong – 18 March 2019] Miramar Hotel and Investment Company, Limited (the “Company”) and its subsidiaries (collectively, the “Group”), HKSE stock code: 71, announced today the annual results for the year ended 31 December 2018.

HK\$ Million	For the year ended 31 December		
	2018	2017	Change
Revenue	3,199	3,186	+0.4%
Profit attributable to shareholders	1,624	1,519	+6.9%
Underlying profit attributable to shareholders*	828	764	+8.4%
Basic underlying earnings per share (HK\$)	1.20	1.27	-5.5%
Dividend per share (HK Cents)			
Final dividend per share	37	36	+2.8%
Interim dividend per share	24	23	+4.3%

* Underlying profit attributable to shareholders and underlying earnings per share (basic) excluded the post-tax effects of the investment properties reevaluation movements and other non-operating and non-recurring items such as net gain on disposal / liquidation of a subsidiary

The Group’s revenue for the year amounted to HK\$3,199 million, representing an increase of 0.4% compared to last year (2017: HK\$3,186 million). Profit attributable to shareholders for the year increased by 6.9% to HK\$1,624 million (2017: HK\$1,519 million). Mr. Lai Ho Man, Director of Group Finance, said, “This growth is mainly attributable to the satisfactory performance of both the property rental segment and hotels and serviced apartments segment, with additional contribution from revaluation gain of investment properties.”

Excluding the net increase of HK\$783 million in the fair value of our investment properties and net gain from non-core businesses, the basic underlying profit attributable to shareholders* increased by 8.4% to approximately HK\$828 million (2017: HK\$764 million). The underlying

MIRAMAR GROUP

earnings per share (basic) dropped by 5.5% to HK\$1.20 (2017: HK\$1.27). Excluding the effect of the increased number of shares issued in the beginning of the year pursuant to the bonus warrant scheme, basic underlying earnings per share would have shown a growth in line with the underlying profit attribute to shareholders.

The Board is pleased to recommend a final dividend of HK37 cents per share payable to shareholders whose names are on the Register of Members as at 18 June 2019. Including an interim dividend of HK24 cents per share paid on 16 October 2018, the total dividend payment for the whole year will be HK61 cents per share.

Hong Kong's economy was booming in the first half of 2018 but growth momentum slowed down in the second half of the year. In respect of hotels and serviced apartments business, the Group adopted a dynamic revenue management strategy, based on market supply and demand and state of competition, resulting in improved operational efficiency. Our property rental business has achieved a respectable performance as the Group continually optimized the tenant mix of the shopping mall and office tower and enhanced the quality of services, affording tenants and customer solicitous services and gleeful shopping experience. For food and beverage business, we continued to adjust our business strategies in response to changes in rental levels and market preferences for different brands. In regard to travel business, the performance is encouraging due to proactive control of operating costs and responsive strategies pursued to tackle changing destination preferences of the customers.

Hotels and Serviced Apartments Business

In 2018, overnight visitor arrivals increased by 4.9% compared to last year. Occupancy rates of hotels in Tsim Sha Tsui area and hotels in the Tariff A category both increased compared to last year. Our hotels and serviced apartments business recorded satisfactory results in both revenue and EBITDA (earnings before interest, taxes, depreciation and amortisation).

During the year, the management adopted dynamic marketing and pricing strategies which served to increase the attractiveness and competitiveness of our hotels, and succeeded in bringing about improved operational efficiency. Revenue has increased by 7.3% to HK\$710 million compared to last year while EBITDA amounted to HK\$265 million, representing an increase of approximately 6.9%. Average occupancy rates of both The Mira Hong Kong and

MIRAMAR GROUP

Mira Moon stayed at high levels and RevPAR (revenue per available room) registered satisfactory growth.

Property Rental Business

The Group's Property Rental business grew steadily during the year and recorded revenue of HK\$914 million and EBITDA of HK\$807 million, rising by 6.5% and 7.1% respectively compared to last year. During the year, the Group continued to optimize the tenant mix of its office and retail space. Occupancy rate maintained at a high level and rental income grew steadily. The synergetic effect in the continuous upgrade of the shopping mall and offices has enabled stable appreciation of the total value of our properties. The Group devoted relentless efforts towards enhancing the overall image and positioning of its property assets, continually improving its surroundings, upgrading its service quality and keeping the mall iconic for its unique personality and dynamism. During the year, Mira Place has upgraded its mobile application software to strengthen customer services and promote interactions, and successfully launched Hong Kong's first smart parking solution "e-PARKING" as well as a number of popular promotional activities which have driven up Mira Place's average yearly footfall by 18% and boosted tenants' sales revenue by 4%. The Group's investment property portfolio recorded a net increase in fair value of HK\$783 million, amounting to HK\$14.9 billion as at 31 December 2018.

Food and Beverage Business

The food and beverage business recorded revenue of HK\$319 million and EBITDA of HK\$13 million, which dropped by 19.2% and 44.1% respectively, due to a strategic revamp through which the management closed certain shops that lacked operational efficiency. The Group's Chinese restaurants business has achieved good performance. The business of the Western restaurants was stable, and the management continued to actively raise service levels and improve product quality, which showed promising progress. Next step the management will adopt effective methods to improve financial performance. The Group's strategy is to improve operational efficiency, improve product and service qualities, and to create new dishes and new themes on a regular basis. In addition, the Group will continue to seek for new opportunities to properly implement the strategy of brand diversification.

MIRAMAR GROUP

Travel Business

Revenue from travel segment at HK\$1,256 million was level with that in the prior year but EBITDA improved substantially to HK\$60 million, registering an increase of 108% due to proactive control of operating costs and responsive strategies pursued to tackle changing destination preferences of the customers.

Operating and other expenses and other revenue

The Group has further enhanced its operating efficiency and managed to keep the overall operating costs stable at HK\$237 million (2017: HK\$227 million). Due to the depreciation of Reminbi, exchange loss of HK\$13 million (2017: exchange gain of HK\$27 million) was recorded during the year. Other revenue comprising mainly bank deposit interests increased to HK\$49.2 million as a result of a mild uptick in the interest rate levels.

Corporate Finance

The Group maintains its conservative and sound financial policy with ample cash and available banking facilities, enabling the Group to comfortably deal with the uncertain economic environment in the foreseeable future and to fund opportune business development projects that promise good investment returns. Gearing, calculated by dividing consolidated total borrowings by the consolidated total shareholders' equity, was at only 0.1% as at 31 December 2018 (31 December 2017: 0.1%). At 31 December 2018, total available credit facilities amounted to approximately HK\$1.3 billion (31 December 2017: approximately HK\$1.3 billion), 0.2% (31 December 2017: 0.2%) of which have been utilised. At 31 December 2018, consolidated net cash were at approximately HK\$4.7 billion (31 December 2017: HK\$3.4billion), of which HK\$2.85 million were secured borrowings (31 December 2017: HK\$3 million).

Business Outlook

In the second half of 2018, growth in the global economy has shown a slowing trend, under uncertainties that a consensual and comprehensive trade pact was not yet in sight in the Sino-US negotiations and likewise in the Brexit arrangements. Mr. Lee Ka Shing, Chairman and CEO of the Company, has concluded, "Looking forward to 2019, the global political and economic environment remains confronted by a wide variety of uncertainties which are characterised by great complexity and vicissitude, hindering economic growth. I will continue to lead the Group management in our unreserved effort to manage our businesses prudently, with

MIRAMAR GROUP

particular attention paid to improving service quality and strengthening operational efficiency, while at the same time on the lookout for appropriate investment opportunities, with a view to increasing profitability and shareholder return.”

— End —

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.

For further information, please contact:

Jess Chan

Director of Group Marketing & Corporate Communications

Tel: (852) 2315 5513

Fax (852) 2316 7320

Email: jess.chan@miramar-group.com