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Press Release **[For Immediate Release]**

Miramar Hotel and Investment Company, Limited
Announces 2022 Annual Results
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[Hong Kong – 16 March 2023] 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 2022.

HK$ Million	*For the year ended 31 December*		
	2022	2021	Change
Revenue	**1,382**	1,247	+10.8%
Profit attributable to shareholders	**480**	330	+45.5%
Underlying profit attributable to shareholders	**523**	423	+23.6%
Basic underlying earnings per share (HK$)	**0.76**	0.61	+24.6%
Dividend per share (HK Cents)			
Final dividend per share	**29**	26	+11.5%
Interim dividend per share	**21**	20	+5%

The Group's revenue for the year amounted to HK$1,382 million (2021: HK$1,247 million), an increase of 10.8% against last year. Profit attributable to shareholders for the year was HK$480 million (2021: HK$330 million) with a year-on-year increase of 45.5%. Mr. Lai Ho Man, Director of Group Finance, said, "The aforesaid outcome is mainly caused by the decrease in revaluation loss on fair value of investment properties compared with last year, and the increase in revenue from to the Group's three business segments (including hotels and serviced apartments, food and beverage and travel business) compared with last year." The Board is pleased to recommend a final dividend of HK29 cents per share (2021: HK26 cents per share) payable to the shareholders whose names are on the Register of Members as at 19 June 2023. Including an interim dividend of HK21 cents per share (2021: HK20 cents per share) paid on 12 October 2022, the total dividend payout for the whole year will be HK50 cents per share (2021: HK46 cents per share).

The 2019 coronavirus disease ("COVID-19") pandemic has struck a heavy blow to the global economy and local business environment over the past three years. With the outbreak of the fifth-wave of the pandemic in early 2022, the government re-tightened social distancing measures and restrictions, coupled with stringent travel restrictions, heading to a downward spiral again of the overall business environment. In the second quarter, the pandemic was gradually brought under control, and by the end of the third quarter, the pandemic prevention measures were gradually lifted, including the scrap of hotel quarantine policy for Hong Kong arrivals, the easing of pandemic prevention measures and border control. During the year, the government handed out consumption vouchers in phases and consumption sentiment gradually recovered, which brought a positive impact on the Group's business.

Overall, the Group’s core businesses were facing severe challenges last year. However, the Group kept a close watch on the changes in the pandemic and government measures, and quickly adjusted its strategies and operation models to enhance its competitiveness in terms of product mix, branding, cross-business promotions, as well as thematic promotions and flash sales. When the pandemic situation was serious at the beginning of last year, the Group immediately re-allocated resources and launched the “MIRA CARE” initiatives — distributing rapid antigen testing kits to the employees, shopping malls, tenants, customers and communities, and adopting various anti-pandemic strategies to stabilize customers’ confidence. In line with the government's economic revitalization policy, the Group's hotels, restaurants and shopping malls launched timely cross-business promotions, catching business opportunities such as the government's consumption vouchers to launch various events and consumer rewards, and enhanced its e-commerce effort. For the Group's hotel business, in addition to continuing local promotions and staycation businesses, the Group also seized the opportunity to promote a number of thematic activities in light of the lifting of the quarantine measure at the end of the third quarter, resulting in an occupancy rate of over 85% of our hotels in the fourth quarter of last year. In terms of food and beverage business, the Group opened two new restaurants in the first quarter of last year, successfully grasping opportunities on the rebound from the fifth wave of the pandemic and developed new markets. As for the property rental business, after more than two years of the pandemic, rental level and vacancy rates of all types of local rental businesses turned stable. During the year, the Group continued to provide rent concessions and lease restructuring to tenants to tide over the difficult times. The Group's travel business has gradually recovered since the fourth quarter of last year thanks to the easing of border control measures, and recorded a growth in revenue as compared to last year.

Hotels and Serviced Apartments Business

Total revenue of the hotels and serviced apartment business for the year increased to HK$318 million compared to the same period last year, with EBITDA amounting to HK$18 million.

The hotel and tourism industries have been hit hard by the ongoing years of COVID-19 outbreak. The number of visitor arrivals to Hong Kong fell from 3.57 million in 2020 to 90,000 in 2021. From the fourth quarter of 2022, the Hong Kong government gradually cancelled the border-control restrictions. The number of visitor arrivals rebounded to 600,000 in 2022. In the first quarter of 2023, all the border-control restrictions between Hong Kong and Mainland China are removed, which will greatly improve the business environment for Hong Kong's tourism and hotel industries. The Group continued last year's flexible and multi-pronged business strategies to strengthen the long-stay and staycation businesses by launching a number of long-stay programs, themed suitecation, as well as a number of staycation experiences and catering activities in collaboration with different national tourism bureaus and brands to attract local visitors, resulting in a 28% increase in occupancy rate of The Mira Hong Kong during the year. During the year, hotel room revenue in hotels and serviced apartments segment amounted to HK$160 million, representing a significant increase of 35% over last year.

In addition, the Group's Mira Moon Hotel was well received following an asset enhancement project, with occupancy rates often exceeding 90%.

Property Rental Business

The years-long pandemic has hit various industries around the world and in Hong Kong, especially the restaurant, retail and tourism industries, which are still experiencing operational difficulties and business contraction. As a result, the local rental market has also remained weak over the past few years, with pressure on rent adjustments and lease renewals in rental business. Fortunately, the pandemic eased in the second half of last year and rental level and vacancy rate in the local rental sector (including office, retail, stores, etc.) are turning stabilized. In 2022, local GDP dropped by 3.5%.

During the year, the Group provided concessions such as appropriate rentals and rent adjustments to relieve tenants' pressure. In the past year, the Group continued to enhance customer shopping experience and shopping mall facilities, and launched a number of activities, including large-scale festival themed decorations and promotions, inviting various brands to set up pop-up stores in the malls and organizing special weekend markets, in order to broaden the target customer base of the shopping malls, and in turn improve service standards and enhance competitiveness. During the year, the Group' s revenue from rental business amounted to HK$800 million and EBITDA of HK$677 million, representing a decrease of 1.8% and 2.9% respectively over last year.

Change in fair value of investment properties

The Group's investment properties are stated at fair value, and reviewed on a semi-annual basis. The fair value of investment properties is determined based on the opinions obtained from the external professional surveyor firm (Cushman & Wakefield Limited) under the Group. During the year, the fair value of the Group's total investment properties decreased by HK$23 million (2021: decrease by HK$112 million). As at 31 December 2022, the book value of the overall investment properties was HK$15.2 billion. The investment properties of the Group are held as long-term investment to gain recurring income. The revaluation loss is non-cash in nature, and has no substantive impact on the cash flow of the Group.

Food and Beverage Business

In early 2022, in response to the severity of the fifth wave of the pandemic, the government adopted stringent social distancing measures, including a ban on dine-in for more than 100 days and a limit on the number of diners per table. The Group changed its strategies and enhanced dine-in offers and takeaway accordingly and actively developed its e-shop and its marketing promotions. In addition, in the first half of 2022, the Group launched two new brands of restaurant concepts, the "Chinesology" (唐述) offering modernized Chinese cuisine and the "JAJA" offering new vegetarian propositions, to further expand the Group's restaurant market. Thanks to sound business, sales and marketing strategies, the Group was able to seize the opportunities after the fifth wave of the pandemic and stepped up promotions in the second half of the year, successfully capturing the rebounding consumer power. Revenue from the Group's food and beverage business rebounded significantly in the second half of the year, increased by 66% compared to the first half of the year, while revenue in the third and fourth quarters increased by 8% and 42% respectively compared to the previous quarter. During the year, the Group recorded revenue from food and beverage business of HK$173 million and an EBITDA loss of HK$1.9 million, compared to revenue of HK$133 million and EBITDA loss of HK$10.8 million in the same period last year.

Travel Business

The years-long rampage and recurrence of COVID-19 outbreaks have driven many countries around the world and Hong Kong to adopt stringent pandemic prevention and border-control measures. With the easing of the pandemic of COVID-19, Hong Kong has gradually relaxed its pandemic prevention policies, and in early 2023, Hong Kong and Mainland China have been further opened up, with all border-control measures eased and most related quarantine measures removed. By adopting an agile business strategy in response to the prevailing circumstances, the Group's travel business has its strategy and approach well prepared before the gradual opening of the borders. Our products were designed to suit the market and we successfully captured the business opportunities after the opening. As a result, the Group's travel business recorded revenue of HK$91 million and an EBITDA loss of HK$13 million respectively for the year, representing an increase of 572.2% and a decrease of 42.7% respectively over the same period last year, in which revenue and EBITDA were HK$13.5 million and loss of HK$23.3 million respectively.

Operating and Other Expenses

The Group continued to strictly control costs and improve its operating efficiency. Overall operating costs increased slightly by 4.1% to HK$170 million (2021: HK$163.3 million) over the same period last year. The extent of increase in operating cost is less than the extent of increase in revenue due to strict cost control.

Corporate Finance

The Group is committed to a stable and healthy financial policy, with more than sufficient funds and credit lines secured, that would enable the Group to cope with economic uncertainties in the foreseeable future, to invest in any securities and bonds and execute investment-effective business development plans when appropriate. 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 2022, the Group had a consolidated cash position of HK$5.4 billion (31 December 2021: HK$5.2 billion) and no loans (31 December 2021: nil).

Business Outlook

After years of pandemic in Hong Kong, the pandemic prevention and social distancing measures were gradually relaxed at the end of last year, resulting in clear-away of unstable factors, pressure and uncertain economic atmosphere and bringing a stable and suitable business environment for operators and enterprises. In addition, the gradual removal of border control measures between Hong Kong and Mainland China has brought hope for a new scenario for all industries in Hong Kong and the business environment is gradually becoming clearer.

Mr. Lee Ka Shing, Chairman and CEO of the Company, has concluded, "As always, the Group remains prudent, positive and resilient in sustaining its business and meeting challenges. The Group will continue to identify investment opportunities, seize the opportunity to expand its business, and adjust its strategies in response to changes in the environment such that a stable and sustainable performance can be attained."

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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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