news release

Mandarin Oriental International Limited

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To: Business Editor

3rd March 2016
For immediate release

The following announcement was issued today to a Regulatory Information Service approved by the Financial Conduct Authority in the United Kingdom.

MANDARIN ORIENTAL INTERNATIONAL LIMITED
2015 PRELIMINARY ANNOUNCEMENT OF RESULTS

Highlights

- Resilient profit despite challenging conditions in a number of key markets
- US$316 million rights issue
- Acquisition of a 50% interest in the Hotel Ritz, Madrid
- Acquisition of Mandarin Oriental, Boston announced
- New hotels in Milan and Marrakech, and three new management contracts announced

"Trading conditions in a number of Mandarin Oriental's key markets are expected to remain challenging. Nevertheless, the Group is in a strong competitive position with an increasingly diversified geographical presence and earnings stream. Over the longer term, Mandarin Oriental will benefit from the strength of its brand and the limited new supply of luxury hotels in its key markets."

Ben Keswick
Chairman

Results

	Year ended 31st December		
	2015	2014	Change
	US$m	US$m	%
Combined total revenue of hotels under management[1]	**1,335.3**	1,389.9	−4
Underlying EBITDA (Earnings before interest, tax, depreciation and amortization)[2]	**188.4**	217.3	−13
Underlying profit attributable to shareholders[3]	**90.3**	97.0	−7
Profit attributable to shareholders	**89.3**	97.0	−8
	US¢	US¢	%
Underlying earnings per share[3][4]	**7.53**	9.29	−19
Earnings per share[4]	**7.44**	9.29	−20
Dividends per share	**5.00**	7.00	−29
	US$	US$	%
Net asset value per share[4]	**0.98**	0.92	+7
Adjusted net asset value per share[4][5]	**2.84**	3.02	−6
Net debt/shareholders' funds	**11%**	42%	
Net debt/adjusted shareholders' funds[5]	**4%**	13%	

(1) Combined revenue includes turnover of the Group's subsidiary hotels in addition to 100% of revenue from associate, joint venture and managed hotels.
(2) EBITDA of subsidiaries plus the Group's share of EBITDA of associates and joint ventures.
(3) The Group uses 'underlying profit' in its internal financial reporting to distinguish between ongoing business performance and non-trading items, as more fully described in note 7 to the financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group's underlying business performance.
(4) The comparative figures in 2014 have been adjusted to reflect the effect of the rights issue completed in April 2015.
(5) The adjusted net asset value per share and net debt/adjusted shareholders' funds have been adjusted to include the market value of the Group's freehold and leasehold interests which are carried in the consolidated balance sheet at amortized cost.

The final dividend of US¢3.00 per share will be payable on 11th May 2016, subject to approval at the Annual General Meeting to be held on 4th May 2016, to shareholders on the register of members at the close of business on 18th March 2016.

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MANDARIN ORIENTAL INTERNATIONAL LIMITED

PRELIMINARY ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31ST DECEMBER 2015

OVERVIEW

Softer demand in Hong Kong and Paris, together with disruption from renovations at a number of properties, led to a 7% decrease in underlying profit compared to the prior year's record result. The Group's development projects remained active, however, with two new hotel openings and three new management contracts announced. The Group also raised US$316 million by way of a rights issue, with the proceeds reducing debt as well as funding its 50% share of the acquisition of the Hotel Ritz, Madrid, in May 2015.

PERFORMANCE

Underlying earnings before interest, tax, depreciation and amortization for 2015 were US$188 million. This compares with US$217 million reported in 2014, which benefited from US$15 million of branding fees from *The Residences at Mandarin Oriental* in Bodrum.

Underlying profit of US$90 million was US$7 million lower than the prior year, and underlying earnings per share were US¢7.53 compared with US¢9.29 in 2014. Profit attributable to shareholders was US$89 million, after deducting US$1 million of acquisition transaction costs, compared to US$97 million in 2014.

Following an independent valuation of the Group's hotel properties, the net asset value per share was US$2.84 at 31st December 2015, compared with US$3.02 per share at the end of 2014.

The Directors recommend a final dividend of US¢3.00 per share. This, together with the interim dividend of US¢2.00 per share, will make a total annual dividend on the enlarged share capital of US¢5.00 per share, compared to US¢7.00 per share in 2014.

GROUP REVIEW

In Asia, despite an improved performance in Tokyo due to increased visitor arrivals, softer demand in Hong Kong and Singapore, together with disruption from a renovation in Kuala Lumpur, resulted in a lower contribution from the region.

The Group's performance in Europe was affected by challenging conditions in Paris following the terrorist attacks and by the adverse impact of a renovation in Munich, which were only partially offset by improved results in London. In The Americas, all of the Group's hotels reported higher revenue per available room, with the exception of New York which undertook a refurbishment of suites during the first half of the year.

BUSINESS DEVELOPMENTS

The Group continued to pursue its development strategy of seeking new hotel and residences management contracts, while maintaining the quality of its properties and making selective acquisitions that meet the Group's strategic criteria.

The Group opened Mandarin Oriental, Milan, in July followed by the partial opening of Mandarin Oriental, Marrakech in October. Management contracts were announced for new hotels under development in Beijing, Beirut and Boca Raton. In the first quarter of 2015, the Group ceased management of its hotel in San Francisco.

In May 2015, the Group acquired a 50% interest in the Hotel Ritz, Madrid for €65 million (US$73 million) in a joint venture with The Olayan Group, with Mandarin Oriental managing the hotel under a long-term management agreement. The hotel is to undergo a comprehensive renovation in 2017, currently estimated to cost a total of some €90 million, of which the Group's share will be €45 million (US$49 million).

In January 2016, the Group exercised its right to acquire the 148-room Mandarin Oriental, Boston for US$140 million, with the transaction expected to close by the end of April 2016. The Group has managed the hotel under a long-term contract since it opened in October 2008.

The Group is to undertake a major £85 million (US$126 million) refurbishment of Mandarin Oriental Hyde Park, London, which is scheduled to commence in the third quarter of 2016 and last 18 months.

Mandarin Oriental now operates 29 hotels, and has a further 17 under development. Together these represent more than 11,000 rooms in 24 countries, with 21 hotels in Asia, nine in The Americas and 16 in Europe, Middle East and North Africa. In addition, the Group operates or has under development 15 *Residences at Mandarin Oriental* connected to its properties.

Within the next 18 months, two hotels are scheduled to open in Doha and Beijing.

PEOPLE

On behalf of the Directors, I would like to acknowledge the contribution of all employees throughout the Group for continuing to provide the exceptional service for which the brand is renowned.

Edouard Ettedgui is to step down as Group Chief Executive on 31st March 2016 and we would like to thank him for his tremendous contribution to the business since his appointment in 1998. Edouard will remain on the Board as a non-executive director. He will be succeeded by James Riley who is currently the Group Finance Director of Jardine Matheson Holdings Limited, and has served on the board of Mandarin Oriental's management company for the past ten years.

Giles White stepped down from the Board on 31st July 2015, and we would like to thank him for his significant contribution. On 1st August 2015, Jeremy Parr joined the Board.

OUTLOOK

Trading conditions in a number of Mandarin Oriental's key markets are expected to remain challenging. Nevertheless, the Group is in a strong competitive position with an increasingly diversified geographical presence and earnings stream. Over the longer term, Mandarin Oriental will benefit from the strength of its brand and the limited new supply of luxury hotels in its key markets.

Ben Keswick
Chairman

GROUP CHIEF EXECUTIVE'S REVIEW

STRATEGY

Mandarin Oriental Hotel Group is an award-winning international hotel investment and management group with deluxe and first class hotels, resorts and residences in sought-after destinations around the world. The Group operates, or has under development, 46 hotels representing 11,000 rooms in 24 countries, with 21 hotels in Asia, nine in The Americas and 16 in Europe, Middle East and North Africa. In addition, the Group operates, or has under development, 15 *Residences at Mandarin Oriental* connected to its properties.

The Group holds equity interests in a number of its hotels, and had adjusted net assets of approximately US$3.6 billion as at 31st December 2015. Capitalizing on the strength of its brand, Mandarin Oriental also operates hotels on behalf of third party owners that require no equity investment by the Group.

The Group's strategy is to be recognized widely as the world's best luxury hotel group, which it will achieve by investing in its exceptional facilities and its people while continuing to seek further selective opportunities for expansion around the world. This approach, combined with a strong balance sheet, is designed to achieve long-term growth in both earnings and net asset value.

PROGRESS ACHIEVED

The continued growth in recognition of the Mandarin Oriental brand internationally attracted an increasing number of high net worth travellers during 2015. The Group's overall performance benefited from the resilience that comes with a broad portfolio of hotels and residences across many destinations, with some markets experiencing a softening of demand while other markets performed better.

The hotels in Asia performed well against their competition, although the Hong Kong properties were impacted by reduced arrivals to the city from mainland China. The region's results were also affected by softer city-wide demand in Singapore and a renovation of the Group's property in Kuala Lumpur. In Europe, despite a strong performance in London, an extensive renovation in Munich and a drop in city-wide demand in Paris led to a lower contribution overall. In The Americas, most hotels experienced improved demand, although

New York was negatively impacted by an extensive suite renovation in the first half of the year.

Mandarin Oriental's global brand recognition was further enhanced in 2015 with the well-received launches of luxury hotels in Milan, Italy and Marrakech, Morocco in July and October, respectively. During the year, three hotel management contracts were announced for new properties in Beijing, Beirut and Boca Raton. The Group's equity participation in its portfolio also increased when it acquired a 50% interest in the Hotel Ritz, Madrid in May. In January of 2016, the Group announced it would acquire Mandarin Oriental, Boston, with the transaction expected to close by the end of April.

The recognition of the Mandarin Oriental brand internationally, together with its strong balance sheet, ensures the Group remains well positioned to take advantage of opportunities for further growth.

PERFORMANCE IN 2015

Set out below is a review of the Group's performance in 2015, with reference to the following strategic objectives:

- Being recognized as the world's best luxury hotel group
- Strengthening our competitive position
- Increasing the number of rooms under operation to 10,000
- Achieving a strong financial performance

1. Being recognized as the world's best luxury hotel group

Mandarin Oriental has created some of the world's most sought-after properties, delivering 21st century luxury with oriental charm. Each hotel ensures its position as one of the best in its market through a combination of tradition, quality and innovation. Throughout the portfolio, the Group invests behind its core brand attributes of creative hotel design, architecture and technology, excellent dining experiences and holistic spa operations. Above all, the delivery of legendary service to our guests remains at the forefront of everything we do.

The Group's increasing global recognition is evidenced by the achievement of many significant awards from respected travel associations and publications worldwide.

Highlights include a record 14 hotels listed in *Institutional Investor* 2015 'Top 100 World's Best Hotels', with seven properties voted as 'Best in the City'. The Group was also well represented with a record 18 hotels being recognized in the 2016 *Forbes Travel Guide,* with 14 properties around the world gaining the top 'Five Star Hotel' status, and four properties gaining the rare 'triple crown' for hotel, spa and restaurant. Mandarin Oriental, Hong Kong is the only hotel in the world to achieve five 'Five Star' Awards, for the hotel, spa, and three of its restaurants. Furthermore, four of the Group's hotels in the United States achieved the coveted 'Five Diamond Lodging Award' for 2016 from the *American Automobile Association*.

Condé Nast Traveler, US 'Readers' Choice Awards' 2015 featured a record 19 Mandarin Oriental hotels, with five hotels being listed as one of the top three in their respective cities. In the US, five hotels were awarded 'Best Hotels in the USA' in the *US News World Report*, 2015. In China, *Condé Nast Traveler*, *China* 'Readers' Choice Awards' listed Mandarin Oriental as 'Best Hotel Brand'.

The Group's reputation for excellent and innovative dining experiences was again acknowledged in the most recent 2016 *Michelin* guides with 11 restaurants being honoured and a total of 16 stars being granted. This is more than any other hotel group in the world. Once again, both *Amber* at The Landmark Mandarin Oriental, Hong Kong and *Dinner* at Mandarin Oriental Hyde Park, London were voted as two of the 'Top 50 Restaurants' in the world in the prized *San Pellegrino* listings.

The Group's spa operations were acknowledged as being among the best, with a record 12 hotels gaining the prestigious *Forbes* 'Five Star Spa' award. Again, this is more than any other hotel group in the world. In addition, two of the Group's hotels in China were identified as the best in their respective destinations by *SpaChina* in the 2015 awards.

The Group's commitment to working with some of the best architects and designers was also recognized in 2015. In particular, Mandarin Oriental, Bodrum was honoured twice at the *European Hotel Design Awards* 2015. Firstly, the resort was recognized as the best 'Newbuild' in the 'Architecture Awards' and was also nominated for 'Best Interior Design for Spa and Wellness'.

The Group's award-winning international advertising campaign now features 30 celebrity 'fans', who regularly stay at Mandarin Oriental hotels. During the last 12 months, the Group welcomed celebrated French actress, Isabelle Huppert, and Chinese actor, singer and model, Chen Kun, to the campaign. In May 2016, the tennis champion, Maria Sharapova, will become its latest fan. The Group's relationship with its celebrity fans goes far beyond their appearance in the advertisements alone, as they frequently stay at the Group's hotels and attend important gala events.

The Group also continues to invest in digital marketing across all online devices and in multiple languages. Online revenues now represent 13% of total room revenue generated from individual travel bookings. Furthermore, the Group actively encourages a global conversation with consumers through its social media strategy, and now has a larger and more connected global digital network than ever before, reaching consumers in all corners of the globe, including a growing following on China's most important social media platforms.

Further brand recognition will be accomplished as more Mandarin Oriental hotels under development open in new and exciting travel destinations.

2. Strengthening our competitive position

Every hotel is focused on maintaining or enhancing its leadership position against primary competitors in its individual market. This is critical to the Group's success. Strong brand recognition, combined with the strength of the hotel management teams, plus the added support provided by an established corporate structure, allows each property to compete effectively and to achieve premium rates. In 2015, the Group's position was further supported by limited new supply in many of the key markets in which it operates.

Demographic trends continue to support the Group's strategy of creating quality services and facilities which attract individuals who will pay a premium for genuine luxury experiences, allowing the hotels to further increase average rates. Demand for understated luxury experiences which are meaningful and of value remains strong amongst the higher spending leisure customers who make up close to 50% of the Group's room nights. These high net worth individuals continue to originate from the Group's traditional markets, but increasingly, the Group is attracting additional customers from emerging markets. This is particularly true of China, which remains the second largest source of business after the United States, accounting for 17% of total visitor arrivals. The contribution from China will continue to grow, as the total number of hotels that the Group now operates or has under development in mainland China has increased to eight, and the outbound market continues to develop.

Across the Group's portfolio, overall Revenue per Available Room ('RevPAR') was down 4% in local currency terms, and 9% in US dollar terms on a like-for-like basis[1], although 2015 results also included the negative impact from hotels undergoing renovations.

The highlights of each region are as follows:

Asia

The Group's hotels in the region competed effectively in 2015, despite a softening in demand in some markets, particularly in Hong Kong, which put pressure on occupancy and rates. Overall, RevPAR for Asia in 2015 on a like-for-like basis, which was also negatively impacted by a renovation in Kuala Lumpur, was down 7% in local currency terms, and 12% in US dollar terms.

Mandarin Oriental, Hong Kong was affected by reduced demand from mainland China and Europe, particularly in the leisure segment. As a result, the hotel's RevPAR was down 8% over the previous year. Nonetheless, continued strong local demand led to an increase in the hotel's food and beverage revenues of 3% over 2014, and the property successfully retained four Michelin stars.

The Excelsior, the Group's other wholly-owned hotel in Hong Kong, was impacted by the city-wide decline in leisure demand, particularly from mainland China, combined with aggressive rate discounting in their competitive set. As a consequence, RevPAR was down 16%. Despite this decrease, the hotel's food and beverage performance was robust, improving by 5% over 2014.

[1] Like-for-like comparison excludes hotels without a full year of operation in either 2014 or 2015.

In Tokyo, the hotel's performance benefited from a further increase in visitor arrivals, and a particularly strong performance in the first quarter when the hotel became the location of a pop-up restaurant for *Noma*, attracting significant demand. Average rates increased by 14% in local currency terms, leading to an overall RevPAR increase of 20% in local currency and 5% in US dollar terms, with the hotel ending the year as the market leader in the city. Moreover, 2015 was an excellent year for Mandarin Oriental, Tokyo in terms of recognition. The hotel was ranked 'The World's Number 1' in *Institutional Investor*'s 2015 '100 World's Best Hotels' listing. In addition, the property was voted the 'Best Leisure Dining Destination' in the 2015 *Robb Report* and three of its restaurants were awarded Michelin stars in the 2016 guide, the only hotel in the city to achieve this accolade.

Mandarin Oriental, Singapore was impacted by weaker city-wide corporate and leisure demand, resulting in a 5% decrease in RevPAR in local currency terms compared to 2014. The hotel continues to achieve strong recognition and was awarded the *Forbes* 'Five Star' status in the annual 2016 *Forbes Travel Guide* for both the hotel and its spa. It was also voted one of the top city hotels in Asia in *Travel + Leisure*'s 'World's Best Awards' 2015, as well as Singapore's 'Leading Lifestyle Hotel' at the *World Travel Awards* 2015.

In Bangkok, despite a nine-month renovation of the historic Authors' and Garden Wings, including *Le Normandie* restaurant, and a terrorist attack in the city in August, the hotel performed well, achieving an overall RevPAR increase of 7% in local currency terms. It was voted 'The World's Number 2' in *Condé Nast Traveler*'s, *US* 'Readers' Choice Awards' 2015, and is one of only two hotels in Thailand to be listed in the *Robb Report*'s 'Top 100 Hotels', 2015. Furthermore, the hotel also achieved *Forbes* 'Five Star' status in the 2016 *Forbes Travel Guide* in Thailand for both the hotel and its spa.

Mandarin Oriental, Kuala Lumpur was negatively affected by the ongoing renovation programme combined with softer city-wide demand. As a result, the hotel's RevPAR was down 20% in local currency terms. The hotel was voted 'Best hotel in Kuala Lumpur' in the 2015 *DestinAsian* 'Readers' Choice Awards'.

Mandarin Oriental, Jakarta maintained its market share and achieved an overall increase in RevPAR of 7% in local currency terms, despite reduced demand in the city. The weakening Indonesian rupiah, however, led to a 6% decline in RevPAR in US dollar terms. The hotel was voted ‘Best Business Hotel in Jakarta’ in *Robb Report*, *Singapore* 2015 and was again honoured to receive the *ASEAN* ‘Green Hotel Award’ 2015 for its corporate responsibility initiatives.

In China, the Group’s recently opened hotels in Guangzhou and Shanghai moved further towards stabilization and achieved double digit increases in RevPAR. Both gained increasing recognition for their personalized service and high quality facilities, and were listed in *Condé Nast Traveler China*’s ‘Readers’ Choice Awards’. Finally, Mandarin Oriental, Taipei, which opened in 2014, was listed in *Condé Nast Traveler*’s, *US* 2015 ‘Hot List’ as an ‘Urbanist Standout’ and was awarded ‘Taiwan’s Best Hotel Spa’ in the *World Spa Awards*, 2015.

Performances at the Group’s remaining Asian hotels, in Macau and Sanya, were impacted by reduced demand.

Europe

In Europe, most of the Group’s hotels successfully maintained their positions at the top end of their markets, benefiting from resilient demand in the leisure sector. However, weaker city-wide demand in Paris, and a significant renovation in Munich, adversely impacted results. Across the region, RevPAR on a like-for-like basis, which includes disruption caused by the renovation in Munich, was in line with the prior year in local currency terms. When translated into US dollars, however, overall RevPAR on a like-for-like basis decreased by 12%.

Mandarin Oriental Hyde Park, London performed well as a result of strong city-wide demand, which led to an increase in RevPAR of 9% in local currency terms. The hotel was voted ‘Best Business Hotel’ in the UK in *Condé Nast Traveller*’s, *UK* ‘Readers’ Choice Awards’ 2015, and one of the ‘Top 10 Hotels in London’ in *Condé Nast Traveler*’s, *US* ‘Readers’ Choice Awards’ 2015. Food and beverage performed well, with the hotel’s award-winning restaurant, *Dinner*, being nominated once again as one of the UK’s ‘Top 100 Restaurants’ in the 2015 *National Restaurant Awards*.

As announced in March 2015, the Group will embark on an £85 million (US$126 million) renovation of the London hotel, scheduled to commence in the third quarter of 2016. It will take approximately 18 months to complete, and will comprise a full renovation of the existing guestrooms, restaurants, bars, meeting facilities and lobby. In addition, two new penthouse suites overlooking Hyde Park will be created as well as an expansion of the spa facilities and improvements to core buildings services. The hotel will remain open during the renovation period with reduced facilities and room inventory.

Mandarin Oriental, Munich's performance was disrupted by an extensive renovation in 2015, which led to a decrease in RevPAR in local currency terms of 21%, and a decrease in EBITDA of US$6 million when compared to the prior year. Nevertheless, the hotel remained the undisputed market leader and the new facilities, which include a lobby lounge, bar and *Matsuhisa* restaurant by renowned chef Nobu, are expected to extend further its appeal as the best hotel in the city.

In Geneva, a strong performance in the leisure segment helped to offset reduced demand from the corporate and group segment, with overall RevPAR in line with the prior year in local currency terms.

Mandarin Oriental, Paris was impacted by weaker city-wide demand due to travel security concerns following the terrorist incidents during the year. This led to a decline in RevPAR of 15% in local currency terms. The hotel's food and beverage operations, led by renowned chef Thierry Marx, have attained many accolades, and the signature restaurant, *Sur Mesure*, was once again awarded two Michelin stars in the 2016 listing. The hotel is one of only eight hotels in the city to be honoured with an official 'Palace Distinction', and was also listed in *Condé Nast Traveler*'s, *US* 'Readers' Choice Awards' 2015.

The Group's 50% joint venture acquisition of the iconic Hotel Ritz in Madrid in May has provided an exciting opportunity to extend Mandarin Oriental's portfolio to another key European capital city, and will complement the Group's top-performing Barcelona hotel. Since the acquisition, the hotel has performed in line with expectations, achieving occupancy of more than 70% at an average rate approaching €300. The hotel is scheduled to undergo a comprehensive renovation in 2017.

Elsewhere in the region, Mandarin Oriental, Barcelona remained the undisputed market leader, while the hotel in Prague successfully maintained its competitive position. Both properties received further global recognition for excellence, and were featured in *Condé Nast Traveler*'s, *US* 'Readers' Choice Awards' 2015 as two of the top hotels in their respective cities, with Mandarin Oriental, Prague being awarded 'Top Hotel in Central Europe'.

Mandarin Oriental, Bodrum continued to stabilize and increased its reputation as one of the best resorts in the region with an inclusion in the *Robb Report*'s 'Best of the Best' 2015, as well as being nominated by the *Daily Telegraph, UK* as one of the 'Top 10 Beach Hotels in Turkey'.

The Group's international recognition was further enhanced by the opening of two new hotels in Europe and North Africa in 2015. Just five months after opening, Mandarin Oriental, Milan was awarded the *Forbes* 'Five Star' award and its fine-dining restaurant, *Seta*, achieved one Michelin star. Mandarin Oriental, Marrakech, which partially opened in October, was also singled out by *Architectural Digest* as one of the year's 'Design Discoveries', and was listed in *Fodor*'s *Travel Guide* 2015 as one of the world's '25 Best New Hotels'.

The Americas

The trading environment in The Americas was generally positive in 2015, however, due to the displacement of business associated with a suite refurbishment in New York, overall RevPAR across the region on a like-for-like basis was flat.

Mandarin Oriental, Washington D.C. benefited from stronger leisure demand which led to a 3% increase in RevPAR. The hotel appeared in numerous reader surveys in prestigious publications and was voted the 'Best Hotel in Washington D.C.' in *Institutional Investor*'s 2015 'World's Best Hotels'.

Mandarin Oriental, New York continued to perform at the top end of the luxury hotel market, however, occupancy was impacted by the suite renovation in the first half of the year, which led to an overall decrease in RevPAR of 5%, despite maintaining a high average rate. The hotel's positioning as one of the world's most luxurious properties was further reinforced through a variety of awards including being one of the 'Top 10 Hotels' in the city in *Condé Nast Traveler*'s, *US* 'Readers' Choice Awards' 2015, as well as one of the 'Best Hotels in The Americas' in *Institutional Investor*'s 2015 'Top 100 World's Best Hotels'. Importantly, the hotel retained both the prestigious *Forbes* 'Five Star' rating and the *American Automobile Association*'s 'Five Diamond Lodging Award'.

At Mandarin Oriental, Miami, favourable market conditions led to an uplift in RevPAR of 3%, and the hotel's newest restaurant and bar, *La Mar,* continues to gain positive press reviews for its outstanding cuisine.

Mandarin Oriental, Boston maintained its position as market leader, with RevPAR in line with the previous year. The hotel was ranked 'Best Hotel in Boston' in *Institutional Investor*'s 2015 'Top 100 World's Best Hotels', and *Bar Boulud* continues to be well received by the local community and international guests.

Elsewhere, the Group's hotels in Atlanta and Las Vegas increased their RevPAR over the prior year.

3. Increasing the number of rooms under operation to 10,000

Mandarin Oriental has achieved strong geographic diversification with a well-balanced portfolio across the globe and is on track to meet its mid-term goal of operating 10,000 rooms in key global locations within the next few years. Today, the Group operates over 8,000 rooms in 29 hotels around the world, and, including the hotels under development, the total portfolio now extends to more than 11,000 rooms in 46 hotels located in 24 countries.

Three new hotel management contracts and two new hotel acquisitions have been announced, including one in 2016:

- In May, the Group acquired a 50% interest in the Hotel Ritz, Madrid for €65 million (US$73 million) in a joint venture with The Olayan Group, with Mandarin Oriental managing the hotel under a long-term management agreement. The hotel is to undergo a comprehensive renovation in 2017, currently estimated to cost some €90 million, of which the Group's share will be €45 million (US$49 million).

- In June, the Group announced a management contract for a 74-room hotel in the heart of Beijing, China, scheduled to open in 2017. The hotel, which will be the Group's second in the city, will occupy the top two floors of a luxury mixed-use project in Wangfujing, which is owned by the Group's sister company, Hongkong Land.

- In September, the Group announced that it will manage a new 280-room hotel and 103 branded *Residences* currently under development in Beirut and scheduled to open in 2018. The project provides the Group with a unique opportunity to further extend its reach in the important Middle East market.

- In November, the Group announced that it will manage a 158-room hotel and 100 branded *Residences* currently under development in Boca Raton, south Florida. The project is scheduled to open in 2017.

- In January 2016, the Group announced that it would acquire the freehold interest in the property housing Mandarin Oriental, Boston for US$140 million, with the transaction expected to close by the end of April. The Group has managed the 148-room hotel on Boylston Street since its opening in 2008, and also manages 85 privately owned *Residences at Mandarin Oriental* connected to the hotel.

During 2015, the Group ceased to manage its San Francisco hotel and the project in Grand Cayman will no longer proceed.

In total, Mandarin Oriental has 17 new hotels currently under development, all of which are long-term management contracts requiring no capital investment by the Group. Two of these properties will open within the next 18 months. Mandarin Oriental, Doha, the Group's first hotel in the Middle East, followed by Mandarin Oriental, Beijing, located in the iconic CCTV complex.

In addition to the Group's portfolio of hotels, a total of 15 *Residences at Mandarin Oriental* projects are open or under development. Over the past five years, the associated branding of these projects has, on average, resulted in fees of approximately

US$10 million per annum. These fees, together with ongoing revenues from management fees and the use of hotel facilities by the home owners, should provide a growing return for the Group in future years.

The Group's strategy of operating both owned and managed hotels remains in place. Mandarin Oriental is well positioned to take advantage of selective investment opportunities in strategic locations that offer attractive returns, while at the same time its strong brand continues to be sought after by developers of luxury hotels. The long-term potential for growth is significant, and the Group has in the pipeline many opportunities for additional luxurious hotels and residences in important or unique locations around the world.

4. Achieving a strong financial performance

The Group's overall financial performance in 2015 was impacted by softer demand in Hong Kong and Paris, together with disruption from renovations at a number of properties. Nonetheless, overall underlying profitability of the Group at US$90 million was resilient when compared to the record US$97 million result achieved in 2014. Strong competitive performances were maintained across the majority of the portfolio and the Group's development objectives remained active throughout the year.

The Group's balance sheet was further strengthened during the year following a successful US$316 million rights issue, the proceeds of which were used to fund a reduction in the Group's debt and to finance its share of the investment in Madrid.

At 31st December 2015, gearing was 4% of adjusted shareholders' funds, compared to 13% at the end of 2014. Including the impact of the acquisition of Mandarin Oriental, Boston on a pro forma basis (i.e. assuming that the hotel had been acquired on 31st December 2015), gearing would have been 8%.

The Board has recommended a final dividend of US¢3.00 per share, which, when combined with the interim dividend of US¢2.00 per share, makes a full year dividend of US¢5.00 per share on the enlarged shareholder base.

THE FUTURE

While challenging conditions are expected to continue in some markets, demand for the Mandarin Oriental brand remains strong. Despite significant renovations which will begin in London in 2016, the Group's results should benefit from the further stabilization of its recently opened and acquired hotels. Looking forward, the Group will be supported by the continued growth of its global portfolio, by the increasing number of high net worth travellers from both traditional and emerging markets, and by the limited supply of competitive luxury hotels in our key mature markets.

The geographical broadening of the Group's hotel portfolio, and the increasing opportunities for branded *Residences* projects internationally, underlie the strength of the brand and the growing recognition of Mandarin Oriental as one of the best luxury hotel groups in the world.

Edouard Ettedgui
Group Chief Executive

Mandarin Oriental International Limited
Consolidated Profit and Loss Account
for the year ended 31st December 2015

	2015 Underlying business performance **US$m**	**2015** Non-trading items **US$m**	**2015** Total **US$m**	2014 Underlying business performance US$m	2014 Non-trading items US$m	2014 Total US$m
Revenue *(note 2)*	**607.3**	**-**	**607.3**	679.9	-	679.9
Cost of sales	**(362.1)**	**-**	**(362.1)**	(410.0)	-	(410.0)
Gross profit	**245.2**	**-**	**245.2**	269.9	-	269.9
Selling and distribution costs	**(37.0)**	**-**	**(37.0)**	(44.7)	-	(44.7)
Administration expenses	**(100.4)**	**(0.5)**	**(100.9)**	(104.4)	-	(104.4)
Operating profit *(note 3)*	**107.8**	**(0.5)**	**107.3**	120.8	-	120.8
Financing charges	**(13.7)**	**-**	**(13.7)**	(19.9)	-	(19.9)
Interest income	**1.9**	**-**	**1.9**	2.6	-	2.6
Net financing charges	**(11.8)**	**-**	**(11.8)**	(17.3)	-	(17.3)
Share of results of associates and joint ventures *(note 4)*	**11.0**	**(0.5)**	**10.5**	12.3	-	12.3
Profit before tax	**107.0**	**(1.0)**	**106.0**	115.8	-	115.8
Tax *(note 5)*	**(16.6)**	**-**	**(16.6)**	(19.0)	-	(19.0)
Profit after tax	**90.4**	**(1.0)**	**89.4**	96.8	-	96.8
Attributable to:						
Shareholders of the Company	**90.3**	**(1.0)**	**89.3**	97.0	-	97.0
Non-controlling interests	**0.1**	**-**	**0.1**	(0.2)	-	(0.2)
	90.4	**(1.0)**	**89.4**	96.8	-	96.8

	US¢		**US¢**	US¢		US¢
Earnings per share *(note 6)*						
- basic	**7.53**		**7.44**	9.29		9.29
- diluted	**7.50**		**7.41**	9.25		9.25

Mandarin Oriental International Limited
Consolidated Statement of Comprehensive Income
for the year ended 31st December 2015

	2015 US$m	2014 US$m
Profit for the year	**89.4**	96.8
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	**(5.4)**	(5.6)
Tax on items that will not be reclassified	**0.9**	0.9
	(4.5)	(4.7)
Items that may be reclassified subsequently to profit or loss:		
Net exchange translation differences		
- net losses arising during the year	**(43.3)**	(57.0)
Revaluation of other investments		
- fair value losses on other investments	**-**	(0.1)
- transfer to profit and loss	**(0.6)**	-
Fair value gains on cash flow hedges	**-**	4.0
Tax relating to items that may be reclassified	**-**	(0.7)
Share of other comprehensive expense of associates and joint ventures	**(11.7)**	(4.0)
	(55.6)	(57.8)
Other comprehensive expense for the year, net of tax	**(60.1)**	(62.5)
Total comprehensive income for the year	**29.3**	34.3
Attributable to:		
Shareholders of the Company	**29.3**	35.0
Non-controlling interests	**-**	(0.7)
	29.3	34.3

Mandarin Oriental International Limited
Consolidated Balance Sheet
at 31st December 2015

	2015 **US$m**	2014 US$m
Net assets		
Intangible assets	**44.1**	45.6
Tangible assets *(note 8)*	**1,255.0**	1,315.1
Associates and joint ventures	**164.4**	101.6
Other investments	**10.2**	10.5
Loans receivable	**-**	-
Pension assets	**-**	7.3
Deferred tax assets	**2.8**	2.2
Non-current assets	**1,476.5**	1,482.3
Stocks	**6.0**	5.9
Debtors and prepayments	**89.9**	94.5
Current tax assets	**1.8**	1.3
Bank and cash balances	**308.6**	324.6
Current assets	**406.3**	426.3
Creditors and accruals	**(138.6)**	(144.6)
Current borrowings *(note 9)*	**(4.2)**	(217.0)
Current tax liabilities	**(9.3)**	(9.6)
Current liabilities	**(152.1)**	(371.2)
Net current assets	**254.2**	55.1
Long-term borrowings *(note 9)*	**(436.2)**	(510.7)
Deferred tax liabilities	**(59.8)**	(62.3)
Other non-current liabilities	**(3.0)**	(3.0)
	1,231.7	961.4
Total equity		
Share capital	**62.8**	50.2
Share premium	**490.3**	188.2
Revenue and other reserves	**673.6**	718.0
Shareholders’ funds	**1,226.7**	956.4
Non-controlling interests	**5.0**	5.0
	1,231.7	961.4

Mandarin Oriental International Limited
Consolidated Statement of Changes in Equity
for the year ended 31st December 2015

	Share capital US$m	Share premium US$m	Capital reserves US$m	Revenue reserves US$m	Hedging reserves US$m	Exchange reserves US$m	Attributable to shareholders of the Company US$m	Attributable to non-controlling interests US$m	Total equity US$m
2015									
At 1st January	**50.2**	**188.2**	**283.1**	**495.6**	**(2.7)**	**(58.0)**	**956.4**	**5.0**	**961.4**
Total comprehensive income	**-**	**-**	**-**	**84.2**	**-**	**(54.9)**	**29.3**	**-**	**29.3**
Dividends paid by the Company	**-**	**-**	**-**	**(75.3)**	**-**	**-**	**(75.3)**	**-**	**(75.3)**
Issue of shares	**12.6**	**301.4**	**-**	**-**	**-**	**-**	**314.0**	**-**	**314.0**
Employee share option schemes	**-**	**-**	**2.3**	**-**	**-**	**-**	**2.3**	**-**	**2.3**
Transfer	**-**	**0.7**	**(0.9)**	**0.2**	**-**	**-**	**-**	**-**	**-**
At 31st December	**62.8**	**490.3**	**284.5**	**504.7**	**(2.7)**	**(112.9)**	**1,226.7**	**5.0**	**1,231.7**
2014									
At 1st January	50.2	186.6	282.1	473.6	(6.0)	2.5	989.0	5.7	994.7
Total comprehensive income	-	-	-	92.2	3.3	(60.5)	35.0	(0.7)	34.3
Dividends paid by the Company	-	-	-	(70.2)	-	-	(70.2)	-	(70.2)
Issue of shares	-	-	-	-	-	-	-	-	-
Employee share option schemes	-	-	2.6	-	-	-	2.6	-	2.6
Transfer	-	1.6	(1.6)	-	-	-	-	-	-
At 31st December	50.2	188.2	283.1	495.6	(2.7)	(58.0)	956.4	5.0	961.4

Total comprehensive income included in revenue reserves comprises profit attributable to shareholders of the Company of US$89.3 million (2014: US$97.0 million). There is no fair value loss on other investments in 2015 (2014: net fair value loss on other investments of US$0.1 million).

Mandarin Oriental International Limited
Consolidated Cash Flow Statement
for the year ended 31st December 2015

	2015 US$m	2014 US$m
Operating activities		
Operating profit *(note 3)*	**107.3**	120.8
Depreciation	**50.6**	62.4
Amortization of intangible assets	**2.3**	2.6
Other non-cash items	**2.2**	1.5
Movements in working capital	**(1.6)**	2.2
Interest received	**2.0**	2.6
Interest and other financing charges paid	**(12.1)**	(24.4)
Tax paid	**(18.5)**	(21.4)
	132.2	146.3
Dividends and interest from associates	**8.0**	13.2
Cash flows from operating activities	**140.2**	159.5
Investing activities		
Purchase of tangible assets	**(50.0)**	(29.4)
Purchase of intangible assets	**(1.5)**	(2.9)
Payment on Munich expansion *(note 11)*	**-**	(16.9)
Acquisition of Hotel Ritz, Madrid *(note 12)*	**(73.3)**	-
Purchase of other investments	**(0.9)**	(1.0)
Advance to joint ventures	**(0.1)**	-
Repayment of loans to associates	**0.6**	4.3
Sale of tangible assets	**-**	0.3
Sale of other investments	**0.8**	-
Cash flows from investing activities	**(124.4)**	(45.6)
Financing activities		
Issue of shares *(note 13)*	**314.0**	-
Drawdown of borrowings	**-**	512.5
Repayment of borrowings	**(261.5)**	(540.8)
Dividends paid by the Company *(note 14)*	**(75.3)**	(70.2)
Cash flows from financing activities	**(22.8)**	(98.5)
Net (decrease)/increase in cash and cash equivalents	**(7.0)**	15.4
Cash and cash equivalents at 1st January	**324.3**	315.7
Effect of exchange rate changes	**(8.7)**	(6.8)
Cash and cash equivalents at 31st December	**308.6**	324.3

Mandarin Oriental International Limited
Notes

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial information contained in this announcement has been based on the preliminary results for the year ended 31st December 2015 which have been prepared in conformity with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board.

Amendments effective in 2015 which are relevant to the Group's operations:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Annual Improvements to IFRSs	2010 – 2012 Cycle
	2011 – 2013 Cycle

The adoption of these amendments does not have a material impact on the Group's accounting policies and disclosures.

Amendments to IAS 19 'Employee Benefits' clarify the accounting for defined benefit plans that require employees or third parties to contribute towards the cost of the benefits. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

Annual Improvements to IFRSs 2010 – 2012 Cycle and 2011 – 2013 Cycle comprise a number of amendments to IFRSs. The amendments which are relevant to the Group's operations include the followings:

Amendment to IFRS 2 'Share-based Payment' clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

Amendment to IFRS 3 'Business Combinations' clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 'Financial Instruments: Presentation'. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognized in profit and loss. It also clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11.

Amendment to IFRS 8 'Operating Segments' requires disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

- more -

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION *(continued)*

Amendment to IAS 24 'Related Party Disclosures' requires the reporting entity to disclose the fees paid for key management personnel services from another entity ('the management entity'). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors.

Amendment to IFRS 13 'Fair Value Measurement' clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts within the scope of IAS 39 or IFRS 9.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2. REVENUE

	2015 US$m	2014 US$m
By geographical area:		
Hong Kong	**238.6**	249.5
Other Asia	**100.1**	118.9
Europe	**204.9**	249.6
The Americas	**63.7**	61.9
	607.3	679.9

3. EBITDA FROM SUBSIDIARIES (EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION)

	2015 US$m	2014 US$m
By geographical area:		
Hong Kong	**83.2**	85.1
Other Asia	**27.8**	29.9
Europe	**44.5**	67.6
The Americas	**5.2**	3.2
Underlying EBITDA from subsidiaries	**160.7**	185.8
Non-trading items		
- acquisition-related costs *(note 7)*	**(0.5)**	-
EBITDA from subsidiaries	**160.2**	185.8
Less depreciation and amortization	**(52.9)**	(65.0)
Operating profit	**107.3**	120.8

4. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	EBITDA US$m	Depreciation and amortization US$m	Operating profit US$m	Net financing charges US$m	Tax US$m	Net profit/ (loss) US$m
2015						
By geographical area:						
Other Asia	**21.1**	**(7.7)**	**13.4**	**(1.4)**	**(2.2)**	**9.8**
Europe	**1.5**	**(0.3)**	**1.2**	**-**	**(0.3)**	**0.9**
The Americas	**5.1**	**(2.8)**	**2.3**	**(2.1)**	**0.1**	**0.3**
	27.7	**(10.8)**	**16.9**	**(3.5)**	**(2.4)**	**11.0**
Non-trading items - acquisition-related costs *(note 7)*	**(0.5)**	**-**	**(0.5)**	**-**	**-**	**(0.5)**
	27.2	**(10.8)**	**16.4**	**(3.5)**	**(2.4)**	**10.5**
2014						
By geographical area:						
Other Asia	25.9	(9.2)	16.7	(1.4)	(2.9)	12.4
Europe	-	-	-	-	-	-
The Americas	5.6	(2.9)	2.7	(2.1)	(0.7)	(0.1)
	31.5	(12.1)	19.4	(3.5)	(3.6)	12.3
Non-trading items - acquisition-related costs *(note 7)*	-	-	-	-	-	-
	31.5	(12.1)	19.4	(3.5)	(3.6)	12.3

5. TAX

	2015 US$m	2014 US$m
Tax (charged)/credited to profit and loss is analyzed as follows:		
Current tax	**(17.9)**	(18.8)
Deferred tax	**1.3**	(0.2)
	(16.6)	(19.0)
By geographical area:		
Hong Kong	**(10.7)**	(11.6)
Other Asia	**(1.7)**	(3.0)
Europe	**(4.1)**	(6.5)
The Americas	**(0.1)**	2.1
	(16.6)	(19.0)

Tax relating to components of other comprehensive income is analyzed as follows:

Remeasurements of defined benefit plans	**0.9**	0.9
Cash flow hedges	**-**	(0.7)
	0.9	0.2

Tax on profits has been calculated at rates of taxation prevailing in the territories in which the Group operates.

Share of tax of associates and joint ventures of US$2.4 million (2014: US$3.6 million) is included in share of results of associates and joint ventures *(note 4).*

6. EARNINGS PER SHARE

Basic earnings per share are calculated on the profit attributable to shareholders of US$89.3 million (2014: US$97.0 million) and on the weighted average number of 1,199.6 million (2014: 1,044.7 million after adjusting for the rights issue completed in April 2015) shares in issue during the year.

Diluted earnings per share are calculated on profit attributable to shareholders of US$89.3 million (2014: US$97.0 million) and on the weighted average number of 1,204.5 million (2014: 1,048.8 million after adjusting for the rights issue completed in April 2015) shares after adjusting for the number of shares which are deemed to be issued for no consideration under the share-based long-term incentive plans based on the average share price during the year.

The weighted average number of shares is arrived at as follows:

	Ordinary shares in millions	
	2015	2014
Weighted average number of shares for basic earnings per share calculation	**1,199.6**	1,044.7
Adjustment for shares deemed to be issued for no consideration under the share-based long-term incentive plans	**4.9**	4.1
Weighted average number of shares for diluted earnings per share calculation	**1,204.5**	1,048.8

Additional basic and diluted earnings per share are also calculated based on underlying profit attributable to shareholders. A reconciliation of earnings is set out below:

	2015			2014		
	US$m	Basic earnings per share **US¢**	Diluted earnings per share **US¢**	US$m	Basic earnings per share US¢	Diluted earnings per share US¢
Profit attributable to shareholders	**89.3**	**7.44**	**7.41**	97.0	9.29	9.25
Non-trading items *(note 7)*	**1.0**			-		
Underlying profit attributable to shareholders	**90.3**	**7.53**	**7.50**	97.0	9.29	9.25

The basic and diluted earnings per share for the year ended 31st December 2014 have been adjusted to reflect the effect of the rights issue completed in April 2015.

7. NON-TRADING ITEMS

Non-trading items are separately identified to provide greater understanding of the Group's underlying business performance. Items classified as non-trading items include gains and losses arising from the sale of businesses, investments and properties; impairment of non-depreciable intangible assets and other investments; provisions for the closure of businesses; acquisition-related costs in business combinations; provisions against asset impairment and writebacks; and other credits and charges of a non-recurring nature that require inclusion in order to provide additional insight into underlying business performance.

An analysis of non-trading items after interest, tax and non-controlling interests is set out below:

	2015 US$m	2014 US$m
Acquisition-related costs		
- administration expenses	**0.5**	-
- share of results of associates and joint ventures	**0.5**	-
	1.0	-

8. TANGIBLE ASSETS

	2015 US$m	2014 US$m
Opening net book value	**1,315.1**	1,440.5
Exchange differences	**(59.1)**	(91.8)
Additions	**49.9**	29.2
Disposals	**(0.3)**	(0.4)
Depreciation charge	**(50.6)**	(62.4)
Closing net book value	**1,255.0**	1,315.1

Freehold properties include a property of US$104.6 million (2014: US$96.2 million), which is stated net of tax increment financing of US$23.0 million (2014: US$23.9 million) *(note 10)*.

9. BORROWINGS

	2015 US$m	2014 US$m
Bank loans	**434.1**	718.1
Other borrowings	**4.6**	7.9
Tax increment financing *(note 10)*	**1.7**	1.7
	440.4	727.7
Current	**4.2**	217.0
Long-term	**436.2**	510.7
	440.4	727.7

10. TAX INCREMENT FINANCING

	2015 US$m	2014 US$m
Netted off against the net book value of property *(note 8)*	**23.0**	23.9
Loan *(note 9)*	**1.7**	1.7
	24.7	25.6

A development agreement was entered into between one of the Group's subsidiaries and the District of Columbia ('District'), pursuant to which the District agreed to provide certain funds to the subsidiary out of the net proceeds obtained through the issuance and sale of certain tax increment financing bonds ('TIF Bonds') for the development and construction of Mandarin Oriental, Washington D.C.

The District agreed to contribute to the subsidiary US$33.0 million through the issuance of TIF Bonds in addition to US$1.7 million issued in the form of a loan, bearing simple interest at an annual rate of 6.0%. The US$1.7 million loan plus all accrued interest will be due on the earlier of 10th April 2017 or the date of the first sale of the hotel.

The receipt of the TIF Bonds has been treated as a government grant and netted off against the net book value in respect of the property *(note 8)*. The loan of US$1.7 million (2014: US$1.7 million) is included in long-term borrowings *(note 9)*.

11. MUNICH EXPANSION

In March 2014, the Group announced that it had entered into an agreement with a developer for the expansion of Mandarin Oriental, Munich. The expansion will include new hotel rooms and facilities as part of a mixed-use complex estimated to open in 2021. The Group's total investment in the project, which will also include a refurbishment of the existing hotel's 73 rooms, is estimated at €124 million (US$135 million) in today's terms. At 31st December 2015 and 2014, cumulative costs paid by the Group in relation to the expansion project amounted to €12 million (US$16.9 million), the majority of which have been included within Other Debtors pending transfer of title in the underlying land.

12. ACQUISITION OF HOTEL RITZ, MADRID

In May 2015, the Group acquired a 50% interest in the Hotel Ritz, Madrid for €65 million (US$73.3 million) in a joint venture with The Olayan Group, with Mandarin Oriental managing the hotel under a long-term management agreement. The hotel is to undergo a comprehensive renovation in 2017, currently estimated to cost a total of some €90 million, of which the Group's share will be €45 million (US$49 million).

13. ISSUE OF SHARES

In April 2015, the Group completed a 1 for 4 rights issue with 250.9 million new ordinary shares issued at US$1.26 per share, raising US$316.2 million of gross proceeds. The proceeds of the issue were used to pay down debt in advance of the proposed refurbishment of Mandarin Oriental Hyde Park, London and to fund the Group's acquisition of a 50% interest in the Hotel Ritz, Madrid. The Group paid expenses of US$3.6 million in connection with the rights issue in 2015.

13. ISSUE OF SHARES *(continued)*

The Group also issued 1.3 million new ordinary shares under the share-based long-term incentive plans with proceeds of US$1.4 million in 2015.

14. DIVIDENDS

	2015 US$m	2014 US$m
Final dividend in respect of 2014 of US¢5.00 (2013: US¢5.00) per share	**50.2**	50.1
Interim dividend in respect of 2015 of US¢2.00 (2014: US¢2.00) per share	**25.1**	20.1
	75.3	70.2

A final dividend in respect of 2015 of US¢3.00 (2014: US¢5.00) per share amounting to a total of US$37.7 million (2014: US$50.2 million) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2016 Annual General Meeting. The amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2016.

15. CAPITAL COMMITMENTS

At 31st December 2015, total capital commitments of the Group amounted to US$321.4 million (2014: US$166.5 million).

16. RELATED PARTY TRANSACTIONS

In the normal course of business, the Group undertakes a variety of transactions with certain of its associates and joint ventures.

The most significant of such transactions are management fees of US$13.2 million (2014: US$14.3 million) received from the Group's six associate and joint venture hotels (2014: five associate hotels) which are based on long-term management agreements on normal commercial terms.

There were no other related party transactions that might be considered to have a material effect on the financial position or performance of the Group that were entered into or changed during the current financial year.

Amount of outstanding balances with associates and joint ventures are included in debtors and prepayments, as appropriate.

17. POST BALANCE SHEET EVENT

In January 2016, the Group announced that it would acquire Mandarin Oriental, Boston for US$140 million, a hotel that the Group has managed since its opening in 2008. The transaction is expected to close by the end of April 2016.

Mandarin Oriental International Limited
Principal Risks and Uncertainties

The Board has overall responsibility for risk management and internal control. The process by which the Group identifies and manages risk will be set out in more detail in the Corporate Governance section of the Company's 2015 Annual Report (the 'Report'). The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Disclosure Rules and Transparency Rules issued by the Financial Conduct Authority in the United Kingdom and are in addition to the matters referred to in the Chairman's Statement and Group Chief Executive's Review.

1. Economic and Financial Risk

   The Group's business is exposed to the risk of negative developments in global and regional economies and financial markets, either directly or through the impact on the Group's investment partners, third-party hotel owners and developers, bankers, suppliers or customers. These developments can result in recession, inflation, deflation, currency fluctuations, restrictions in the availability of credit, business failures, or increases in financing costs. Such developments may increase operating costs, reduce revenues, lower asset values or result in the Group being unable to meet in full its strategic objectives. These developments could also adversely affect travel patterns which would impact demand for the Group's products and services.

   The steps taken by the Group to manage its exposure to financial risk will be set out in the Financial Risk Management section in the Financial Statements in the Report.

2. Commercial and Market Risk

   Risks are an integral part of normal commercial practices, and where practicable steps are taken to mitigate such risks.

   The Group operates within the global hotel industry which is highly competitive. Failure to compete effectively in terms of quality of product, levels of service or price can have an adverse effect on earnings. Significant pressure from competition or the oversupply of hotel rooms in any given market may also lead to reduced margins.

   The Group competes with other luxury hotel operators for new opportunities in the areas of hotel management, residences management and residences branding. Failure to establish and maintain relationships with hotel owners or developers could adversely affect the Group's business. The Group also makes investment decisions in respect of acquiring new hotel properties and undertaking major renovations at hotels in which it has an ownership interest. The success of these investments is measured over the longer term and as a result is subject to market risk.

   Mandarin Oriental's continued growth depends on the opening of new hotels and branded residences. Most of the Group's new developments are controlled by third party owners and developers and can be subject to delays due to issues attributable to planning and construction, sourcing of finance, and the sale of residential units. In extreme circumstances, such factors might lead to the cancellation of a project.

Mandarin Oriental International Limited
Principal Risks and Uncertainties *(continued)*

3. Pandemic, Terrorism and Natural Disasters

   The Group's business would be impacted by a global or regional pandemic as this would impact travel patterns, demand for the Group's products and services and could also affect the Group's ability to operate effectively. The Group's hotels are also vulnerable to the effects of terrorism, either directly through the impact of an act of terrorism or indirectly through the impact of generally reduced economic activity in response to the threat of or an actual act of terrorism. In addition, a number of the territories in which the Group operates can experience from time to time natural disasters such as typhoons, floods, earthquakes and tsunamis.

4. Key Agreements

   The Group's business is reliant upon joint venture and partnership agreements, property leasehold arrangements, management, license, branding and services agreements or other key contracts. Cancellation, expiry or termination, or the renegotiation of any of these key agreements and contracts, could have an adverse effect on the financial performance of individual hotels as well as the wider Group.

5. Intellectual Property and Value of the Brand

   Brand recognition is important to the success of the Group and significant resources have been invested in protecting its intellectual property in the form of trade marks, logos and domain names. Any material act or omission by any person working for or representing the Group's operations which is contrary to its standards could impair Mandarin Oriental's reputation and the equity value of the brand, as could any negative publicity regarding the Group's product or services.

6. Regulatory and Political Risk

   The Group's business is subject to a number of regulatory environments in the territories in which it operates. Changes in the regulatory approach to such matters as employment legislation, tax rules, foreign ownership of assets, planning controls and exchange controls have the potential to impact the operations and profitability of the Group's business. Changes in the political environment, including prolonged civil unrest, could also affect the Group's business.

Mandarin Oriental International Limited
Responsibility Statement

The Directors of the Company confirm to the best of their knowledge that:

(a) the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board; and

(b) the sections of the Company's 2015 Annual Report, including the Chairman's Statement, Group Chief Executive's Review and Principal Risks and Uncertainties, which constitute the management report include a fair review of all information required to be disclosed by the Disclosure Rules and Transparency Rules 4.1.8 to 4.1.11 issued by the Financial Conduct Authority in the United Kingdom.

For and on behalf of the Board

Edouard Ettedgui
Stuart Dickie

Directors

The final dividend of US¢3.00 per share will be payable on 11th May 2016, subject to approval at the Annual General Meeting to be held on 4th May 2016, to shareholders on the register of members at the close of business on 18th March 2016. The shares will be quoted ex-dividend on the Singapore Exchange and the London Stock Exchange on 16th and 17th March 2016, respectively. The share registers will be closed from 21st to 25th March 2016, inclusive.

Shareholders will receive their cash dividends in United States dollars, unless they are registered on the Jersey branch register where they will have the option to elect for sterling. These shareholders may make new currency elections for the 2015 final dividend by notifying the United Kingdom transfer agent in writing by 22nd April 2016. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 27th April 2016.

Shareholders holding their shares through CREST in the United Kingdom will receive their cash dividends only in sterling as calculated above. Shareholders holding their shares through The Central Depository (Pte) Limited ('CDP') in Singapore will receive their cash dividends in United States dollars unless they elect, through CDP, to receive Singapore dollars.

Shareholders on the Singapore branch register who wish to deposit their shares into the CDP system by the dividend record date, being 18th March 2016, must submit the relevant documents to M & C Services Private Limited, the Singapore branch registrar, no later than 5.00 p.m. (local time) on 17th March 2016.

Mandarin Oriental Hotel Group

Mandarin Oriental Hotel Group is an international hotel investment and management group with deluxe and first class hotels, resorts and residences in sought-after destinations around the world. Having grown from a well-respected Asian hotel company into a global brand, the Group now operates, or has under development, 46 hotels representing 11,000 rooms in 24 countries, with 21 hotels in Asia, nine in The Americas and 16 in Europe, Middle East and North Africa. In addition, the Group operates, or has under development, 15 *Residences at Mandarin Oriental* connected to its properties. The Group has equity interests in a number of its properties and adjusted net assets worth approximately US$3.6 billion as at 31st December 2015.

Mandarin Oriental's aim is to be recognized widely as the best global luxury hotel group, providing 21st century luxury with oriental charm in each of its hotels. This will be achieved by investing in the Group's exceptional facilities and its people, while maximizing profitability and long-term shareholder value. The Group regularly receives recognition and awards for outstanding service and quality management. The Group is committed to exceeding its guests' expectations through exceptional levels of hospitality, while maintaining its position as an innovative leader in the hotel industry. The strategy of the Group is to open the hotels currently under development, while continuing to seek further selective opportunities for expansion around the world.

The parent company, Mandarin Oriental International Limited, is incorporated in Bermuda and has a standard listing on the London Stock Exchange as its primary listing, with secondary listings in Bermuda and Singapore. Mandarin Oriental Hotel Group International Limited, which operates from Hong Kong, manages the activities of the Group's hotels. Mandarin Oriental is a member of the Jardine Matheson Group.

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Full text of the Preliminary Announcement of Results and the Preliminary Financial Statements for the year ended 31st December 2015 can be accessed through the internet at 'www.mandarinoriental.com'.