news release

Mandarin Oriental International Limited

Jardine House, 33-35 Reid Street
Hamilton HM EX, Bermuda

To: Business Editor

28th February 2019
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
2018 PRELIMINARY ANNOUNCEMENT OF RESULTS

Highlights
- 19% increase in underlying profit
- Group to redevelop The Excelsior, Hong Kong as a commercial building
- Mandarin Oriental Hyde Park, London to fully re-open in April 2019
- Seven new management contracts signed

"The outlook for 2019 remains positive. The planned closure of The Excelsior for redevelopment in March 2019, however, will substantially reduce the Group's underlying profit. Results will benefit from the full opening in the spring of the newly renovated London hotel, partially offset by the impact of the renovations in Bangkok and Madrid. These major investments, together with the Group's pipeline of new hotels under development, will position the Group for long-term growth."

Ben Keswick
Chairman

Results

	Year ended 31st December		
	2018	2017	Change
	US$m	US$m	%
Combined total revenue of hotels under management[(1)]	**1,397.6**	1,380.4	+1
Underlying EBITDA (Earnings before interest, tax, depreciation and amortization)[(2)]	**179.1**	157.9	+13
Underlying profit attributable to shareholders[(3)]	**65.1**	54.9	+19
Profit attributable to shareholders	**43.6**	54.9	–21
	US¢	US¢	%
Underlying earnings per share[(3)]	**5.16**	4.37	+18
Earnings per share	**3.46**	4.37	–21
Dividends per share	**3.00**	3.00	-
	US$	US$	%
Net asset value per share	**0.98**	1.01	–3
Adjusted net asset value per share[(4)]	**4.62**	4.57	+1
Net debt/shareholders' funds	**23%**	26%	
Net debt/adjusted shareholders' funds[(4)]	**5%**	6%	

(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 31 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 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 amortised cost.

The final dividend of US¢1.50 per share will be payable on 15th May 2019, subject to approval at the Annual General Meeting to be held on 8th May 2019, to shareholders on the register of members at the close of business on 15th March 2019.

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MANDARIN ORIENTAL INTERNATIONAL LIMITED

PRELIMINARY ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31ST DECEMBER 2018

OVERVIEW

Underlying profit for the year was 19% higher than the prior year due to generally improved trading across the portfolio, with particularly strong performances from the Group's owned properties in Hong Kong and its Singapore hotel. Results also benefited from the receipt of one-off fees in respect of Las Vegas and Atlanta. The impact of the fire in London in June 2018 was mitigated by insurance proceeds.

During the year, the Group completed its review of strategic options for The Excelsior, Hong Kong and announced that the site will be redeveloped as a commercial building, with the project expected to complete in 2025. The hotel will close on 31st March 2019.

PERFORMANCE

Underlying earnings before interest, tax, depreciation and amortisation were higher at US$179 million, compared to US$158 million in 2017. The Group's underlying profit increased to US$65 million, from US$55 million in 2017 with underlying earnings per share at US¢5.16, compared with US¢4.37 in 2017. After taking into account a net non-trading loss primarily relating to accelerated asset write-downs due to the planned closure of The Excelsior, profit attributable to shareholders was US$44 million. This compares with US$55 million in 2017, which included no non-trading items.

Following an independent valuation of the Group's owned properties, the adjusted net asset value per share was US$4.62 at 31st December 2018, compared with US$4.57 per share at the end of 2017.

The Directors recommend a final dividend of US¢1.50 per share. This, together with the interim dividend of US¢1.50 per share, will make a total annual dividend of US¢3.00 per share, unchanged from 2017.

At 31st December 2018, the Group's net debt was US$285 million, compared to US$327 million at the end of 2017. Gearing as a percentage of adjusted shareholders' funds at 31st December 2018, after taking into account the market value of the Group's property interests, was 5% compared to 6% at the end of 2017.

THE YEAR IN REVIEW

In **Asia**, results across the region were generally higher. The Group's two wholly-owned hotels in Hong Kong performed well, with a record year for Mandarin Oriental, Hong Kong. The Singapore hotel also had a very strong year while Jakarta showed notable improvement.

In **Europe**, the Paris hotel delivered a better performance, although results during the final quarter of the year were affected by demonstrations in the city. Following the fire in June 2018 repairs at Mandarin Oriental Hyde Park, London are progressing well, and the hotel re-opened its public areas and facilities on 4th December 2018. All guestrooms are scheduled to re-open in April 2019. The hotel's 2018 results include interim cash payments received during 2018 from insurers, which have financed the replacement of fixed assets and provided some compensation for the loss of profits, as the hotel was originally due to fully open in mid-2018, following the completion of its 22-month renovation programme. Discussions on both property damage and business interruption claims with the Group's insurers are expected to be concluded in 2019. Elsewhere, results in Munich and Geneva were weaker while Hotel Ritz, Madrid closed in February 2018 for restoration. It is expected to re-open in 2020.

In **America**, the performance of the Washington D.C. hotel was slightly lower than the prior year, when it benefited from the Presidential Inauguration, but overall results for the region were broadly in-line with 2017. Termination fees were received in respect of the hotels in Las Vegas and Atlanta which the Group ceased to manage following a change in the ownership of each property.

STRATEGIC REVIEW OF THE EXCELSIOR, HONG KONG

On 9th October 2018, the Group announced that The Excelsior, Hong Kong will close on 31st March 2019 in order for the site to be redeveloped as a commercial building. The decision to close the hotel follows a review of the strategic options for the site. While the Group's underlying profit will be adversely affected until the site re-opens as a commercial building (The Excelsior contributed US$24 million to underlying profit in 2018), the decision to close the hotel reflects strong commercial property values in Hong Kong and the expected higher yield associated with a commercial building at a time when the hotel requires significant investment. The redevelopment is expected to take up to six years to complete and to cost some US$650 million.

Upon closure, the Group will be required to recognise a one-time accounting valuation gain associated with reclassifying the asset as a commercial investment property on its balance sheet. Based on current market conditions, this gain is estimated to be some US$2.9 billion and will be reflected in the Group's 2019 results. In 2019, the Group will also recognise estimated non-trading costs of some US$30 million, primarily relating to the balance of accelerated asset write-downs.

BUSINESS DEVELOPMENTS

Seven new management contracts were signed and announced in 2018 while the Group's management of two hotels ceased. New Mandarin Oriental hotels are scheduled to open in Ho Chi Minh City, Grand Cayman, Moscow, Muscat and Phuket over the next five years. In Barcelona, a standalone branded *Residences by Mandarin Oriental* is scheduled to open in 2020. During the course of 2018, the Group also took over the management of a luxury resort on Lake Como in northern Italy. In 2019, the Group recently opened its first two hotels in the Middle East, in Dubai and Doha, and also announced an agreement to brand and manage *Mandarin Oriental Residences at 685 Fifth Avenue* in New York, scheduled to open in 2021.

The Group expects to open its first property in Beijing, Mandarin Oriental Wangfujing, in the coming weeks as well as potentially a second in Beijing in the next 12 months. Mandarin Oriental, Bangkok, in which the Group has a 48% interest, will partially close in March 2019 for a ten-month US$60 million renovation.

PEOPLE

On behalf of the Directors, I would like to thank colleagues throughout the Group for their contribution during the year which has made the exceptional experiences we provide to our guests possible.

Dr Richard Lee and Lord Powell stepped down as Directors on 9th May 2018, and Sir Henry Keswick retired from the Board on 31st December 2018. We would like to record our gratitude to all of them for their significant contributions to the Group over many years. We were pleased to welcome Jack Yilun Chen to the Board in May 2018.

Stuart Dickie stepped down as Chief Financial Officer on 31st October 2018 and was succeeded by Craig Beattie. We would like to thank Stuart for his contribution to the Company.

OUTLOOK

The outlook for 2019 remains positive. The planned closure of The Excelsior for redevelopment in March 2019, however, will substantially reduce the Group's underlying profit. Results will benefit from the full opening in the spring of the newly renovated London hotel, partially offset by the impact of the renovations in Bangkok and Madrid. These major investments, together with the Group's pipeline of new hotels under development, will position the Group for long-term growth.

Ben Keswick
Chairman

GROUP CHIEF EXECUTIVE'S REVIEW

The Group's overall performance in 2018 was pleasing and stronger financial performance was accompanied by significant progress in a number of areas. Almost all of the Group's hotels had a better year in terms of Revenue Per Available Room ('RevPAR') and RevPAR for the Group increased by 9% in US dollar terms on a like-for-like basis[1]. Similarly, underlying EBITDA[2] improved by 13% over the prior year, led by better performances in our wholly-owned Hong Kong properties, Singapore and Paris. Spirits were temporarily dampened by the fire at the Group's London property and our London colleagues deserve special mention for their response to the crisis. The hotel is on schedule to re-open fully in April 2019. The restoration of Madrid, though delayed, is progressing and the Group has also announced a major renovation in Bangkok for 2019.

During the year the Group completed its review of long-term strategic options for The Excelsior hotel in Hong Kong. The hotel will close on 31st March 2019 to enable the Group to redevelop the site as a commercial building. We were also excited to launch our unique guest recognition programme, *Fans of M.O.*, which is designed to elevate guests' experience and recognition. The growth of our development pipeline continued, with seven new projects announced during the year.

There are promising long-term prospects for growth in the luxury travel industry. In particular, experiential luxury is expected to account for an increasing portion of the luxury travel market and the Group will benefit from this evolution. Competition is, however, ever-present and growing more intense as global high net worth luxury travellers look for unique and memorable experiences. Luxury travellers continue to have a wealth of options to choose from, provided by both traditional luxury hotel operators and alternative accommodation facilities. We also expect to see a growing competitive threat from non-traditional competitors, such as large multi-brand hotel conglomerates and broader luxury brand companies. As in other industries, technology will be an ongoing area of focus, particularly as hotel operators look to identify which technologies will last and truly make a material difference for guests. We are also ever alert to the economic and political developments which are creating uncertainty in a number of the markets in which the Group operates.

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[1] The like-for-like comparison includes all hotels that were operational for the entire year of both 2017 and 2018. Mandarin Oriental Hyde Park, London is included up until the hotel closed following the fire on 6th June 2018. All references to RevPAR are in US dollar terms, unless stated otherwise.

[2] The Group uses earnings before interest, tax, depreciation and amortisation ('EBITDA') to analyse operating performance.

STRATEGY

In the context of the evolving market environment, Mandarin Oriental's consistent vision – to be recognised as the world's best luxury hotel group – remains paramount. Throughout the organisation, this vision is passionately embraced by all of our 12,000 colleagues and keeps us focused on what we do best. This consistency, I believe, also positions the Group well for growth. Having expanded from our Asian roots into a global brand, we currently operate 32 hotels and six residences in 23 countries and territories. The Group holds equity interests in many of its hotels and also manages hotels on behalf of third party owners.

Expanding the Mandarin Oriental portfolio is a key priority over the coming years. Since its establishment, the Group has carefully and consistently invested in the brand so that today it is recognised around the world. The modest size of our portfolio belies the global reputation the brand enjoys and the continuing strong interest in the brand from owners and developers. This provides the Group with a broad platform for growth, in both existing and new markets. While for various reasons properties may from time to time fall out of the portfolio or pipeline, our target is consistently to grow the overall Mandarin Oriental portfolio by three properties each year. The starting point for growth is to build a stronger pipeline of openings and we have successfully executed this over the past two years by announcing 13 new management agreements. Growth through management agreements is an important part of the Group's strategy and the management business is therefore likely to account for an increasing proportion of the Mandarin Oriental portfolio.

Nonetheless, owned assets remain at the heart of the Group's portfolio and if we are to sustain our market position, it is crucial that we re-invest appropriately in these owned properties. Recent and ongoing renovations include Tokyo, Kuala Lumpur, London, Madrid and, in 2019, Bangkok. Mandarin Oriental's strong balance sheet makes it well placed to fund these renovations, while providing the means to consider selective investment opportunities in strategic destinations that have long-term asset value growth potential.

With many of its properties located at the heart of business districts, corporate business remains significant for us. However, leisure travel is an increasingly important segment and our hotels are adapting to offer a broader range of luxury leisure experiences. We would also like to build on our reputation as an operator of resort properties and new development announcements in locations such as Phuket and Lake Como will help.

At the same time, new trends in luxury travel are constantly emerging and our guests are increasingly multi-generational, so we must ensure that we are in a position to benefit from these new opportunities. *Fans of M.O.*, our unique guest recognition programme launched in 2018, will allow us to forge deeper and more meaningful relationships with all our guests and help us ensure that we continue to delight during each and every stay.

A significant component of the luxury hospitality business today is the branding and management of residential developments. The majority of the Group's recently announced developments incorporate a residential component.

The Group remains focused on ensuring that its hotels are positioned amongst the leaders in their individual markets. These leadership positions are developed by our differentiated approach to curating the very best luxury hospitality experiences: we continually invest and innovate in the core brand attributes of exceptional design and architecture, restaurant and bar concepts and spa and wellness facilities, all of which are underpinned by intuitive personalised service. I believe this will help us maintain a 'luxury edge' over our competitors.

The Group's global reputation continues to be reflected in numerous awards from respected associations – Group restaurant outlets across the portfolio currently hold 23 *Michelin* stars, more than any other hotel brand in the world.

As the Group's global reach grows, so too does its responsibility towards the communities in which it is present and its need to drive sustainability in how it operates. Corporate responsibility values are deeply engrained in Mandarin Oriental's heritage. The Group focuses its sustainability efforts around the United Nations Sustainable Development Goals and our 2020 vision clearly sets out the measurable near-term priorities.

2018 PERFORMANCE

Underlying EBITDA was US$179 million in 2018, compared to US$158 million in 2017, as the majority of the Group's owned properties delivered better results. Underlying profit was US$65 million in 2018, compared to US$55 million in 2017.

Turning to the RevPAR performance for the portfolio, highlighting the Group's owned hotels in particular:

In **Asia**, RevPAR was up 9% overall in 2018 on a like-for-like basis, as demand trends improved generally across the region. Several properties delivered double-digit RevPAR growth.

Mandarin Oriental, Hong Kong achieved a 12% increase in RevPAR over the previous year. This was one of the best RevPAR results the hotel has achieved in recent years, spurred by continued improvement in the overall demand conditions in Hong Kong. With corporate demand broadly stable, higher leisure demand was a major contributing factor to the improved performance. However, it is worth noting that the hotel's competitors are likely to have experienced similarly positive trends through 2018.

The Excelsior, Hong Kong also benefited from improved city-wide demand, with increased occupancy and Average Daily Rates ('ADR') leading to an 11% uplift in RevPAR. On 9th October 2018, the Group announced that The Excelsior, Hong Kong will close on 31st March 2019 in order for the site to be redeveloped as a commercial building. The Excelsior has always been an important and much-loved hotel in the Group's portfolio and the extraordinary service provided by our loyal colleagues through the years will always be remembered. While this was not an easy decision, it was the right one and reflects the ageing of the current building, the opportunity to realise unutilised gross floor area and the strong commercial property values in Hong Kong, with their higher commensurate yield. The Group is committed to ensuring that all Excelsior colleagues are treated fairly.

In Jakarta, the Group's hotel had a much improved year, with RevPAR growth of 9%. This was driven by substantially better occupancy levels, although there continues to be pressure on average rates in the city. In Tokyo, higher average rates helped increase RevPAR by 4%.

Singapore had one of its best performances in recent years, while Bangkok and Kuala Lumpur also performed well. Singapore and Kuala Lumpur both delivered double-digit growth in RevPAR. A major renovation is scheduled to begin at Mandarin Oriental, Bangkok in March 2019 and will complete in December 2019. While the River Wing building will be closed during the renovation period, the Authors' and Garden Wings will remain open. The renovation will ensure that Mandarin Oriental, Bangkok retains its long-standing reputation as the leading hotel in the city.

In **Europe**, while there were mixed performances at individual hotels, a substantial improvement in a handful of hotels led to an overall RevPAR increase of 14% on a like-for-like basis.

Prior to the fire on 6th June 2018, results for the year in London benefited from the completion of the new Knightsbridge wing rooms in September 2017, leading to RevPAR growth of 28%. I have been extremely proud of the response from all of our colleagues in London – during the closure, the *FANtastic* London community initiative has contributed over 40,000 hours of our colleagues' time and passion to community work in London. We are also grateful to the emergency services for their part in ensuring the safety of guests and staff during the incident. In December 2018, the hotel re-opened its dining, entertaining and spa facilities and the guestrooms and suites will follow in the spring of 2019. We are all looking forward to the full re-opening of this iconic hotel in London and I am confident that the hotel will soon re-establish its position as a leader in luxury hospitality in the city.

The Group's properties in Munich and Geneva both had a relatively flat year in terms of RevPAR, affected by a decline in Middle East business and generally softer demand from the group segment. These challenging market conditions are expected to persist in 2019. Meanwhile, Hotel Ritz, Madrid remains closed for restoration. Due to a construction accident, the work has been delayed by some months and the hotel is now expected to re-open in 2020.

The Group's hotels in **America** performed better than 2017, with RevPAR for the region up 4% on a like-for-like basis. New York and Miami both performed well, increasing RevPAR by 6%, primarily driven by improved ADR. Washington D.C. had a tougher year as its performance in 2017 had benefited from the Presidential Inauguration, while Boston's performance was slightly better compared to the previous year.

BUSINESS DEVELOPMENTS

The Group has 15 hotels and 12 residences under development which are likely to become operational within five years. All are management contracts with no equity participation, but we continue to look at investing in properties on an exceptional basis where they are felt to be strategic to our long-term positioning. The Group is focused on building its portfolio in major global city centre locations where the brand is currently absent, on developing a strong resort portfolio and on reinforcing the Group's position in existing markets by expanding its presence with new properties.

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Seven new management contracts were announced in 2018 as follows:

- Standalone residences in Barcelona, Spain
- Resort and residences in Muscat, Oman
- A hotel in Ho Chi Minh City, Vietnam
- Resort and residences in Grand Cayman, Cayman Islands
- A re-branding in Lake Como, Italy
- Hotel and residences in Moscow, Russia
- A resort in Phuket, Thailand

These announcements exemplify both the growth opportunities and the strategy that I have outlined with regards to development. Six of the developments are in cities that are new to Mandarin Oriental while four – Grand Cayman, Ho Chi Minh City, Muscat and Moscow – will be the first Mandarin Oriental hotels in their respective territories. Four of the developments – Grand Cayman, Lake Como, Muscat and Phuket – are resorts, reflecting our aim to build our reputation as operators of world-class luxury resorts. Several of the developments also include a *Residences* component.

In the second half of 2018, we were disappointed to cease management of the Group's properties in Las Vegas and Atlanta following a change in ownership of both properties. In addition, our previously announced project in Melbourne is now on hold. The cessation of property management arrangements and setbacks to announced new developments can sometimes happen – that is why it is so critical that we build a strong and purposeful pipeline of new developments.

In 2019, we have already announced a new *Mandarin Oriental Residences at 685 Fifth Avenue* in New York and I expect the momentum in making additions to the Group's development pipeline to continue. I also look forward to the opening of new hotels within the portfolio. We recently opened our first two properties in the Middle East, in Dubai and Doha. We also will open at least one property in Beijing.

STRUCTURE

2018 was a year of transition for the Group's structure. We appointed a Chief Operating Officer, responsible for all operating hotels, and a Chief Relationship Officer, responsible for key owner relationships as well as the development of new properties. We have strengthened the Group's management structure further through the promotion of several General Managers to Area Vice Presidents, who will take on responsibility for a group of hotels and report to the Chief Operating Officer. Through the Chief Relationship Officer, our pre-opening teams have been reorganised and streamlined, which I believe has prepared us better than ever for the many upcoming new hotel openings. In addition, we combined the roles of Chief Marketing Officer and Group Director of Brand Communications to drive a more unified approach to sales, marketing, branding and communications.

CULTURE

At the heart of Mandarin Oriental's reputation as a luxury hotel group is its culture, derived from its oriental heritage and an unwavering focus on exceptional service that delivers personal experiences and moments of delight. Our vision – to be recognised as the world's best luxury hotel group – is something that can only be achieved through our people. I am consistently impressed by the commitment of our colleagues to delivering exemplary service and the growing culture of innovation as our people seek to provide points of differentiation and exceptional experiences. I would like to thank each and every one of my 12,000 colleagues for their dedication, ambition and loyalty as we all strive to achieve this vision.

THE YEAR AHEAD

2019 is set to be another very busy year for the Group. We expect to open at least four new properties, re-open the London hotel, progress the major renovation in Madrid and complete a renovation in Bangkok, and begin the redevelopment of the site occupied by The Excelsior in Hong Kong. Our development pipeline remains a priority and I am confident that we will maintain the recent momentum and announce several new projects. Many of the Group's properties had a good operating performance in 2018 and we will look to sustain that in 2019, albeit in the context of continuing economic and political uncertainties which will create challenging conditions in many of our markets. Earnings will be substantially impacted by the closure of The Excelsior, Hong Kong. The renovations in Madrid and Bangkok will also have an impact, although results will benefit from the re-opening of London. With all of this I feel that we are building a very strong platform from which to deliver meaningful growth over the long-term.

James Riley
Group Chief Executive

Mandarin Oriental International Limited
Consolidated Profit and Loss Account
for the year ended 31st December 2018

	2018 Underlying business performance **US$m**	Non-trading items *(note 7)* **US$m**	Total **US$m**	2017 Underlying business performance US$m	Non-trading items *(note 7)* US$m	Total US$m
Revenue *(note 2)*	**613.7**	**-**	**613.7**	610.8	-	610.8
Cost of sales	**(389.1)**	**-**	**(389.1)**	(389.7)	-	(389.7)
Gross profit	**224.6**	**-**	**224.6**	221.1	-	221.1
Selling and distribution costs	**(42.4)**	**-**	**(42.4)**	(38.2)	-	(38.2)
Administration expenses	**(122.2)**	**-**	**(122.2)**	(113.9)	-	(113.9)
Other operating income/(expense)	**30.6**	**(21.0)**	**9.6**	-	-	-
Operating profit *(note 3)*	**90.6**	**(21.0)**	**69.6**	69.0	-	69.0
Financing charges	**(15.1)**	**-**	**(15.1)**	(12.3)	-	(12.3)
Interest income	**2.2**	**-**	**2.2**	1.3	-	1.3
Net financing charges	**(12.9)**	**-**	**(12.9)**	(11.0)	-	(11.0)
Share of results of associates and joint ventures *(note 4)*	**5.8**	**-**	**5.8**	11.5	-	11.5
Profit before tax	**83.5**	**(21.0)**	**62.5**	69.5	-	69.5
Tax *(note 5)*	**(18.6)**	**(0.5)**	**(19.1)**	(15.0)	-	(15.0)
Profit after tax	**64.9**	**(21.5)**	**43.4**	54.5	-	54.5
Attributable to:						
Shareholders of the Company	**65.1**	**(21.5)**	**43.6**	54.9	-	54.9
Non-controlling interests	**(0.2)**	**-**	**(0.2)**	(0.4)	-	(0.4)
	64.9	**(21.5)**	**43.4**	54.5	-	54.5

	US¢		**US¢**	US¢		US¢
Earnings per share *(note 6)*						
- basic	**5.16**		**3.46**	4.37		4.37
- diluted	**5.15**		**3.45**	4.35		4.35

Mandarin Oriental International Limited
Consolidated Statement of Comprehensive Income
for the year ended 31st December 2018

	2018 US$m	2017 US$m
Profit for the year	**43.4**	54.5
Other comprehensive (expense)/income		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	**(3.0)**	7.7
Tax on items that will not be reclassified	**0.5**	(1.2)
	(2.5)	6.5
Items that may be reclassified subsequently to profit or loss:		
Net exchange translation differences		
- net (losses)/gains arising during the year	**(39.7)**	87.1
Cash flow hedges		
- net gains arising during the year	**0.6**	0.8
Tax relating to items that may be reclassified	**(0.1)**	(0.2)
Share of other comprehensive (expense)/income of associates and joint ventures	**(1.8)**	8.4
	(41.0)	96.1
Other comprehensive (expense)/income for the year, net of tax	**(43.5)**	102.6
Total comprehensive (expense)/income for the year	**(0.1)**	157.1
Attributable to:		
Shareholders of the Company	**0.2**	157.3
Non-controlling interests	**(0.3)**	(0.2)
	(0.1)	157.1

Mandarin Oriental International Limited
Consolidated Balance Sheet
at 31st December 2018

	2018 US$m	2017 US$m
Net assets		
Intangible assets	**53.0**	47.7
Tangible assets *(note 8)*	**1,386.5**	1,453.2
Associates and joint ventures	**197.1**	196.6
Other investments	**15.2**	11.0
Deferred tax assets	**11.4**	11.0
Pension assets	**0.2**	4.9
Non-current debtors	**5.1**	0.5
Non-current assets	**1,668.5**	1,724.9
Stocks	**6.6**	6.4
Current debtors	**95.9**	100.2
Current tax assets	**3.5**	4.0
Bank and cash balances	**246.8**	183.9
Current assets	**352.8**	294.5
Current creditors	**(170.8)**	(151.4)
Current borrowings *(note 9)*	**(524.2)**	(2.6)
Current tax liabilities	**(14.0)**	(17.8)
Current liabilities	**(709.0)**	(171.8)
Net current (liabilities)/assets	**(356.2)**	122.7
Long-term borrowings *(note 9)*	**(7.3)**	(508.1)
Deferred tax liabilities	**(61.6)**	(58.6)
Pension liabilities	**(0.4)**	(0.6)
Non-current creditors	**-**	(0.2)
	1,243.0	1,280.1
Total equity		
Share capital	**63.1**	62.9
Share premium	**497.8**	493.9
Revenue and other reserves	**678.3**	717.2
Shareholders' funds	**1,239.2**	1,274.0
Non-controlling interests	**3.8**	6.1
	1,243.0	1,280.1

Mandarin Oriental International Limited
Consolidated Statement of Changes in Equity
for the year ended 31st December 2018

	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
2018									
At 1st January	**62.9**	**493.9**	**265.9**	**526.5**	**0.1**	**(75.3)**	**1,274.0**	**6.1**	**1,280.1**
Total comprehensive income	**-**	**-**	**-**	**41.0**	**0.5**	**(41.3)**	**0.2**	**(0.3)**	**(0.1)**
Dividends paid by the Company	**-**	**-**	**-**	**(37.8)**	**-**	**-**	**(37.8)**	**-**	**(37.8)**
Issue of shares	**0.2**	**0.1**	**-**	**-**	**-**	**-**	**0.3**	**-**	**0.3**
Share-based long-term incentive plans	**-**	**-**	**0.5**	**-**	**-**	**-**	**0.5**	**-**	**0.5**
Change in interest in a subsidiary	**-**	**-**	**-**	**2.0**	**-**	**-**	**2.0**	**(2.0)**	**-**
Transfer	**-**	**3.8**	**(3.9)**	**0.1**	**-**	**-**	**-**	**-**	**-**
At 31st December	**63.1**	**497.8**	**262.5**	**531.8**	**0.6**	**(116.6)**	**1,239.2**	**3.8**	**1,243.0**
2017									
At 1st January	62.8	490.4	286.2	501.2	(0.6)	(170.6)	1,169.4	4.0	1,173.4
Total comprehensive income	-	-	-	61.3	0.7	95.3	157.3	(0.2)	157.1
Dividends paid by the Company	-	-	-	(50.3)	-	-	(50.3)	-	(50.3)
Issue of shares	0.1	0.6	-	-	-	-	0.7	-	0.7
Share-based long-term incentive plans	-	-	(0.8)	-	-	-	(0.8)	-	(0.8)
Change in interest in a subsidiary	-	-	-	(2.3)	-	-	(2.3)	2.3	-
Transfer	-	2.9	(19.5)	16.6	-	-	-	-	-
At 31st December	62.9	493.9	265.9	526.5	0.1	(75.3)	1,274.0	6.1	1,280.1

Total comprehensive income included in revenue reserves comprises profit attributable to shareholders of the Company of US$43.6 million (2017: US$54.9 million) and net actuarial loss on employee defined benefit plans of US$2.6 million (2017: net actuarial gain of US$6.4 million).

Mandarin Oriental International Limited
Consolidated Cash Flow Statement
for the year ended 31st December 2018

	2018 US$m	2017 US$m
Operating activities		
Operating profit *(note 3)*	**69.6**	69.0
Depreciation	**81.6**	56.7
Amortisation of intangible assets	**4.9**	2.1
Other non-cash items	**(4.0)**	0.2
Movements in working capital	**17.5**	9.6
Interest received	**1.9**	1.3
Interest and other financing charges paid	**(14.4)**	(12.3)
Tax paid	**(18.8)**	(13.3)
	138.3	113.3
Dividends and interest from associates and joint ventures	**7.8**	6.6
Cash flows from operating activities	**146.1**	119.9
Investing activities		
Purchase of tangible assets	**(61.2)**	(82.6)
Purchase of intangible assets	**(7.4)**	(5.7)
Payment on Munich expansion	**-**	(3.1)
Purchase of other investments	**(1.1)**	(0.9)
Advance to associates and joint ventures	**(9.1)**	(11.4)
Repayment of loans to associates and joint ventures	**1.2**	1.3
Repayment of intangible assets	**0.8**	-
Sale of other investments	**-**	0.4
Insurance recovery received for purchase of tangible assets *(note 11)*	**7.8**	-
Cash flows from investing activities	**(69.0)**	(102.0)
Financing activities		
Issue of shares	**0.1**	0.6
Drawdown of borrowings	**27.6**	30.8
Repayment of borrowings	**(0.2)**	(2.5)
Dividends paid by the Company *(note 12)*	**(37.8)**	(50.3)
Cash flows from financing activities	**(10.3)**	(21.4)
Net increase/(decrease) in cash and cash equivalents	**66.8**	(3.5)
Cash and cash equivalents at 1st January	**183.9**	182.5
Effect of exchange rate changes	**(3.9)**	4.9
Cash and cash equivalents at 31st December	**246.8**	183.9

Mandarin Oriental International Limited
Notes

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial information contained in this announcement has been based on the audited results for the year ended 31st December 2018 which have been prepared in conformity with International Financial Reporting Standards ('IFRS'), including International Accounting Standards ('IAS') and Interpretations adopted by the International Accounting Standards Board.

The Group has adopted the following new accounting standards from 1st January 2018. Other amendments relating to existing accounting standards, which are effective in 2018 and relevant to the Group's operations, do not have a significant effect on the Group's accounting policies. The Group has not early adopted any standard, interpretation or amendment that have been issued but not yet effective.

IFRS 9 'Financial Instruments'

Under IFRS 9, the gains and losses arising from changes in fair value of the Group's investments, previously classified as available-for-sale, have been recognised in profit and loss, instead of through other comprehensive income. Such fair value gains or losses on revaluation of these investments are classified as non-trading items, and do not have any impact on the Group's underlying profit attributable to shareholders and shareholders' funds. The new forward-looking expected credit loss model, which replaces the incurred loss impairment model, has not resulted in a change to the Group's impairment provisions and earnings. The new hedge accounting rules, which align the accounting for hedging instruments closely with the Group's risk management practices, has no significant impact to the Group.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 establishes a comprehensive framework for the recognition of revenue. It replaces IAS 11 'Construction Contracts' and IAS 18 'Revenue' which covers contracts for goods and services. The core principle in the framework is that revenue is recognised when control of a good or service transfers to a customer. The new standard does not change the Group's revenue recognition from hotel ownership, hotel management, rendering of services, and sale of food and beverages and goods.

Changes to accounting policies on adoption of IFRS 9 and 15 have been applied retrospectively although the comparative financial statements have not been restated, other than certain comparative disclosures.

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

Changes in principal accounting policies on adoption of IFRS 9 and 15

Investments
The Group classifies its investments into the following measurement categories:

i) those to be measured subsequently at fair value, either through other comprehensive income or through profit and loss; and

ii) those to be measured at amortised cost.

The classification is based on the management's business model and their contractual cash flows characteristics.

Investments are measured at fair value with fair value gains and losses recognised in profit and loss, unless management has elected to recognise the fair value gains and losses through other comprehensive income. For investments measured at fair value through other comprehensive income, gains or losses realised upon disposal are not reclassified to profit and loss.

All purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investments.

Debtors
Trade debtors are recognised initially at the amount of consideration that is unconditional and measured subsequently at amortised costs using the effective interest method. All other debtors, excluding derivative financial instruments, are measured at amortised cost except where the effect of discounting would be immaterial. The impairment measurement is subject to whether there has been a significant increase in credit risk. For trade debtors, the Group applied the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the debtors. Provision for impairment is established by considering potential financial difficulties of the debtor, probability that the debtor will enter bankruptcy for financial reorganisation, and default or delinquency in payments. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in arriving at operating profit. When a debtor is uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited to profit and loss.

Debtors with maturities greater than 12 months after the balance sheet date are classified under non-current assets.

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 fair value gains or losses on revaluation of investments which are fair value through profit and loss; 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; and other credits and charges of a non-recurring nature that require inclusion in order to provide additional insight into underlying business performance.

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

Changes in principal accounting policies on adoption of IFRS 9 and 15 *(continued)*

Revenue recognition
Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and service provided in the normal course of business, net of discounts, sales related taxes and other revenue reducing factors.

i) Revenue from hotel ownership comprises amounts earned in respect of rental of rooms, food and beverage sales, and other ancillary services and goods supplied by the subsidiary hotels.

   Revenue is recognised over the period when rooms are occupied or services are performed.

   Revenue from the sale of food and beverages and goods is recognised at the point of sale when the food and beverages and goods are delivered to customers.

   Payment is due immediately when the hotel guest occupies the room and receives the services and goods.

ii) Revenue from hotel and residences branding and management comprises gross fees earned from the branding and management of all the hotels and residences operated by the Group.

   Branding and management fees are recognised over time as determined by the relevant contract, taking into account the performance of the hotels, and the sales and operating expenses of the residences. Fees charged to the subsidiary hotels are eliminated upon consolidation.

   Hotels and residences are invoiced in accordance with the terms of contract and fees are payable when invoiced.

iii) Receipts under operating leases are accounted for on an accrual basis over the lease terms.

2. REVENUE

	2018 US$m	2017 US$m
By geographical area:		
Hong Kong	**245.5**	235.8
Other Asia	**111.5**	107.9
Europe	**143.7**	163.8
America	**113.0**	103.3
	613.7	610.8

3. EBITDA (EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION) AND OPERATING PROFIT FROM SUBSIDIARIES

	2018 US$m	2017 US$m
By geographical area:		
Hong Kong	**75.3**	74.0
Other Asia	**32.6**	29.6
Europe	**33.2**	17.0
America	**12.4**	7.2
Underlying EBITDA from subsidiaries	**153.5**	127.8
Non-trading items *(note 7)*		
Fire at Mandarin Oriental Hyde Park, London		
- repair expenses and write-off of tangible assets and other incidental expenses	**(28.6)**	-
- insurance recovery for replacement of tangible assets and other incidental expenses	**29.6**	-
Closure of The Excelsior, Hong Kong – other costs	**(2.8)**	-
Change in fair value of other investments	**4.4**	-
	2.6	-
EBITDA from subsidiaries	**156.1**	127.8
Underlying depreciation and amortisation from subsidiaries	**(62.9)**	(58.8)
Non-trading items *(note 7)*		
Closure of The Excelsior, Hong Kong		
- accelerated depreciation and amortisation	**(23.6)**	-
Operating profit	**69.6**	69.0

4. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	EBITDA US$m	Depreciation and amortisation US$m	Operating profit/ (loss) US$m	Net financing charges US$m	Tax US$m	Net profit/ (loss) US$m
2018						
By geographical area:						
Other Asia	**25.7**	**(8.5)**	**17.2**	**(1.3)**	**(3.0)**	**12.9**
Europe	**(4.2)**	**(1.9)**	**(6.1)**	**-**	**-**	**(6.1)**
America	**4.1**	**(2.9)**	**1.2**	**(2.2)**	**-**	**(1.0)**
	25.6	**(13.3)**	**12.3**	**(3.5)**	**(3.0)**	**5.8**
2017						
By geographical area:						
Other Asia	23.5	(8.3)	15.2	(1.4)	(2.3)	11.5
Europe	2.7	(0.8)	1.9	-	(0.1)	1.8
America	3.9	(3.0)	0.9	(2.4)	(0.3)	(1.8)
	30.1	(12.1)	18.0	(3.8)	(2.7)	11.5

5. TAX

	2018 US$m	2017 US$m
Tax (charged)/credited to profit and loss is analysed as follows:		
Current tax	**(15.4)**	(23.6)
Deferred tax	**(3.7)**	8.6
	(19.1)	(15.0)
By geographical area:		
Hong Kong	**(11.7)**	(10.3)
Other Asia	**(3.3)**	3.9
Europe	**(2.3)**	(7.2)
America	**(1.8)**	(1.4)
	(19.1)	(15.0)

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

Remeasurements of defined benefit plans	**0.5**	(1.2)
Cash flow hedges	**(0.1)**	(0.2)
	0.4	(1.4)

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$3.0 million (2017: US$2.7 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 profit attributable to shareholders of US$43.6 million (2017: US$54.9 million) and on the weighted average number of 1,260.6 million (2017: 1,257.7 million) shares in issue during the year.

Diluted earnings per share are calculated on profit attributable to shareholders of US$43.6 million (2017: US$54.9 million) and on the weighted average number of 1,263.3 million (2017: 1,262.0 million) shares in issue 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	
	2018	2017
Weighted average number of shares for basic earnings per share calculation	**1,260.6**	1,257.7
Adjustment for shares deemed to be issued for no consideration under the share-based long-term incentive plans	**2.7**	4.3
Weighted average number of shares for diluted earnings per share calculation	**1,263.3**	1,262.0

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:

	2018			2017		
	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	**43.6**	**3.46**	**3.45**	54.9	4.37	4.35
Non-trading items *(note 7)*	**21.5**			-		
Underlying profit attributable to shareholders	**65.1**	**5.16**	**5.15**	54.9	4.37	4.35

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 fair value gains or losses on revaluation of investments which are measured at fair value through profit and loss; 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; 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:

	2018 **US$m**	2017 US$m
Fire at Mandarin Oriental Hyde Park, London*		
- repair expenses and write-off of tangible assets and other incidental expenses	**(28.6)**	-
- insurance recovery for replacement of tangible assets and other incidental expenses	**29.6**	-
Closure of The Excelsior, Hong Kong†		
- accelerated depreciation and amortisation	**(24.3)**	-
- other costs	**(2.6)**	-
Change in fair value of other investments	**4.4**	-
	(21.5)	-

*Following the fire on 6th June 2018, Mandarin Oriental Hyde Park, London has closed for the necessary repairs in order to restore the property. The hotel re-opened its public areas and facilities on 4th December 2018. All guestrooms are scheduled to re-open in April 2019. The repair expenses and write-off of damaged tangible assets, and other incidental expenses of US$28.6 million as a result of the fire have been recognised as non-trading expenses. The Group received interim cash payments during 2018 from insurers. The insurance compensation of US$29.6 million for the replacement of tangible assets and other incidental expenses has been recognised as non-trading income. The insurance compensation for the reimbursement of operating expenditures and loss of profits of US$31.1 million has been recorded as underlying business performance. The total property damage and business interruption claims with the Group's insurers are expected to be concluded in 2019.

†On 9th October 2018, the Group announced that The Excelsior, Hong Kong will close on 31st March 2019 in order for the site to be redeveloped as a commercial building. An accelerated depreciation and amortisation charge as a result of the revision of the estimated useful lives of the non-leasehold land assets of the hotel, together with additional costs in respect of the hotel closure, have been recognised as non-trading expenses during the year. At the date of change in use, the site will be revalued and transferred from an owner occupied property held at historical depreciated cost to an investment property under development subject to regular valuation review. The initial revaluation gain will be recognised to the property revaluation reserve through other comprehensive income. Subsequent fair value changes of the investment property will be recognised as a non-trading item in the profit and loss.

8. TANGIBLE ASSETS

	2018 **US$m**	2017 US$m
Opening net book value	**1,453.2**	1,352.1
Exchange differences	**(38.8)**	75.2
Additions	**62.1**	82.5
Disposals and write-off	**(7.0)**	(0.1)
Transfer (to)/from intangible assets	**(1.4)**	0.2
Depreciation charge	**(81.6)**	(56.7)
Closing net book value	**1,386.5**	1,453.2

Freehold properties include a property of US$105.0 million (2017: US$108.5 million), which is stated net of tax increment financing of US$20.5 million (2017: US$21.3 million) *(note 10)*.

9. BORROWINGS

	2018 **US$m**	2017 US$m
Bank loans	**527.4**	506.5
Other borrowings	**4.1**	4.2
	531.5	510.7
Current	**524.2**	2.6
Long-term	**7.3**	508.1
	531.5	510.7

The Group is in advanced discussions with its key relationship banks regarding the refinancing of US$549 million of committed facilities due to mature within 2019, comprising a US$102 million facility in London, and a US$447 million facility in Hong Kong. Based on the Group's consistent track record of securing external financing in a timely manner, its operating performance and strong balance sheet, the Group is confident that it will complete the refinancing of these bank facilities before their expiry.

10. TAX INCREMENT FINANCING

	2018 US$m	2017 US$m
Netted off against the net book value of property *(note 8)*	**20.5**	21.3

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% which was repaid on maturity on 10th April 2017.

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.

11. INSURANCE RECOVERY RECEIVED FOR PURCHASE OF TANGIBLE ASSETS

The Group received US$66.3 million interim insurance payments in 2018, covering both property damage and business interruption caused by the fire at Mandarin Oriental Hyde Park, London on 6th June 2018. Of this US$66.3 million, US$7.8 million was to cover the remedial capital expenditure of the tangible assets which was recorded under investing activities. The remaining balance was recorded under operating activities.

12. DIVIDENDS

	2018 US$m	2017 US$m
Final dividend in respect of 2017 of US¢1.50 (2016: US¢2.50) per share	**18.9**	31.4
Interim dividend in respect of 2018 of US¢1.50 (2017: US¢1.50) per share	**18.9**	18.9
	37.8	50.3

A final dividend in respect of 2018 of US¢1.50 (2017: US¢1.50) per share amounting to a total of US$18.9 million (2017: US$18.9 million) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2019 Annual General Meeting. The amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2019.

13. CAPITAL COMMITMENTS

At 31st December 2018, total capital commitments of the Group amounted to US$816.5 million (2017: US$254.3 million). The increase in capital commitments was primarily attributable to the planned redevelopment of The Excelsior, Hong Kong as a commercial building following the hotel closure on 31st March 2019. The redevelopment is expected to take up to six years to complete.

14. 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$14.8 million (2017: US$13.6 million) received from the Group’s six (2017: six) associate and joint venture 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 year.

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

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 2018 Annual Report (the 'Report'). The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Disclosure Guidance 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 Review and in a note to 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. This may also include failure to adapt to rapidly evolving customer preferences and expectations. Significant competitive pressure or the oversupply of hotel rooms in a specific market can lead to reduced margins. Advances in technology creating new or disruptive competitive pressures might also negatively affect the trading environment.

   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 International Limited
Principal Risks and Uncertainties *(continued)*

2. Commercial and Market Risk *(continued)*

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.

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. Reputational Risk and Value of the Brand

The Group's brand equity and global reputation is fundamental in supporting its ability to offer premium products and services and to achieving acceptable revenues and profit margins. Any damage to the Group's brand equity or reputation, including as a result of negative effects relating to health and safety, acts or omissions by Group personnel, information system and cybersecurity breaches, loss or misuse of personal data, and any allegations of socially irresponsible policies and practices, might adversely impact the attractiveness of the Group's properties or the loyalty of the Group's guests.

6. Regulatory and Political Risk

The nature of the Group's global operations mean that it is subject to numerous laws and regulations, including but not limited to those covering employment, competition, taxation, data privacy, foreign ownership, town planning, anti-bribery, money laundering and exchange controls. Changes to laws and regulations 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 2018 Annual Report, including the Chairman's Statement, Group Chief Executive's Review and the Principal Risks and Uncertainties, which constitute the management report, include a fair review of all information required to be disclosed by the Disclosure Guidance 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

James Riley
Craig Beattie

Directors

The final dividend of US¢1.50 per share will be payable on 15th May 2019, subject to approval at the Annual General Meeting to be held on 8th May 2019, to shareholders on the register of members at the close of business on 15th March 2019. The shares will be quoted ex-dividend on 14th March 2019, and the share registers will be closed from 18th to 22nd March 2019, inclusive.

Shareholders will receive their cash dividends in United States Dollars, unless they are registered on the Jersey branch register, in which case they will have the option to elect for their dividends to be paid in Sterling. These shareholders may make new currency elections for the 2018 final dividend by notifying the United Kingdom transfer agent in writing by 18th April 2019. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 2nd May 2019.

Shareholders holding their shares through CREST in the United Kingdom will receive their cash dividends in Sterling only 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 15th March 2019, must submit the relevant documents to M & C Services Private Limited, the Singapore branch registrar, by no later than 5.00 p.m. (local time) on 14th March 2019.

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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 its Asian roots into a global brand, the Group now operates 32 hotels and six residences in 23 countries and territories, with each property reflecting the Group's oriental heritage and unique sense of place. Mandarin Oriental has a strong pipeline of hotels and residences under development. The Group has equity interests in a number of its properties and adjusted net assets worth approximately US$5.8 billion as at 31st December 2018.

Mandarin Oriental's aim is to be recognised as the world's best luxury hotel group. This will be achieved by investing in the Group's exceptional facilities and its people, and seeking selective opportunities for expansion around the world, while maximising 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 parent company, Mandarin Oriental International Limited, is incorporated in Bermuda and has a standard listing on the London Stock Exchange, 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.

- end -

For further information, please contact:

Mandarin Oriental Hotel Group International Limited
James Riley / Craig Beattie (852) 2895 9288
Sally de Souza (852) 2895 9167

Brunswick Group Limited
Karin Wong (852) 3512 5077

Full text of the Preliminary Announcement of Results and the Preliminary Financial Statements for the year ended 31st December 2018 can be accessed through the internet at 'www.mandarinoriental.com'.