announcement

Mandarin Oriental International Limited

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MANDARIN ORIENTAL
THE HOTEL GROUP

7th March 2024

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
2023 PRELIMINARY ANNOUNCEMENT OF RESULTS

HIGHLIGHTS

- Underlying profit increased to US$81 million, from US$8 million in 2022
- Strong operating and financial performance driven by record rates
- Management fees grew by 30%, with strong recovery by hotels in Asia
- Increased development pipeline with two new hotel openings and eight new management contracts announced
- Final dividend at US¢3.50 per share, resulting in total dividends of US¢5.00 per share

"Mandarin Oriental delivered a strong recovery in 2023. The Group faces some geopolitical and macroeconomic uncertainties entering 2024, but with the appointment of Laurent Kleitman as Group Chief Executive, we are optimistic about the Group's long-term strategy."

Ben Keswick
Chairman

RESULTS

	Year ended 31st December		
	2023	2022	Change
	US$m	US$m	%
Combined total revenue of hotels under management[(1)]	**1,890.2**	1,568.1	+21
Revenue	**558.1**	454.1	+23
Underlying EBITDA (Earnings before interest, tax, depreciation and amortisation)[(2)]	**177.6**	111.4	+59
Underlying profit attributable to shareholders[(3)]	**81.0**	7.6	+966
Revaluation loss on investment properties	**(486.7)**	(104.1)	–368
Gain on sale of a subsidiary/asset disposals	**41.3**	47.0	–12
Loss attributable to shareholders	**(365.4)**	(49.5)	–638
	US¢	US¢	%
Underlying earnings per share[(3)]	**6.41**	0.60	+968
Loss per share	**(28.91)**	(3.92)	–638
Dividends per share	**5.00**	-	n/a
	US$	US$	%
Net asset value per share	**2.34**	2.61	–10
Adjusted net asset value per share[(4)]	**3.67**	3.87	–5
Net debt/shareholders' funds	**8%**	11%	
Net debt/adjusted shareholders' funds[(4)]	**5%**	8%	

(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 34 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 Group's investment properties are carried at fair value on the basis of valuations carried out by independent valuers at 31st December 2023. The other freehold and leasehold interests are carried at amortised cost in the consolidated balance sheet. Both the adjusted net asset value per share and net debt/adjusted shareholders' funds at 31st December 2023 have included the market value of the Group's freehold and leasehold interests.

The final dividend of US¢3.50 per share will be payable on 15th May 2024, subject to approval at the Annual General Meeting to be held on 8th May 2024, to shareholders on the register of members at the close of business on 22nd March 2024.

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MANDARIN ORIENTAL INTERNATIONAL LIMITED

PRELIMINARY ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31ST DECEMBER 2023

OVERVIEW

2023 was a year of significant growth and progress for Mandarin Oriental. The Group grew its Management Business, with two new openings and the announcements of eight new hotel and residences projects. Our colleagues continued to provide the exceptional service for which the brand is legendary and secured record room rates, which translated into strong operating and financial performance.

2023 FINANCIAL PERFORMANCE

Underlying profit increased to US$81 million, from US$8 million in 2022, with underlying earnings per share at US¢6.41, compared with US¢0.60 in 2022. Non-trading losses of US$446 million primarily comprised a non-cash revaluation of the Causeway Bay site under development, resulting in a loss attributable to shareholders of US$365 million.

Net debt fell to US$225 million at the end of 2023, from US$376 million at the end of 2022, reflecting significantly higher operating cashflow from the business, net of ongoing capital investment, as well as proceeds from disposals. Gearing as a percentage of adjusted shareholders' funds was 5%, compared to 8% at the end of 2022.

The Directors recommend a final dividend of US¢3.50 per share. This, together with the interim dividend of US¢1.50 per share declared, will result in total dividends of US¢5.00 per share.

YEAR IN REVIEW

In 2023, Mandarin Oriental, with its distinctive portfolio of hotels, was able to satisfy consumers' continuing robust appetite for luxury leisure travel. The Group's legendary levels of service underpinned an increase in rates, and it continued to build occupancy, which translated into substantial improvements in Revenue Per Available Room ('RevPAR') across almost all hotels.

Hotels in Asia benefitted from the return of travel demand from the Chinese mainland following the removal of restrictions at the beginning of 2023, generating substantially higher management fees. Two of the Group's key owned hotels in the region – Hong Kong and Tokyo – delivered notably better performance than in 2022. In Europe, the Middle East and Africa ('EMEA'), hotels reported solid growth over 2022 and gained market share, particularly in resort destinations. In America, RevPAR performance remained broadly stable, with easing domestic leisure demand partially offset by higher demand from corporate and group travellers.

SUSTAINABILITY

We believe the long-term success of our business hinges on doing the right things for our planet and our people. The Group remains on track to achieve its 2030 environmental targets and has made particular progress in reducing energy and waste intensity, and in expanding the scope of its responsible procurement. Mandarin Oriental's sustainability commitments also undertake to create positive impacts for the communities in which its hotels operate. This year, the '*MOgiving'* initiative was launched in all the Group's hotels, to empower colleagues to contribute to their local communities.

GOVERNANCE

The Group has continued to evolve its governance in 2023, to ensure that its board and committees have the right expertise and independence to support the delivery of the Group's strategic priorities. In 2023, Richard Solomons was appointed as Independent Non-Executive Chair of the Audit Committee and Jinqing Cai, an Independent Non-Executive Director, was appointed as a member of the Committee. The Audit Committee now has a majority of independent members, whose expertise and understanding of the luxury and hospitality sectors will strengthen the Committee.

PEOPLE

In September 2023, Laurent Kleitman succeeded James Riley as Group Chief Executive. On behalf of the Board, I would like to thank James for his contribution to the Group and welcome Laurent, who has joined us with many years of experience in building iconic, luxury consumer brands.

Our colleagues play an instrumental role in defining the brand and creating the legendary guest experience for which Mandarin Oriental is renowned. I would like to take this opportunity to express my gratitude to them for the unwavering commitment they show to our guests, which underpins the long-term success of the Group.

OUTLOOK

Mandarin Oriental delivered a strong set of results in 2023. Despite some geopolitical and macroeconomic uncertainties entering 2024, the Group remains optimistic about its future growth as it continues to invest in its core strengths of brand desirability, a strong management contract pipeline, continued delivery of innovation and service excellence and an unwavering commitment to people and the environment.

Ben Keswick
Chairman

GROUP CHIEF EXECUTIVE'S REVIEW

I am delighted to have joined Mandarin Oriental and am pleased to share my initial views of the Group and the progress we have made across several fronts over the past year.

Having been with the Group for a few months and visited most of our properties around the world, met with many of our owners and partners, and spent time listening to and learning from our thousands of colleagues, it is clear to me that Mandarin Oriental is not only a strong business today but also has significant opportunities ahead.

Since my appointment in September 2023, my team and I have been reviewing our strategy to ensure that the Group is able to build on the right foundations to accelerate growth. Strategic thinking and changes are currently underway, with a greater focus on significantly scaling up the Management Business globally, further elevating the brand's desirability, to become the reference point in luxury hospitality, and enriching our proposition to guests and owners. I am very convinced that the Mandarin Oriental brand, together with the exceptional operational expertise of our teams centrally and around the world, has the potential to take a larger share of the global luxury hospitality market in the coming years. Our understanding of excellence, our long-standing service tradition, our interpretation of luxury and our creativity are some of the many assets that we are building upon.

Our dual Asian origin, blending the vibrancy and modernity of Hong Kong – The Mandarin – with the refinement of Bangkok – The Oriental –, makes us the most distinctive and authentic luxury hospitality brand in the world. And today, 50 years after these two iconic hotels were brought together, we have created a formidable Group: from the strength of our growing Management Business to the enormous potential of our brand, from the quality of our operators and 15,000 colleagues to the strength of our partners, Mandarin Oriental has solid foundations from which we will scale up, while retaining our unique sense of high-end luxury.

I look forward to sharing our full new strategic plan in more detail later this year.

Looking back to 2023, we had occasion to celebrate many significant achievements, starting in February with the rebranding of Emirates Palace Mandarin Oriental, Abu Dhabi. This is our third hotel in the Middle East and complements Mandarin Oriental Jumeira, Dubai and Mandarin Oriental, Doha, reinforcing our brand presence in the region. Reflecting our unwavering dedication to elevating the guest experience, Mandarin Oriental, Singapore re-opened its doors to guests in September after a transformative renovation. In October, we celebrated the 60th anniversary of one of our historic hotels, Mandarin Oriental, Hong Kong, with Oscar-winning brand ambassador Michelle Yeoh and other distinguished guests showcasing the contemporary luxury and Oriental heritage that differentiate the brand. And finally, as we concluded 2023, we opened the magnificent and iconic Mandarin Oriental Savoy, Zurich after an extensive renovation.

2023 PERFORMANCE

Summary of Performance

The Group manages 38 hotels and nine residences globally, of which 25 properties are managed and 13 properties are owned or partially owned. In 2023, the Management Business delivered strong operating performance and improved profitability. Combined total revenue for hotels under management was US$1.9 billion in 2023, 21% above 2022. This increase was driven primarily by a 29% increase in RevPAR. The improvement in RevPAR was primarily due to a gradual recovery in occupancy across all geographies, a continuation of high rates in Europe, the Middle East and Africa ('EMEA'), and a solid rebound in rates in Asia. Food & Beverage ('F&B') revenue also increased by 18% year-on-year, contributing to the strong top-line outperformance in 2023.

In EMEA, most hotels gained market share in 2023 compared to 2022. Average RevPAR was US$645, up 14% from 2022. While average rates remained fairly stable in 2023 compared to the prior year, occupancy recovered to pre-pandemic levels. RevPAR performance was notably better than 2022 in Bodrum, Abu Dhabi and Marrakech, predominantly driven by robust leisure demand.

In Asia, RevPAR was US$213, up 75% from 2022. The progressive return of domestic and some outbound travel demand from Chinese mainland at the start of the year contributed to a strong pick-up in both occupancy and rates within the region. Within Chinese mainland, our hotels in Beijing, Hong Kong, Macau, Shanghai and Shenzhen generated strong year-on-year improvements in RevPAR. In the rest of Asia, Tokyo, Bangkok and Kuala Lumpur also delivered considerable RevPAR improvements. Despite substantial RevPAR growth in 2023 compared to 2022, RevPAR for the region remained slightly below pre-pandemic levels as occupancy continued to recover.

In the Americas, RevPAR was US$408, up 3% from 2022. Domestic leisure demand eased marginally from the strong levels seen in 2022 but was compensated by a steady continuing recovery in the corporate transient and group segments.

Management Business

With the openings of two new hotels, the Group continued to execute its strategy of scaling up the Management Business. This growth in scale, combined with RevPAR improvement, resulted in a 30% increase in hotel management fees and a 55% improvement in EBITDA for the Management Business compared to 2022. Most hotels delivered higher fees, with hotels in Asia in particular seeing a robust rebound from 2022.

The sale of branded residences, such as *The Residences at Mandarin Oriental, Mayfair* – luxury apartments situated in the heart of one of London's most stylish neighbourhoods – and *Mandarin Oriental Residences, Fifth Avenue* in the heart of Manhattan, remains a strategic focus and contributed some 10% of the total fees earned from the Management Business.

Owned Hotel Performance

Our 13 owned properties reported a combined EBITDA 63% higher than in 2022, and most properties maintained or improved their earnings. Of note were the materially improved contributions produced by Hong Kong and Tokyo, both of which were severely impacted by stringent travel restrictions for the majority of 2022, and the early part of 2023. London and Geneva also delivered considerably improved results driven by better RevPAR and F&B performance. The exceptions with lower earnings in 2023 were Singapore and Miami. After undergoing an extensive renovation for six months, Mandarin Oriental, Singapore has re-opened with a transformed and elevated guest experience with an enhanced appeal to leisure travellers. Against the backdrop of easing domestic leisure demand in America, Miami reported a slight drop in average rates, partially offset by improved occupancy and F&B performance.

Financial Performance

As a result of strong top-line performance, EBITDA for 2023 was US$178 million, a 59% increase from the prior year. Underlying profit substantially improved from US$8 million in 2022 to US$81 million in 2023.

A YEAR IN REVIEW

The Group's long-term growth strategy is to grow Mandarin Oriental brand's desirability and expand the Management Business through the signing of management contracts in key destinations, whilst retaining some ownership of brand-defining properties.

Management Business

The Group's Management Business made good progress in 2023. In August, we introduced Mandarin Oriental's contemporary luxury to Greece with the opening of our beachfront getaway in Costa Navarino. In December, we opened our third property in Switzerland – Mandarin Oriental Savoy, Zurich, following an extensive renovation of this historic property, which dates back to 1838.

In addition to these openings, we underpinned the future growth of our portfolio with the signing of eight hotel and residences projects, all of which will be managed by the Group:

- Luxury residences in the heart of Madrid's most exclusive neighbourhood, Salamanca;
- A scenic beachfront resort in Mallorca;
- A hotel and residences in Athens with contemporary design and unobstructed views of the Aegean Sea;
- A hotel and residences in Bankside – the Group's third property in London;
- A transformative redevelopment of Mandarin Oriental, Miami, in a larger hotel and residences complex in the unique Brickell Island location;
- A secluded resort in Porto Cervo, Sardinia, overlooking the Gulf of Pevero;
- A high-end boutique resort in Setouchi, Japan that consists of three distinctive properties around the Seto Inland Sea; and
- A full renovation and rebranding of the historic Gellért Hotel in Budapest.

Overall, at the end of 2023, the Group has a pipeline of 28 hotels (14 of which have a residences component) and two standalone residences to open over the next five years. And I remain very optimistic about announcing new strategic projects in 2024.

Owned Assets

As part of our regular review of the Group's assets, in 2023, we decided to sell our owned properties in Jakarta and Paris. The disposal of our Jakarta property was completed in June 2023, with the hotel management contract retained. The Group has also signed an option to sell the Paris hotel property, securing a long-term hotel management contract with the new owner. We expect to complete this transaction in the first half of 2024.

We are making good progress with the redevelopment of our Causeway Bay site in Hong Kong and have begun leasing activities in line with our expectation to complete construction of the building in the first half of 2025. We have updated our valuation for the project to purely reflect residual, value-in-use estimates, in line with normal market practice as the development project progresses toward completion.

Brand

In 2023, we continued to strengthen the desirability of the Mandarin Oriental brand. The Group focussed on increasing the awareness of the brand amongst our target audience, and investing behind our award-winning *'I'm A Fan'* advertising campaign, which has featured over 50 celebrities who are genuine fans of Mandarin Oriental. We also celebrated a key milestone for Mandarin Oriental, with the 60th anniversary of our flagship hotel in Hong Kong, which has been at the forefront of luxury hospitality since it opened its doors in 1963.

During the period, we have built awareness and engagement of Mandarin Oriental through extensive media coverage in both lifestyle publications and social channels, focussing on the Group's core brand pillars of craftsmanship and design; innovative dining; holistic wellness; and our legendary service which are at the heart of our Oriental heritage. These focusses have been further strengthened by the attainment of many global awards for excellence, solidifying the Group's reputation for delivering the highest quality. Significant awards in 2023 included Best Luxury Hotel Brand in the annual *Luxury Travel Intelligence* ranking; 29 *Michelin* stars won by 18 of our global restaurants; the World's Best Hotel Spa Brand by the World Spa Awards, and the placement of 20 of our properties in Condé Nast Traveller Readers' Choice Awards, more than in any previous year.

Further, we have forged partnerships with prestigious like-minded brands. These included the hosting of Louis Vuitton's summer pop-up store and co-branded beach bar at Mandarin Oriental, Bodrum, and the development of a dedicated showcase suite for Vacheron Constantin in Dubai.

Transformation

Modernisation of the Management Business remains a strategic focus, with the key aims of supporting growth in scale, enriching the customer experience, delivering improved operating efficiency, and elevating our colleagues value proposition.

In the past year, we continued to advance several transformation initiatives across the organisation in support of this strategic objective. In particular, the Group has embarked on the Guest Experience Programme which will greatly improve our ability to recognise, understand and engage our guests across Mandarin Oriental. A redesign of *Fans of M.O.* will enable us better to attract and retain both top guests and local fans. We are establishing a bespoke relationship management service to build brand-level loyalty with ultra-high-net-worth guests. Internally, we have made encouraging progress in driving operational efficiency through modernising our systems and processes required to support evolving business needs.

People & Culture

The Group's focus on recruiting and developing the right talent, as well as providing an engaging colleague experience, remains central to our People and Culture strategy. In the past year, the Group has recruited 176 Rising Fans into the new graduate programme. More broadly, we achieved notable improvements in retention, with a reduction in voluntary turnover from 25% to 22%. Our efforts were acknowledged in the Group's latest Colleague Engagement Survey, which indicated improvement across all drivers of sustainable engagement and exceeded both the 'Travel & Leisure' norm and the 'High-Performance' norm.

Our HR transformation journey, The People Project, is a strategic initiative that aims to put the colleague experience at the centre, elevate the role of our people managers, and simplify, harmonise and automate our HR processes. The initiative is a major step towards enabling an engaged workforce through a compelling work experience, laying a solid foundation for the organisation to build on as it scales up.

Sustainability

I am delighted to share that the Group's commitment to sustainability was recognised in 2023 by the Global Sustainable Tourism Council. In line with our belief in contributing positively to local communities, we launched '*MOgiving*' within all our hotel properties, to empower our colleagues to create positive social impact locally. We continue to make progress against our other sustainability targets, about which further information will be published in our forthcoming Sustainability Report 2023.

THE YEAR AHEAD

In 2023, Mandarin Oriental delivered improved operational performance and continued to lay the foundation for strong future growth. In early 2024, we completed the rebranding of Mandarin Oriental Al Faisaliah, Riyadh, and in the coming 12 months we are focussed on delivering several planned openings, including Muscat in Oman – a unique beachfront urban resort, Mayfair in London – an exclusive boutique hotel in the heart of the capital's fashion and shopping district, Qianmen in Beijing – an elegant hotel that offers an authentic experience within a traditional Hutong quarter, and a standalone residences project on Fifth Avenue in New York. I am confident that we will be in a position to announce several further strategic projects in key locations in the course of 2024, which will enable the brand to expand its footprint in highly sought-after destinations and continue to improve the financial performance of the Group.

As we continue to grow, we will remain attentive to cultivating and raising the desirability of the Mandarin Oriental brand and maintaining and uplifting the quality of Mandarin Oriental guest experiences at every opportunity.

Laurent Kleitman
Group Chief Executive

Mandarin Oriental International Limited
Consolidated Profit and Loss Account
for the year ended 31st December 2023

	2023			2022		
	Underlying business performance **US$m**	Non-trading Items **US$m**	Total **US$m**	Underlying business performance US$m	Non-trading Items US$m	Total US$m
Revenue *(note 2)*	**558.1**	**-**	**558.1**	454.1	-	454.1
Cost of sales	**(308.7)**	**-**	**(308.7)**	(302.7)	-	(302.7)
Gross profit	**249.4**	**-**	**249.4**	151.4	-	151.4
Selling and distribution costs	**(35.6)**	**-**	**(35.6)**	(27.0)	-	(27.0)
Administration expenses	**(116.7)**	**-**	**(116.7)**	(109.2)	-	(109.2)
Other operating income/(expense)	**5.2**	**(0.4)**	**4.8**	5.7	-	5.7
Change in fair value of investment properties	**-**	**(486.7)**	**(486.7)**	-	(104.1)	(104.1)
Gain on sale of a subsidiary/asset disposals *(notes 16 & 14)*	**-**	**43.8**	**43.8**	-	40.6	40.6
Operating (loss)/profit *(note 3)*	**102.3**	**(443.3)**	**(341.0)**	20.9	(63.5)	(42.6)
Financing charges	**(17.6)**	**-**	**(17.6)**	(16.7)	-	(16.7)
Interest income	**7.7**	**-**	**7.7**	2.3	-	2.3
Net financing charges	**(9.9)**	**-**	**(9.9)**	(14.4)	-	(14.4)
Share of results of associates and joint ventures *(note 4)*	**(0.3)**	**(0.6)**	**(0.9)**	9.7	-	9.7
(Loss)/profit before tax	**92.1**	**(443.9)**	**(351.8)**	16.2	(63.5)	(47.3)
Tax *(note 5)*	**(11.0)**	**(2.5)**	**(13.5)**	(8.5)	6.4	(2.1)
(Loss)/profit after tax	**81.1**	**(446.4)**	**(365.3)**	7.7	(57.1)	(49.4)
Attributable to:						
Shareholders of the Company *(notes 6 & 7)*	**81.0**	**(446.4)**	**(365.4)**	7.6	(57.1)	(49.5)
Non-controlling interests	**0.1**	**-**	**0.1**	0.1	-	0.1
	81.1	**(446.4)**	**(365.3)**	7.7	(57.1)	(49.4)

	US¢		**US¢**	US¢		US¢
(Loss)/earnings per share (*note 6)*						
- basic	**6.41**		**(28.91)**	0.60		(3.92)
- diluted	**6.41**		**(28.91)**	0.60		(3.92)

Mandarin Oriental International Limited
Consolidated Statement of Comprehensive Income
for the year ended 31st December 2023

	2023 US$m	2022 US$m
Loss for the year	**(365.3)**	(49.4)
Other comprehensive expense		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	**(2.5)**	(2.1)
Revaluation surplus of right-of-use assets before transfer to investment properties	**-**	79.8
Tax on items that will not be reclassified	**0.4**	0.3
	(2.1)	78.0
Items that may be reclassified subsequently to profit or loss:		
Net exchange translation differences		
- net gain/(loss) arising during the year	**34.0**	(58.2)
- transfer to profit and loss	**33.5**	-
Cash flow hedges		
- net (loss)/gain arising during the year	**(15.1)**	16.6
Tax relating to items that may be reclassified	**1.3**	(2.4)
Share of other comprehensive income of associates and joint ventures	**0.4**	0.7
	54.1	(43.3)
Other comprehensive income for the year, net of tax	**52.0**	34.7
Total comprehensive expense for the year	**(313.3)**	(14.7)
Attributable to:		
Shareholders of the Company	**(314.2)**	(14.7)
Non-controlling interests	**0.9**	-
	(313.3)	(14.7)

Mandarin Oriental International Limited
Consolidated Balance Sheet
at 31st December 2023

	2023 US$m	2022 US$m
Net assets		
Intangible assets	**43.7**	45.7
Tangible assets *(note 8)*	**618.6**	916.3
Right-of-use assets	**229.1**	242.4
Investment properties *(note 9)*	**2,060.3**	2,472.6
Associates and joint ventures	**155.8**	203.8
Other investments	**14.0**	14.0
Deferred tax assets	**14.0**	14.2
Pension assets	**0.6**	3.0
Non-current debtors	**10.9**	12.2
Non-current assets	**3,147.0**	3,924.2
Stocks	**5.0**	5.0
Current debtors	**80.3**	90.5
Current tax assets	**1.7**	6.8
Cash and bank balances	**178.8**	226.2
	265.8	328.5
Assets classified as held for sale *(note 10)*	**331.9**	-
Current assets	**597.7**	328.5
Current creditors	**(158.0)**	(159.1)
Current borrowings *(note 11)*	**(414.9)**	(2.2)
Current lease liabilities	**(5.8)**	(5.9)
Current tax liabilities	**(22.1)**	(18.4)
	(600.8)	(185.6)
Liabilities directly associated with assets classified as held for sale *(note 10)*	**(24.1)**	-
Current liabilities	**(624.9)**	(185.6)
Net current (liabilities)/assets	**(27.2)**	142.9
Long-term borrowings *(note 11)*	**(0.6)**	(599.8)
Non-current lease liabilities	**(110.6)**	(123.5)
Deferred tax liabilities	**(42.0)**	(41.6)
Pension liabilities	**-**	(0.1)
Non-current creditors	**(1.1)**	(4.5)
Non-current liabilities	**(154.3)**	(769.5)
	2,965.5	3,297.6
Total equity		
Share capital	**63.2**	63.2
Share premium	**500.9**	500.7
Revenue and other reserves	**2,396.3**	2,730.2
Shareholders' funds	**2,960.4**	3,294.1
Non-controlling interests	**5.1**	3.5
	2,965.5	3,297.6

Mandarin Oriental International Limited
Consolidated Statement of Changes in Equity
for the year ended 31st December 2023

	Share capital US$m	Share premium US$m	Capital reserves US$m	Revenue reserves US$m	Asset revaluation 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
2023										
At 1st January	**63.2**	**500.7**	**258.9**	**(428.8)**	**3,023.2**	**15.4**	**(138.5)**	**3,294.1**	**3.5**	**3,297.6**
Total comprehensive income	**-**	**-**	**-**	**(367.6)**	**-**	**(13.7)**	**67.1**	**(314.2)**	**0.9**	**(313.3)**
Dividends paid by the Company	**-**	**-**	**-**	**(19.0)**	**-**	**-**	**-**	**(19.0)**	**-**	**(19.0)**
Unclaimed dividend forfeited	**-**	**-**	**-**	**0.1**	**-**	**-**	**-**	**0.1**	**-**	**0.1**
Subsidiary disposed of	**-**	**-**	**0.2**	**(0.6)**	**-**	**-**	**(0.2)**	**(0.6)**	**0.7**	**0.1**
Transfer	**-**	**0.2**	**(0.2)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
At 31st December	**63.2**	**500.9**	**258.9**	**(815.9)**	**3,023.2**	**1.7**	**(71.6)**	**2,960.4**	**5.1**	**2,965.5**
2022										
At 1st January	63.2	500.5	259.1	(377.7)	2,943.4	0.9	(80.6)	3,308.8	3.5	3,312.3
Total comprehensive income	-	-	-	(51.1)	79.8	14.5	(57.9)	(14.7)	-	(14.7)
Transfer	-	0.2	(0.2)	-	-	-	-	-	-	-
At 31st December	63.2	500.7	258.9	(428.8)	3,023.2	15.4	(138.5)	3,294.1	3.5	3,297.6

Revenue reserves as at 31st December 2023 included cumulative fair value losses on the investment property under development of US$1,207.8 million (2022: US$720.2 million).

Mandarin Oriental International Limited
Consolidated Cash Flow Statement
for the year ended 31st December 2023

	2023 US$m	2022 US$m
Operating activities		
Operating loss *(note 3)*	**(341.0)**	(42.6)
Depreciation, amortisation and impairment	**51.1**	58.2
Other non-cash items	**440.3**	63.5
Movements in working capital	**(2.8)**	(1.1)
Interest received	**8.5**	2.1
Interest and other financing charges paid	**(17.6)**	(15.6)
Tax paid	**(2.6)**	(8.0)
	135.9	56.5
Dividends and interest from associates and joint ventures	**5.3**	-
Cash flows from operating activities	**141.2**	56.5
Investing activities		
Purchase of tangible assets	**(13.7)**	(12.8)
Additions to investment properties	**(71.0)**	(30.2)
Purchase of intangible assets	**(6.4)**	(6.1)
Additions to right-of-use assets	**-**	(0.2)
Refund on Munich expansion	**-**	4.0
Purchase of other investments	**(0.1)**	(0.2)
Purchase of an associate	**-**	(1.0)
Advance to associates and joint ventures	**(20.7)**	(2.4)
Repayment of loans to associates and joint ventures	**67.2**	4.2
Sale of a subsidiary *(note 13)*	**75.6**	-
Net proceeds from asset disposals *(note 14)*	**-**	131.4
Cash flows from investing activities	**30.9**	86.7
Financing activities		
Drawdown of borrowings	**58.1**	23.0
Repayment of borrowings	**(247.9)**	(139.5)
Principal elements of lease payments	**(6.2)**	(5.7)
Dividends paid by the Company *(note 12)*	**(19.0)**	-
Cash flows from financing activities	**(215.0)**	(122.2)
Net (decrease)/increase in cash and cash equivalents	**(42.9)**	21.0
Cash and cash equivalents at 1st January	**226.2**	212.8
Effect of exchange rate changes	**7.0**	(7.6)
Cash and cash equivalents at 31st December	**190.3**	226.2

At 31st December 2023, cash and cash equivalents of US$190.3 million included cash and bank balances of US$11.5 million classified as assets held for sale *(note 10)*.

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 2023 which have been prepared in conformity with International Financial Reporting Standards ('IFRS'), including International Accounting Standards ('IAS') and Interpretations as issued by the International Accounting Standards Board ('IASB').

At 31st December 2023, the current liabilities of the Group exceeded its current assets by US$27.2 million. Included in the current liabilities were the current portion of long-term bank loans of US$414.9 million due to mature within 2024. In February 2024, the Group has refinanced bank facilities of US$409.2 million to enable the Group to meet its obligations as and when they fall due. Accordingly, the financial statements have been prepared on a going concern basis.

The Group has adopted the following standard and amendments for the annual reporting period commencing 1st January 2023.

IFRS 17 'Insurance Contracts' *(effective from 1st January 2023)*

The standard covers recognition, measurement, presentation and disclosure for insurance contracts. The Group has assessed its performance guarantees provided to third-party hotel owners and concluded that current arrangements do not include significant insurance risk. They remain within the scope of the Group's existing revenue recognition accounting policies.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 *(effective from 1st January 2023)*

The amendments require entities to disclose material rather than significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material.

Material accounting policy information is information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. IASB further clarifies that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The material accounting policies following the adoption of IAS 1 are included in note 34 of the financial statements.

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

Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(effective from 1st January 2023)*

The amendment requires deferred tax to be recognised on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They typically apply to transactions such as leases of lessees and decommissioning obligations and require the recognition of additional deferred tax assets and liabilities. On adoption of the amendment, there is no impact on the Group's consolidated financial statements.

Amendment to IAS 12 – International Tax Reform – Pillar Two Model Rules *(effective for annual reporting period commencing on or after 1st January 2023)*

The amendment provides a temporary mandatory exception from deferred tax accounting in respect of Pillar Two income taxes and certain additional disclosure requirements. The Group is within the scope of the OECD Pillar Two model rules, and has applied the amendment from 1st January 2023.

Pillar Two legislation has been enacted or substantially enacted in certain jurisdictions in which the Group operates. The legislation will be effective for the Group's annual reporting period commencing 1st January 2024. Since the Pillar Two legislation was not effective at 31st December 2023, the Group has no related current tax exposure.

The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes when the legislation comes into effect. The assessment of the potential exposure to Pillar Two income taxes is based on the latest financial information for the year ended 31st December 2023 of the constituent entities in the Group. Based on the assessment, the effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the effective tax rate is slightly below or close to 15%. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

Apart from the above, there are no other standard or amendments which are effective in 2023 and relevant to the Group's operations, that have a significant impact on the Group's results, financial position and accounting policies.

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

2. REVENUE

	2023 US$m	2022 US$m
By business activity:		
Hotel ownership	**486.8**	400.9
Hotel & Residences branding and management	**94.5**	68.5
Less: intra-segment revenue	**(23.2)**	(15.3)
	558.1	454.1
By geographical area:		
Asia	**219.9**	141.4
Europe, the Middle East and Africa ('EMEA')	**288.6**	239.7
America	**49.6**	73.0
	558.1	454.1
From contracts with customers:		
Recognised at a point in time	**163.7**	140.8
Recognised over time	**375.8**	295.2
	539.5	436.0
From other sources:		
Rental income	**18.6**	18.1
	558.1	454.1

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

	2023 **US$m**	2022 US$m
By business activity:		
Hotel ownership	**101.9**	45.3
Hotel & Residences branding and management	**52.5**	33.8
Property development	**(1.0)**	-
Underlying EBITDA from subsidiaries	**153.4**	79.1
Non-trading items *(note 7)*		
- change in fair value of investment properties	**(486.7)**	(104.1)
- change in fair value of other investments	**(0.4)**	-
- gain on sale of a subsidiary/asset disposals	**43.8**	40.6
	(443.3)	(63.5)
EBITDA from subsidiaries	**(289.9)**	15.6
Underlying depreciation and amortisation from subsidiaries	**(51.1)**	(58.2)
Operating loss	**(341.0)**	(42.6)
By geographical area:		
Asia	**41.5**	(8.7)
EMEA	**108.5**	82.8
America	**3.4**	5.0
Underlying EBITDA from subsidiaries	**153.4**	79.1

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**
2023						
By business activity:						
Hotel ownership	**23.8**	**(15.2)**	**8.6**	**(8.9)**	**0.2**	**(0.1)**
Other	**0.4**	**(0.5)**	**(0.1)**	**(0.1)**	**-**	**(0.2)**
Underlying	**24.2**	**(15.7)**	**8.5**	**(9.0)**	**0.2**	**(0.3)**
Non-trading items *(note 7)*						
- closure costs	**(0.6)**	**-**	**(0.6)**	**-**	**-**	**(0.6)**
	23.6	**(15.7)**	**7.9**	**(9.0)**	**0.2**	**(0.9)**
By geographical area:						
Asia	**10.4**	**(10.1)**	**0.3**	**(3.3)**	**0.1**	**(2.9)**
EMEA	**5.5**	**(3.6)**	**1.9**	**(3.3)**	**0.1**	**(1.3)**
America	**8.3**	**(2.0)**	**6.3**	**(2.4)**	**-**	**3.9**
Underlying	**24.2**	**(15.7)**	**8.5**	**(9.0)**	**0.2**	**(0.3)**
Non-trading items *(note 7)*						
- closure costs	**(0.6)**	**-**	**(0.6)**	**-**	**-**	**(0.6)**
	23.6	**(15.7)**	**7.9**	**(9.0)**	**0.2**	**(0.9)**
2022						
By business activity:						
Hotel ownership	32.3	(15.4)	16.9	(5.6)	(1.0)	10.3
Other	-	(0.5)	(0.5)	(0.1)	-	(0.6)
	32.3	(15.9)	16.4	(5.7)	(1.0)	9.7
By geographical area:						
Asia	19.2	(10.4)	8.8	(2.4)	(1.1)	5.3
EMEA	4.0	(3.4)	0.6	(1.1)	0.1	(0.4)
America	9.1	(2.1)	7.0	(2.2)	-	4.8
	32.3	(15.9)	16.4	(5.7)	(1.0)	9.7

5. TAX

	2023 US$m	2022 US$m
Tax (charged)/credited to profit and loss is analysed as follows:		
Current tax	**(11.8)**	(12.0)
Deferred tax	**(1.7)**	9.9
	(13.5)	(2.1)
By business activity:		
Hotel ownership	**(7.2)**	5.3
Hotel & Residences branding and management	**(6.3)**	(7.4)
	(13.5)	(2.1)
By geographical area:		
Asia	**(8.3)**	(0.2)
EMEA	**(4.3)**	(5.2)
America	**(0.9)**	3.3
	(13.5)	(2.1)

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

Remeasurements of defined benefit plans	**0.4**	0.3
Cash flow hedges	**1.3**	(2.4)
	1.7	(2.1)

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

In 2023, current tax included a non-trading capital gain tax charge of US$2.5 million in relation to the sale of 96.9% ownership stake in P.T. Jaya Mandarin Agung, the owning company of Mandarin Oriental, Jakarta *(note 16)*.

In 2022, current tax included a non-trading capital gain tax charge of US$4.3 million and deferred tax included a non-trading credit of US$10.7 million in relation to the sale of Mandarin Oriental, Washington D.C. *(note 14)*.

Share of tax credit of associates and joint ventures of US$0.2 million (2022: share of tax charge of US$1.0 million) is included in share of results of associates and joint ventures *(note 4)*.

6. (LOSS)/EARNINGS PER SHARE

Basic loss per share is calculated using loss attributable to shareholders of US$365.4 million (2022: US$49.5 million) and the weighted average number of 1,263.8 million (2022: 1,263.7 million) shares in issue during the year.

Diluted loss per share is calculated using loss attributable to shareholders of US$365.4 million (2022: US$49.5 million) and the weighted average number of 1,263.8 million (2022: 1,263.8 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	
	2023	2022
Weighted average number of shares for basic loss per share calculation	**1,263.8**	1,263.7
Adjustment for shares deemed to be issued for no consideration under the share-based long-term incentive plans	**-**	0.1
Weighted average number of shares for diluted loss per share calculation	**1,263.8**	1,263.8

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

	2023			2022		
	US$m	Basic (loss)/ earnings per share **US¢**	Diluted (loss)/ earnings per share **US¢**	US$m	Basic (loss)/ earnings per share US¢	Diluted (loss)/ earnings per share US¢
Loss attributable to shareholders	**(365.4)**	**(28.91)**	**(28.91)**	(49.5)	(3.92)	(3.92)
Non-trading items *(note 7)*	**446.4**			57.1		
Underlying profit attributable to shareholders	**81.0**	**6.41**	**6.41**	7.6	0.60	0.60

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 investment properties and 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:

	2023 US$m	2022 US$m
Change in fair value of investment properties *(note 9)*	**(486.7)**	(104.1)
Change in fair value of other investments	**(0.4)**	-
Gain on sale of a subsidiary *(note 16)*/asset disposals *(note 14)*	**41.3**	47.0
	(445.8)	(57.1)
Share of results of associates and joint ventures		
- closure costs *(note 4)*	**(0.6)**	-
	(446.4)	(57.1)

8. TANGIBLE ASSETS

	2023 US$m	2022 US$m
Opening net book value	**916.3**	1,098.2
Exchange differences	**34.0**	(58.5)
Additions	**13.1**	12.8
Disposals *(note 14)*	**(0.8)**	(90.3)
Transfer to investment properties	**-**	(0.6)
Classified as held for sale *(note 10)*	**(305.1)**	-
Depreciation charge	**(38.9)**	(45.3)
Closing net book value	**618.6**	916.3

9. INVESTMENT PROPERTIES

	2023 US$m	2022 US$m
Opening fair value	**2,472.6**	2,462.0
Exchange differences	**(5.5)**	0.6
Additions	**79.9**	26.4
Transfer from tangible assets	**-**	0.6
Transfer from right-of-use assets	**-**	87.1
Decrease in fair value	**(486.7)**	(104.1)
Closing fair value	**2,060.3**	2,472.6

In 2022, an owned-use property, including tangible assets of US$0.6 million and right-of-use assets of US$87.1 million, was transferred to a completed residential investment property following the change of use determined by the management.

At 31st December 2023, investment properties comprised a commercial investment property under development of US$1,971.9 million (2022: US$2,384.9 million) and a completed residential investment property of US$88.4 million (2022: US$87.7 million).

10. ASSETS CLASSIFIED AS HELD FOR SALE

	2023 US$m	2022 US$m
Intangible assets	**0.1**	-
Tangible assets	**305.1**	-
Deferred tax assets	**0.1**	-
Current assets*	**26.6**	-
Total assets	**331.9**	-
Current liabilities	**(24.1)**	-

In December 2023, the Group has announced that it has, pursuant to a preliminary sale agreement, signed an option to sell its interests in Mandarin Oriental, Paris (the 'Paris hotel') to SLH Hotels Srl, the owner of Mandarin Oriental, Milan, for US$227.0 million (€205.0 million). The two retail units at the main entrance of the Paris hotel are not included in the sale and were being actively marketed for sale at 31st December 2023.

The Group will retain a long-term management agreement to manage and brand the Paris hotel.

The Group's acceptance of the offer for its interests in the Paris hotel is subject to completion of a consultation process with the relevant Works Council. Subject to that process and to the statutory right of pre-emption by the City of Paris, among other conditions, it is anticipated that final documentation will be signed and completion of the sale of the Paris hotel will take place on or after 31st March 2024.

* Included cash and bank balances of US$11.5 million.

11. BORROWINGS

	2023 US$m	2022 US$m
Bank loans	**415.5**	599.8
Other borrowings	**-**	2.2
	415.5	602.0
Current	**414.9**	2.2
Long-term	**0.6**	599.8
	415.5	602.0

The Group has borrowing facilities of US$754.4 million due to mature within 2024. In February 2024, the Group has refinanced bank facilities of US$409.2 million for three to five years.

12. DIVIDENDS

	2023 US$m	2022 US$m
Interim dividend in respect of 2023 of US¢1.50 (2022: nil) per share	**19.0**	-

A final dividend in respect of 2023 of US¢3.50 (2022: nil) per share amounting to a total of US$44.2 million (2022: nil) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the 2024 Annual General Meeting. The amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2024.

13. SALE OF A SUBSIDIARY

Net cash inflow for the sale of a subsidiary, P.T. Jaya Mandarin Agung *(note 16)*, is summarised as follows:

	2023 US$m	2022 US$m
Non-current assets	**4.8**	-
Currents assets	**5.2**	-
Non-current liabilities	**(0.6)**	-
Current liabilities	**(4.0)**	-
Non-controlling interests	**0.4**	-
Net assets	**5.8**	-
Cumulative exchange translation difference	**33.1**	-
Profit on disposal before tax	**43.8**	-
Sales proceeds (net of selling expenses)	**82.7**	-
Adjustment for deferred payments	**(3.2)**	-
Cash and cash equivalents of a subsidiary disposed of	**(3.9)**	-
Net cash inflow	**75.6**	-

The revenue and loss after tax in respect of the subsidiary disposed of during the year amounted to US$6.0 million and US$0.6 million, respectively.

14. ASSET DISPOSALS

In September 2022, the Group completed the sale of Mandarin Oriental, Washington D.C., including tangible assets and stocks of US$90.8 million, for gross proceeds of US$139.0 million. After taking into account the selling expenses and sales related taxes of US$7.6 million, the net proceeds were US$131.4 million. As a result, the Group has recognised a post-tax, non-trading gain of US$47.0 million which included a net tax credit of US$6.4 million.

15. CAPITAL COMMITMENTS

At 31st December 2023, total capital commitments of the Group amounted to US$354.6 million (2022: US$512.2 million).

16. RELATED PARTY TRANSACTIONS

The parent company of the Group is Jardine Strategic Limited (‘JSL’) and the ultimate holding company of the Group is Jardine Matheson Holdings Limited (‘JMH’). Both JMH and JSL are incorporated in Bermuda.

In the normal course of business, the Group undertakes a variety of transactions with its associates and joint ventures and with JMH’s subsidiaries, associates and joint ventures. The more significant of these transactions are described below:

The Group managed six (2022: six) associate and joint venture hotels and received management fees of US$14.3 million (2022: US$14.7 million) based on long-term management agreements on normal commercial terms.

The Group provided hotel management services to Hongkong Land group (‘HKL’), a subsidiary of JMH. Total management fees received from HKL in 2023 amounted to US$2.2 million (2022: US$1.4 million), based on long-term management agreements on normal commercial terms.

The Group pays a management fee to Jardine Matheson Limited, a subsidiary of JMH, in consideration for certain management consultancy services. The fee is calculated as 0.5% of the Group’s net profit. No fee was paid in 2023 and 2022 (due to net loss).

The Group rented a property to DFI Retail Group, a subsidiary of JMH, and received rental income of US$0.6 million (2022: US$0.7 million), based on lease agreements on normal commercial terms. The lease was terminated during the year.

In respect of the Causeway Bay site under development, the Group paid consultancy fees of US$1.9 million (2022: US$3.2 million) to HKL in consideration for project management consultancy services. In addition, Gammon Construction Limited (‘GCL’), a joint venture of JMH, completed value of works of US$59.8 million (2022: US$13.6 million). The HKL agreement and GCL contract were arranged on normal commercial terms.

In June 2023, the Group completed the sale of 96.9% ownership stake in P.T. Jaya Mandarin Agung, the owning company of Mandarin Oriental, Jakarta in Indonesia, to P.T. Astra Land Indonesia, a subsidiary of JMH, at a total consideration of US$84.8 million. The Group has recognised a post-tax, non-trading gain of US$41.3 million which included cumulative exchange translation loss of US$33.1 million and a tax charge of US$2.5 million. The Group has retained the hotel management contracts to manage and brand the hotel. Mandarin Oriental, Jakarta has become a managed hotel of the Group following the sale *(notes 7 and 13)*.

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.

The 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 risks will be set out in more detail in the Corporate Governance section of the Company's 2023 Annual Report (the 'Report'). Set out below are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Disclosure Guidance and Transparency Rules, as well as a summary of the steps taken to mitigate those risks.

These risks are in addition to the matters referred to in the Chairman's Statement, Group Chief Executive's Review and other parts of the Report.

1. 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. Accordingly, any damage to the Group's brand equity or reputation, including as a result of adverse effects relating to health and safety, acts or omissions by Group personnel, 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.

   Mitigation

   - Engage external consultants and experts where necessary.
   - Perform regular cybersecurity and data vulnerability assessment at least annually and/or penetration testing to identify weaknesses.
   - Active monitoring and use of social media.

2. Concentration Risk

   Certain locations in Asia contribute a significant portion of the Group's underlying profit. Adverse conditions such as social upheaval, erosion of the rule of law or travel restrictions could reduce a location's competitiveness and impact the Group's businesses with operations and exposure to that jurisdiction.

   Mitigation

   - Geographical diversification of the businesses through organic growth.
   - Maintaining financial strength under challenging scenarios.
   - Further strengthening the Group's brand to sustain competitiveness and resilience.

3. Commercial Risk

The Group operates within the highly competitive global hotel industry. Failure to compete effectively in terms of product quality, service levels, or price can adversely affect 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 reduce 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 businesses.

The Group also makes investment decisions regarding acquiring new hotel properties and undertaking significant renovations or redevelopments in its owned properties, exposing it to construction risks. 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 opening of new hotels and branded residences. Most of the Group's new developments are controlled by third-party owners and developers. As a result, they 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.

Mitigation

- Utilise market intelligence and deploy strategies for business-to-consumer business.
- Establish customer relationship management and digital commerce capabilities.
- Engage in longer-term contracts and proactively approach suppliers for contract renewals.
- Re-engineer existing business processes to take advantage of new technological capabilities.
- Invest in and partner with companies that can provide the Group access to different capabilities and technologies.

4. Environmental and Climate Risk

Environmental disasters such as earthquakes, floods and typhoons can damage the Group's assets and disrupt operations. Global warming-induced climate change has increased the frequency and intensity of storms, leading to higher insurance premiums or reduced coverage for such natural disasters.

With governments also taking a more proactive approach towards carbon taxes, renewable energies and electric vehicles, additional investments and efforts to address physical and transition risks of climate change are anticipated from businesses.

4. Environmental and Climate Risk *(continued)*

With interest in sustainability surging in recent years from investors, governments and the general public, expectations by regulators and other stakeholders for accurate corporate sustainability reporting and commitments towards carbon neutrality to address climate change are also growing. This brings increasing challenges to the Group to meet key stakeholders' expectations.

There is potential for negative publicity and operational disruption arising from conflict between activists and the Group's businesses that is perceived to be engaged in trade and activities that are environmentally unfriendly.

Mitigation

- Executive Advisory Panel, Sustainability Leadership Council and Hotel Sustainability Committees have been in place to mobilise and coordinate sustainability efforts across the Group.
- A sustainability strategy framework, including a pillar for the planet, drives the Group's sustainability agenda.
- Renewed environmental targets for 2025 and 2030 have been determined per property through a Group-wide inventory management plan.
- Identify environmental impact opportunities that address multiple problems and risks and gaps that are generally relevant to all properties and society in general.
- Assess emerging Environmental, Social and Governance (ESG) reporting standards and requirements, to align Group disclosures to best market practice.
- Conduct climate risk assessments and adaptation action plans based on recommendations of Task Force on Climate-Related Financial Disclosure (TCFD), including implementing measures to address physical risks posed by climate change and identifying opportunities in global transition to a low carbon economy.

5. Financial Strength and Funding

The Group's activities expose it to a variety of risks to its financial strength and funding, including market risk, credit risk and liquidity risk.

The market risk the Group faces includes i) foreign exchange risk from future commercial transactions, net investments in foreign operations and net monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency; ii) interest rate risk through the impact of rate changes on interest bearing assets and liabilities; and iii) securities price risk as a result of its equity investments and limited partnership investment funds which are measured at fair value through profit and loss, and debt investments which are measured at fair value through other comprehensive income.

The Group's credit risk is primarily attributable to deposits with banks, contractual cash flows of debt investments carried at amortised cost and those measured at fair value through other comprehensive income, credit exposures to customers and derivative financial instruments with a positive fair value.

- more -

5. Financial Strength and Funding *(continued)*

The Group may face liquidity risk if its credit rating deteriorates or if it is unable to meet its financing commitments.

Mitigation

- Set clear policies and limits on market, credit and liquidity risks, including in relation to foreign exchange exposure, interest rate risks, cash management and prohibition on derivatives not used in hedging.
- Regular internal audits of compliance with treasury policies.
- Adopt appropriate credit guidelines to manage counterparty risk.
- When economically feasible, take borrowings in local currency to hedge foreign exchange exposures on investments.
- Fix a portion of borrowings in fixed rates.
- Maintain adequate headroom in committed facilities to facilitate the Group's capacity to pursue new investment opportunities and to provide some protection against market uncertainties.
- Keep an appropriate funding balance between equity and debt from banks and capital markets, both short- and long-term in tenor, to give flexibility to develop the business.
- Maintain sufficient cash and marketable securities, and availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.
- The Group's treasury operations are managed as cost centres and are not permitted to undertake speculative transactions unrelated to underlying financial exposures.

The detailed steps taken by the Group to manage its exposure to financial risk are set out in the Financial Review and a note to the financial statements in the Report.

6. Governance and Misconduct

Effective management of the Group's risks depends on the existence of an appropriate governance structure, tone from top leadership, and functioning system of internal controls. Ethical breaches, management override of controls, employee fraud and misconduct, or other deficiencies in governance and three lines of internal controls may result in financial loss and reputational damage for the Group.

Inadequate capability and diversity in management or the Board may also lead to sub-optimal deliberations and decisions.

6. Governance and Misconduct *(continued)*

Mitigation

- Established Group-wide mandatory code of conduct.
- Maintain a robust Corporate Governance Framework which includes a whistleblowing channel.
- Maintain functionally independent internal audit function that reports to the Group Audit Committee on risk management, the control environment and significant non-compliance matters.
- Maintain Professional Indemnity, Crime and General Liability insurance policies with adequate coverage.

7. Health, Safety and Product Quality

The Group's colleagues engage in physical activities that may lead to serious injury or fatal incidents if work conditions are unsafe or workers do not take due care to observe safety procedures.

The safety and quality of food products and other items delivered by the Group are fundamental to its reputation with customers. Any actual or perceived deficiency in product safety or quality may damage consumer confidence and the brand's reputation, leading to financial loss.

Mitigation

- Establish safe working environments and regular safety training for all employees and subcontractors.
- Establish contractual requirements for contractors to comply with high expected levels of safety standards.
- Conduct occupational health and safety awareness campaigns.
- Establishing product quality and safety standards, guidelines.
- Ensure suppliers follow the Group's guidelines, principals' requirements, and local regulations.

8. IT and Cybersecurity

The Group's businesses are ever more reliant on technology in their operations and face increasing cyber-attacks from groups targeting both individuals and businesses. As a result, the privacy and security of customer and corporate information are at risk of being compromised through a breach of our or our suppliers' IT systems or the unauthorised or inadvertent release of information, resulting in brand damage, impaired customer trust, loss of competitiveness or regulatory action.

8. IT and Cybersecurity *(continued)*

Cyber-attacks stemming from inadequate cybersecurity or lack of employee cybersecurity awareness may also adversely affect the Group's ability to manage daily business operations, resulting in business interruption, reputational damage, regulatory penalties, lost revenues, repair or other costs.

Mitigation

- Engage external consultants to perform assessments on the business units with industry benchmarks.
- Define cybersecurity programme and centralised function to provide oversight, promote cybersecurity hygiene, strengthen cybersecurity defences and manage cybersecurity incidents.
- Perform regular vulnerability assessment and penetration testing to identify weaknesses.
- Maintain disaster recovery plans and backup for data restoration.
- Arrange regular security awareness training at least annually and phishing testing to raise users' cybersecurity awareness.
- Conduct regular internal audits of IT general controls and cybersecurity.

9. Pandemic

COVID-19 has demonstrated the wide-ranging and long-lasting impacts and disruptions for businesses, communities and employees that may result from the spread of a pandemic. While the governments and businesses have gained experience from COVID-19 in preparing for and responding to future pandemic scenarios, nevertheless significant disruptions and uncertainties would likely result from global or regional pandemics of a similar nature if they raise the prospect of lockdowns, restrictions on cross-border mobility, interruptions to supply chains, and dampened consumer sentiment while vaccines are unavailable.

Mitigation

- Increase flexibility and resilience of work arrangements, including tools that enable employees to effectively work from home, where possible.
- Test business continuity plans periodically for various scenarios including loss of premises, systems, people and extended periods of split teams.
- Increase resilience of supply chain with sourcing alternative suppliers for key inputs and close coordination with logistics partners.

10. Political and Economic Risk

Changes and uncertainties in the political landscape pose risks for business activity and sentiment in the territories where the Group operates and consequently for the current investments and future growth of the Group. In recent years, sources of uncertainty include geopolitical tensions between China and the United States, terrorism and government instability in parts of South East Asia. Rising costs of fuel and staple foods are particularly sensitive for developing markets where the Group operates, heightening the risk of civil discontent and political instability. The imposition of export bans by some governments on food and raw materials adds further uncertainties in the availability and cost of supplies for the Group's hotels and residences that import these items.

The Group's business is exposed to the risk of adverse developments in global and regional economies and financial markets, either directly, or through the impact such developments might have on the Group's joint venture partners, associates, bankers, suppliers, or customers. These developments could include recession, inflation, deflation, currency fluctuations, restrictions in the availability of credit, business failures, or increases in financing costs, oil prices or the cost of raw materials. Such developments might increase operating costs, reduce revenues, lower asset values or result in some or all of the Group's hotels and residences being unable to meet their strategic objectives.

Mitigation

- Maintain the Group's financial strength and funding sources under scenarios of economic downturn and other stresses.
- Monitor the volatile macroeconomic environment and consider economic factors in strategic and financial planning processes.
- Make agile adjustments to existing business plans and explore new business streams and new markets.
- Review pricing strategies and keep conservative assumptions on global commodity prices.
- Insurance programme covering business interruption due to civil unrest.

11. People and Talent

The competitiveness of the Group's businesses depends on the quality of the people that it attracts and retains. The unavailability of needed human resources may impact the ability of the Group's businesses to operate at capacity, implement initiatives and pursue opportunities.

Recent and future workforce rationalisation may raise the potential for organisational gaps in capabilities, succession and controls.

With worker preferences shifting towards greater importance attached to mental health and well-being, the Group faces heightened risk for talent attraction and retention if they cannot adapt their propositions for workers.

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

11. People and Talent *(continued)*

Mitigation

- Support workforce practices that promote well-being and flexible work arrangements that are competitive with the market.
- Ensure proactive manpower planning and succession planning are in place.
- Enhance modern employer branding, training for staff members, compensation, and benefits, including retention incentives.
- Implement strategy to promote Inclusion, Equity and Diversity across the Group.
- Establish employee assistance and counselling programmes.
- Enhance talent development plans to increase employees' visibility on future career paths, including identifying strategic talent pools.
- Delivering new learning programmes to equip staff with finance, procurement, HR, digital, IT and innovation technical capabilities for business transformation.

12. Compliance with and Changes to Laws and Regulations

The Group's businesses are subject to several regulatory regimes in the territories they operate in. New or changing laws and regulations in a wide range of areas such as foreign ownership of assets and businesses, exchange controls, building and environmental standards, competition, tax, employment, and data privacy could potentially impact the operations and profitability of the Group's business. Non-compliance may lead to reputational damage from media exposure and financial loss due to litigation or penalties by government authorities.

Mitigation

- Engage legal experts at early stage to assess implications of new rules.
- Stay connected and informed of relevant new and draft regulations.
- Engage external consultants where necessary.
- Raise awareness via principals' brand conference with an annual update on new regulations that may have been implemented in other markets.
- Lobby relevant associations and authorities through appropriate channels.
- Perform early scenario planning to assess implications of new rules and prepare for contingencies.

Mandarin Oriental International Limited
Responsibility Statements

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

a) the consolidated financial statements prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations as issued by the International Accounting Standards Board, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and

b) the Chairman's Statement, Group Chief Executive's Review, Financial Review and the description of Principal Risks and Uncertainties facing the Group as set out in the Company's 2023 Annual Report, which constitute the management report required by the Disclosure Guidance and Transparency Rule 4.1.8, include a fair review of all information required to be disclosed under Rules 4.1.8 to 4.1.11 of the Disclosure Guidance and Transparency Rules issued by the Financial Conduct Authority in the United Kingdom.

For and on behalf of the Board

Laurent Kleitman
Matthew Bishop

Directors

Mandarin Oriental International Limited
Dividend Information for Shareholders

The final dividend of US¢3.50 per share will be payable on 15th May 2024, subject to approval at the Annual General Meeting to be held on 8th May 2024, to shareholders on the register of members at the close of business on 22nd March 2024. The shares will be quoted ex-dividend on 21st March 2024, and the share registers will be closed from 25th to 29th March 2024, inclusive.

Shareholders will receive cash dividends in United States Dollars, except when elections are made for alternate currencies in the following circumstances.

Shareholders on the Jersey branch register

Shareholders registered on the Jersey branch register can elect for their dividends to be paid in Sterling. These shareholders may make new currency elections for the 2023 final dividend by notifying the United Kingdom transfer agent in writing by 26th April 2024. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 2nd May 2024.

Shareholders holding their shares through CREST in the United Kingdom will receive cash dividends in Sterling only, as calculated above.

Shareholders on the Singapore branch register who hold their shares through The Central Depository (Pte) Limited (‘CDP’)

Shareholders who are on CDP’s Direct Crediting Service (‘DCS’)
Those shareholders on CDP’s DCS will receive their cash dividends in Singapore Dollars unless they opt out of CDP Currency Conversion Service, through CDP, to receive United States Dollars.

Shareholders who are **not on** CDP’s DCS
Those shareholders not on CDP’s DCS 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 22nd March 2024, must submit the relevant documents to Boardroom Corporate & Advisory Services Pte. Ltd., the Singapore branch registrar, by no later than 5.00 p.m. (local time) on 21st March 2024.

Mandarin Oriental International Limited
About Mandarin Oriental Hotel Group

Mandarin Oriental Hotel Group is an international hotel investment and management group with luxury hotels, resorts and residences in sought-after destinations around the world. Having grown from its Asian roots over 60 years ago into a global brand, the Group now operates 38 hotels, nine residences and 23 *exclusive homes* in 25 countries and territories, with each property reflecting the Group's oriental heritage, local culture and unique design. Mandarin Oriental regularly receives international recognition and awards for outstanding service and quality management, and 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$4.6 billion as at 31st December 2023.

Mandarin Oriental continues to drive its reputation as an innovative leader in luxury hospitality, seeking selective opportunities to expand the reach of the brand, with the aim to maximise profitability and long-term shareholder value.

The parent company, Mandarin Oriental International Limited, is incorporated in Bermuda and has a primary listing in the standard segment of 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 -

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Full text of the Preliminary Announcement of Results and the Preliminary Financial Statements for the year ended 31st December 2023 can be accessed via the Mandarin Oriental corporate website at 'https://www.mandarinoriental.com/en'.