news release

Mandarin Oriental International Limited

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MANDARIN ORIENTAL
THE HOTEL GROUP

To: Business Editor

5th March 2015
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
2014 PRELIMINARY ANNOUNCEMENT OF RESULTS (UNAUDITED)

Highlights

- Record underlying profit of US$97 million
- New hotels opened in Taipei and Bodrum
- Four new management contracts, including Bangkok *Residences*
- Major renovation of London hotel announced
- 1 for 4 rights issue to raise US$316 million

"While trading conditions in a number of markets are expected to remain challenging, the Group is in a strong competitive position. Over the longer term, Mandarin Oriental will benefit from the strength of its brand, the increasing number of travellers from emerging markets, particularly mainland China, the limited new supply of luxury hotels in its key mature markets, and the phased opening of new hotels and *Residences* under development."

Ben Keswick
Chairman

Results

	Year ended 31st December		
	2014 US$m (unaudited)	2013 US$m	Change %
Combined total revenue of hotels under management(1)	**1,389.9**	1,360.8	+2
Underlying EBITDA (Earnings before interest, tax, depreciation and amortization)(2)	**217.3**	208.7	+4
Underlying profit attributable to shareholders(3)	**97.0**	93.2	+4
Profit attributable to shareholders	**97.0**	96.3	+1
	US¢	US¢	%
Underlying earnings per share(3)	**9.67**	9.30	+4
Earnings per share	**9.67**	9.61	+1
Dividends per share	**7.00**	7.00	–
	US$	US$	%
Net asset value per share	**0.95**	0.99	–4
Adjusted net asset value per share(4)	**3.14**	3.05	+3
Net debt/shareholders' funds	**42%**	48%	
Net debt/adjusted shareholders' funds(4)	**13%**	16%	

(1) Combined revenue includes turnover of the Group's subsidiary hotels in addition to 100% of revenue from associate and managed hotels.
(2) EBITDA of subsidiaries plus the Group's share of EBITDA of associates.
(3) Underlying profit attributable to shareholders and underlying earnings per share exclude non-trading items such as gains on disposals, provisions against asset impairment and writeback thereof.
(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 amortized cost.

The final dividend of US¢5.00 per share will be payable on 13th May 2015, subject to approval at the Annual General Meeting to be held on 6th May 2015, to shareholders on the register of members at the close of business on 20th March 2015.

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MANDARIN ORIENTAL INTERNATIONAL LIMITED

PRELIMINARY ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31ST DECEMBER 2014
(UNAUDITED)

OVERVIEW

Against the background of challenging conditions in some markets, Mandarin Oriental did well to achieve an improvement in underlying profit in 2014. The Group benefited from resilient demand from the leisure sector, the geographic diversification of its portfolio and the receipt of US$15 million of branding fees in relation to the ongoing sales of *The Residences at Mandarin Oriental* in Bodrum.

PERFORMANCE

Underlying earnings before interest, tax, depreciation and amortization for 2014 were US$217 million, an increase of US$8 million from 2013. Underlying profit of US$97 million was US$4 million higher than the prior year, which benefited from a US$7 million profit recognized on acquisition of the freehold rights of the Paris hotel, while underlying earnings per share were US¢9.67 compared with US¢9.30 in 2013.

Profit attributable to shareholders was US$97 million in 2014, compared to US$96 million in the prior year, with the 2013 results including the writeback of a US$3 million asset impairment provision.

Following an independent valuation of the Group’s hotel properties, the net asset value per share was US$3.14 at 31st December 2014, compared with US$3.05 per share at the end of 2013.

The Directors recommend a final dividend of US¢5.00 per share. This, together with the interim dividend of US¢2.00 per share, will make a total annual dividend of US¢7.00 per share, unchanged from 2013.

GROUP REVIEW

In Hong Kong, the Group's two wholly-owned hotels performed well compared to last year, although their results were impacted by demonstrations in the city during the final quarter. Mandarin Oriental, Tokyo benefited from improved visitor arrivals to the city, while occupancy at the Bangkok property continued to be affected by the ongoing political uncertainty in the country. The performances of the Group's other Asian hotels were broadly stable.

The results in Europe benefited from further stabilization of the Paris hotel and an improvement in Geneva, which more than offset weaker demand in London.

In The Americas, while the majority of the Group's hotels reported higher revenue per available room, the overall result was impacted by lower demand in Washington D.C. when compared to the prior year, which included the 2013 Presidential Inauguration.

BUSINESS DEVELOPMENTS

The Group's development projects remained active during the year with hotels opening in Taipei, Taiwan and Bodrum, Turkey, while management contracts were announced for new hotels under development in Bali, Manila and Dubai.

In October, the Group also announced it is to brand and manage 146 *Residences at Mandarin Oriental* in Bangkok. *The Residences* will be developed as part of a large mixed-use project located diagonally across the Chao Phraya River from Mandarin Oriental, Bangkok, and are expected to complete in 2018.

In the first quarter of 2014, the Group ceased management of two unbranded hotels, the Grand Lapa in Macau and the Elbow Beach in Bermuda. Following the announcement of a management contract for a new luxury hotel in Manila scheduled to open in 2020, the Group's existing hotel in the city was closed in September. The hotel project in Moscow will also no longer proceed.

The Group is to expand its Munich property with 51 additional guest rooms, hotel facilities and 19 branded *Residences* in a mixed-use complex being developed opposite the hotel, which is due to open in 2021. The Group will own the freehold of the hotel component. The

Group's total investment is estimated to be €124 million (US$150 million) in today's terms, which includes a refurbishment of the hotel's existing rooms. The Group is to undertake a major renovation of Mandarin Oriental, Hyde Park in London, scheduled to commence in 2016 which will take 18 months to complete at an estimated cost of £85 million (US$130 million). The hotel will stay open throughout the renovation period with reduced facilities and room inventory.

Mandarin Oriental now operates 27 hotels, and has a further 17 under development. Together these represent close to 11,000 rooms in 24 countries. In addition, the Group operates eight *Residences at Mandarin Oriental* connected to its properties, with a further seven under development.

Within the next 18 months, four new hotels are scheduled to open, in Marrakech, Milan, Beijing and Doha.

CORPORATE DEVELOPMENTS

Following shareholder approval at a Special General Meeting held in April, the transfer of the Company's listing on the Main Market of the London Stock Exchange to the standard listing category was completed on 27th May 2014.

The Group has announced its intention to raise US$316 million through a 1 for 4 rights issue of new ordinary shares. The proceeds of the rights issue will be used to pay down debt, thereby providing the Group with the capacity to finance the £85 million (US$130 million) renovation of Mandarin Oriental Hyde Park, London and make further investments in line with its development strategy. Jardine Strategic, the Company's principal shareholder, has committed to take up its entitlement and fully underwrite the offer.

PEOPLE

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

Giles White will be retiring as a Director on 31st July 2015 and we would like to thank him for his contribution.

OUTLOOK

While trading conditions in a number of markets are expected to remain challenging, the Group is in a strong competitive position. Over the longer term, Mandarin Oriental will benefit from the strength of its brand, the increasing number of travellers from emerging markets, particularly mainland China, the limited new supply of luxury hotels in its key mature markets, and the phased opening of new hotels and *Residences* under development.

Ben Keswick
Chairman

GROUP CHIEF EXECUTIVE'S REVIEW - 2014

STRATEGY

Mandarin Oriental Hotel Group is an award-winning international hotel investment and management group with deluxe and first class hotels, resorts and residences in sought-after destinations around the world. The Group operates, or has under development, 44 hotels representing almost 11,000 rooms in 24 countries, with 20 hotels in Asia, ten in The Americas and 14 in Europe, Middle East and North Africa. In addition, the Group operates, or has under development, 15 *Residences at Mandarin Oriental* connected to its properties.

The Group holds equity interests in a number of its hotels, and had adjusted net assets of approximately US$3.2 billion as at 31st December 2014. Capitalizing on the strength of its brand, Mandarin Oriental also operates properties on behalf of third party owners that require no equity investment by the Group.

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

PROGRESS ACHIEVED

The Group benefited from the growing recognition of the Mandarin Oriental brand internationally, which attracted an increasing number of high net worth travellers, allowing most of our hotels to raise their rates in local currency terms during 2014. While there was a softening of corporate demand in some markets, the Group experienced improved demand from the leisure sector and from its successful development of new markets, predominantly China. Overall, the Group benefited from the resilience that comes with a broad portfolio of hotels and residences across many destinations.

In Asia, our hotels performed well against their competition, although ongoing political uncertainty in Bangkok and the demonstrations in Hong Kong during the last quarter of the year affected overall results. In Europe, the Group benefited from further progress in Paris and an improved performance in Geneva, which more than offset softer demand in London.

In The Americas most of our hotels experienced strong demand. The exception was in Washington D.C. where visitor arrivals were down compared to the previous year, which included the 2013 Presidential Inauguration.

Mandarin Oriental's growing presence in top tier destinations was enhanced further in 2014 with the successful launch of two new luxury hotels in Taipei, Taiwan and Bodrum, Turkey in May and July, respectively. During the year, three hotel management contracts were announced for new properties in Bali, Manila and Dubai, while the Group also entered an agreement to expand its wholly-owned property in Munich. Finally, in October, the Group signed a contract to brand and manage new luxury *Residences at Mandarin Oriental* in Bangkok.

The recognition of the Mandarin Oriental brand internationally, together with our financial strength, places the Group in a strong position to take advantage of further growth opportunities.

PERFORMANCE IN 2014

Set out below is a review of the Group's performance in 2014, with reference to the following strategic objectives:

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

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

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

The Group's increasing global recognition in 2014 is evidenced by the achievement of many significant awards from respected travel associations and publications worldwide. Highlights include a record 14 hotels being recognized in the 2015 *Forbes Travel Guide*, with 11 properties around the world gaining the top 'Five Star Hotel' status, and five properties gaining the rare 'triple crown' for hotel, spa and restaurant. Mandarin Oriental, Hong Kong is the only city hotel in the world to achieve five 'Five Star' Awards, for the hotel, spa, and three of its restaurants. Furthermore, four of the Group's hotels in the United States achieved the coveted 'Five Diamond Lodging Award' for 2015 from the *American Automobile Association*. These two listings are amongst the most prestigious awards in the hotel industry, and are given to very few hotels in recognition of service excellence.

Condé Nast Traveler, US 'Readers' Choice Awards' 2014 featured 13 Mandarin Oriental hotels, with three hotels being listed as one of the top three in their respective cities. In addition, 'The World's Best 2014' from *Travel + Leisure* included winning entries for eight hotels. The Group was also well represented in *Institutional Investor* 2014 'World's Best Hotels' with a record 12 hotels listed, four of which were voted 'Best in the City'. In China, the well-respected *Hurun Report*'s annual 'Best of the Best Awards', voted Mandarin Oriental Hotel Group as the 'Best Luxury Hotel Brand in China'.

The Group's reputation for excellent and innovative dining experiences was again acknowledged in the most recent 2015 *Michelin* guides with 11 restaurants being honoured and a total of 16 stars being granted, including four at Mandarin Oriental, Hong Kong alone. This is more than any other hotel group in the world. Once again, both *Amber* at The Landmark Mandarin Oriental, Hong Kong and *Dinner* at Mandarin Oriental Hyde Park, London were voted as two of the 'Top 50 Restaurants' in the world in the prized *San Pellegrino* listings.

The Group's spa operations were acknowledged as being among the best, with a record 13 hotels gaining the prestigious *Forbes* 'Five Star Spa' award. Again, this is more than any other hotel group in the world. In addition, three of the Group's hotels in The Americas were honoured in *Condé Nast Traveler, US* 'Readers' Poll' of 'Top US Spas', and the Group was voted 'Most Trusted Global Spa Brand' by *SpaChina* in the 2014 awards.

The Group's commitment to working with some of the best architects and designers was also recognized in 2014. In particular, the Group's latest hotel in China, Mandarin Oriental Pudong, Shanghai was included in *Condé Nast Traveler*'s *US* 'Hot List 2014 Best Design Hotels'. In London, Mandarin Oriental Hyde Park received the 'Interior Design Award' for its new tea and champagne lounge, *The Rosebery*, in the *European Hotel Design Awards* 2014.

The Group's global recognition is further enhanced by our award-winning international advertising campaign which now features 28 celebrity 'fans', who regularly stay in our hotels. During the last 12 months, the Group welcomed the Academy Award winning American actor and director, Morgan Freeman and Hollywood actress, Lucy Liu to the campaign. The Group's relationship with its celebrity fans goes far beyond their appearance in the advertisements alone. They frequent the Group's hotels regularly, and further enhance brand recognition by attending events and meeting with guests.

The Group also continues to invest in its award-winning website and in digital marketing across all devices and in multiple languages. Compared to the previous year, online revenues have improved by 8% on a like-for-like basis and now represent 13% of total transient room revenue. Furthermore, the Group actively encourages a global conversation with consumers through its social media strategy, and now has a larger and more connected global digital network than ever before, reaching consumers in all corners of the globe, including a growing following on China's most important social media platforms.

Mandarin Oriental's goal, to be recognized as the world's best luxury hotel group, will be further accomplished as we increase the number of hotels we operate in new and exciting travel destinations.

2. Strengthening our competitive position

Critical to the Group's success is the focus of every hotel on maintaining or enhancing their leadership positions against primary competitors in their individual markets. Strong brand recognition, combined with the strength of our hotel management teams, plus the added support provided by an established corporate structure, allows our properties to compete effectively and to achieve premium rates. In 2014, our position was further supported by limited new supply in many of the key markets in which we operate.

The Group's strategy is to create quality services and facilities which attract individuals who will pay a premium for genuine luxury experiences. This creates demand, which allows the hotels to increase average rates across the portfolio. Demographic trends support this strategy, with higher spending leisure customers now making up close to 50% of the Group's room nights. These high net worth individuals continue to originate from the Group's traditional markets, but increasingly, the Group is attracting additional customers from emerging markets. This is particularly true of China, which is now the second largest source of business after the United States accounting for 15% of our total visitor arrivals. The contribution from China will continue to grow as the total number of hotels that the Group now operates, or has under development in mainland China, has increased to seven.

The highlights of each region are as follows:

Asia

The Group's hotels in the region competed effectively in 2014, while most achieved higher average rates in local currency terms. Recognition of the Group was further enhanced with the well-publicized hotel opening in Taipei. Overall, Revenue per Available Room ('RevPAR') for Asia increased by 1% in local currency terms over 2013, on a like-for-like basis.

Mandarin Oriental, Hong Kong performed well despite the impact of the political demonstrations in the city in the last quarter, achieving an overall revenue increase which was 3% above the previous year.

The property received the 'Five Star' rating in the 2015 *Forbes Travel Guide* for the hotel, the spa and three of its restaurants, *Pierre*, *The Krug Room* and *The Mandarin Grill*. The Landmark Mandarin Oriental, Hong Kong achieved the same accolade for the hotel, spa and *Amber* restaurant.

The Excelsior, the Group's other wholly-owned hotel in Hong Kong also performed well competitively, however, RevPAR was down 4% mainly due to the impact of the political demonstrations in the last quarter. Despite the RevPAR decrease, food and beverage performance was robust, improving by 5% over 2013.

In Tokyo, our hotel's performance benefited from a further increase in visitor arrivals, resulting in a 13% improvement in the average rate which led to an overall uplift in RevPAR of 16% in local currency terms and 7% in US dollar terms. The hotel was listed as the 'Top Hotel in Japan' in the 2014 *Condé Nast Traveler, US* 'Readers' Choice Awards', while three of its restaurants were awarded Michelin stars in the 2015 guide, the only hotel in the city to achieve this accolade.

Mandarin Oriental, Singapore was impacted by weaker city-wide corporate demand which was partially offset by an increase in leisure demand, resulting in a similar RevPAR to 2013. The hotel also achieved *Forbes* 'Five Star' status in the annual 2014 *Forbes Travel Guide* for both the hotel and its spa, and was voted one of the top city hotels in Asia in *Travel + Leisure*'s 'World's Best Awards' 2014.

Mandarin Oriental, Bangkok was adversely affected by the ongoing political uncertainty in Thailand, which continued to suppress visitor arrivals. The hotel did well to increase its average rate, however overall RevPAR was down 14% in local currency terms compared to 2013. The hotel remains the market leader in the city and was once again recognized in the most important travel awards, including being voted 'The World's Number 1' in *Condé Nast Traveller, UK*'s 'Readers' Choice Awards' 2014. It was also listed as an 'Enduring Classic' in *Fodor's* 'World's Best Hotels' 2014 listings. Moreover, the hotel also achieved *Forbes* 'Five Star' status in the 2015 inaugural *Forbes Travel Guide* in Thailand for both the hotel and its spa.

Mandarin Oriental, Jakarta maintained its market share and benefited from the strong local economy, achieving an overall increase in RevPAR of 5% in local currency terms. The weakening Indonesian Rupiah, however, led to RevPAR decreasing 7% year-on-year when translated into US dollars. The hotel was voted one of the 'Top 25 Hotels in Indonesia' in *TripAdvisor*'s 2015 'Traveler's Choice', and was one of the top five hotels in Indonesia to receive the *ASEAN* 'Green Hotel Award' 2014 for its corporate responsibility initiatives.

Performances of the Group's remaining hotels in the region were resilient, and include the first full-year management fees from our hotels in Guangzhou and Shanghai which opened in 2013. Both are achieving recognition for their exceptional services and facilities. Mandarin Oriental Pudong, Shanghai was named one of the 'Best New Hotels of The Year' in *Condé Nast Traveller UK*'s 'Hot List', as well as *Travel + Leisure*'s 'It List'. Mandarin Oriental, Guangzhou was voted one of the most 'Glamorous Hotels in China' in the *China Hotel Starlight Awards,* which is one of the most prominent award listings in mainland China. Finally, the new Mandarin Oriental hotel in Taipei, which opened to great acclaim in May, is establishing itself as one of the best hotels in the city and is achieving high average rates.

Europe

In Europe, the Group's hotels were successful in maintaining their positions at the top end of their markets, and most continued to benefit from resilient demand in the leisure sector. Across the region, RevPAR increased by 3% in local currency terms, on a like-for-like basis with 2013.

Mandarin Oriental Hyde Park, London was impacted by weaker demand, which reduced RevPAR by 5% in local currency terms, although RevPAR was flat in US dollar terms. Food and beverage performed well, with the hotel's award-winning restaurants, *Dinner* and *Bar Boulud*, being nominated as two of the UK's 'Top 100 Restaurants' in the 2014 *National Restaurant Awards*. During the year, the hotel introduced its new swimming pool and fitness centre, and launched *The Rosebery,* a luxurious afternoon tea and champagne lounge which has achieved a strong following.

The Group has also announced that it will invest £85 million (US$130 million) to renovate the London hotel. The project, which will commence in 2016 and take approximately 18 months to complete, will comprise a full renovation of the existing guestrooms, restaurants, bars, meeting facilities and lobby. In addition, two new penthouse suites overlooking Hyde Park will be created as well as an expansion of the spa facilities and improvements to core buildings services. The hotel will remain open during the renovation period with reduced facilities and room inventory.

Mandarin Oriental, Munich continued to perform well as a result of strong demand in the high-end leisure market, and maintained 2013 RevPAR levels in local currency terms. The hotel remains the undisputed market leader and was one of the 'Top Twenty Hotels in North Europe' in *Condé Nast Traveler*'s, *US* 'Readers' Choice Awards' 2014. In 2015, the property will be introducing a new lobby lounge, bar and restaurant concept to further extend its appeal as the best hotel in the city.

In Geneva, the hotel's performance improved as a result of stronger corporate and leisure demand. Occupancy was up 16% leading to an overall RevPAR increase of 14% in local currency terms. The hotel was singled out as 'Switzerland's Leading Business Hotel' in the *World Travel Awards* 2014, as well as being voted one of the 'Top 10 City Hotels in Switzerland' in the well regarded Swiss business publication, *Bilanz.*

Mandarin Oriental, Paris has been further recognized as one of the best luxury hotels in the city and continues to improve its performance. The property increased both occupancy and average rate, leading to a RevPAR uplift of 5% in local currency terms. The hotel's food and beverage operations, led by renowned chef Thierry Marx, have attained many accolades, and the signature restaurant, *Sur Mesure*, was once again awarded two Michelin stars in the 2015 listing. Importantly, the hotel was also granted an official 'Palace Distinction' in 2014 – one of only eight hotels in the city to receive this honour.

Elsewhere in the region, our hotels in Barcelona and Prague successfully maintained their top competitive positions. Both properties received further global recognition for excellence, and were featured in *Condé Nast Traveler*'s, *US* 'Readers' Choice Awards' 2014 as two of the top hotels in their respective cities. In addition, Mandarin Oriental, Barcelona was voted 'Best Urban Hotel' in *Condé Nast Traveler*'s 2014 Spanish edition, and also gained top honours in the *SpaFinder* 'Country Wellness Awards' 2014. The Group's recognition was further enhanced with the arrival of its first European resort in Bodrum which has achieved high average rates and was listed as one of the 'World's Best Hotels' in the 2015 *Tatler UK* 'Travel Guide'.

The Americas

The trading environment in The Americas continued to strengthen in 2014, leading to increased demand for most of the Group's hotels in the region with an overall RevPAR increase of 5% on a like-for-like basis over the previous year. Four Mandarin Oriental hotels in the US were voted 'Top Ten' properties in their respective cities in the *Condé*

Nast Traveler US ‘Readers’ Choice Awards’ 2014, with three hotels attaining the number one spot for ‘Best Business Hotel’ in *Travel + Leisure*’s ‘World’s Best Business Hotels’ 2014.

Mandarin Oriental, Washington D.C. largely maintained its competitive position in the market, but as a result of a drop in overall visitor arrivals to the city, RevPAR was down 5% over the prior year. The hotel appeared in numerous reader surveys in prestigious publications and was voted ‘Best Business Hotel’ in the city in the *Travel + Leisure* ‘World’s Best Business Hotels’ 2014.

Mandarin Oriental, New York successfully maintained its competitive position as the market leader during the year, achieving a 3% increase in RevPAR. The hotel’s international recognition as one of the world’s most luxurious properties was further reinforced by the retention of both the prestigious *Forbes* ‘Five Star’ rating and the *American Automobile Association*’s ‘Five Diamond Lodging Award’.

At Mandarin Oriental, Miami, stable market conditions led to an uplift in RevPAR of 3%. The hotel continues to receive positive media attention, and achieved a triple *Forbes* ‘Five Star’ rating in 2015 for the hotel, the spa and its restaurant *Azul* – the only hotel in Florida to so do. In 2014, the hotel introduced a new restaurant and bar, *La Mar*, by celebrity Peruvian chef Gaston Acurio, which was voted one of the ‘Fifteen Hottest Restaurant Openings Around the US’ in the latest *Zagat* dining guide.

Mandarin Oriental, Boston maintained its position as market leader, improving its RevPAR by 7%, while the Group’s hotels in Atlanta and Las Vegas increased their RevPAR by 14% and 15% respectively. All three hotels were recognized with the *Forbes* ‘Five Star’ rating in 2015 for hotel and spa, with the hotel in Las Vegas being awarded a further ‘Five Star’ rating for its restaurant *Twist*, operated by Pierre Gagnaire.

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

Mandarin Oriental has achieved strong geographic diversification with a well-balanced portfolio across the globe and is on track to meet its mid-term goal of operating 10,000 rooms in key global locations within the next few years. Today, the Group operates close to 8,000 rooms in 27 hotels around the world, and by including the hotels under development, the total portfolio now extends to almost 11,000 rooms in 44 hotels located in 24 countries.

Three new hotel management contracts, a hotel expansion and one new residential project were announced in 2014:

- In January, the Group announced a new management contract for a luxury resort in Bali, Indonesia, scheduled to open in 2018. Located southwest of Nusa Dua, this 114-room hotel includes 88 expansive pool villas, and is situated on a cliffside with panoramic views and direct access to a secluded beach.

- In March, the Group entered into an agreement with a local development partner to expand its wholly owned property in Munich through the construction of a new mixed-use complex opposite the hotel, scheduled to open in 2021. The new development will comprise two buildings that will jointly house 51 new hotel rooms, 19 luxury branded *Residences at Mandarin Oriental*, a restaurant and bar, a spa, a swimming pool and fitness centre and hotel back of house facilities, as well as retail units, commercial offices and underground car parking. Mandarin Oriental will own 100% of the freehold interest in the land and buildings of the hotel component. The Group's total investment in the project, which will also include a refurbishment of the existing hotel's 73 rooms, is estimated at €124 million (US$150 million) in today's terms.

- In June, the Group announced a new management contract for a 275-room hotel in the heart of Metro Manila, which is scheduled to open in 2020. It will replace the Group's original property on Makati Avenue, which closed in September 2014.

- In September, a new management contract for a luxury 255-room urban resort in Dubai was announced. The hotel will feature exclusive over-water villas with direct access to the Arabian Gulf, and is scheduled to open in 2017.

- Finally in October, the Group announced an agreement to brand and manage 146 *Residences at Mandarin Oriental* that will be developed as part of a mixed-use project located on the Chao Phraya River diagonally opposite Mandarin Oriental, Bangkok.

During 2014, the Group ceased management of the Grand Lapa hotel in Macau and the Elbow Beach hotel in Bermuda. Also, the project in Moscow will no longer proceed.

In total, Mandarin Oriental has 17 new hotels currently under development, all of which are long-term management contracts requiring no capital investment by the Group. Four of these properties will be operational within the next 18 months, including a 104-room luxury hotel in Milan and an exclusive resort comprising 63 private villas in Marrakech, both of which are due to open in the second quarter of 2015. Mandarin Oriental, Beijing, located within the iconic CCTV development in the heart of the city, and Mandarin Oriental, Doha, the Group's first hotel in the Middle East, are both scheduled to open in 2016.

In addition to the Group's portfolio of hotels, a total of 15 *Residences at Mandarin Oriental* projects are open or under development. Since the first *Residences* launched in 2004 in New York, the associated branding of these projects has, on average, resulted in fees of approximately US$5 million per annum over the decade. These fees, as well as ongoing revenues from management fees and the use of hotel facilities by the home owners, should provide a growing return for the Group in future years.

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

4. Achieving a strong financial performance

The Group's overall financial performance improved in 2014, as strong competitive performances were maintained across the majority of the portfolio. Underlying profit in 2014 was US$97 million, a record level for the Group, compared to the previous record underlying profit of US$93 million reported in 2013.

The Group's financial well-being remains fundamental to its success. At 31st December 2014, gearing was 13% of adjusted shareholder funds.

The Board has recommended a final dividend of US¢5.00 per share, which, when combined with the interim dividend of US¢2.00 per share, makes a full year dividend of US¢7.00 per share.

The Group has announced its intention to raise US$316 million through a 1 for 4 rights issue of new ordinary shares. The proceeds of the rights issue will be used to pay down debt, thereby providing the Group with the capacity to finance the £85 million (US$130 million) renovation of Mandarin Oriental Hyde Park, London and make further investments in line with its development strategy.

THE FUTURE

While challenging conditions are expected to continue in some markets, demand for the Mandarin Oriental brand remains strong. Moreover, the Group's results will benefit from the further stabilization of its recently opened hotels, as well as from the continued growth of its global portfolio as new properties open in diverse locations. In addition, the Group will be supported by the increasing number of high net worth travellers from both traditional and emerging markets, as well as the limited supply of competitive luxury hotels in our key mature markets.

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

Edouard Ettedgui
Group Chief Executive

Mandarin Oriental International Limited
Consolidated Profit and Loss Account
for the year ended 31st December 2014

	(unaudited) 2014 Underlying US$m	2014 Non-trading items US$m	2014 Total US$m	2013 Underlying US$m	2013 Non-trading items US$m	2013 Total US$m
Revenue *(note 2)*	**679.9**	**-**	**679.9**	668.6	-	668.6
Cost of sales	**(410.0)**	**-**	**(410.0)**	(408.4)	-	(408.4)
Gross profit	**269.9**	**-**	**269.9**	260.2	-	260.2
Selling and distribution costs	**(44.7)**	**-**	**(44.7)**	(45.2)	-	(45.2)
Administration expenses	**(104.4)**	**-**	**(104.4)**	(103.2)	-	(103.2)
Operating profit *(note 3)*	**120.8**	**-**	**120.8**	111.8	-	111.8
Financing charges	**(19.9)**	**-**	**(19.9)**	(17.5)	-	(17.5)
Interest income	**2.6**	**-**	**2.6**	1.7	-	1.7
Net financing charges	**(17.3)**	**-**	**(17.3)**	(15.8)	-	(15.8)
Share of results of associates *(note 4)*	**12.3**	**-**	**12.3**	17.5	3.1	20.6
Profit before tax	**115.8**	**-**	**115.8**	113.5	3.1	116.6
Tax *(note 5)*	**(19.0)**	**-**	**(19.0)**	(19.8)	-	(19.8)
Profit after tax	**96.8**	**-**	**96.8**	93.7	3.1	96.8
Attributable to:						
Shareholders of the Company	**97.0**	**-**	**97.0**	93.2	3.1	96.3
Non-controlling interests	**(0.2)**	**-**	**(0.2)**	0.5	-	0.5
	96.8	**-**	**96.8**	93.7	3.1	96.8

	US¢		**US¢**	US¢		US¢
Earnings per share *(note 6)*						
- basic	**9.67**		**9.67**	9.30		9.61
- diluted	**9.63**		**9.63**	9.28		9.59

Mandarin Oriental International Limited
Consolidated Statement of Comprehensive Income
for the year ended 31st December 2014

	(unaudited) **2014** **US$m**	2013 US$m
Profit for the year	**96.8**	96.8
Other comprehensive (expense)/income		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	**(5.6)**	5.5
Tax on items that will not be reclassified	**0.9**	(0.9)
	(4.7)	4.6
Items that may be reclassified subsequently to profit or loss:		
Net exchange translation differences		
- net (loss)/gain arising during the year	**(57.0)**	4.9
Fair value (losses)/gains on other investments	**(0.1)**	0.4
Fair value gains on cash flow hedges	**4.0**	8.5
Tax relating to items that may be reclassified	**(0.7)**	(1.6)
Share of other comprehensive expense of associates	**(4.0)**	(5.4)
	(57.8)	6.8
Other comprehensive (expense)/income for the year, net of tax	**(62.5)**	11.4
Total comprehensive income for the year	**34.3**	108.2
Attributable to:		
Shareholders of the Company	**35.0**	107.8
Non-controlling interests	**(0.7)**	0.4
	34.3	108.2

Mandarin Oriental International Limited
Consolidated Balance Sheet
at 31st December 2014

	(unaudited) **2014** **US$m**	2013 US$m
Net assets		
Intangible assets	**45.6**	42.6
Tangible assets *(note 8)*	**1,315.1**	1,440.5
Associates	**101.6**	110.8
Other investments	**10.5**	9.3
Loans receivable	**-**	-
Pension assets	**7.3**	14.4
Deferred tax assets	**2.2**	3.1
Non-current assets	**1,482.3**	1,620.7
Stocks	**5.9**	6.5
Debtors and prepayments	**94.5**	73.7
Current tax assets	**1.3**	1.0
Cash at bank	**324.6**	316.4
Current assets	**426.3**	397.6
Creditors and accruals	**(144.6)**	(147.0)
Current borrowings *(note 9)*	**(217.0)**	(556.2)
Current tax liabilities	**(9.6)**	(12.1)
Current liabilities	**(371.2)**	(715.3)
Net current assets/(liabilities)	**55.1**	(317.7)
Long-term borrowings *(note 9)*	**(510.7)**	(238.7)
Deferred tax liabilities	**(62.3)**	(65.5)
Pension liabilities	**-**	(0.6)
Other non-current liabilities	**(3.0)**	(3.5)
	961.4	994.7
Total equity		
Share capital	**50.2**	50.2
Share premium	**188.2**	186.6
Revenue and other reserves	**718.0**	752.2
Shareholders’ funds	**956.4**	989.0
Non-controlling interests	**5.0**	5.7
	961.4	994.7

Mandarin Oriental International Limited
Consolidated Statement of Changes in Equity
for the year ended 31st December 2014

	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
2014 (unaudited)									
At 1st January	50.2	186.6	282.1	473.6	(6.0)	2.5	989.0	5.7	**994.7**
Total comprehensive income	-	-	-	92.2	3.3	(60.5)	35.0	(0.7)	**34.3**
Dividends paid by the Company	-	-	-	(70.2)	-	-	(70.2)	-	**(70.2)**
Issue of shares	-	-	-	-	-	-	-	-	**-**
Employee share option schemes	-	-	2.6	-	-	-	2.6	-	**2.6**
Transfer	-	1.6	(1.6)	-	-	-	-	-	**-**
At 31st December	**50.2**	**188.2**	**283.1**	**495.6**	**(2.7)**	**(58.0)**	**956.4**	**5.0**	**961.4**
2013									
At 1st January	50.0	182.1	281.3	442.6	(12.9)	2.8	945.9	5.3	951.2
Total comprehensive income	-	-	-	101.2	6.9	(0.3)	107.8	0.4	108.2
Dividends paid by the Company	-	-	-	(70.2)	-	-	(70.2)	-	(70.2)
Issue of shares	0.2	2.7	-	-	-	-	2.9	-	2.9
Employee share option schemes	-	-	2.6	-	-	-	2.6	-	2.6
Transfer	-	1.8	(1.8)	-	-	-	-	-	-
At 31st December	50.2	186.6	282.1	473.6	(6.0)	2.5	989.0	5.7	994.7

Total comprehensive income included in revenue reserves comprises profit attributable to shareholders of the Company of US$97.0 million (2013: US$96.3 million) and net fair value loss on other investments of US$0.1 million (2013: net fair value gain on other investments of US$0.2 million).

Mandarin Oriental International Limited
Consolidated Cash Flow Statement
for the year ended 31st December 2014

	(unaudited) **2014** **US$m**	2013 US$m
Operating activities		
Operating profit *(note 3)*	**120.8**	111.8
Depreciation	**62.4**	57.4
Amortization of intangible assets	**2.6**	2.6
Other non-cash items	**1.5**	(2.7)
Movements in working capital	**2.2**	9.6
Interest received	**2.6**	1.7
Interest and other financing charges paid	**(24.4)**	(17.9)
Tax paid	**(21.4)**	(18.6)
	146.3	143.9
Dividends and interest from associates	**13.2**	13.0
Cash flows from operating activities	**159.5**	156.9
Investing activities		
Purchase of tangible assets	**(29.4)**	(35.9)
Purchase of intangible assets	**(2.9)**	(2.9)
Payment on Munich expansion *(note 14)*	**(16.9)**	-
Acquisition of Paris freehold interest *(note 11)*	**-**	(381.7)
Purchase of other investments	**(1.0)**	(1.8)
Repayment of loans to associates	**4.3**	-
Sale of tangible assets	**0.3**	-
Cash flows from investing activities	**(45.6)**	(422.3)
Financing activities		
Issue of shares	**-**	2.8
Drawdown of borrowings	**512.5**	202.5
Repayment of borrowings	**(540.8)**	(3.1)
Dividends paid by the Company *(note 12)*	**(70.2)**	(70.2)
Cash flows from financing activities	**(98.5)**	132.0
Net increase/(decrease) in cash and cash equivalents	**15.4**	(133.4)
Cash and cash equivalents at 1st January	**315.7**	453.4
Effect of exchange rate changes	**(6.8)**	(4.3)
Cash and cash equivalents at 31st December	**324.3**	315.7

Mandarin Oriental International Limited
Notes

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial information contained in this announcement has been based on the preliminary results for the year ended 31st December 2014 which have been prepared in conformity with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board.

The preliminary results for the year ended 31st December 2014 are unaudited.

Amendments and interpretation effective in 2014 which are relevant to the Group's operations:

Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

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

Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities' are made to the application guidance in IAS 32 and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of offset' and 'simultaneous realization and settlement'.

Amendments to IAS 36 'Recoverable Amount Disclosures for Non-Financial Assets' set out the changes to the disclosures when the recoverable amount is determined based on fair value less costs of disposal. The key amendments are (a) to remove the requirement to disclose the recoverable amount when a cash generating unit (CGU) contains goodwill or indefinite lived intangible assets but there has been no impairment, (b) to require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognized or reversed, and (c) to require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed.

Amendments to IAS 39 'Novation of Derivatives and Continuation of Hedge Accounting' provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria.

IFRIC 21 'Levies' sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

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

2. REVENUE

	2014 **US$m**	2013 US$m
By geographical area:		
Hong Kong	**249.5**	245.9
Other Asia	**118.9**	131.6
Europe	**249.6**	226.0
The Americas	**61.9**	65.1
	679.9	668.6

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

	2014 **US$m**	2013 US$m
By geographical area:		
Hong Kong	**85.1**	83.0
Other Asia	**29.9**	30.1
Europe	**67.6**	54.8
The Americas	**3.2**	3.9
EBITDA from subsidiaries	**185.8**	171.8
Less depreciation and amortization	**(65.0)**	(60.0)
Operating profit	**120.8**	111.8

4. SHARE OF RESULTS OF ASSOCIATES

	EBITDA US$m	Depreciation and amortization US$m	Operating profit US$m	Net financing charges US$m	Tax US$m	Net profit/ (loss) US$m
2014						
By geographical area:						
Other Asia	25.9	(9.2)	16.7	(1.4)	(2.9)	**12.4**
The Americas	5.6	(2.9)	2.7	(2.1)	(0.7)	**(0.1)**
	31.5	(12.1)	19.4	(3.5)	(3.6)	**12.3**
Non-trading items						
- Writeback of provisions against asset impairment *(refer note 7)*	-	-	-	-	-	**-**
	31.5	**(12.1)**	**19.4**	**(3.5)**	**(3.6)**	**12.3**
2013						
By geographical area:						
Other Asia	31.3	(9.2)	22.1	(1.5)	(3.6)	17.0
The Americas	5.6	(3.0)	2.6	(2.0)	(0.1)	0.5
	36.9	(12.2)	24.7	(3.5)	(3.7)	17.5
Non-trading items						
- Writeback of provisions against asset impairment *(refer note 7)*	3.1	-	3.1	-	-	3.1
	40.0	(12.2)	27.8	(3.5)	(3.7)	20.6

5. TAX

	2014 US$m	2013 US$m
Tax charged to profit and loss is analyzed as follows:		
Current tax	**18.8**	19.7
Deferred tax	**0.2**	0.1
	19.0	19.8
By geographical area:		
Hong Kong	**11.6**	11.7
Other Asia	**3.0**	1.7
Europe	**6.5**	6.3
The Americas	**(2.1)**	0.1
	19.0	19.8

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

Remeasurements of defined benefit plans	**0.9**	(0.9)
Revaluation of other investments	**-**	(0.1)
Cash flow hedges	**(0.7)**	(1.5)
	0.2	(2.5)

Tax on profits has been calculated at rates of taxation prevailing in the territories in which the Group operates. Share of tax of associates of US$3.6 million (2013: US$3.7 million) is included in share of results of associates *(refer note 4).*

6. EARNINGS PER SHARE

Basic earnings per share are calculated on the profit attributable to shareholders of US$97.0 million (2013: US$96.3 million) and on the weighted average number of 1,003.4 million (2013: 1,002.0 million) shares in issue during the year. The weighted average number excludes shares held by the Trustee of the Share-based Long-term Incentive Plans.

Diluted earnings per share are calculated on profit attributable to shareholders of US$97.0 million (2013: US$96.3 million) and on the weighted average number of 1,007.4 million (2013: 1,003.9 million) shares after adjusting for the number of shares which are deemed to be issued for no consideration under the Share-based Long-term Incentive Plans based on the average share price during the year.

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

	Ordinary shares in millions	
	2014	2013
Weighted average number of shares in issue	**1,003.4**	1,002.0
Adjustment for shares deemed to be issued for no consideration under the Share-based Long-term Incentive Plans	**4.0**	1.9
Weighted average number of shares for diluted earnings per share	**1,007.4**	1,003.9

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:

	2014			2013		
	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	**97.0**	**9.67**	**9.63**	96.3	9.61	9.59
Non-trading items *(refer note 7)*	**-**	**-**	**-**	(3.1)	(0.31)	(0.31)
Underlying profit attributable to shareholders	**97.0**	**9.67**	**9.63**	93.2	9.30	9.28

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 include items such as gains on disposals, provisions against asset impairment and writeback thereof, as well as material items which are non-recurring in nature.

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

	2014 US$m	2013 US$m
Writeback of provisions against asset impairment	**-**	3.1

8. TANGIBLE ASSETS AND CAPITAL COMMITMENTS

	2014 US$m	2013 US$m
Opening net book value	**1,440.5**	1,055.5
Exchange differences	**(91.8)**	14.0
Additions	**29.2**	428.6
Disposals	**(0.4)**	(0.2)
Depreciation charge	**(62.4)**	(57.4)
Closing net book value	**1,315.1**	1,440.5
Capital commitments	**166.5**	21.1

Freehold properties include a property of US$96.2 million (2013: US$98.6 million), which is stated net of tax increment financing of US$23.9 million (2013: US$24.7 million) *(refer note 10).*

9. BORROWINGS

	2014 US$m	2013 US$m
Bank loans	**718.1**	783.9
Other borrowings	**7.9**	9.3
Tax increment financing *(refer note 10)*	**1.7**	1.7
	727.7	794.9
Current	**217.0**	556.2
Long-term	**510.7**	238.7
	727.7	794.9

10. TAX INCREMENT FINANCING

	2014	2013
	US$m	US$m
Netted off against the net book value of property *(refer note 8)*	**23.9**	24.7
Loan *(refer note 9)*	**1.7**	1.7
	25.6	26.4

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

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

The receipt of the TIF Bonds has been treated as a government grant and netted off against the net book value in respect of the property *(refer note 8)*. The loan of US$1.7 million (2013: US$1.7 million) is included in long-term borrowings *(refer note 9)*.

11. ACQUISITION OF PARIS FREEHOLD INTEREST

On 8th February 2013, the Group completed the acquisition of the freehold interest in the building housing Mandarin Oriental, Paris and two prime street-front retail units from Société Foncière Lyonnaise for €290.0 million (US$388.9 million). The Group had paid €10.0 million (US$13.1 million) advance deposit in late 2012; and the remaining balance together with transaction expenses of US$5.9 million was paid in 2013.

The acquisition was partly funded by new five-year €150.0 million (US$201.1 million) debt facilities, with the balance from the Group's cash reserves.

Pursuant to this acquisition, gains totalling US$7.5 million were recognized in the profit and loss account in February 2013. These included an exchange gain arising on acquisition (US$1.9 million), the capitalization of acquisition costs (US$1.5 million), as well as the release of lease accrual of €3.1 million (US$4.1 million) as the hotel operation was previously a leasehold tenant of the freehold interest acquired.

12. DIVIDENDS

	2014 **US$m**	2013 US$m
Final dividend in respect of 2013 of US¢5.00 (2012: US¢5.00) per share	**50.1**	50.1
Interim dividend in respect of 2014 of US¢2.00 (2013: US¢2.00) per share	**20.1**	20.1
	70.2	70.2

A final dividend in respect of 2014 of US¢5.00 (2013: US¢5.00) per share amounting to a total of US$50.2 million (2013: US$50.1 million) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the Annual General Meeting. The amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2015.

13. 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$14.3 million (2013: US$15.2 million) received from the Group’s five (2013: five) associate hotels which are based on long-term management agreements on normal commercial terms.

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

14. MUNICH EXPANSION

On 26th March 2014, the Group announced that it had entered into an agreement with a developer for the expansion of Mandarin Oriental, Munich. The expansion will include new hotel rooms and facilities as part of a mixed-used complex estimated to open in 2021. The Group’s total investment in the project, which will also include a refurbishment of the existing hotel’s 73 rooms, is estimated at €124 million (US$150 million) in today’s terms. As at 31st December 2014, cumulative costs paid by the Group in relation to the expansion project amounted to US$16.9 million, the majority of which have been included within Other Debtors pending transfer of title in the underlying land.

15. POST BALANCE SHEET EVENTS

Subsequent to the year end, the Group announced that it will invest £85 million (US$130 million) to renovate Mandarin Oriental Hyde Park, London. The project will commence in 2016 and take approximately 18 months to complete. The hotel will remain open during the renovation period with reduced facilities and room inventory.

In addition, the Group has announced its intention to raise US$316 million through a 1 for 4 rights issue of new ordinary shares. The proceed of the rights issue will be used to pay down debt, thereby providing the Group with the capacity to finance the renovation of the London hotel and make further investments in line with its development strategy. Jardine Strategic Holdings Limited, the Company's principal shareholder, has committed to take up its entitlement and fully underwrite the offer.

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 2014 Annual Report (the 'Report'). The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Disclosure and Transparency Rules issued by the Financial Conduct Authority in the United Kingdom and are in addition to the matters referred to in the Chairman's Statement and Group Chief Executive's Review.

1. Economic and Financial Risk

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

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

2. Commercial and Market Risk

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

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

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

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

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

3. Pandemic, Terrorism and Natural Disasters

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

4. Key Agreements

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

5. Intellectual Property and Value of the Brand

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

6. Regulatory and Political Risk

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

Mandarin Oriental International Limited
Responsibility Statement

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

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

(b) the sections of the Company's 2014 Annual Report, including the Chairman's Statement, Group Chief Executive's Review and Principal Risks and Uncertainties, which constitute the management report include a fair review of all information required to be disclosed by the Disclosure and Transparency Rules 4.1.8 to 4.1.11 issued by the Financial Conduct Authority in the United Kingdom.

For and on behalf of the Board

Edouard Ettedgui
Stuart Dickie

Directors

The final dividend of US¢5.00 per share will be payable on 13th May 2015, subject to approval at the Annual General Meeting to be held on 6th May 2015, to shareholders on the register of members at the close of business on 20th March 2015. The shares will be quoted ex-dividend on the Singapore Exchange and the London Stock Exchange on 18th and 19th March 2015, respectively. The share registers will be closed from 23rd to 27th March 2015, inclusive.

Shareholders will receive their dividends in United States dollars, unless they are registered on the Jersey branch register where they will have the option to elect for sterling. These shareholders may make new currency elections for the 2014 final dividend by notifying the United Kingdom transfer agent in writing by 24th April 2015. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 29th April 2015. Shareholders holding their shares through The Central Depository (Pte) Limited ('CDP') in Singapore will receive 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 20th March 2015, must submit the relevant documents to M & C Services Private Limited, the Singapore branch registrar, no later than 5.00 p.m. (local time) on 19th March 2015.

Mandarin Oriental Hotel Group

Mandarin Oriental Hotel Group is an international hotel investment and management group with deluxe and first class hotels, resorts and residences in sought-after destinations around the world. Having grown from a well-respected Asian hotel company into a global brand, the Group now operates, or has under development, 44 hotels representing almost 11,000 rooms in 24 countries, with 20 hotels in Asia, ten in The Americas and 14 in Europe, Middle East and North Africa. In addition, the Group operates, or has under development, 15 *Residences at Mandarin Oriental* connected to its properties. The Group has equity interests in a number of its properties and adjusted net assets worth approximately US$3.2 billion as at 31st December 2014.

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

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

- end -

For further information, please contact:

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Full text of the Preliminary Announcement of Results and the Preliminary Financial Statements for the year ended 31st December 2014 can be accessed through the internet at 'www.mandarinoriental.com'.