announcement

Mandarin Oriental International Limited

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

MANDARIN ORIENTAL
THE HOTEL GROUP

28th July 2023

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
HALF-YEAR RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2023

HIGHLIGHTS

- Underlying profit of US$28 million in first half, more than double 2019
- Record fee income in Management Business, with particular strength in Europe and the Middle East
- Robust pipeline with several new openings scheduled in 2023
- Dividend payments recommence with interim dividend of US¢1.50 per share

"Mandarin Oriental performed well in the first half of 2023. There was particularly strong operating and financial performance by the Management Business, which is well set for further growth. The strength of the Group's brand, together with its existing portfolio of properties and strong pipeline, give the Board confidence in the future success of Mandarin Oriental."

Ben Keswick
Chairman

RESULTS

	(unaudited) Six months ended 30th June		
	2023	2022	Change
	US$m	US$m	%
Combined total revenue of hotels under management[(1)]	**881.5**	679.4	+30
Revenue	**260.7**	198.4	+31
Underlying EBITDA (Earnings before interest, tax, depreciation, and amortisation)[(2)]	**76.7**	28.4	+170
Underlying profit/(loss) attributable to shareholders[(3)]	**27.8**	(21.0)	n/a
Revaluation (loss)/gain on investment properties	**(140.2)**	2.7	n/a
Gain on sale of a subsidiary	**43.2**	-	n/a
Loss attributable to shareholders	**(69.2)**	(18.3)	–278
	US¢	US¢	%
Underlying earnings/(loss) per share[(3)]	**2.20**	(1.66)	n/a
Loss per share	**(5.48)**	(1.45)	–278
Interim dividend per share	**1.50**	-	n/a
	US$	US$	%
Net asset value per share[(4)]	**2.58**	2.61	–1
Adjusted net asset value per share[(4)(5)]	**3.83**	3.87	–1
Net debt/shareholders' funds[(4)]	**7%**	11%	
Net debt/adjusted shareholders' funds[(4)(5)]	**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/loss' in its internal financial reporting to distinguish between ongoing business performance and non-trading items, as more fully described in note 7 to the condensed 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) At 30th June 2023 and 31st December 2022, respectively.
(5) The Group's investment properties are carried at fair value on the basis of valuations carried out by independent valuers at 30th June 2023 and 31st December 2022. 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 for 30th June 2023 and 31st December 2022 have included the market value of the Group's freehold and leasehold interests which were appraised as at 31st December 2022.

The interim dividend of US¢1.50 per share will be payable on 11th October 2023 to shareholders on the register of members at the close of business on 18th August 2023.

- more -

Issued by: Mandarin Oriental Hotel Group International Limited
Incorporated in Bermuda with limited liability
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mandarinoriental.com

MANDARIN ORIENTAL INTERNATIONAL LIMITED
HALF-YEAR RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2023

OVERVIEW

The Group performed strongly in the first six months of 2023, recording an underlying profit of US$28 million, a significant improvement compared to the underlying loss in the first half of 2022 and more than double 2019. The Group's portfolio of managed hotels continues to grow, with several new openings planned in 2023 and significant additions made in the period to the pipeline.

MANAGEMENT BUSINESS PERFORMANCE

The Group's combined Revenue per Available Room ('RevPAR') was well ahead of both 2022 and 2019. The Group continued to deliver strong rates in many locations, with resorts performing especially well. Occupancy also strengthened significantly across all regions compared to the first half of 2022.

Particular strength was seen in Europe and the Middle East where almost all of the hotels achieved record rates and strong occupancies, with RevPAR well above both 2022 and 2019 levels. In America, hotels also delivered higher RevPAR than in prior years, driven by improved occupancy. In Asia, RevPAR performance from the Chinese mainland hotels improved significantly from 2022 and 2019 levels, due to the relaxation of travel restrictions. Hong Kong continued its recovery after the relaxation of travel restrictions in early 2023. Mandarin Oriental, Hong Kong saw higher numbers of both international and Chinese mainland visitors, leading to robust improvements in both rate and occupancy from 2022 levels.

The combined total revenue of hotels under management in the first half of 2023 was US$882 million, representing a 30% increase compared to the same period last year, and 38% higher than 2019.

NEW DEVELOPMENTS

The growth of the Management Business continues at pace, with several new openings scheduled in the second half of 2023, comprising:

- four new hotels: a beachfront retreat in Costa Navarino, a second London hotel in Mayfair, a resort in Muscat and the opening of a landmark hotel in Zurich;
- a rebranding in Riyadh; and
- a standalone residences project on Fifth Avenue in New York.

Our hotel in Singapore remains on track to reopen in September 2023, following a comprehensive renovation.

The Group's pipeline continues to grow, with four new hotel management contracts and a standalone residences project in Madrid announced in the first half of the year. The new hotel management contracts include a beach resort in Mallorca, a new landmark hotel and residences in Athens, a hotel and residences in Bankside – reinforcing the brand's strong position in London – and a redevelopment of our hotel in Miami. These developments expand the Group's pipeline to 27 hotels – 14 of which have residences – and two standalone residences over the next five years.

FINANCIAL PERFORMANCE

Underlying profit for the first half of 2023 was US$28 million, substantially improved compared to an underlying loss of US$21 million in the equivalent period in 2022, driven by the recovery of key owned hotels in Asia. The result also exceeded 2019 levels, due to the increasing scale and record level of profitability of the Management Business, particularly in Europe and the Middle East, although this was slightly offset by the more gradual recovery of business in Hong Kong and the temporary closure of the Singapore hotel in March 2023 for refurbishment.

The Group sold its Jakarta property during the period. The hotel will continue to be managed as a Mandarin Oriental hotel. This transaction generated a post-tax gain on disposal of US$43 million. The valuation of the Causeway Bay site under development decreased between 31st December 2022 and 30th June 2023, resulting in a non-trading loss for the Group of US$141 million. Total losses attributable to shareholders were US$69 million in the first half of 2023, compared to losses of US$18 million in the same period last year.

Net debt fell to US$233 million at 30th June 2023, from US$376 million at the end of 2022. The Group remains well funded, with headroom of US$840 million in its available cash and committed facilities. Gearing as a percentage of adjusted shareholders' funds was 5% at the end of June 2023, taking into account the market value of the Group's properties.

An interim dividend of US¢1.50 per share has been declared.

PEOPLE

Laurent Kleitman will succeed James Riley as Group Chief Executive with effect from 1st September 2023. Laurent joins the Group from Parfums Christian Dior, the largest luxury fashion beauty business of LVMH. We want to thank James for his seven years as Group Chief Executive. He has been instrumental in continuing to expand Mandarin Oriental's development pipeline, elevating the Mandarin Oriental brand globally and driving a wide range of sustainability initiatives across the Group.

OUTLOOK

Mandarin Oriental performed well in the first half of 2023. There was particularly strong operating and financial performance by the Management Business, which is well set for further growth. The strength of the Group's brand, together with its existing portfolio of properties and strong pipeline, give the Board confidence in the future success of Mandarin Oriental.

Ben Keswick
Chairman

Mandarin Oriental International Limited
Consolidated Profit and Loss Account
for the six months ended 30th June 2023

	(unaudited) Six months ended 30th June						Year ended 31st December		
	2023			2022			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	Underlying business performance US$m	Non-trading Items US$m	Total US$m
Revenue *(note 2)*	**260.7**	**-**	**260.7**	198.4	-	198.4	454.1	-	454.1
Cost of sales	**(152.8)**	**-**	**(152.8)**	(150.0)	-	(150.0)	(302.7)	-	(302.7)
Gross profit	**107.9**	**-**	**107.9**	48.4	-	48.4	151.4	-	151.4
Selling and distribution costs	**(13.7)**	**-**	**(13.7)**	(11.7)	-	(11.7)	(27.0)	-	(27.0)
Administration expenses	**(57.8)**	**-**	**(57.8)**	(52.5)	-	(52.5)	(109.2)	-	(109.2)
Other operating income	**-**	**-**	**-**	3.5	-	3.5	5.7	-	5.7
Change in fair value of investment properties	**-**	**(140.2)**	**(140.2)**	-	2.7	2.7	-	(104.1)	(104.1)
Gains on sale of a subsidiary/ asset disposals *(notes 10 & 11)*	**-**	**45.7**	**45.7**	-	-	-	-	40.6	40.6
Operating (loss)/profit *(note 3)*	**36.4**	**(94.5)**	**(58.1)**	(12.3)	2.7	(9.6)	20.9	(63.5)	(42.6)
Financing charges	**(9.3)**	**-**	**(9.3)**	(6.7)	-	(6.7)	(16.7)	-	(16.7)
Interest income	**2.4**	**-**	**2.4**	0.6	-	0.6	2.3	-	2.3
Net financing charges	**(6.9)**	**-**	**(6.9)**	(6.1)	-	(6.1)	(14.4)	-	(14.4)
Share of results of associates and joint ventures *(note 4)*	**1.0**	**-**	**1.0**	(1.0)	-	(1.0)	9.7	-	9.7
(Loss)/profit before tax	**30.5**	**(94.5)**	**(64.0)**	(19.4)	2.7	(16.7)	16.2	(63.5)	(47.3)
Tax *(note 5)*	**(2.6)**	**(2.5)**	**(5.1)**	(1.6)	-	(1.6)	(8.5)	6.4	(2.1)
(Loss)/profit after tax	**27.9**	**(97.0)**	**(69.1)**	(21.0)	2.7	(18.3)	7.7	(57.1)	(49.4)
Attributable to:									
Shareholders of the Company *(notes 6 & 7)*	**27.8**	**(97.0)**	**(69.2)**	(21.0)	2.7	(18.3)	7.6	(57.1)	(49.5)
Non-controlling interests	**0.1**	**-**	**0.1**	-	-	-	0.1	-	0.1
	27.9	**(97.0)**	**(69.1)**	(21.0)	2.7	(18.3)	7.7	(57.1)	(49.4)
	US¢		**US¢**	US¢		US¢	US¢		US¢
(Loss)/earnings per share *(note 6)*									
- basic	**2.20**		**(5.48)**	(1.66)		(1.45)	0.60		(3.92)
- diluted	**2.20**		**(5.48)**	(1.66)		(1.45)	0.60		(3.92)

Mandarin Oriental International Limited
Consolidated Statement of Comprehensive Income
for the six months ended 30th June 2023

	(unaudited) Six months ended 30th June **2023** **US$m**	2022 US$m	Year ended 31st December 2022 US$m
Loss for the period	**(69.1)**	(18.3)	(49.4)
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	**-**	-	(2.1)
Revaluation surplus of right-of-use assets before transfer to investment properties	**-**	-	79.8
Tax on items that will not be reclassified	**-**	-	0.3
	-	-	78.0
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
- net gain/(loss) arising during the period	**14.7**	(82.4)	(58.2)
- transfer to profit and loss	**33.0**	-	-
Cash flow hedges			
- net (loss)/gain arising during the period	**(11.1)**	12.2	16.6
Tax relating to items that may be reclassified	**0.5**	(1.5)	(2.4)
Share of other comprehensive (expense)/income of associates and joint ventures	**(1.9)**	(1.0)	0.7
	35.2	(72.7)	(43.3)
Other comprehensive income/(expense) for the period, net of tax	**35.2**	(72.7)	34.7
Total comprehensive expense for the period	**(33.9)**	(91.0)	(14.7)
Attributable to:			
Shareholders of the Company	**(34.1)**	(90.8)	(14.7)
Non-controlling interests	**0.2**	(0.2)	-
	(33.9)	(91.0)	(14.7)

Mandarin Oriental International Limited
Consolidated Balance Sheet
at 30th June 2023

		(unaudited) At 30th June	At 31st December
	2023	2022	2022
	US$m	US$m	US$m
Net assets			
Intangible assets	**40.2**	46.4	45.7
Tangible assets	**920.8**	1,011.4	916.3
Right-of-use assets	**229.6**	248.3	242.4
Investment properties *(note 8)*	**2,354.2**	2,459.5	2,472.6
Associates and joint ventures	**158.6**	188.2	203.8
Other investments	**13.8**	14.1	14.0
Deferred tax assets	**12.1**	12.9	14.2
Pension assets	**2.2**	6.7	3.0
Non-current debtors	**11.1**	17.1	12.2
Non-current assets	**3,742.6**	4,004.6	3,924.2
Stocks	**5.2**	4.7	5.0
Current debtors	**84.3**	64.5	90.5
Current tax assets	**1.7**	1.9	6.8
Bank and cash balances	**349.3**	179.0	226.2
Current assets	**440.5**	250.1	328.5
Current creditors	**(155.8)**	(147.9)	(159.1)
Current borrowings *(note 9)*	**(581.4)**	(65.3)	(2.2)
Current lease liabilities	**(4.4)**	(5.4)	(5.9)
Current tax liabilities	**(16.9)**	(8.9)	(18.4)
Current liabilities	**(758.5)**	(227.5)	(185.6)
Net current (liabilities)/assets	**(318.0)**	22.6	142.9
Long-term borrowings *(note 9)*	**(0.6)**	(632.8)	(599.8)
Non-current lease liabilities	**(112.5)**	(123.0)	(123.5)
Deferred tax liabilities	**(42.6)**	(49.8)	(41.6)
Pension liabilities	**-**	(0.3)	(0.1)
Non-current creditors	**(4.7)**	-	(4.5)
Non-current liabilities	**(160.4)**	(805.9)	(769.5)
	3,264.2	3,221.3	3,297.6
Total equity			
Share capital	**63.2**	63.2	63.2
Share premium	**500.9**	500.7	500.7
Revenue and other reserves	**2,695.3**	2,654.1	2,730.2
Shareholders' funds	**3,259.4**	3,218.0	3,294.1
Non-controlling interests	**4.8**	3.3	3.5
	3,264.2	3,221.3	3,297.6

Mandarin Oriental International Limited
Consolidated Statement of Changes in Equity
for the six months ended 30th June 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
Six months ended 30th June 2023 (unaudited)										
At 1st January 2023	**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	**-**	**-**	**-**	**(69.2)**	**-**	**(10.6)**	**45.7**	**(34.1)**	**0.2**	**(33.9)**
Subsidiary disposed of	**-**	**-**	**(0.6)**	**-**	**-**	**-**	**-**	**(0.6)**	**1.1**	**0.5**
Transfer	**-**	**0.2**	**(0.2)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
At 30th June 2023	**63.2**	**500.9**	**258.1**	**(498.0)**	**3,023.2**	**4.8**	**(92.8)**	**3,259.4**	**4.8**	**3,264.2**
Six months ended 30th June 2022 (unaudited)										
At 1st January 2022	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	-	-	-	(18.3)	-	11.0	(83.5)	(90.8)	(0.2)	(91.0)
Transfer	-	0.2	(0.2)	-	-	-	-	-	-	-
At 30th June 2022	63.2	500.7	258.9	(396.0)	2,943.4	11.9	(164.1)	3,218.0	3.3	3,221.3
Year ended 31st December 2022										
At 1st January 2022	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 2022	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 30th June 2023 included cumulative fair value losses on the investment property under development of US$861.3 million (US$613.4 million as at 30th June 2022 and US$720.2 million as at 31st December 2022).

Mandarin Oriental International Limited
Consolidated Cash Flow Statement
for the six months ended 30th June 2023

	2023 US$m	(unaudited) Six months ended 30th June 2022 US$m	Year ended 31st December 2022 US$m
Operating activities			
Operating loss	**(58.1)**	(9.6)	(42.6)
Depreciation, amortisation and impairment	**27.3**	31.4	58.2
Other non-cash items	**94.4**	(3.0)	63.5
Movements in working capital	**(1.0)**	(0.9)	(1.1)
Interest received	**3.0**	1.2	2.1
Interest and other financing charges paid	**(9.4)**	(6.5)	(15.6)
Tax refund/(paid)	**2.0**	(2.3)	(8.0)
	58.2	10.3	56.5
Dividends and interest from associates and joint ventures	**1.5**	-	-
Cash flows from operating activities	**59.7**	10.3	56.5
Investing activities			
Purchase of tangible assets	**(5.4)**	(3.4)	(12.8)
Additions to investment properties	**(35.8)**	(13.7)	(30.2)
Purchase of intangible assets	**(0.7)**	(2.4)	(6.1)
Additions to right-of-use assets	**-**	-	(0.2)
Refund on Munich expansion	**-**	4.0	4.0
Purchase of other investments	**(0.1)**	(0.2)	(0.2)
Purchase of an associate	**-**	(1.0)	(1.0)
Advance to associates and joint ventures	**(20.7)**	(0.4)	(2.4)
Repayment of loans to associates and joint ventures	**66.4**	1.9	4.2
Sale of a subsidiary *(note 10)*	**76.6**	-	-
Net proceeds from asset disposals *(note 11)*	**-**	-	131.4
Cash flows from investing activities	**80.3**	(15.2)	86.7
Financing activities			
Drawdown of borrowings	**38.9**	6.4	23.0
Repayment of borrowings	**(60.5)**	(24.1)	(139.5)
Principal elements of lease payments	**(3.2)**	(3.2)	(5.7)
Cash flows from financing activities	**(24.8)**	(20.9)	(122.2)
Net increase/(decrease) in cash and cash equivalents	**115.2**	(25.8)	21.0
Cash and cash equivalents at beginning of period	**226.2**	212.8	212.8
Effect of exchange rate changes	**7.9**	(8.0)	(7.6)
Cash and cash equivalents at end of period	**349.3**	179.0	226.2

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' and on a going concern basis. The condensed financial statements have not been audited or reviewed by the Group's auditors pursuant to the UK Auditing Practices Board guidance on the review of interim financial information.

There are no changes to the accounting policies as described in the 2022 annual financial statements. A number of amendments were effective from 1st January 2023. Those relevant to the Group's operations are set out below:

<u>Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</u>
(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.

<u>Amendments to IAS 12 – International Tax Reform - Pillar Two Model Rules</u>
(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 in the process of assessing the estimated impact of Pillar Two income taxes to its consolidated financial statements and appropriate disclosures will be made in the financial statements for the year ending 31st December 2023.

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

2. REVENUE

	Six months ended 30th June	
	2023	2022
	US$m	US$m
By business activity:		
Hotel ownership	**230.9**	177.2
Hotel & Residences branding and management	**40.2**	27.3
Less: intra-segment revenue	**(10.4)**	(6.1)
	260.7	198.4
By geographical area:		
Asia	**107.2**	53.8
Europe, Middle East and Africa ('EMEA')	**130.4**	101.9
America	**23.1**	42.7
	260.7	198.4
Revenue from contracts with customers:		
Recognised at a point in time	**77.8**	62.0
Recognised over time	**173.7**	127.2
	251.5	189.2
Revenue from other sources:		
Rental income	**9.2**	9.2
	260.7	198.4

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

	Six months ended 30th June	
	2023	2022
	US$m	US$m
By business activity:		
Hotel ownership	**40.5**	5.7
Hotel & Residences branding and management	**23.2**	13.4
Underlying EBITDA from subsidiaries	**63.7**	19.1
Non-trading items *(note 7)*		
Change in fair value of investment properties	**(140.2)**	2.7
Gain on sale of a subsidiary	**45.7**	-
	(94.5)	2.7
EBITDA from subsidiaries	**(30.8)**	21.8
Underlying depreciation and amortisation from subsidiaries	**(27.3)**	(31.4)
Operating loss	**(58.1)**	(9.6)
By geographical area:		
Asia	**23.3**	(13.5)
EMEA	**39.8**	28.4
America	**0.6**	4.2
Underlying EBITDA from subsidiaries	**63.7**	19.1

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**
Six months ended 30th June 2023						
By business activity:						
Hotel ownership	**12.9**	**(7.9)**	**5.0**	**(4.0)**	**0.2**	**1.2**
Other	**0.1**	**(0.2)**	**(0.1)**	**(0.1)**	**-**	**(0.2)**
	13.0	**(8.1)**	**4.9**	**(4.1)**	**0.2**	**1.0**
By geographical area:						
Asia	**5.8**	**(5.3)**	**0.5**	**(1.4)**	**0.2**	**(0.7)**
EMEA	**2.8**	**(1.8)**	**1.0**	**(1.4)**	**-**	**(0.4)**
America	**4.4**	**(1.0)**	**3.4**	**(1.3)**	**-**	**2.1**
	13.0	**(8.1)**	**4.9**	**(4.1)**	**0.2**	**1.0**
Six months ended 30th June 2022						
By business activity:						
Hotel ownership	9.2	(7.2)	2.0	(2.5)	(0.3)	(0.8)
Other	0.1	(0.2)	(0.1)	(0.1)	-	(0.2)
	9.3	(7.4)	1.9	(2.6)	(0.3)	(1.0)
By geographical area:						
Asia	3.5	(4.5)	(1.0)	(1.3)	(0.3)	(2.6)
EMEA	1.6	(1.8)	(0.2)	(0.5)	-	(0.7)
America	4.2	(1.1)	3.1	(0.8)	-	2.3
	9.3	(7.4)	1.9	(2.6)	(0.3)	(1.0)

5. TAX

	Six months ended 30th June	
	2023	2022
	US$m	US$m
Tax (charged)/credited to profit and loss is analysed as follows:		
Current tax	**(1.9)**	(1.7)
Deferred tax	**(3.2)**	0.1
	(5.1)	(1.6)
By business activity:		
Hotel ownership	**(2.4)**	(0.7)
Hotel & Residences branding and management	**(2.7)**	(0.9)
	(5.1)	(1.6)
By geographical area:		
Asia	**(5.4)**	(0.2)
EMEA	**1.0**	(1.3)
America	**(0.7)**	(0.1)
	(5.1)	(1.6)

Tax credit relating to cash flow hedges of US$0.5 million (2022: tax charge of US$1.5 million) is included in other comprehensive income or expense.

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 10)*.

The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities relating to Pillar Two income taxes.

Share of tax credit of associates and joint ventures of US$0.2 million (2022: tax charge of US$0.3 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$69.2 million (2022: US$18.3 million) and the weighted average number of 1,263.8 million (2022: 1,263.7 million) shares in issue during the period.

Diluted loss per share is calculated using loss attributable to shareholders of US$69.2 million (2022: US$18.3 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 period.

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

	Six months ended 30th June					
	2023			2022		
	US$m	**Basic (loss)/ earnings per share US¢**	**Diluted (loss)/ earnings per share US¢**	US$m	Basic loss per share US¢	Diluted loss per share US¢
Loss attributable to shareholders	**(69.2)**	**(5.48)**	**(5.48)**	(18.3)	(1.45)	(1.45)
Non-trading items *(note 7)*	**97.0**			(2.7)		
Underlying profit/(loss) attributable to shareholders	**27.8**	**2.20**	**2.20**	(21.0)	(1.66)	(1.66)

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:

	Six months ended 30th June	
	2023	2022
	US$m	US$m
Change in fair value of investment properties *(note 8)*	**(140.2)**	2.7
Gain on sale of a subsidiary *(note 10)*	**43.2**	-
	(97.0)	2.7

8. INVESTMENT PROPERTIES

	Six months ended 30th June		Year ended 31st December
	2023	2022	2022
	US$m	US$m	US$m
Fair value at beginning of period	**2,472.6**	2,462.0	2,462.0
Exchange differences	**(12.7)**	(15.2)	0.6
Additions	**34.5**	10.0	26.4
Transfer from tangible assets	**-**	-	0.6
Transfer from right-of-use assets	**-**	-	87.1
(Decrease)/increase in fair value	**(140.2)**	2.7	(104.1)
Fair value at end of period	**2,354.2**	2,459.5	2,472.6

In the second half of 2022, an own-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 a change of its future use determined by the Directors.

At 30th June 2023, investment properties comprised a commercial investment property under development of US$2,266.0 million (US$2,459.5 million as at 30th June 2022 and US$2,384.9 million as at 31st December 2022) and a completed residential investment property of US$88.2 million (nil as at 30th June 2022 and US$87.7 million as at 31st December 2022).

9. BORROWINGS

The Group has borrowing facilities of US$752 million due to mature in the first half of 2024. Based on the Group's consistent track record of securing external financing in a timely manner, its operating performance and strong balance sheet, the Group is confident that it will complete the refinancing of these bank facilities if necessary before the maturity dates.

10. SALE OF A SUBSIDIARY

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 Jardine Matheson Holdings Limited, the Group's ultimate holding company, at a total consideration of US$85.0 million. The Group has recognised a post-tax, non-trading gain of US$43.2 million (net of tax charge of US$2.5 million). The Group has retained the hotel management contracts. Mandarin Oriental, Jakarta has become a managed hotel of the Group following the sale.

Net cash inflow for the sale of P.T. Jaya Mandarin Agung is summarised as follows:

	Six months ended 30th June	
	2023	2022
Sale of a subsidiary	**US$m**	US$m
Non-current assets	**3.7**	-
Currents assets	**5.3**	-
Non-current liabilities	**(0.4)**	-
Current liabilities	**(4.0)**	-
Non-controlling interests	**0.4**	-
Net assets	**5.0**	-
Cumulative exchange translation difference	**33.1**	-
Profit on disposal before tax	**45.7**	-
Sales proceeds (net of selling expenses)	**83.8**	-
Adjustment for deferred payments	**(3.2)**	-
Cash and cash equivalents of subsidiaries disposed of	**(4.0)**	-
Net cash inflow	**76.6**	-

The revenue and loss after tax in respect of the subsidiary disposed of during the six months ended 30th June 2023 amounted to US$6.0 million and US$0.6 million, respectively.

11. 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.

12. DIVIDENDS

An interim dividend in respect of 2023 of US¢1.50 (2022: nil) per share amounting to a total of US$19.0 million (2022: nil) has been declared by the Board and will be accounted for as an appropriation of revenue reserves in the second half of the year ending 31st December 2023.

13. CAPITAL COMMITMENTS

Total capital commitments at 30th June 2023 and 31st December 2022 amounted to US$405.0 million and US$512.2 million, respectively.

14. FINANCIAL INSTRUMENTS

Financial instruments by category

The fair values of financial assets and financial liabilities, together with carrying amounts at 30th June 2023 and 31st December 2022 are as follows:

	Fair value of hedging instruments **US$m**	Fair value through profit and loss **US$m**	Financial assets at amortised cost **US$m**	Other financial liabilities **US$m**	Total carrying amount **US$m**	Fair value **US$m**
30th June 2023						
Financial assets measured at fair value						
Other investments	-	**13.8**	-	-	**13.8**	**13.8**
Derivative financial instruments	**6.3**	-	-	-	**6.3**	**6.3**
	6.3	**13.8**	-	-	**20.1**	**20.1**
Financial assets not measured at fair value						
Debtors	-	-	**72.4**	-	**72.4**	**72.4**
Bank and cash balances	-	-	**349.3**	-	**349.3**	**349.3**
	-	-	**421.7**	-	**421.7**	**421.7**
Financial liabilities not measured at fair value						
Borrowings	-	-	-	**(582.0)**	**(582.0)**	**(582.0)**
Lease liabilities	-	-	-	**(116.9)**	**(116.9)**	**(116.9)**
Trade and other payable excluding non-financial liabilities	-	-	-	**(134.3)**	**(134.3)**	**(134.3)**
	-	-	-	**(833.2)**	**(833.2)**	**(833.2)**

14. FINANCIAL INSTRUMENTS *(CONTINUED)*

Financial instruments by category *(continued)*

	Fair value of hedging instruments US$m	Fair value through profit and loss US$m	Financial assets at amortised cost US$m	Other financial liabilities US$m	Total carrying amount US$m	Fair value US$m
31st December 2022						
Financial assets measured at fair value						
Other investments	-	14.0	-	-	14.0	14.0
Derivative financial instruments	17.4	-	-	-	17.4	17.4
	17.4	14.0	-	-	31.4	31.4
Financial assets not measured at fair value						
Debtors	-	-	69.8	-	69.0	69.8
Bank and cash balances	-	-	226.2	-	226.2	226.2
	-	-	296.0	-	296.0	296.0
Financial liabilities not measured at fair value						
Borrowings	-	-	-	(602.0)	(602.0)	(602.0)
Lease liabilities	-	-	-	(129.4)	(129.4)	(129.4)
Trade and other payable excluding non-financial liabilities	-	-	-	(141.6)	(141.6)	(141.6)
	-	-	-	(873.0)	(873.0)	(873.0)

Fair value estimation

(i) Financial instruments that are measured at fair value

For financial instruments that are measured at fair value in the balance sheet, the corresponding fair value measurements are disclosed by level of the following fair value measurement hierarchy:

(a) *Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly ('observable current market transactions')*
The fair values of derivative financial instruments are determined using rates quoted by the Group's bankers at the balance sheet date. The rates for interest rate swaps and caps and forward foreign exchange contracts are calculated by reference to market interest rates and foreign exchange rates.

The fair values of unlisted investments mainly include club and school debentures, are determined using prices quoted by brokers at the balance sheet date.

14. FINANCIAL INSTRUMENTS *(CONTINUED)*

Fair value estimation *(continued)*
(i) Financial instruments that are measured at fair value *(continued)*

(b) Inputs for assets or liabilities that are not based on observable market data ('unobservable inputs')
The fair values of other unlisted investments are determined using valuation techniques by reference to observable current market transactions (including price-to earnings and price-to book ratios of listed securities of entities engaged in similar industries) or the market prices of the underlying investments with certain degree of entity specific estimates or discounted cash flow by projecting the cash flows from these investments.

There were no changes in valuation techniques during the six months ended 30th June 2023 and the year ended 31st December 2022.

The table below analyses financial instruments carried at fair value at 30th June 2023 and 31st December 2022, by the levels in the fair value measurement hierarchy:

	Observable market current transactions **US$m**	Unobservable inputs **US$m**	Total **US$m**
30th June 2023			
Assets			
Other investments	**6.0**	**7.8**	**13.8**
Derivative financial instruments at fair value			
- through other comprehensive income	**6.3**	**-**	**6.3**
	12.3	**7.8**	**20.1**
31st December 2022			
Assets			
Other investments	6.0	8.0	14.0
Derivative financial instruments at fair value			
- through other comprehensive income	17.4	-	17.4
	23.4	8.0	31.4

There were no transfers among the two categories during the six months ended 30th June 2023 and the year ended 31st December 2022.

14. FINANCIAL INSTRUMENTS *(CONTINUED)*

Fair value estimation *(continued)*

(i) Financial instruments that are measured at fair value *(continued)*

Movement of financial instruments which are valued based on unobservable inputs during the six months ended 30th June 2023 and the year ended 31st December 2022 are as follows:

	Unlisted investments **US$m**
At 1st January 2023	**8.0**
Disposals	**(0.2)**
At 30th June 2023	**7.8**
At 1st January 2022	10.5
Additions	0.2
Disposals	(2.7)
At 31st December 2022	8.0

(ii) Financial instruments that are not measured at fair value

The fair values of current debtors, bank and cash balances, current creditors, current borrowings and current lease liabilities are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

The fair values of long-term borrowings are based on market prices or are estimated using the expected future payments discounted at market interest rates. The fair values of non-current lease liabilities are estimated using the expected future payments discounted at market interest rates.

15. 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 during the six months ended 30th June 2023 are described below:

The Group managed six (2022: six) associate and joint venture hotels and received management fees of US$7.0 million (2022: US$5.7 million) based on long-term management agreements on normal commercial terms.

15. RELATED PARTY TRANSACTIONS *(CONTINUED)*

The Group provided hotel management services to Hongkong Land group ('HKL'), a subsidiary of JMH. Total management fees received from HKL amounted to US$1.2 million (2022: US$0.6 million), based on long-term management agreements on normal commercial terms.

The Group rented a property to DFI Retail Group, a subsidiary of JMH, and received rental income of US$0.3 million (2022: US$0.3 million), based on lease agreements on normal commercial terms.

In respect of the Causeway Bay site under development, the Group paid consultancy fees of US$0.9 million (2022: US$0.7 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$22.5 million (2022: US$6.6 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, the Group's ultimate holding company, at a total consideration of US$85.0 million.

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 first six months of the current financial 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 following have been identified previously as the areas of principal risk and uncertainty facing the Company, and they remain relevant in the second half of the year.

- Reputational Risk and Value of the Brand
- Concentration Risk
- Commercial Risk
- Environmental and Climate Risk
- Financial Strength and Funding
- Governance and Misconduct
- Health, Safety and Product Quality
- IT and Cybersecurity
- Pandemic
- Political and Economic Risk
- People and Talent
- Compliance with and Changes to Laws and Regulations

For greater detail, please refer to pages 130 and 136 of the Company's 2022 Annual Report, a copy of which is available on the Company's website www.mandarinoriental.com.

Responsibility Statements

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

(a) the condensed financial statements prepared in accordance with IAS 34 'Interim Financial Reporting' give a true and fair view of the assets, liabilities, financial position and profit and losses of the Group; and

(b) the interim management report includes a fair review of all information required to be disclosed under Rules 4.2.7 and 4.2.8 of the Disclosure Guidance and Transparency Rules issued by the Financial Conduct Authority in the United Kingdom.

For and on behalf of the Board

James Riley
Matthew Bishop

Directors

Mandarin Oriental International Limited
Dividend Information for Shareholders

The interim dividend of US¢1.50 per share will be payable on 11th October 2023 to shareholders on the register of members at the close of business on 18th August 2023. The shares will be quoted ex-dividend on 17th August 2023, and the share registers will be closed from 21st to 25th August 2023, 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 interim dividend by notifying the United Kingdom transfer agent in writing by 22nd September 2023. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 27th September 2023.

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 18th August 2023, must submit the relevant documents to M & C Services Private Limited, the Singapore branch registrar, by no later than 5.00 p.m. (local time) on 17th August 2023.

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 36 hotels and nine residences in 24 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$4.8 billion as at 30th June 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 on the London Stock Exchange, with secondary listings in Bermuda and Singapore. Mandarin Oriental Hotel Group International Limited, which operates from Hong Kong, manages the activities of the Group's hotels. Mandarin Oriental is a member of the Jardine Matheson Group.

- end -

For further information, please contact:

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As permitted by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority in the United Kingdom, the Company will not be posting a printed version of the Half-Year Results announcement for the six months ended 30th June 2023 to shareholders. This Half-Year Results announcement will be made available on the Company's website, www.mandarinoriental.com, together with other Group announcements.