

30th July 2020

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-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2020

Highlights

- Underlying loss of US\$102 million
- Majority of hotels closed during second quarter
- Group's balance sheet and funding position remain robust

“The Group saw substantial underlying losses in the first half of the year as a consequence of the COVID-19 pandemic. A material recovery in business levels is not expected until 2021 at the earliest and a significant further loss is therefore likely in the second half of 2020. The Board remains confident that the Group's robust financial position and strong brand will enable Mandarin Oriental to weather the downturn and return to profit when luxury travel begins to recover.”

Ben Keswick
Chairman

Results

	(unaudited) Six months ended 30th June		Change %
	2020 US\$m	2019 US\$m	
Combined total revenue of hotels under management ⁽¹⁾	276.4	641.0	-57
Revenue	95.5	279.6	-66
Underlying EBITDA (Earnings before interest, tax, depreciation and amortisation) ⁽²⁾	(50.1)	69.1	N/A
Underlying (loss)/profit attributable to shareholders ⁽³⁾	(101.8)	10.7	N/A
Loss attributable to shareholders	(435.5)	(12.1)	N/A
	US¢	US¢	%
Underlying (loss)/earnings per share ⁽³⁾	(8.06)	0.85	N/A
Loss per share	(34.48)	(0.96)	N/A
Interim dividend per share	-	1.50	N/A
	US\$	US\$	%
Net asset value per share ⁽⁴⁾	2.90	3.26	-11
Adjusted net asset value per share ⁽⁴⁾⁽⁵⁾	4.34	4.70	-8
Net debt/shareholders' funds ⁽⁴⁾	11%	7%	
Net debt/adjusted shareholders' funds ⁽⁴⁾⁽⁵⁾	8%	5%	

(1) Combined revenue includes turnover of the Group's subsidiary hotels in addition to 100% of revenue from associate, joint venture and managed hotels.
(2) EBITDA of subsidiaries plus the Group's share of EBITDA of associates and joint ventures.
(3) The Group uses 'underlying profit' in its internal financial reporting to distinguish between ongoing business performance and non-trading items, as more fully described in note 7 to the 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 2020 and 31st December 2019, respectively.
(5) The Group's investment property under development is carried at fair value on the basis of valuations carried out by independent valuers at 30th June 2020 and 31st December 2019. 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 2020 and 31st December 2019 have included the market value of the Group's freehold and leasehold interests which were appraised as at 31st December 2019.

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MANDARIN ORIENTAL INTERNATIONAL LIMITED
HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2020

OVERVIEW

All of the Group's hotels were either closed or operated at single-digit percentage occupancy levels for much of the second quarter. Combined total revenue of hotels under management fell by 57% in the first half of 2020 compared to the equivalent period in 2019, with the majority of this decline occurring in the second quarter, which saw combined total revenues 86% lower than the same period last year. A number of cost containment measures have been implemented, but significant underlying losses were incurred in the first half of the year.

FINANCIAL PERFORMANCE

Underlying losses before interest, tax, depreciation and amortisation for the first half of 2020 were US\$50 million, compared to earnings of US\$69 million in the first half of 2019. Underlying losses for the period were US\$102 million, compared to an underlying profit of US\$11 million in the first half of 2019.

The biannual revaluation of The Excelsior site at 30th June 2020 resulted in a non-cash decrease of 10% or US\$334 million, as a result of a decline in open market office and retail rents in Hong Kong in the first half of the year. Together with the underlying loss, this resulted in a total loss attributable to shareholders for the period of US\$436 million.

At 30th June 2020, net debt was US\$412 million compared to US\$300 million at the end of 2019. This reflected US\$52 million of capital expenditure during the period, primarily in relation to the renovation of Mandarin Oriental Ritz, Madrid and the redevelopment of The Excelsior site. Gearing was 8% of adjusted shareholders' funds, compared to 5% at the end of 2019. The Group's financial position remains robust and it is well-placed to weather a prolonged downturn. At 30th June 2020, the Group had US\$187 million of cash reserves and US\$217 million in available, committed debt facilities.

In light of the substantially reduced levels of business, no interim dividend will be paid.

HOTEL PERFORMANCE

In Europe and America, all hotels were closed from late March onwards. Hotels in Asia and the Middle East mostly remained open during the first half, although operating at very low occupancy levels once anti-pandemic restrictions and border controls were imposed.

The Group's flagship Hong Kong hotel remained open, but with single-digit percentage occupancy levels for most of the second quarter, and the hotel made a loss during the first half. It did, however, benefit from a partial recovery in food & beverage business when government anti-pandemic measures were relaxed. The remainder of the Group's owned hotels also incurred losses in the second quarter, despite cost containment measures.

On a more positive note, in June the Group's hotels on the Chinese mainland saw a significant recovery in occupancy levels to some 40%. Elsewhere, a number of the Group's hotels have begun to reopen in anticipation of some demand but, in many cases, this demand is expected to remain low and not in line with normal market conditions.

NEW DEVELOPMENTS

A management contract was signed in July 2020 for a new hotel and residences project in Vienna, which is scheduled to open in 2023.

PEOPLE

On behalf of the Board, I would like to thank all our colleagues for their continuing dedication, hard work and professionalism during such challenging times.

I stepped down as Managing Director on 15th June 2020 and was succeeded by John Witt, who joins the Board. I will continue as Chairman.

OUTLOOK

The Group saw substantial underlying losses in the first half of the year as a consequence of the COVID-19 pandemic. A material recovery in business levels is not expected until 2021 at the earliest and a significant further loss is therefore likely in the second half of 2020. The Board remains confident that the Group's robust financial position and strong brand will enable Mandarin Oriental to weather the downturn and return to profit when luxury travel begins to recover.

Ben Keswick

Chairman

Mandarin Oriental International Limited
Consolidated Profit and Loss Account

	(unaudited)						Year ended 31st December		
	2020			2019			2019		
	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)	95.5	-	95.5	279.6	-	279.6	566.5	-	566.5
Cost of sales	(122.1)	-	(122.1)	(185.8)	-	(185.8)	(364.7)	-	(364.7)
Gross (loss)/profit	(26.6)	-	(26.6)	93.8	-	93.8	201.8	-	201.8
Selling and distribution costs	(16.2)	-	(16.2)	(21.2)	-	(21.2)	(38.8)	-	(38.8)
Administration expenses	(52.7)	-	(52.7)	(58.8)	-	(58.8)	(117.2)	-	(117.2)
Other operating income/(expense)	14.4	-	14.4	11.8	(32.3)	(20.5)	25.2	(32.7)	(7.5)
Change in fair value of investment property under development	-	(333.7)	(333.7)	-	8.8	8.8	-	(67.3)	(67.3)
Operating (loss)/profit (note 3)	(81.1)	(333.7)	(414.8)	25.6	(23.5)	2.1	71.0	(100.0)	(29.0)
Financing charges	(8.0)	-	(8.0)	(9.4)	-	(9.4)	(18.1)	-	(18.1)
Interest income	1.1	-	1.1	1.8	-	1.8	3.4	-	3.4
Net financing charges	(6.9)	-	(6.9)	(7.6)	-	(7.6)	(14.7)	-	(14.7)
Share of results of associates and joint ventures (note 4)	(13.5)	-	(13.5)	(1.6)	-	(1.6)	(1.7)	-	(1.7)
(Loss)/profit before tax	(101.5)	(333.7)	(435.2)	16.4	(23.5)	(7.1)	54.6	(100.0)	(45.4)
Tax (note 5)	(0.3)	-	(0.3)	(5.8)	0.7	(5.1)	(13.5)	3.3	(10.2)
(Loss)/profit after tax	(101.8)	(333.7)	(435.5)	10.6	(22.8)	(12.2)	41.1	(96.7)	(55.6)
Attributable to:									
Shareholders of the Company (note 6 & 7)	(101.8)	(333.7)	(435.5)	10.7	(22.8)	(12.1)	41.2	(96.7)	(55.5)
Non-controlling interests	-	-	-	(0.1)	-	(0.1)	(0.1)	-	(0.1)
	(101.8)	(333.7)	(435.5)	10.6	(22.8)	(12.2)	41.1	(96.7)	(55.6)
	US¢		US¢	US¢		US¢	US¢		US¢
(Loss)/earnings per share (note 6)									
- basic	(8.06)		(34.48)	0.85		(0.96)	3.26		(4.39)
- diluted	(8.06)		(34.48)	0.85		(0.96)	3.26		(4.39)

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Mandarin Oriental International Limited
Consolidated Statement of Comprehensive Income

	(unaudited) Six months ended 30th June 2020 US\$m	2019 US\$m	Year ended 31st December 2019 US\$m
Loss for the period	(435.5)	(12.2)	(55.6)
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	-	(0.6)	3.4
Revaluation surplus of right-of-use assets before transfer to investment property under development (<i>note 8</i>)	-	2,943.4	2,943.4
Tax on items that will not be reclassified	-	0.1	(0.6)
	-	2,942.9	2,946.2
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
- net gains arising during the period	1.3	12.8	25.0
Cash flow hedges			
- net losses arising during the period	(9.9)	(2.4)	(0.4)
Tax relating to items that may be reclassified	1.6	0.4	0.1
Share of other comprehensive (expense)/income of associates and joint ventures	(4.1)	2.0	3.1
	(11.1)	12.8	27.8
Other comprehensive (expense)/income for the period, net of tax	(11.1)	2,955.7	2,974.0
Total comprehensive (expense)/income for the period	(446.6)	2,943.5	2,918.4
Attributable to:			
Shareholders of the Company	(446.5)	2,943.5	2,918.4
Non-controlling interests	(0.1)	-	-
	(446.6)	2,943.5	2,918.4

Mandarin Oriental International Limited
Consolidated Balance Sheet

	(unaudited)	At 31st
	At 30th June	December
	2020	2019
	US\$m	US\$m
Net assets		
Intangible assets	49.5	50.4
Tangible assets	1,147.3	1,179.6
Right-of-use assets	297.9	305.5
Investment property under development (<i>note 8</i>)	2,657.9	3,020.3
Associates and joint ventures	208.9	208.6
Other investments	15.3	16.2
Deferred tax assets	11.5	12.0
Pension assets	0.8	-
Non-current debtors	4.8	4.9
Non-current assets	4,393.9	4,797.5
Stocks	5.9	5.8
Current debtors	62.3	99.2
Current tax assets	2.2	2.0
Bank and cash balances	187.1	211.1
Current assets	257.5	318.1
Current creditors	(130.1)	(147.7)
Current borrowings	(41.9)	(2.5)
Current lease liabilities	(7.0)	(6.9)
Current tax liabilities	(11.7)	(17.5)
Current liabilities	(190.7)	(174.6)
Net current assets	66.8	143.5
Long-term borrowings	(557.2)	(544.3)
Non-current lease liabilities	(166.2)	(173.3)
Deferred tax liabilities	(58.0)	(58.1)
Pension liabilities	-	(2.6)
Non-current creditors	(9.3)	(1.5)
	3,670.0	4,161.2
Total equity		
Share capital	63.2	63.1
Share premium	499.7	499.7
Revenue and other reserves	3,103.9	3,594.8
Shareholders' funds	3,666.8	4,157.6
Non-controlling interests	3.2	3.6
	3,670.0	4,161.2

Mandarin Oriental International Limited
Consolidated Statement of Changes in Equity

	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
<i>Six months ended 30th June 2020 (unaudited)</i>										
At 1st January 2020	63.2	499.7	260.3	434.8	2,943.4	-	(88.4)	4,113.0	3.6	4,116.6
Total comprehensive income	-	-	-	(435.5)	-	(8.7)	(2.3)	(446.5)	(0.1)	(446.6)
Change in interest in a subsidiary	-	-	-	0.3	-	-	-	0.3	(0.3)	-
At 30th June 2020	63.2	499.7	260.3	(0.4)	2,943.4	(8.7)	(90.7)	3,666.8	3.2	3,670.0
<i>Six months ended 30th June 2019 (unaudited)</i>										
At 1st January 2019	63.1	497.8	262.5	525.0	-	0.6	(116.6)	1,232.4	3.8	1,236.2
Total comprehensive income	-	-	-	(12.6)	2,943.4	(2.1)	14.8	2,943.5	-	2,943.5
Dividends paid by the Company	-	-	-	(18.9)	-	-	-	(18.9)	-	(18.9)
Issue of shares	-	0.1	-	-	-	-	-	0.1	-	0.1
Share-based long-term incentive plans	-	-	0.3	-	-	-	-	0.3	-	0.3
Change in interest in a subsidiary	-	-	-	0.2	-	-	-	0.2	(0.2)	-
Transfer	-	1.8	(1.8)	-	-	-	-	-	-	-
At 30th June 2019	63.1	499.7	261.0	493.7	2,943.4	(1.5)	(101.8)	4,157.6	3.6	4,161.2

Revenue reserves as at 30th June 2020 included cumulative fair value loss on the investment property under development of US\$401.0 million.

(Consolidated Statement of Changes in Equity continued on page 8)

Mandarin Oriental International Limited
Consolidated Statement of Changes in Equity (continued)

	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
<i>Year ended 31st December 2019</i>										
At 1st January 2019	63.1	497.8	262.5	525.0	-	0.6	(116.6)	1,232.4	3.8	1,236.2
Total comprehensive income	-	-	-	(52.6)	2,943.4	(0.6)	28.2	2,918.4	-	2,918.4
Dividends paid by the Company	-	-	-	(37.9)	-	-	-	(37.9)	-	(37.9)
Issue of shares	0.1	0.1	-	-	-	-	-	0.2	-	0.2
Share-based long-term incentive plans	-	-	(0.3)	-	-	-	-	(0.3)	-	(0.3)
Change in interest in a subsidiary	-	-	-	0.2	-	-	-	0.2	(0.2)	-
Transfer	-	1.8	(1.9)	0.1	-	-	-	-	-	-
At 31st December 2019	<u>63.2</u>	<u>499.7</u>	<u>260.3</u>	<u>434.8</u>	<u>2,943.4</u>	<u>-</u>	<u>(88.4)</u>	<u>4,113.0</u>	<u>3.6</u>	<u>4,116.6</u>

Mandarin Oriental International Limited
Consolidated Cash Flow Statement

	(unaudited) Six months ended 30th June 2020 US\$m	2019 US\$m	Year ended 31st December 2019 US\$m
Operating activities			
Operating (loss)/profit	(414.8)	2.1	(29.0)
Depreciation and amortisation	37.4	59.7	91.9
Other non-cash items	335.6	(8.0)	69.0
Movements in working capital	(0.9)	(22.0)	(3.1)
Interest received	1.3	1.7	3.4
Interest and other financing charges paid	(8.1)	(10.4)	(19.2)
Tax paid	(8.3)	(3.7)	(6.0)
	(57.8)	19.4	107.0
Dividends and interest from associates and joint ventures	-	3.2	5.9
Cash flows from operating activities	(57.8)	22.6	112.9
Investing activities			
Purchase of tangible assets	(14.3)	(27.9)	(41.7)
Additions to investment property under development	(11.1)	(4.0)	(15.1)
Purchase of intangible assets	(3.2)	(2.8)	(8.3)
Payment on Munich expansion	-	(0.7)	(1.1)
Purchase of other investments	(0.4)	(0.9)	(1.1)
Advance to associates and joint ventures	(23.1)	(15.8)	(16.7)
Repayment of loans to associates and joint ventures	0.4	0.4	3.6
Cash flows from investing activities	(51.7)	(51.7)	(80.4)
Financing activities			
Issue of shares	-	0.1	0.1
Drawdown of borrowings	32.4	537.7	555.8
Repayment of borrowings	-	(523.3)	(522.3)
Principal elements of lease payments	(3.6)	(3.2)	(6.4)
Dividends paid by the Company (<i>note 9</i>)	-	(18.9)	(37.9)
Cash flows from financing activities	28.8	(7.6)	(10.7)
Net (decrease)/increase in cash and cash equivalents	(80.7)	(36.7)	21.8
Cash and cash equivalents at beginning of period	270.7	246.8	246.8
Effect of exchange rate changes	(2.9)	1.0	2.1
Cash and cash equivalents at end of period	187.1	211.1	270.7

Mandarin Oriental International Limited
Notes to Condensed Financial Statements

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.

The Group had early adopted the 'Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7' (effective 1st January 2020) for the Group's annual reporting period commencing 1st January 2019.

There are no changes to the accounting policies as described in the 2019 annual financial statements other than the following changes in relation to government grants. Other amendments which are effective in 2020 and relevant to the Group's operations, do not have a significant effect on the Group's accounting policies. The Group has not early adopted any other standard or amendments that have been issued but not yet effective.

Government grants

Grants from government are recognised at their fair values where there is reasonable assurance that the grants will be received, and the Group will comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred are recognised in the profit and loss as other income on a systematic basis in the period in which the expenses are recognised. Unconditional grants are recognised in the profit and loss as other income when they become receivable.

Grants related to assets are deducted in arriving at the carrying value of the related assets.

2. REVENUE

	Six months ended 30th June	
	2020	2019
	US\$m	US\$m
	<u> </u>	<u> </u>
<i>By geographical area:</i>		
Asia	43.7	150.2
Europe, Middle East and Africa ('EMEA')	37.2	77.6
America	14.6	51.8
	<u>95.5</u>	<u>279.6</u>
<i>Revenue from contracts with customers:</i>		
Recognised at a point in time	37.8	104.8
Recognised over time	49.7	164.8
	<u>87.5</u>	<u>269.6</u>
<i>Revenue from other sources:</i>		
Rental income	8.0	10.0
	<u>95.5</u>	<u>279.6</u>

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

	Six months ended 30th June	
	2020	2019
	US\$m	US\$m
	<hr/>	<hr/>
<i>By geographical area:</i>		
Asia	(15.5)	44.6
EMEA	(10.0)	13.0
America	(18.2)	2.3
	<hr/>	<hr/>
Underlying EBITDA from subsidiaries	(43.7)	59.9
Non-trading items (<i>note 7</i>)		
Fire at Mandarin Oriental Hyde Park, London		
- repair expenses and write-off of tangible assets and other incidental expenses	-	(7.7)
- insurance recovery for replacement of tangible assets and other incidental expenses	-	7.7
Closure of The Excelsior, Hong Kong		
- other costs	-	(6.5)
Change in fair value of investment property under development	(333.7)	8.8
Change in fair value of other investments	-	(0.4)
	<hr/>	<hr/>
	(333.7)	1.9
EBITDA from subsidiaries	(377.4)	61.8
Underlying depreciation and amortisation from subsidiaries	(37.4)	(34.3)
Non-trading items (<i>note 7</i>)		
Closure of The Excelsior, Hong Kong		
- accelerated depreciation and amortisation	-	(25.4)
	<hr/>	<hr/>
Operating (loss)/profit	(414.8)	2.1
	<hr/>	<hr/>

Included in other operating income were government grants, the majority of which were in support of employee retention, of US\$10.1 million in relation to the COVID-19 pandemic for the six months ended 30th June 2020.

4. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	EBITDA US\$m	Depreciation and amortisation US\$m	Operating (loss)/ profit US\$m	Net financing charges US\$m	Tax US\$m	Net (loss)/ profit US\$m
Six months ended 30th June 2020						
<i>By geographical area:</i>						
Asia	(0.5)	(4.5)	(5.0)	(1.0)	0.9	(5.1)
EMEA	(2.4)	(0.2)	(2.6)	-	-	(2.6)
America	(3.5)	(1.4)	(4.9)	(0.9)	-	(5.8)
	<u>(6.4)</u>	<u>(6.1)</u>	<u>(12.5)</u>	<u>(1.9)</u>	<u>0.9</u>	<u>(13.5)</u>
Six months ended 30th June 2019						
<i>By geographical area:</i>						
Asia	9.1	(6.1)	3.0	(0.9)	(1.0)	1.1
EMEA	(2.0)	(0.2)	(2.2)	-	-	(2.2)
America	2.1	(1.3)	0.8	(1.2)	(0.1)	(0.5)
	<u>9.2</u>	<u>(7.6)</u>	<u>1.6</u>	<u>(2.1)</u>	<u>(1.1)</u>	<u>(1.6)</u>

Included in share of results of associates and joint ventures were the Group's share of government grants, the majority of which were in support of employee retention, of US\$1.6 million in relation to the COVID-19 pandemic for the six months ended 30th June 2020.

5. TAX

	Six months ended 30th June	
	2020	2019
	US\$m	US\$m
Tax (charged)/credited to profit and loss is analysed as follows:		
Current tax	(0.6)	(8.7)
Deferred tax	0.3	3.6
	<u>(0.3)</u>	<u>(5.1)</u>
<i>By geographical area:</i>		
Asia	(0.6)	(2.9)
EMEA	0.3	(1.9)
America	-	(0.3)
	<u>(0.3)</u>	<u>(5.1)</u>

Tax credit relating to cash flow hedges of US\$1.6 million (2019: US\$0.4 million) is included in other comprehensive income or expense.

5. TAX (CONTINUED)

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

Share of tax credit of associates and joint ventures of US\$0.9 million (2019: tax charge of US\$1.1 million) is included in share of results of associates and joint ventures (*note 4*).

6. EARNINGS PER SHARE

Basic loss/earnings per share are calculated on loss attributable to shareholders of US\$435.5 million (2019: US\$12.1 million) and on the weighted average number of 1,263.2 million (2019: 1,262.6 million) shares in issue during the period.

Diluted loss/earnings per share are calculated on loss attributable to shareholders of US\$435.5 million (2019: US\$12.1 million) and on the weighted average number of 1,263.2 million (2019: 1,263.2 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 period.

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

	Ordinary shares in millions	
	2020	2019
	_____	_____
Weighted average number of shares for basic earnings per share calculation	1,263.2	1,262.6
Adjustment for shares deemed to be issued for no consideration under the share-based long-term incentive plans	-	0.6
	_____	_____
Weighted average number of shares for diluted earnings per share calculation	<u>1,263.2</u>	<u>1,263.2</u>

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

	Six months ended 30th June					
	2020			2019		
	US\$m	Basic loss per share US¢	Diluted loss per share US¢	US\$m	Basic (loss)/ earnings per share US¢	Diluted (loss)/ earnings per share US¢
	_____	_____	_____	_____	_____	_____
Loss attributable to shareholders	(435.5)	(34.48)	(34.48)	(12.1)	(0.96)	(0.96)
Non-trading items (<i>note 7</i>)	<u>333.7</u>			<u>22.8</u>		
Underlying (loss)/ profit attributable to shareholders	<u>(101.8)</u>	(8.06)	(8.06)	<u>10.7</u>	0.85	0.85

7. NON-TRADING ITEMS

Non-trading items are separately identified to provide greater understanding of the Group's underlying business performance. Items classified as non-trading items include fair value gains or losses on revaluation of investments property under development 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	
	2020	2019
	US\$m	US\$m
	_____	_____
Fire at Mandarin Oriental Hyde Park, London		
- repair expenses and write-off of tangible assets and other incidental expenses	-	(7.7)
- insurance recovery for replacement of tangible assets and other incidental expenses	-	7.7
Closure of The Excelsior, Hong Kong		
- accelerated depreciation and amortisation	-	(25.3)
- other costs	-	(5.9)
Change in fair value of investment property under development (<i>note 8</i>)	(333.7)	8.8
Change in fair value of other investments	-	(0.4)
	<u>(333.7)</u>	<u>(22.8)</u>

8. INVESTMENT PROPERTY UNDER DEVELOPMENT

Following the closure of The Excelsior, Hong Kong, by the end of March 2019, its use has been changed from a hotel property to a commercial property for redevelopment. The site was revalued and transferred from a right-of-use asset held at historical depreciated cost to an investment property under development subject to regular valuation reviews. The revaluation surplus of US\$2,943.4 million was recognised to the asset revaluation reserve through other comprehensive income on 31st March 2019. Subsequent fair value change of the investment property under development has been recognised as a non-trading item in the profit and loss.

	Six months ended	Year ended	
	30th June	31st	
	2019	December	
	2020	2019	
	US\$m	US\$m	
Fair value at beginning of period	2,967.7	-	-
Transfer from right-of-use assets on 31st March	-	2,993.6	2,993.6
Exchange differences	12.8	13.9	25.5
Additions	11.1	4.0	15.9
(Decrease)/increase in fair value	(333.7)	8.8	(67.3)
Fair value at end of period	2,657.9	3,020.3	2,967.7

9. DIVIDENDS

	Six months ended 30th June	
	2020	2019
	US\$m	US\$m
No final dividend in respect of 2019 (2018: US\$1.50 per share)	-	18.9

No interim dividend in respect of 2020 has been declared by the Board (2019: US\$1.50 per share amounting to a total of US\$19.0 million).

10. CAPITAL COMMITMENTS

Total capital commitments at 30th June 2020 and 31st December 2019 amounted to US\$736.7 million and US\$765.6 million, respectively.

11. FINANCIAL INSTRUMENTS

Financial instruments by category

The fair values of financial assets and financial liabilities, together with carrying amounts at 30th June 2020 and 31st December 2019 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 at amortised costs US\$m	Total carrying amount US\$m	Fair value US\$m
30th June 2020						
<i>Financial assets</i>						
<i>measured at fair value</i>						
Other investments	-	15.3	-	-	15.3	15.3
<i>Financial assets not</i>						
<i>measured at fair value</i>						
Debtors	-	-	51.3	-	51.3	51.3
Bank and cash balances	-	-	187.1	-	187.1	187.1
	-	-	238.4	-	238.4	238.4
<i>Financial liabilities</i>						
<i>measured at fair value</i>						
Derivative financial instruments	(9.3)	-	-	-	(9.3)	(9.3)
<i>Financial liabilities not</i>						
<i>measured at fair value</i>						
Borrowings	-	-	-	(599.1)	(599.1)	(599.1)
Lease liabilities	-	-	-	(173.2)	(173.2)	(173.2)
Trade and other payable excluding non-financial liabilities	-	-	-	(106.4)	(106.4)	(106.4)
	-	-	-	(878.7)	(878.7)	(878.7)

11. 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 at amortised costs US\$m	Total carrying amount US\$m	Fair value US\$m
31st December 2019						
<i>Financial assets</i>						
<i>measured at fair value</i>						
Other investments	-	15.9	-	-	15.9	15.9
Derivative financial instruments	1.5	-	-	-	1.5	1.5
	<u>1.5</u>	<u>15.9</u>	<u>-</u>	<u>-</u>	<u>17.4</u>	<u>17.4</u>
<i>Financial assets not</i>						
<i>measured at fair value</i>						
Debtors	-	-	61.4	-	61.4	61.4
Bank and cash balances	-	-	270.7	-	270.7	270.7
	<u>-</u>	<u>-</u>	<u>332.1</u>	<u>-</u>	<u>332.1</u>	<u>332.1</u>
<i>Financial liabilities</i>						
<i>measured at fair value</i>						
Derivative financial instruments	<u>(0.9)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.9)</u>	<u>(0.9)</u>
<i>Financial liabilities not</i>						
<i>measured at fair value</i>						
Borrowings	-	-	-	(571.1)	(571.1)	(571.1)
Lease liabilities	-	-	-	(175.4)	(175.4)	(175.4)
Trade and other payable excluding non-financial liabilities	-	-	-	(132.4)	(132.4)	(132.4)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(878.9)</u>	<u>(878.9)</u>	<u>(878.9)</u>

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.

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11. 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 2020 and the year ended 31st December 2019.

The table below analyses financial instruments carried at fair value at 30th June 2020 and 31st December 2019, by the levels in the fair value measurement hierarchy:

	Observable market current transactions US\$m	Unobservable inputs US\$m	Total US\$m
30th June 2020			
<i>Assets</i>			
Other investments	4.6	10.7	15.3
<i>Liabilities</i>			
Derivative financial instruments at fair value - through other comprehensive income	(9.3)	-	(9.3)
31st December 2019			
<i>Assets</i>			
Other investments	4.6	11.3	15.9
Derivative financial instruments at fair value - through other comprehensive income	1.5	-	1.5
	6.1	11.3	17.4
<i>Liabilities</i>			
Derivative financial instruments at fair value - through other comprehensive income	(0.9)	-	(0.9)

There were no transfers among the two categories during the six months ended 30th June 2020 and the year ended 31st December 2019.

11. 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 2020 and the year ended 31st December 2019 are as follows:

	Unlisted investments US\$m
At 1st January 2020	11.3
Additions	0.4
Disposals	<u>(1.0)</u>
At 30th June 2020	<u>10.7</u>
At 1st January 2019	9.1
Additions	<u>2.2</u>
At 31st December 2019	<u>11.3</u>

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

The fair values of current debtors, bank and cash balances, current creditors and current borrowings 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.

12. 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\$2.7 million (2019: US\$7.3 million) received from the Group's six (2019: six) associate and joint venture hotels which are based on long-term management agreements on normal commercial terms.

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

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

Mandarin Oriental International Limited
Principal Risks and Uncertainties

The Board has overall responsibility for risk management and internal control. The 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. The risk of a global pandemic, such as COVID-19, had been highlighted as a key risk.

- Economic and Financial Risk
- Commercial and Market Risk
- Pandemic, Terrorism and Natural Disasters
- Key Agreements
- Reputational Risk and Value of the Brand
- Regulatory and Political Risk

For greater detail, please refer to pages 115 and 116 of the Company's 2019 Annual Report, a copy of which is available on the Company's website www.mandarinoriental.com.

Responsibility Statement

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

- (a) the condensed financial statements have been prepared in accordance with IAS 34; and
- (b) the interim management report includes a fair review of all information required to be disclosed by the Disclosure Guidance and Transparency Rules 4.2.7 and 4.2.8 issued by the Financial Conduct Authority in the United Kingdom.

For and on behalf of the Board

James Riley
Craig Beattie

Directors

Dividend Information for Shareholders

In light of the substantially reduced levels of business, no interim dividend in respect of the 2020 financial year will be paid.

About Mandarin Oriental Hotel Group

Mandarin Oriental Hotel Group is an international hotel investment and management group with deluxe and first class hotels, resorts and residences in sought-after destinations around the world. Having grown from its Asian roots into a global brand, the Group now operates 33 hotels and seven residences in 23 countries and territories, with each property reflecting the Group's oriental heritage and unique sense of place. Mandarin Oriental has a strong pipeline of hotels and residences under development. The Group has equity interests in a number of its properties and adjusted net assets worth approximately US\$5.5 billion as at 30th June 2020.

Mandarin Oriental's aim is to be recognised as the world's best luxury hotel group. This will be achieved by investing in the Group's exceptional facilities and its people, and seeking selective opportunities for expansion around the world, while maximising profitability and long-term shareholder value. The Group regularly receives recognition and awards for outstanding service and quality management. The Group is committed to exceeding its guests' expectations through exceptional levels of hospitality, while maintaining its position as an innovative leader in the hotel industry.

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

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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-Yearly Results announcement to shareholders. The Half-Yearly Results announcement will remain available on the Company's website, www.mandarinoriental.com, together with other Group announcements.