Mandarin Oriental International Limited

Annual Report 2021

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 50 years ago into a global brand, the Group now operates 36 hotels and seven residences in 24 countries and territories, with each property reflecting the Group's oriental heritage and unique sense of place. 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$5.0 billion as at 31st December 2021.

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 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.

Jardines
A member of the Jardine Matheson Group

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Corporate Information

Directors

Ben Keswick *Chairman*
John Witt *Managing Director*
James Riley *Group Chief Executive*
Craig Beattie
(stepped down on 31st August 2021)
Matthew Bishop
(joined the Board on 1st September 2021)
Jinqing Cai
(joined the Board on 1st December 2021)
Jack Yilun Chen
(retired on 1st December 2021)
Julian Hui
(retired on 1st December 2021)
Adam Keswick
Archie Keswick
Lincoln K.K. Leong
(retired on 1st December 2021)
Anthony Nightingale
(retired on 1st December 2021)
Y.K. Pang
Richard Solomons
(joined the Board on 1st December 2021)
James Watkins
(stepped down on 29th July 2021)
Percy Weatherall
(retired on 1st December 2021)

Company Secretary

Jonathan Lloyd

Registered Office

Jardine House
33-35 Reid Street
Hamilton
Bermuda

Mandarin Oriental Hotel Group International Limited

Directors

John Witt *Chairman*
James Riley *Group Chief Executive*
Craig Beattie
(stepped down as Chief Financial Officer and director on 31st August 2021)
Matthew Bishop *Chief Financial Officer*
(appointed as Chief Financial Officer and director on 1st September 2021)
Graham Baker
Kieren Barry
Paul Clark
Joanna Flint
(joined the board on 1st July 2021)
Jill Kluge
(stepped down on 30th September 2021)
Christoph Mares
Vincent Marot
Paul Massot
Anne O'Riordan
Y.K. Pang
Jeremy Parr

Company Secretary

Jonathan Lloyd

Highlights

Mandarin Oriental International Limited

- Much improved performance
- Pandemic continues to impact results
- Strong liquidity and funding position
- Four hotels opened and five new projects announced

Results

	Year ended 31st December 2021 US$m	2020 US$m	Change %
Combined total revenue of hotels under management[1]	**1,053.5**	593.0	78
Revenue	**316.9**	183.7	73
Underlying EBITDA (Earnings before interest, tax, depreciation and amortisation)[2]	**40.7**	(74.2)	n/a
Underlying loss attributable to shareholders[3]	**(68.1)**	(205.9)	67
Revaluation loss on investment property under development	**(73.9)**	(474.9)	84
Loss attributable to shareholders	**(141.4)**	(680.1)	79
	US¢	US¢	%
Underlying loss per share[3]	**(5.39)**	(16.30)	67
Loss per share	**(11.19)**	(53.84)	79
Dividends per share[4]	**–**	–	–
	US$	US$	%
Net asset value per share	**2.62**	2.78	(6)
Adjusted net asset value per share[5]	**3.93**	4.09	(4)
Net debt/shareholders' funds	**16%**	14%	
Net debt/adjusted shareholders' funds[5]	**10%**	10%	

1 Combined revenue includes turnover of the Group's subsidiary hotels in addition to 100% of revenue from associate, joint venture and managed hotels.

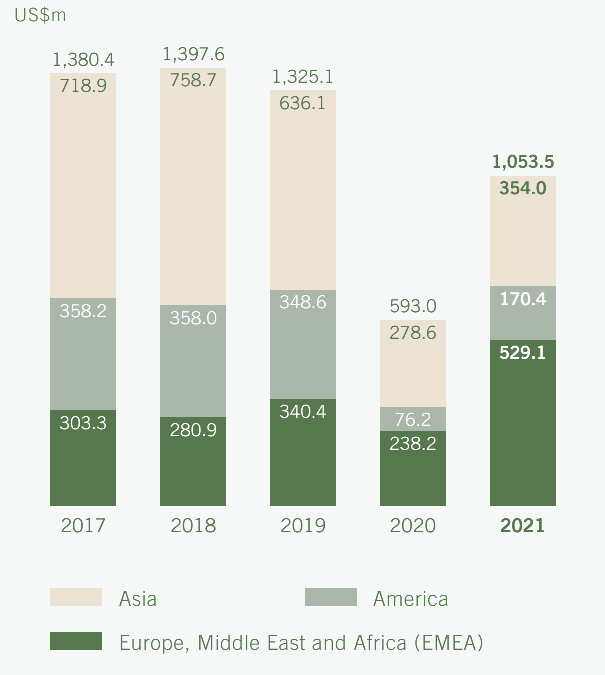
2 EBITDA of subsidiaries plus the Group's share of EBITDA of associates and joint ventures.

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 34 to the financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group's underlying business performance.

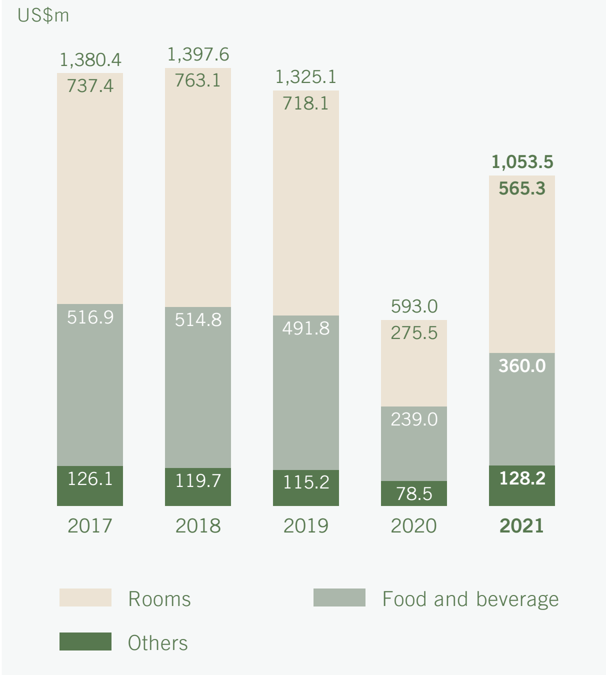
4 In light of the substantially reduced levels of business due to the impact of COVID-19 pandemic, no interim and final dividends in respect of the 2021 and 2020 financial years have been declared or proposed by the Board.

5 The Group's investment property under development is carried at fair value on the basis of a valuation carried out by independent valuers at 31st December 2021. 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 have included the market value of the Group's freehold and leasehold interests.

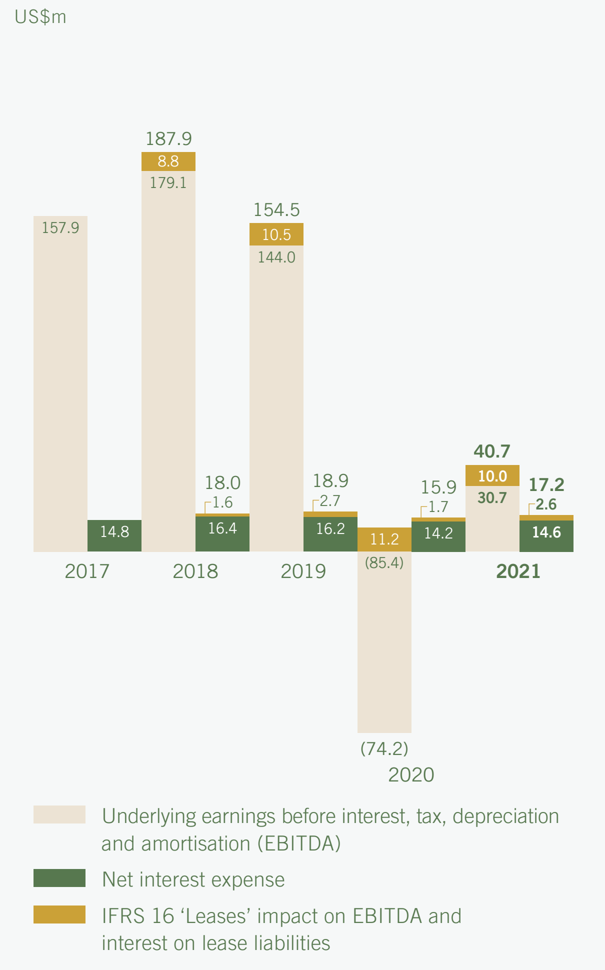
Combined total revenue
by geographical area



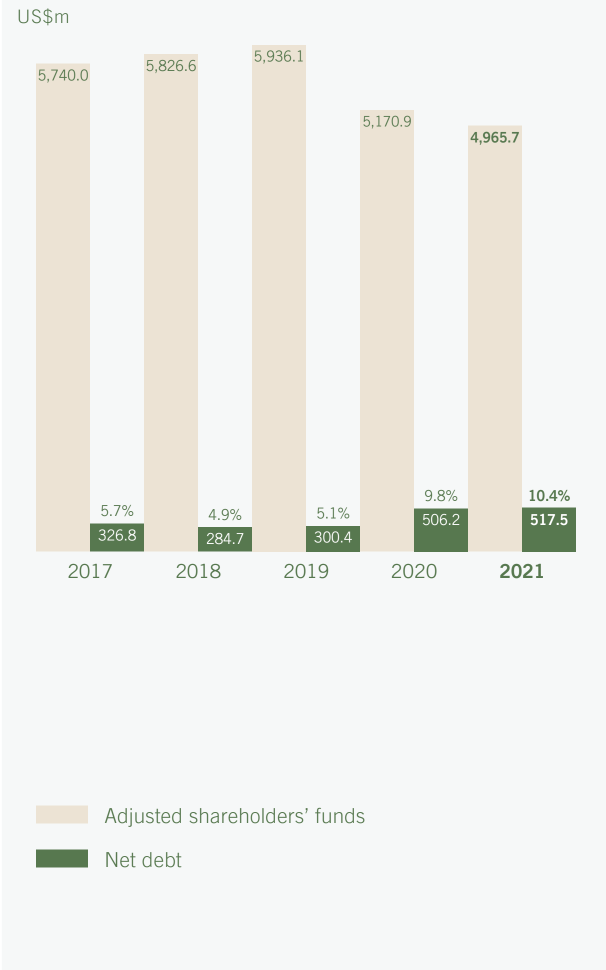
Combined total revenue
by type of business



Underlying EBITDA and net interest expense



Net debt/adjusted shareholders' funds



Chairman's Statement

Overview

The Group's financial performance in 2021 improved significantly compared with 2020, although results remained materially below pre-pandemic levels, with underlying losses of US$68 million. Combined total revenue of hotels under management increased by 78% in 2021 compared to the prior year, benefitting from the relaxation of travel restrictions in most parts of the world in the second half of 2021. Travel restrictions, however, in most of East Asia remained in place throughout the year.

Results were boosted by COVID-19-related receipts that included government support, primarily in Europe, rent concessions in Tokyo, and business interruption insurance proceeds for hotels in the United States. At 31st December 2021, the Group's liquidity position remained robust.

2021 Financial performance

Underlying earnings before interest, tax, depreciation and amortisation ('EBITDA') were US$41 million, compared to EBITDA losses of US$74 million in 2020. The Group's underlying losses were reduced to US$68 million for the year, from US$206 million in 2020. The 2020 result included a US$31 million post-tax impairment of the carrying value of the leasehold interest in the Geneva hotel.

There was a non-trading loss of US$74 million (US$475 million in 2020), due to a 3% decrease in the fair valuation of the Causeway Bay site, which is being developed into a new office and retail complex (compared with a decrease of 15% in 2020). Accordingly, losses attributable to shareholders were US$141 million, compared to losses of US$680 million in 2020.

The adjusted net asset value per share, which reflects both the independent valuation of the Group's owned hotel properties and of the Causeway Bay site, was US$3.93 at 31st December 2021, a 4% decrease compared with US$4.09 per share at the end of 2020.

At 31st December 2021, net debt was US$517 million, compared to US$506 million at the end of 2020. Gearing as a percentage of adjusted shareholders' funds was 10%, unchanged from 2020. The Group remains well funded with a robust liquidity position that was strengthened with the addition of new committed facilities in 2021.

No dividend will be paid in respect of 2021.

Year in review

Performance in 2021 was better than 2020, as restrictions on travel and hospitality operations were gradually relaxed in most countries. Performance varied by region, however, as demand remained heavily influenced by the extent and pace with which these restrictions were lessened.

In East Asia, restraints on international travel remained in place throughout the year, limiting most hotels to domestic demand. In Europe and the United States, a relaxation of travel restrictions in the second half of the year allowed business levels to improve.

EBITDA for most of the Group's owned hotels improved, driven by both better trading conditions and government support in some countries. Results were notably better in Hong Kong, London, Munich, Geneva, Paris, Boston and New York. The EBITDA from the Group's property interests in 2021 was US$24 million, compared to a loss of US$62 million in 2020. After depreciation and interest charges, there was an underlying loss from the Group's property interests of US$71 million in 2021, compared to a loss of US$174 million in the prior year.

Performance of the management business improved substantially, producing an EBITDA of US$17 million compared to a loss of US$12 million in 2020. Particularly strong management fees were earned in resort destinations such as Bodrum and Dubai. There was an underlying profit of US$5 million in 2021, compared to a loss of US$30 million in the 2020.

Whilst the Group continues to maintain cost control and to seek permanent savings, its main focus is now on rebuilding revenues and business activity levels. Capital expenditure continues to be closely scrutinised.

Development

The Group's total number of hotels under operation has increased to 36, following the opening of its latest property in Shenzhen in January 2022. In 2021, the Group took over the management of the Al Faisaliah Hotel in Riyadh and opened a new hotel on the Bosphorus in Istanbul, both under management contracts. The Group also reopened Mandarin Oriental Ritz, Madrid, in which it owns a 50% interest, after an extensive programme of restoration and refurbishment.

The Group's development pipeline remains robust, with 24 projects expected to open in the next five years. In 2021, new management contracts were announced in Da Nang, Vietnam and Hangzhou, China, in addition to a standalone residences project in Beverly Hills. Two new deals in Costa Navarino and the Maldives have recently been announced since the start of 2022.

Two hotels and three standalone residences projects are scheduled for opening in 2022, while the Group also expects to rebrand the Al Faisaliah Hotel in Riyadh, as well as Emirates Palace in Abu Dhabi.

In Hong Kong, the Causeway Bay site under development remains on track to complete in 2025.

Governance enhancements

The Group has an ongoing focus on enhancing its governance, and in the past year it has made changes to the composition of its Board, to reduce its size and to increase its diversity and bring greater sector expertise through the appointment of new independent non-executive directors. The Group has also established formal Audit, Remuneration and Nominations Committees.

People

On behalf of the Board, I would like to take this opportunity to express my sincere appreciation to all our colleagues for their continuing commitment and dedication during these very challenging times. The contributions of our colleagues are central to the Mandarin Oriental guest experience and we will remain focused on ensuring Mandarin Oriental is an employer of choice.

Jack Chen, Julian Hui, Lincoln K.K. Leong, Anthony Nightingale and Percy Weatherall retired from the Board in December 2021. We thank each of them for their valuable contributions over many years. With effect from 1st December 2021, Jinqing Cai and Richard Solomons have joined the Board as Independent Non-Executive Directors and bring a wealth of relevant experience.

Craig Beattie stepped down as Chief Financial Officer at the end of August and was succeeded by Matthew Bishop. We would like to thank Craig for his contribution to Mandarin Oriental.

Outlook

2021 was a challenging year, as the impact and uncertainties of COVID-19 continued to restrict global travel. However, performance improved in the second half as barriers to travel were gradually reduced in most parts of the world. This, together with government and other pandemic-related support enabled the Group to significantly reduce underlying losses. Trading conditions, however, remain difficult, particularly in East Asia, and an underlying loss is expected for the first half of 2022. The outlook for the full year is dependent on the level of travel restrictions implemented by governments. With its strong, globally recognised brand, loyal customer base and robust development pipeline, Mandarin Oriental remains well positioned for long-term growth.

Ben Keswick
Chairman
3rd March 2022

Group Chief Executive's Review

Key highlights

In a year that has seen continuing disruption and uncertainty as a result of the pandemic, we are pleased that the Group has made good progress in a number of areas and was able to deliver an improved operational and financial performance, although results remained materially behind pre-pandemic levels.

All of our hotels were open at the end of 2021, after numerous closures and interruptions to their business during the two preceding years. Mandarin Oriental Ritz, Madrid reopened in April to great acclaim after an extensive restoration, a property that is sure to be a landmark European destination for many years to come. We also took over management of the Al Faisaliah Hotel in Riyadh, opened a hotel on the Bosphorus in Istanbul and, at the start of 2022, opened a hotel in Shenzhen. Three new deals were announced in 2021, including a standalone branded residences project in Beverly Hills, and a further two deals have already been announced so far in 2022, adding to the strong pipeline that we have diligently built over the last few years.

We made significant investments in the period in our digital platforms, including the re-design of mandarinoriental.com, and through our renewed marketing efforts were able to pass the milestone of one million *Fans of M.O.*, underlining the success of a programme that was first launched in 2018. We also strengthened our leadership team by bringing on board Joanna Flint as Chief Commercial Officer, a new role which oversees the development and execution of the Group's commercial strategy while also taking executive responsibility for all aspects of Mandarin Oriental's customer experience. We are also delighted by the substantial progress we have made in effectively eliminating single-use non-reusable plastics from the operations of the Group.

Our operating performance was much improved, and our hotels continue to hold market-leading positions. Financially, while performance remains well below pre-COVID-19 levels, we were able to produce significantly improved results, moving from an EBITDA loss of US$74 million in 2020 to an EBITDA profit of US$41 million in 2021. As a consequence of our property interest in many of our hotels and the associated depreciation, we remain in an underlying loss position, although we were able to reduce this loss by over 60%, from US$206 million to US$68 million.

2021 Performance

2021 saw a significant improvement in the financial performance of the Group. It was, however, well below pre-pandemic levels due to the continued disruption caused by COVID-19. The Group reported EBITDA of US$41 million and an underlying loss of US$68 million, a marked improvement from 2020, albeit still significantly below 2019 levels. The Group recorded positive EBITDA in the third and fourth quarters, the first such positive performances since the fourth quarter of 2019. Revenue generation and innovation, as well as cost control, remained as key areas of focus. Capital expenditure was tightly controlled. The combined total revenue from hotels under management was US$1,054 million, an increase of 78% over 2020, but behind the US$1,325 million recorded in 2019.

In East Asia, border controls and restrictions on mobility and hospitality operations were in place throughout the year. The ability to travel domestically varied depending on the extent of restrictions and hotels remained reliant on domestic demand. As a consequence, some hotels, such as Bangkok, Kuala Lumpur and Taipei, operated at very low levels of occupancy. The best performances were achieved in the Chinese mainland, supported by steady domestic demand, and occupancy in Hong Kong, Singapore and Jakarta was also commendable given the stringent restrictions imposed by governments. Despite the challenging environment, occupancy for the region increased to 35%, from 27% in 2020, while average daily rates ('ADR') were broadly unchanged from 2020.

In the rest of the world, whilst border controls and restrictions were in place during the first half of the year, these started to lessen towards the end of the second quarter as vaccination programmes accelerated. This led to increased travel and an improvement in trading conditions. The Group's hotels benefitted from pent-up leisure demand and the relative strength of suite bookings. Several hotels in Europe also received government support, boosting financial performance. In Europe, Middle East and Africa ('EMEA'), the Group recorded occupancy of 48% in the second half of the year and RevPAR for EMEA was up 78% for the full year, driven by a strong increase in ADR, which rose to US$983, ahead of 2019 levels. Similarly, in America, RevPAR and ADR for the region were up 55% and 24% compared to 2020, with ADR at US$593, also ahead of 2019 levels.

Owned hotels performance

The Group's financial performance is heavily dependent on the performance of its owned and partially-owned properties. These hotels recorded a positive EBITDA of US$24 million, but an underlying loss of US$71 million, due to the substantial amount of depreciation attributable to the properties.

Several of the Group's owned or partially-owned hotels are in East Asia and continued to be significantly impacted by stringent government restrictions on travel and movement. In particular, Hong Kong effectively remained closed to travel in 2021 and while our flagship hotel there was able to deliver positive EBITDA by competing effectively with attractive staycation rates, the hotel posted an underlying loss. The opening of both Hong Kong's border with the Chinese mainland and its international border are critical for this important hotel to substantially improve its financial performance. The Group's hotels in Tokyo, Jakarta, Bangkok and Kuala Lumpur all incurred EBITDA losses, while the hotel in Singapore was EBITDA positive.

In Europe, as restrictions eased, our hotels were able to perform better. London, Munich, Geneva and Paris achieved positive EBITDA, driven by significantly improved demand in the second half of the year, as well as government financial support totalling US$36 million. Most of the Group's owned hotels in Europe were able to achieve underlying profit, with the exception of Madrid and London, both of which carry substantial depreciation charges following major recent renovations.

In America, there were mixed performances at individual hotels. Miami benefitted from pent-up leisure demand and was able to achieve a positive EBITDA and record an underlying profit. New York and Boston both improved significantly from 2020 and almost achieved positive EBITDA. Performance in Washington D.C. was more challenging given the hotel's size and historic reliance on corporate and group demand, which remained weak. The Group also received some US$3 million in insurance proceeds for business interruption at its hotels in America.

Management business performance

The Group's management business reported a positive EBITDA of US$17 million and an underlying profit of US$5 million, a marked improvement from the prior year when an EBITDA loss of US$12 million and underlying losses of US$30 million were incurred.

Particularly strong management fees were earned in several hotels. In East Asia, The Landmark Mandarin Oriental, Hong Kong served as a quarantine hotel and benefitted from strong demand, achieving occupancy of over 60%. Hotels on the Chinese mainland, including Shanghai and Sanya, also delivered good performances. In EMEA, several leisure and resort destinations experienced pent-up demand, especially in destinations where restrictions on travel were limited. Dubai and Bodrum achieved occupancies and ADR that exceeded 2019 levels, delivering record management fees.

Near-term priorities

Over the last two years or so, we have operated with highly uncertain market conditions and this seems likely to continue for a while. We have, however, adapted our strategy, operating models and ways of working and we believe we are now a far more flexible and agile business than previously.

In the near-term, our priorities are to rebuild business levels and win new business, enhance our '*Colleague Experience*', uphold the brand's reputation for quality, and maintain our agile approach to operations to improve profitability.

1) **Rebuilding business:** We must ensure that, as demand returns, our hotels are winning market share. As we have seen, demand can fluctuate quickly, and it is therefore critical that we are proactive and flexible in how we reach and respond to customers. Consumer behaviour is changing: direct and omni-channel bookings have increased substantially, corporate travel remains muted and demand for leisure-oriented experiences has rebounded strongly. We have reorganised ourselves to adapt to customer behaviours more quickly yet also need to be ready to adjust further as trends evolve.

2) **Enhancing our '*Colleague Experience*':** Our colleagues have faced enormous pressure over the last two years. Throughout the pandemic, they have continued to serve customers with passion and pride, delivering the exceptional experiences Mandarin Oriental is renowned for. It is critical that we recognise their contribution, by improving compensation and benefits, driving engagement and providing attractive learning and career development opportunities. Hospitality talent is in high demand, across both hotels and other industries, and we must focus on the attraction and retention of colleagues as a strategic priority.

3) **Upholding exceptional quality:** Long periods of low demand have sometimes made it difficult to maintain quality standards. Exceptional quality in service standards underpins the Mandarin Oriental brand and we must ensure that we maintain our reputation as a leader in luxury hospitality.

4) **Maintaining operational agility:** We continue to refine our operating model in hotels in response to fluctuating demand. This has included a review of organisation structures and the introduction of labour management and productivity tools. Whilst these developments will help to rebuild profitability, we will balance their use with the need to maintain our exceptional service standards and colleague morale.

Strategy – *A World of Fans*

Last year, we launched our new vision – *A World of Fans* – and we remain confident that this vision, underpinned by our strategic priorities, will advance both the value of the brand and the profitability of the Group. Through *A World of Fans*, we see an opportunity to build meaningful and long-lasting relationships with a global community of Fans. Every customer interaction, physical or digital, is an opportunity to create a Fan – someone who spends with us, works with us, advocates for us or aspires to experience life exceptionally with Mandarin Oriental luxury. We believe the priorities outlined below remain the right foundation to drive long-term business performance and growth.

1) **Elevating our brand:** The brand is the Group's most powerful asset. We will grow our brand by continuing to drive the momentum of our hotel and residences pipeline, expanding the global footprint of Mandarin Oriental. In addition, we are starting to establish a presence beyond the four walls of our hotels, both through local hotel activities as well as continued investments in innovative partnerships that extend the reach and value of our brand, such as our investment in *StayOne*, a peer-to-peer luxury holiday home rental platform, *Shop M.O.*, our online retail store and the *O&MO Alliance*, our strategic alliance with The Oberoi Group.

2) **Powering our core:** We would like to have market-leading positions in all our hotels. To achieve this, our commercial organisation has recently been optimised to ensure we leverage the full potential of the brand's extensive network, and to ensure that customers receive personalised access to our full range of bespoke luxury experiences across our portfolio. Through *Fans of M.O.*, our industry unique customer recognition programme, we have over one million loyal Fans allowing us to create relevant, long-lasting and mutually beneficial relationships with our customers. We are continuing to invest heavily in our digital capabilities, and we expect further significant improvements in our digital experience through 2022. At our hotels, we are progressing well with our roadmap to modernise core business systems and integrate insights drawn from data into our service delivery to continually elevate customer experiences to even higher levels.

3) **Lifting our people:** Our people underpin the unique luxury experience that defines Mandarin Oriental's service proposition. The pandemic has brought new challenges, and we must respond to the increased pressures on our colleagues by providing work environments that are attractive, engaging and flexible. At the same time, with a robust pipeline on the horizon, our Group will experience substantial growth over the next five years and it is essential that we retain our cultural DNA as we welcome new colleagues into Mandarin Oriental. Our Mandarin Oriental colleagues are extremely loyal, and in turn we are determined to reward that loyalty by a continued commitment to maintaining an exceptional colleague workplace experience.

4) **Exceptional quality:** Our unwavering focus on delivering the highest standards of luxury hospitality and experiences is at the heart of the brand's reputation and is a pivotal competitive differentiator. This must remain evident from the way we design our hotels, known for creating a unique sense of place, through to the delivery of warm, personalised and exceptional service consistently throughout our portfolio. Reinforcing our product and service standards is ever more critical as we plan for 21 hotels and 15 residences opening in the next five years.

Core values

Our core values of customer focus and sustainability are central to the culture of Mandarin Oriental. These cut across all facets of our strategy and are deeply engrained in Mandarin Oriental's culture.

Customer focus

As we extend the reach of our brand, serving an increasingly diverse customer base, we embed customer focus throughout the organisation by removing the barriers to innovation, such as unnecessary hierarchies and bureaucracy, and encouraging risk taking and entrepreneurialism. We foster and promote collaboration, to ensure that we enable our colleagues to constantly focus on proactively delighting our customers.

Sustainability

Our culture extends to how we serve as stewards of our communities. The Group drives sustainability commitments that align with the United Nations Sustainable Development Goals and we are focused on three areas: the planet, community and customers. We have integrated sustainability throughout our operations and processes, from sustainable development discussions with owners, to environmental management systems that ensure continuous environmental performance improvements, daily procurement decisions that embed ethical and sustainability considerations and the empowerment of our colleagues and guests to make a difference to our planet and communities. We were delighted that, with the support of our colleagues, we were largely able to substantially reduce single-use plastics from the operation of our hotels in 2021, and are on track to eliminate them in 2022, in spite of the increased pressure to return to relying on single-use plastics due to COVID-19.

Development strategy and business development

The Group operates 36 hotels today. In 2021, three new projects were announced in Hangzhou, Da Nang and a standalone branded residences project in Beverly Hills and two further deals in Costa Navarino and the Maldives have been announced since the start of 2022. Whilst there have been some delays in the progression of project developments due to the pandemic, our pipeline remains robust with 24 announced projects to open in the next five years, comprising nine standalone hotel projects, 12 projects with hotel and residences components and three standalone residences projects.

Historically, as the Group was starting out and expanding its brand into key gateway cities, it was sometimes necessary to invest equity into the ownership of an asset to secure projects. Today, with the strength of the brand, and our track record in creating market leading hotels, this is not usually necessary. Our strategy for portfolio expansion is therefore focused on growing through management contracts. We are seeking to diversify into resort destinations, broaden our reach in key cities where the brand is currently absent and consolidate the brand's position by adding second or third hotels in certain destinations. Our projects in the Maldives and Grand Cayman (resort destinations), Zurich (a strategically important city) and Mayfair and Dubai (second hotel in these destinations) are examples that illustrate this. Over many years, we have successfully built a portfolio of iconic hotels and are now seeing the benefits this can bring in terms of momentum for signing new projects. We expect this momentum to build as we seek to secure more brand defining projects and new growth opportunities.

By focusing on the management business, the Group is seeking to accelerate its pace of growth and its scale, transitioning the business away from a reliance on property and towards hotel and brand management. Property ownership is still a strategic option for the Group, where it can play a key role in securing projects, but this will be done sparingly and only where alternatives are scarce. Our current portfolio of owned hotels is continuously reviewed and, provided we are able to retain long-term management contracts, we would consider opportunities for value realisation. This will strengthen the Group's balance sheet and enable us to accelerate the growth of our management business.

During the year we completed an extensive restoration of Mandarin Oriental Ritz, Madrid. Good progress was made with the redevelopment of the site in Causeway Bay, Hong Kong which used to house The Excelsior hotel. Completion of a new Grade A office and retail complex remains on schedule for 2025. There has been no change to the Group's strategy for this site, which is a valuable non-core asset.

Looking ahead, we expect 2022 to be an extremely busy year. We plan to open two new hotels in Mayfair and Luzern, three standalone residences projects in New York, Beverly Hills and Barcelona, and rebrand the Al Faisaliah Hotel and Emirates Palace. In addition to the two recently announced projects, I would also expect a number of further projects to be signed during the year.

Our people

I would like to take this opportunity to express my appreciation to each and every one of my colleagues for the tireless effort and dedication they have demonstrated through the enormous challenges we have faced during the upheavals of the last two years. The commitment shown by our colleagues to delivering exceptional service to our customers underpins Mandarin Oriental's brand promise and is central to achieving *A World of Fans*.

Looking ahead

There continue to be numerous uncertainties associated with the pandemic. We have adapted well to these conditions and taken important steps to keep up with trends in consumer behaviours that have been accelerated by the pandemic. We see great opportunities ahead for the Group to grow rapidly on the foundations which have been laid over the last few years. We are extremely well positioned to grow and achieve scale as a hotel management and brand management company, by delivering on our pipeline, continuing to build deep relationships with our Fans, investing in our digital reach and presence, reinforcing a strong '*Colleague Experience*', and sustaining the exceptional quality standards that the brand is known for.

We are confident in the recovery of luxury travel, and the ability of Mandarin Oriental to deliver meaningful long-term growth. We at Mandarin Oriental look forward to delivering exceptional experiences to *A World of Fans* as barriers to travel are gradually removed.

James Riley
Group Chief Executive
3rd March 2022

Operating Summary

Total portfolio RevPAR

US dollar

	2021 US$	2020 US$	% Change
Asia	**86**	65	32
Europe, Middle East and Africa	**400**	225	78
America	**220**	142	55
Total	**195**	116	68

Constant currency

	2021 US$	2020 US$	% Change
Asia	**84**	65	29
Europe, Middle East and Africa	**410**	225	82
America	**220**	142	55
Total	**196**	116	69

Occupancy is calculated based on the number of occupied rooms out of the total number of available rooms in which the hotel is in operation during the period. The like-for-like RevPAR presented in the table above includes all hotels that were in the Group's portfolio and operating during both 2020 and 2021. As Mandarin Oriental Ritz, Madrid was closed for restoration from 28th February 2018 to 14th April 2021, it has been excluded along with any new openings or closures during the period.

Group's subsidiary hotels key statistics

ASIA

Mandarin Oriental, Hong Kong 100% ownership

	2021	2020	% Change
Available rooms	**494**	494	–
Average occupancy (%)	**30.2**	15.8	91
Average room rate (US$)	**315**	345	(9)
RevPAR (US$)	**95**	54	76

Mandarin Oriental, Tokyo 100% leasehold

	2021	2020	% Change
Available rooms	**179**	179	–
Average occupancy (%)	**28.9**	36.1	(20)
Average room rate (US$)	**504**	594	(15)
RevPAR (US$)	**145**	214	(32)

Mandarin Oriental, Jakarta 96.9% ownership

	2021	2020	% Change
Available rooms	**272**	272	–
Average occupancy (%)	**49.1**	26.0	89
Average room rate (US$)	**92**	82	12
RevPAR (US$)	**45**	21	114

EUROPE, MIDDLE EAST AND AFRICA

Mandarin Oriental Hyde Park, London 100% ownership

	2021	2020	% Change
Available rooms	**181**	181	–
Average occupancy (%)	**30.7**	29.9	3
Average room rate (US$)	**1,281**	1,002	28
RevPAR (US$)	**393**	300	31

Mandarin Oriental, Munich 100% ownership

	2021	2020	% Change
Available rooms	**73**	73	–
Average occupancy (%)	**40.1**	35.8	12
Average room rate (US$)	**906**	882	3
RevPAR (US$)	**363**	316	15

Mandarin Oriental, Paris 100% ownership

	2021	2020	% Change
Available rooms	**135**	135	–
Average occupancy (%)	**34.0**	20.4	67
Average room rate (US$)	**1,094**	1,013	8
RevPAR (US$)	**372**	207	80

Mandarin Oriental, Geneva 100% ownership

	2021	2020	% Change
Available rooms	**178**	181	(2)
Average occupancy (%)	**40.2**	20.0	101
Average room rate (US$)	**647**	542	19
RevPAR (US$)	**260**	108	141

AMERICA

Mandarin Oriental, Boston 100% ownership

	2021	2020	% Change
Available rooms	**148**	148	–
Average occupancy (%)	**38.3**	18.7	104
Average room rate (US$)	**666**	612	9
RevPAR (US$)	**255**	115	122

Mandarin Oriental, Washington D.C. 100% ownership

	2021	2020	% Change
Available rooms	**373**	373	–
Average occupancy (%)	**29.9**	25.1	19
Average room rate (US$)	**339**	284	20
RevPAR (US$)	**101**	71	43

Development Portfolio

The following 21 hotels and 15 *Residences at Mandarin Oriental* are expected to open in the next five years.

Asia

Mandarin Oriental Qianmen, Beijing
72 courtyard suites located in a traditional hutong quarter, providing a rare opportunity to experience living in an authentic Beijing residential district, close to Tiananmen Square.

Mandarin Oriental, Da Nang
A luxury waterfront resort comprising 69 villas and 18 *Residences at Mandarin Oriental*, ideally located on a spectacular beach in one of Vietnam's most popular leisure destinations.

Mandarin Oriental, Hangzhou
A 194-room hotel in the new Westlake 66 luxury commercial and retail complex, located close to the West Lake, a UNESCO World Heritage Site and one of China's primary leisure destinations, with easy access to the city's principal business hubs.

Mandarin Oriental, Makati
A 275-room hotel located within the Ayala Triangle in Manila's central business district of Makati.

Mandarin Oriental, Maldives
A picturesque private island resort comprising 120 stand-alone villas, including 10 branded *Residences at Mandarin Oriental*, with panoramic views of the Indian Ocean.

Mandarin Oriental, Nanjing
A 106-room hotel located in a premier mixed-use development on the Qinhuai River, in close proximity to historic landmarks including the Gate of China, which forms part of one of the longest ancient city walls in the world.

Mandarin Oriental, Phuket
A 105-room beachfront resort located on the island's west coast in picturesque Laem Singh Bay on Millionaire's Mile, with panoramic views of the Andaman Sea.

Mandarin Oriental, Saigon
A 228-room hotel located in a mixed-use development in the heart of Ho Chi Minh City, close to key landmarks.

Europe, Middle East and Africa

***The Residences by Mandarin Oriental*, Barcelona**
34 luxury residences housed in a 20-storey tower, in a prime location a short walk from Mandarin Oriental, Barcelona.

Mandarin Oriental, Costa Navarino
A stunning 99-villa beachfront resort in Greece, located on the southwest coast of the Peloponnese, one of the most breath-taking landscapes in the Mediterranean.

Mandarin Oriental Downtown, Dubai
A 259-room hotel and 266 *Residences at Mandarin Oriental*, located on Sheikh Zayed Road, with views over downtown Dubai and direct access to the area's business and leisure attractions.

Mandarin Oriental Etiler, Istanbul
A 158-room hotel and 251 luxurious *Residences at Mandarin Oriental*, located within three standalone towers in the prestigious Etiler district of Istanbul.

Mandarin Oriental Mayfair, London
A 50-room boutique hotel and 80 *Residences at Mandarin Oriental*, located on Hanover Square in the heart of London's Mayfair district.

Mandarin Oriental Palace, Luzern
A re-branding of the iconic Hotel Palace Luzern, currently closed for renovation. This 136-room hotel is located on the shores of Lake Lucerne, with excellent lake and mountain views.

Mandarin Oriental, Moscow
A 65-room hotel and 137 *Residences at Mandarin Oriental*, in a prime riverfront location on the Sofiyskaya embankment in the heart of the city, directly facing the Kremlin.

Mandarin Oriental, Muscat
A 150-room resort and 150 *Residences at Mandarin Oriental*, located on the beach in a prime city location, with views over the Arabian Sea.

Europe, Middle East and Africa *continued*

Mandarin Oriental, Tel Aviv

A 225-room hotel and 231 *Residences at Mandarin Oriental*, in an unrivalled waterfront location overlooking one of the city's pristine beaches.

Mandarin Oriental, Vienna

A 151-room hotel and 17 *Residences at Mandarin Oriental*, housed in a heritage building within the Ringstrasse in District One of Vienna, within easy walking distance of the city's major attractions.

Mandarin Oriental Savoy, Zurich

A re-branding of the historic Savoy Baur en Ville, currently closed for renovation. This 80-room hotel is situated within the main business centre, close to the city's leisure attractions and a short walk from Lake Zurich.

America

Mandarin Oriental, Boca Raton

A 163-room hotel and 88 *Residences at Mandarin Oriental*, part of a mixed-use complex, surrounded by Boca Raton's most affluent, residential neighbourhoods and a short walk from miles of pristine beaches.

Mandarin Oriental, Grand Cayman

A 100-room beachfront resort and 89 branded *Residences at Mandarin Oriental*, situated on 67 acres at St James Point, on the southern shore of the island.

Mandarin Oriental, Honolulu

A luxury 125-room hotel and 99 *Residences at Mandarin Oriental*, located on the Hawaiian island of Oahu, in the heart of the Ala Moana District.

Mandarin Oriental Residences, Beverly Hills, at 9200 Wilshire Boulevard

54 elegantly-appointed residences centrally located in a sleek mid-rise property close to Rodeo Drive's renowned shopping and entertainment choices.

Mandarin Oriental Residences at 685 Fifth Avenue, New York

69 luxurious residences located on Fifth Avenue New York, housed in an elegant 1920's building on the corner of Fifth Avenue and 54th Street.

Opening dates are determined by each project's owner/developer. All of the above projects will be managed by Mandarin Oriental Hotel Group with no equity investment from the Group.

Room numbers reflect the latest estimate from each project's owner/developer, and may therefore differ from the original announcements and the final number once the project is completed.

International Brand Recognition

Mandarin Oriental continues to be recognised as one of the world's most esteemed luxury hotel brands. In 2021, the Group received numerous international awards and accolades from leading publications, travel associations and related platforms. Key achievements included the Group's recognition as one of the 'Best Hotel Brands' by *Travel + Leisure* and 25 properties featured in *Condé Nast Traveller's* 'Readers' Choice Awards'.

In 2021, the innovation of 16 restaurants across the Group were honoured in the *Michelin* guides, with 25 stars granted, seven of which received the highly coveted two-star rating. The Group's continued commitment to excellence in wellness was also highlighted, including *Forbes* awarding 14 hotels with 'Five Star Spa' status.

Mandarin Oriental Hotel Group

For almost 60 years, Mandarin Oriental Hotel Group has been leading the way in luxury hospitality, gaining accolades from its highly-rated service and hospitality offerings. Delivering personal service, luxurious rooms and suites and award-winning spas and hospitality venues, Mandarin Oriental Hotel Group has long been synonymous with luxury accommodation and oriental charm.

The Market Herald, Australia

Mandarin Oriental, Hong Kong

There are many reasons Mandarin Oriental has been topping the world's best hotels list for nearly seven decades, but one is its location in Central, where it sits at the heart of the city, both geographically and socially. The lobby is a spectacle: lashings of black marble, opulent chandeliers, magnificent artworks, smart business people brokering deals and others clip-clopping to the superb spa.

National Geographic Traveller

Mandarin Oriental, Tokyo

High above the city is Mandarin Oriental, Tokyo. Slick, sexy and grown up, it boasts one of the finest spas in the world, Michelin starred dining and 'room fairies' who leave gifts in your room. Heaven.

Country & Town House, UK

This is Japan, tip-top service is a given, but nowhere does it better than Mandarin Oriental…this place stands out high above the competition.

Condé Nast Traveler, US

Emirates Palace, Abu Dhabi

As the most recognizable landmark on Abu Dhabi's skyline, Emirates Palace embodies the opulence and tradition of Arabic hospitality and the renowned excellence of Mandarin Oriental in a one-of-a-kind resort experience.

A&E, Middle East

Mandarin Oriental, Barcelona

Cleverly designed to be so central and yet so private, Mandarin Oriental, Barcelona manages to strike the balance between city break and tranquil retreat.

Luxury London, UK

Mandarin Oriental Jumeira, Dubai

With its drive to innovate and commitment to delight, Mandarin Oriental Jumeira, Dubai is always a joy to check in to. Overlooking the Arabian Gulf and in a prime location facing a private beach, to absorb all the energy of the Dubai skyline, this hotel provides everything you could desire for a short or a longer visit.

Forbes

Mandarin Oriental Bosphorus, Istanbul

There's a new queen of the Bosphorus…Mandarin Oriental has created a seamless experience for both leisure and business travelers, cultivating an oasis of calm with a frisson of exhilaration.

New York Post

For excitement of a totally cosmopolitan sort, look to Istanbul, where the newest member of the Mandarin Oriental stable has sprung up at the edge of the Bosphorus. Long and low, it's more urban resort than metropolitan hotel, thanks not least to MO's long and superlative form with spa – here, there's an impressive 3,500 sq m of it, including two hammams (naturally) and water-based treatments, to complement the three pools. The bars and restaurants come instead under the aegis of Novikov – part Italian, part Asian and wholly glam.

Financial Times

Mandarin Oriental, Lago di Como

Nestled between a luxuriant botanical park and the lake, the resort is the embodiment of a seductive blend of Italian style, oriental charm and natural beauty. It's the kind of place where you want to dress-for-dinner or, better yet, lakeside aperitive.

Esquire, Hong Kong

Lady of the Lake: Located on the shores of one of Italy's most picturesque stretches of water, Mandarin Oriental, Lago di Como blends Italian and Asian elegance in a breathtaking historic location…Whether it's for a stay, a spa day or a sunset aperitivo, Mandarin Oriental, Lago di Como is a must-visit for anyone exploring the Lombardy region.

Prestige, Asia

Mandarin Oriental Ritz, Madrid

I had expected excellence when I arrived, but not to also find a hotel that felt so newly fresh and relevant while recapturing what had originally made it so special.

DestinAsian

With what must be the best staff-to-guest ratio in Europe, it is more than good, it is exemplary. Longstanding staff have stayed and new ones, courtesy of Mandarin Oriental, have arrived. It means the hotel ticks the boxes on soul and service. Is it worth it? Definitely.

Condé Nast Traveller, UK

Mandarin Oriental, Milan

Location is everything…Sit outside in the tranquil, secret courtyard for an aperitivo or a classic risotto alla Milanese – you'd never guess you're in the city centre… it's a top notch urban retreat.

Travel + Leisure

Mandarin Oriental, Boston

Mandarin Oriental, Boston allows guests to enjoy the intimate service and luxury of the Mandarin Oriental brand whilst residing in the most vibrant and stylish parts of the city.

Durrah, Middle East

Our Sustainability Roadmap

In 2007, the Intergovernmental Panel on Climate Change ('IPCC') declared global warming to be unequivocal and that human activities were very likely to be driving climate change. In the very same year, Mandarin Oriental started taking steps to measure and reduce our environmental footprint. This initial focus on resource efficiency was both in line with our core Guiding Principle of 'Acting with Responsibility' and a pragmatic move that benefits our bottom line. As a pioneer in embracing environmental sustainability within the luxury hospitality industry, our sustainability programme has steadily progressed over the years to incorporate a good balance of environmental, social and governance components.

Mandarin Oriental's goal is to pursue all things Naturally Better for the Planet, Guests, Colleagues and our Communities. In 2021, we renewed our sustainability strategy. We reflected on our past learnings to enhance our governance structure and processes, expanded our sustainability commitments in alignment with our Naturally Better pillars and the United Nations Sustainability Development Goals ('SDGs'), and set goals that are tailored to the Group and the unique circumstances of each property for greater success and impact.

With the passing of our 2020 Environmental Targets, we established a new paradigm to push for greater strides in environmental stewardship and identified new 2030 Environmental Targets. In the past, we set common targets for all hotels. Moving forward, every hotel will work towards a specific set of environmental targets that consider its unique circumstances and priorities. Each year, every hotel will need to implement an efficiency initiative, or enhance an existing one, that contributes to measurable improvements toward its identified priority.

In 2021, despite the ongoing impact of the COVID-19 pandemic on our industry and daily lives, Mandarin Oriental has remained steadfast in pursuing our sustainability commitments and we are proud to share our achievements. We had set an ambitious goal of single-use plastic elimination by March 2021 before we realised that COVID-19 was going to hit. We fell short of our original goal but are still pushing through our commitment and aim to eliminate 99% of single-use plastic by the end of 2022. Fulfilling this commitment would mean an avoidance of over 921 tonnes of plastic waste every year. Some of the continuing challenges we face include the hygiene mandates of local authorities, guest perception of single-use plastic products as a safer choice and the difficulty in addressing a myriad of plastic packaging from suppliers. In response to these challenges, we have communicated our rigorous cleaning and sanitisation procedures with local authorities and guests, and collaborated with suppliers to identify solutions. While our relatively small footprint limits our contribution to global plastic reduction, we are in a strong position to drive important changes in the industry.

In the last few years, we have also been working to source more responsibly across our priority categories. Our procurement colleagues spend time understanding the origins of our coffee, tea, vanilla and cocoa to ensure that they are ethically sourced. Every hotel also has sustainable seafood goals, which include not serving endangered seafood species identified by the World Wildlife Fund ('WWF') to be of greatest concern, and increasing their offerings of sustainable seafood. We strive to offer seafood certified to eco-labels of the highest level of credibility, recognised by the Global Sustainable Seafood Initiative ('GSSI'), as a first choice. Where such options are not readily available, we explore other sustainability eco-labels that are locally reputable and consider other sustainable traits, such as species conservation status and fishing methods. Hotels use a variety of paper products across their operations and we have actively reduced paper usage through the introduction of new contactless digital processes. We also source sustainably certified paper wherever we can. Guests can expect to see us deepen and expand our responsible procurement commitments as we continue to advance on this journey.

Our people are our most prized assets. In 2021, we continued to maintain the highest levels of health and safety standards for our guests and colleagues via our 'We Care' programme. We also took steps to further embed diversity and inclusion within our company culture. Initiatives included conversations on the topic with senior leaders and various engagement efforts to understand what diversity and inclusion means to all colleagues. These efforts would inform our actions to better foster a harmonious, respectful, passionate and nurturing culture in which everyone feels personally valued.

This year, we expanded our brand standards, Legendary Quality Experiences ('LQEs'), with a new set of four sustainability standards which reflect the four Naturally Better pillars. We also rolled out sustainability content on our website for all hotels to offer guests a better understanding of the sustainable offerings unique to each. Prior to their arrival, guests can choose to partake in our linen and towel reuse programme, bring their own toiletries or request accessible rooms via the *Fans of M.O.* programme.

Performance highlights

FOR THE PLANET

Goals	2021 Achievements[1]
Energy and carbon By 2030: • Reduce energy intensity by 30% • Reduce carbon intensity by 50% • Achieve at least 15% renewable energy use 7 AFFORDABLE AND CLEAN ENERGY; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION	• 31% energy intensity reduction against 2012 baseline • 30% carbon intensity reduction against 2012 baseline • 3% of total energy use is from certified renewable sources
Water By 2030, reduce water intensity by 40% 6 CLEAN WATER AND SANITATION; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• 17% water intensity reduction against 2012 baseline • 100% of hotels offer a Green Linen Programme, where linens are changed every third day by default unless the guest has other preferences
Waste By 2030, reduce waste intensity by 50% 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• 51% waste intensity reduction against 2012 baseline

1 We exceeded some of our 2030 Environmental Targets due to reduced business levels in 2021 under the COVID-19 context. We recognise that this is not representative of an average business year and beyond 2021, we will continue to strive for greater resource use efficiency and use of renewables.

FOR THE PLANET *continued*

Goals	2021 Achievements[1]
Environmental project By 2022, 100% of hotels to implement at least one environmental project with measurable energy, carbon, water or waste performance improvements	• 15% of hotels generate on-site renewable energy • 71% of hotels promote use of electric cars by offering charging stations • Over 20% of hotels have installed food waste digesters
Single-use plastic By 2022, eliminate 99% of single-use plastics	• Addressed challenges including delays in plastic stock depletion • Encouraged suppliers to reduce plastic packaging and switch to reusable alternatives
Responsible procurement By 2022, offer 100% responsibly sourced coffee, tea, vanilla and cocoa	• 90% responsibly sourced coffee • 90% responsible sourced tea • 94% responsible sourced cocoa • 83% responsible sourced vanilla
By 2022, use 100% sustainably certified paper	• 87% sustainably certified paper (office paper and guest rooms)
By 2022, stop serving MOHG Avoid List of endangered seafood species[2] and increase sourcing of sustainably certified seafood	• Expansion of MOHG Avoid List of endangered seafood species to align with WWF's Endangered Species Guide • 40% of seafood are certified with eco-labels recognised by GSSI for the highest level of credibility worldwide (e.g. Marine Stewardship Council)
By 2023, offer 100% cage-free eggs[2]	• Sourcing of cage-free eggs (both shell and liquid) is in progress across our hotels

2 Goal is applicable across all Mandarin Oriental-operated food & beverage operations.

FOR GUESTS

Goals	2021 Achievements
Health, safety & security Maintain world-class health, safety and security standards	• 100% of hotels are verified to the strict health and hygiene standards of our 'We Care' programme • 100% of hotels are audited against our Safe and Sound programme
Guest satisfaction & sustainability Engage guests in sustainability	• Grew our Legendary Quality Experiences ('LQEs'), with four new Sustainability-related brand standards • Achieved a guest satisfaction rate of 88% for MOHG's sustainability programme • Introduced new sustainability webpages to inform guests of every hotel's sustainable offerings

FOR COLLEAGUES

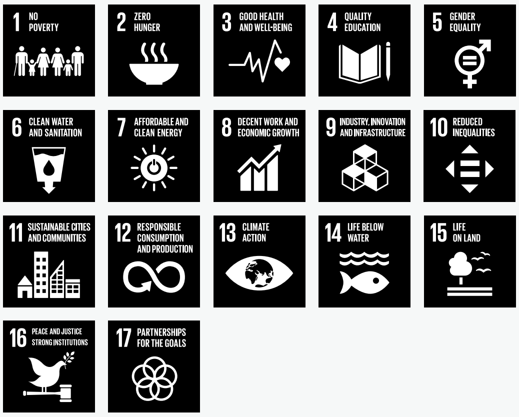
Goals	2021 Achievements
Health, safety & well-being Promote colleague health, safety and well-being	• Introduced Mental Health First Aiders • Ongoing implementation of 'We Care' programme of enhanced health and safety protocols across all hotels • 100% of hotels organised a wide range of colleague wellness activities including Global Wellness Day and Colleague Wellness Week to promote physical and mental well-being
Learning & development Support colleague learning of relevant sustainability issues	• Sustainability e-learning rolled out to 100% of colleagues • Mandatory training conducted on Data Security and Code of Conduct, which include anti-harassment and whistleblowing policy
Diversity & inclusion Embed diversity and inclusion in our culture	• Established a Lean In Circle for senior females to support and learn from one another • Conducted learn-and-listen sessions with colleagues to understand what diversity and inclusion means to them

FOR COMMUNITIES

Goals

Social impact

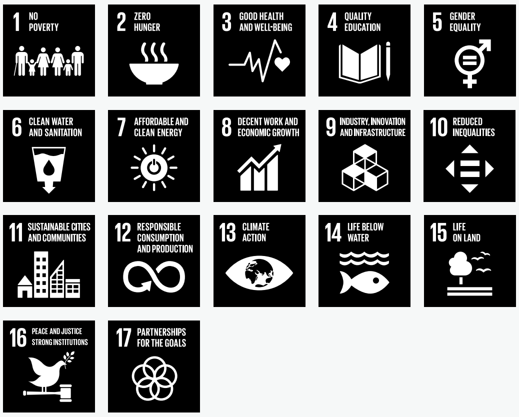
100% of hotels to implement at least one social project with measurable social impacts



2021 Achievements

- 153 social impact initiatives conducted by colleagues
- Over US$450,000[3] donated through concerted efforts from colleagues and the Mandarin Oriental Foundation
- Over 3,000 volunteer hours dedicated by colleagues
- Over 700 kg of durable goods (such as clothes and hotel crockery) donated
- Over 10,000 kg of food and beverages donated
- Over 600 kg of soap donated

Double benefit to US-based charities supported by hotels through fund matching programme, FANtastic Match



- FANtastic Match bonus contribution of US$64,000 from the Mandarin Oriental Foundation
- Benefitted four charities – Serve Your City, City Harvest, Voices for the Children and Franciscan Children's

Culture

Promote cultural preservation by maintaining strong financial support for the Asia Cultural Council ('ACC')

- 16th anniversary of support for ACC – Mandarin Oriental Fellowship 2021 was awarded to Wu Jian'an, a celebrated artist who extends the traditional Chinese medium of paper cut into contemporary art

3 Inclusive of FANtastic Match bonus contribution of US$64,000.

Results

Overall

In 2021, the Group's financial performance continued to be disrupted by the impact of COVID-19. Generally, performance improved as the year progressed, but this varied by region, depending on government measures in response to the pandemic. In the first half of the year, governments in most markets restricted international travel and hotels catered largely to domestic demand, negatively impacting business performance. Towards the end of the second quarter, these restrictions were gradually lifted in Europe, Middle East and Africa ('EMEA'), and America, and the Group's hotels benefitted from the return of international travel. In Asia, restrictions remained in place for most of the year which resulted in soft performance with the exception of Mainland China which continued to show robust domestic demand.

Combined total revenue from all hotels under management was US$1,054 million, a 78% increase over 2020 as the market recovered and trading conditions improved, although still 20% below pre-COVID-19 levels. The Group's consolidated revenue for 2021 was US$317 million, an increase of 73% from 2020. Almost all of the Group's owned hotels achieved higher revenues in 2021, and revenue from the managed hotels improved by 83%, compared with 2020.

Most of the cost measures implemented at the beginning of the pandemic continued into 2021 and non-essential costs across hotels and the corporate organisation remained tightly controlled. Payroll measures implemented in select markets such as furlough, reduced work schedules or unpaid leave were relaxed in the second half of the year, as demand began to return.

The Group uses underlying[1] earnings before interest, tax, depreciation and amortisation ('EBITDA') to analyse operating performance. As a result of improved revenue in the year and continued cost control, as well as government support received, the Group achieved positive underlying EBITDA of US$41 million, a significant improvement compared to the underlying EBITDA loss of US$74 million in 2020. Underlying EBITDA, by business activity, including the Group's share of underlying EBITDA from associates and joint ventures is shown below:

	2021 US$m	2020 US$m
Owned hotels		
– Subsidiary hotels	**26**	(49)
– Associates and joint ventures[2]	**(2)**	(13)
Management business	**17**	(12)
Underlying EBITDA	**41**	(74)

Owned hotels

The Group has an equity interest in 15 hotel properties, which represent the majority of the Group's consolidated revenue and EBITDA. In 2021, the Owned hotels reported EBITDA of US$24 million, a significantly improved performance compared to an EBITDA loss of US$62 million in 2020. However, operating and financial performance remains behind pre-COVID-19 levels as movement restrictions and social distancing measures continue to have an impact.

EBITDA included US$41 million of government financial support and US$10 million of other income from insurance proceeds and rental relief recognised within EBITDA, compared to US$40 million of government financial support and US$6 million of other income recognised in 2020.

[1] 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 34 to the financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group's underlying business performance.

[2] Associates and Joint Ventures results include contribution from Stay One Degree Limited, an online booking service platform for luxury homes and Chaophaya Development Corporation Limited, part of the River City Shopping Complex in Bangkok.

Subsidiary hotels

The Group's results from its subsidiary hotels were as follows:

	2021 US$m	2020 US$m
Underlying EBITDA from subsidiary hotels	**26**	(49)
Less: depreciation and amortisation	**(60)**	(107)
Underlying operating loss	**(34)**	(156)
Less: net financing charges	**(11)**	(11)
tax	**(5)**	19
Underlying loss attributable to shareholders	**(50)**	(148)

In 2021, the Group reported revenue of US$279 million and EBITDA of US$26 million from subsidiary hotels, compared to revenue of US$161 million and an EBITDA loss of US$49 million in 2020.

In EMEA, London, Munich, Geneva and Paris achieved significantly higher revenues than 2020, particularly in the second half of 2021 when international travel restrictions were relaxed, and these hotels generated the majority of the subsidiary hotels' EBITDA. They benefitted from government financial support. London also benefitted from insurance proceeds relating to the 2018 fire.

In Asia, extensive border controls and social distancing regulations remained broadly in place throughout the year which significantly restricted hospitality operations. This affected the Group's key revenue and EBITDA generating hotels in Hong Kong and Tokyo. Both hotels generated higher revenues than 2020 but did not experience a significant recovery. The Tokyo hotel was challenged by long periods of closed borders and significant restrictions on domestic movement. Whilst the Hong Kong hotel was able to achieve a positive EBITDA performance, its results remained significantly lower than pre-COVID-19 levels.

In America, although restrictions were relaxed and international travel recovered, corporate and group demand was muted and this impacted the performance of the Boston and Washington D.C. hotels.

Owned hotels' depreciation and amortisation, which is a non-cash item, was substantially lower than 2020 which included a US$45 million accelerated depreciation and amortisation charges relating to the impairment of the Geneva hotel.

Net financing charges were in line with 2020. Taxation for 2021 was US$5 million, compared to a tax credit of US$19 million in 2020, which reflected a deferred tax credit of US$14 million in relation to the impairment in Geneva as well as US$5 million of deferred tax credits in the Hong Kong and London hotels.

Underlying losses incurred were US$50 million and US$148 million in 2021 and 2020 respectively.

Associates and joint ventures

The Group's share of results from associates and joint ventures were as follows:

	2021 US$m	2020 US$m
Underlying EBITDA from associates and joint ventures	**(2)**	(13)
Less: depreciation and amortisation	**(15)**	(13)
Underlying operating loss	**(17)**	(26)
Less: net financing charges	**(5)**	(3)
tax	**–**	2
Share of results of associates and joint ventures	**(22)**	(27)

Revenue from associates and joint ventures was US$194 million in 2021 compared to US$115 million in 2020, an increase of 69%. This was driven by the reopening of Mandarin Oriental Ritz, Madrid as well as by the hotels in Miami and New York which generated significantly higher revenue from the relaxation of restrictions on international travellers. This was offset by soft revenues in Bangkok and Kuala Lumpur. Bangkok was particularly affected by border closures that were in place throughout the second, third and most of the fourth quarter.

EBITDA losses from associates and joint ventures were US$2 million compared to EBITDA losses of US$13 million in 2020. The Bangkok and Madrid hotels were the primary contributor to losses from associates and joint ventures in 2021. The Madrid hotel was closed for restoration work prior to the reopening in mid-April 2021. Singapore and Miami produced positive EBITDA. In Singapore, performance was improved by government payroll support and third-party contracts won to support Singapore's quarantine centres. Miami benefitted from strong leisure demand, substantially improving its performance compared to last year, when it was near breakeven.

The Group's share of depreciation, amortisation and net financing charges of associates and joint ventures were broadly in line with 2021.

Management business

	2021 US$m	2020 US$m
Underlying EBITDA from management business	**17**	(12)
Less: depreciation and amortisation	**(9)**	(18)
Underlying operating profit/(loss)	**8**	(30)
Less: net financing charges	**(1)**	–
tax	**(2)**	–
Underlying profit/(loss) attributable to shareholders	**5**	(30)

The management business, growth of which is a focus of the Group, benefits from hotel management fees and residences branding fees. It contributed US$17 million in underlying EBITDA, US$29 million higher than the previous year.

Total management fees were 79% higher than the prior year, reflecting the improved market conditions which allowed a recovery in combined total revenue. Resort destinations were the key contributors to the increase in total management fees collected with strong performance in the Dubai and Bodrum hotels, both of which exceeded pre-COVID-19 levels, and also in the Abu Dhabi hotel. Hotels in Shanghai, Sanya and Guangzhou also performed considerably better than 2020 from improved domestic demand within Mainland China. Landmark Hong Kong benefitted from the quarantine business and delivered significantly higher fees for the Group compared to the previous year.

Residences branding fees are generally earned when individual residences are sold or certain development milestones are achieved. The majority of branding fees received in 2021 and 2020 related to the Group's standalone residences project in Bangkok. Residences branding fees were higher in 2021, compared to 2020, benefitting from the Group's projects in Moscow, Tel Aviv, Da Nang, and London. The Group has a strong pipeline of residences projects to support branding fees in the future.

Included in the management business is the net cost of the Group's central sales and marketing and brand activities, which are funded by marketing and advertising contributions from hotels based on a percentage of hotel revenues. In 2021, sales and marketing activities recorded a marginally positive EBITDA.

Depreciation costs in the management business decreased significantly by US$9 million compared to 2020. In 2020, depreciation costs included the write-off of capitalised development project and digital platform costs.

Underlying earnings attributable to shareholders

The underlying loss attributable to shareholders is as follows:

	2021 US$m	2020 US$m
Subsidiary hotels	**(50)**	(148)
Share of results of associates and joint ventures	**(22)**	(27)
Management business	**5**	(30)
Property development	**(1)**	(1)
Total underlying loss attributable to shareholders	**(68)**	(206)

In 2021, the Group incurred an underlying loss of US$68 million, including the Group's ownership share of associates and joint ventures, a substantial improvement on the US$206 million underlying loss recorded in 2020.

Non-trading items

	2021 US$m	2020 US$m
Changes in fair value of investment property under development	**(74)**	(475)
Changes in fair value of other investments	**1**	1
Total	**(73)**	(474)

Net non-trading losses of US$73 million were recorded in 2021, mainly related to a 3% decrease in the fair market value of the Causeway Bay site under development (previously the site of The Excelsior hotel in Hong Kong), valued at US$2.5 billion at the end of 2021. In 2020, non-trading losses of US$474 million were recognised also primarily in relation to the Causeway Bay site under development, which represented a 15% decrease of the valuation of the site from some US$3.0 billion at the end of 2019.

Cash flow

The Group's consolidated cash flows are summarised as follows:

	2021 US$m	2020 US$m
Operating activities	**26**	(84)
Investing activities		
Capital expenditure on existing properties	**(15)**	(39)
Redevelopment of the Causeway Bay site	**(20)**	(22)
Refund on Munich expansion	**13**	–
Net advances to associates and joint ventures	**(4)**	(40)
Purchase of intangible assets	**(6)**	(5)
Other	**–**	(2)
Financing activities		
Net drawdown of borrowings	**64**	88
Other	**(3)**	(6)
Net increase/(decrease) in cash	**55**	(110)
Cash and cash equivalents at 1st January	**165**	271
Effect of exchange rate changes	**(7)**	4
Cash and cash equivalents at 31st December	**213**	165
Gross debt at 31st December	**(730)**	(671)
Closing net debt at 31st December	**(517)**	(506)

The Group's cash inflows from operating activities were US$26 million in 2021 compared to a cash outflow of US$84 million in 2020 primarily due to improved operating performance.

Under investing activities, capital expenditure on existing properties was US$15 million in 2021, a significant decrease compared to 2020. Capital expenditure continues to be carefully controlled and the Group aims to balance cash conservation with investing for quality and long-term returns.

In 2021, capital expenditure primarily related to the creation of new facilities at the Hong Kong hotel of US$7 million and the new food and beverage offering at the London hotel of US$3 million. During the year, the Group decided to withdraw from the expansion project of Mandarin Oriental, Munich and as a result received a cash refund on the deposits of land and related costs of US$13 million.

In 2021, US$20 million was invested into the Causeway Bay site under development, similar to the quantum of investment in 2020. The Group is committed to investing another US$550 million to the project from 2022 to 2025, which will be funded through an appropriate mix of external debt and existing cash reserves.

Net advances to associates and joint ventures of US$4 million in 2021 were to fund operating losses incurred in the New York and Madrid hotels. This is substantially lower than US$40 million of advances in 2020, which primarily related to a US$31 million funding for the restoration of the Madrid hotel.

Dividends

In light of the continuing reduced levels of business due to the impact of COVID-19 pandemic, no interim and final dividends in respect of the 2021 and 2020 financial years have been declared or proposed by the Board.

Treasury activities

The Group manages its exposure to financial risk using a variety of techniques and instruments. The main objective is to manage exchange and interest rate risks and to provide a degree of certainty in respect of costs.

At the end of 2021, the Group had fixed or capped interest rates on 37% of its gross borrowings. In respect of specific hotel financing, borrowings are normally taken in local currency to hedge partially the investment and the projected income. At 31st December 2021, the Group's net assets were denominated in the following currencies:

	Shareholders' funds/ net assets		Adjusted shareholders' funds/ net assets*	
	US$m	%	US$m	%
Hong Kong dollar	2,170	65	3,157	63
Euro	583	18	773	16
United States dollar	186	6	241	5
United Kingdom sterling	198	6	377	8
Singapore dollar	64	2	225	4
Thai baht	9	–	69	1
Swiss franc	62	2	63	1
Indonesian rupiah	9	–	28	1
Others	28	1	33	1
Total	3,309	100	4,966	100

* See supplementary information section below.

The Group, excluding associates and joint ventures, had committed borrowing facilities totalling US$1,024 million, of which US$730 million was drawn at 31st December 2021. The principal amounts due for repayment are as follows:

	Facilities committed US$m	Facilities drawn US$m	Unused facilities US$m
Within one year	2	2	–
Between one and two years	258	87	171
Between two and three years	763	640	123
Between three and four years	–	–	–
Between four and five years	–	–	–
Beyond five years	1	1	–
	1,024	730	294

At 31st December 2021, consolidated net debt was US$517 million and gearing was 16%, marginally higher than consolidated net debt of US$506 million at 31st December 2020 which was 14% of shareholders' funds, as a result of substantially improved operating cash flows in the year offset by continued investment in the Causeway Bay site under development. Taking into account the fair market value of the Group's freehold and leasehold interests (which are accounted for at historical cost less depreciation) gearing was 10% of adjusted shareholders' funds at 31st December 2021, compared to 10% in the prior year.

With US$294 million of committed, undrawn facilities in addition to its cash balances of US$213 million, the Group's liquidity remains strong. The average tenor of the Group's borrowings was 2.1 years compared to 3.2 years in 2020.

Interest cover

EBITDA is used as an indicator of the Group's ability to service debt and finance its future capital expenditure, although there are no cash-based covenants in the Group's debt facilities. Interest cover[3] in 2021 was 2.0 times compared with 8.6 times in 2019. Interest cover was not meaningful in 2020 due to the EBITDA loss incurred.

Supplementary information

Although the Group's accounting policy in respect of its freehold land and buildings and the building component of owner-occupied leasehold properties is based on the cost model, the Directors continue to review on an annual basis the fair market values in conjunction with independent appraisers. The fair market value of both freehold and leasehold land and buildings is used by the Group to calculate adjusted net assets, which the Directors believe gives important supplementary information regarding net asset value per share and gearing as shown in the table adjacent.

The decrease in 2021 adjusted shareholders' funds was primarily due to the total loss attributable to shareholders of US$141 million, more than half of which was related to the 3% decrease in valuation of the Causeway Bay site under development.

	2021		2020	
	US$m	Per share US$	US$m	Per share US$
Shareholders' funds/ net assets	**3,309**	**2.62**	3,510	2.78
Add: surplus for fair market value of freehold and leasehold land and buildings	**1,657**	**1.31**	1,661	1.31
Adjusted shareholders' funds/net assets	**4,966**	**3.93**	5,171	4.09

Principal risks and uncertainties

A review of the principal risks and uncertainties facing the Group is set out on pages 125 to 128.

Accounting policies

The Directors continue to review the developments in International Financial Reporting Standards ('IFRS') and their impact on the Group's accounting policies. The accounting policies adopted are consistent with those of the previous year, except that the Group has adopted the 'Interest Rate Benchmark Reform – Phase 2 : Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16' in relation to measurement of financial assets, financial liabilities and lease liabilities, and a number of reliefs for hedging relationships, and 'COVID-19 Related Rent Concessions beyond 30th June 2021: Amendment to IFRS 16 Leases' in relation to rent concession, where the Group is a lessee. This is more fully detailed in the note 1(b) 'Basis of preparation' in the financial statements. The adoption of the amendment does not have a material effect on the financial statements.

Matthew Bishop
Chief Financial Officer
3rd March 2022

[3] Interest cover is calculated as underlying EBITDA (including the Group's share of underlying EBITDA from associates and joint ventures) before the deduction of amortisation/depreciation of right-of-use assets and net of actual lease payments, divided by net financing charges (including the Group's share of net financing charges from associates and joint ventures) before the deduction of capitalised interest and excluding interest on lease liabilities.

Directors' Profiles

Ben Keswick *Chairman*
Ben Keswick, 49, joined the Board as Managing Director in April 2012 and held the position until June 2020. He has been Chairman since 2013. He was also managing director of Dairy Farm, Jardine Matheson and Hongkong Land from 2012 to 2020. Ben has held a number of executive positions since joining the Jardine Matheson group in 1998, including finance director and then chief executive officer of Jardine Pacific between 2003 and 2007 and group managing director of Jardine Cycle & Carriage until 2012. He is executive chairman of Jardine Matheson and chairman of Dairy Farm, Hongkong Land and Jardine Cycle & Carriage. Ben is also a director of Yonghui Superstores and a commissioner of Astra. He has an MBA from INSEAD.

John Witt* *Managing Director*
John Witt, 58, rejoined the Board as Managing Director in June 2020, having previously served as the Chief Financial Officer between 2000 and 2010. He has been with the Jardine Matheson group since 1993 and has held a number of senior finance positions, including group finance director of Jardine Matheson from 2016 to 2020 and the chief financial officer of Hongkong Land from 2010 to 2016. John is chairman of Jardine Matheson Limited, group managing director of Jardine Matheson and managing director of Dairy Farm and Hongkong Land. He is also a director of Jardine Pacific and Jardine Motors, and a commissioner and chairman of the executive committee of Astra. John is a Chartered Accountant and has an MBA from INSEAD.

James Riley* *Group Chief Executive*
James Riley, 60, joined the Board as Group Chief Executive in 2016. He has previously held a number of senior executive positions in the Jardine Matheson group since joining from Kleinwort Benson in 1993. A Chartered Accountant, he was group finance director of Jardine Matheson from 2005 to 2016. He has been a director of Mandarin Oriental Hotel Group International since 2005. He was a non-executive director of the Hongkong and Shanghai Banking Corporation from 2012 to 2016.

Matthew Bishop* *Chief Financial Officer*
Matthew Bishop, 45, joined the Board as Chief Financial Officer in September 2021. A Chartered Accountant, he joined the Jardine Matheson group in 2009 and held a number of senior finance positions across the group, including most recently group treasurer of Jardine Matheson since January 2019. He was previously a diplomat with the Foreign & Commonwealth Office in Beijing and London.

Jinqing Cai
Jinqing Cai, 54, joined the Board in December 2021. She is the president, Greater China at Kering, a member of international advisory board of the New York Philharmonic Orchestra and a board member of Teach for China. Jinqing was former president and chairman of Christie's China.

* Executive Director

Adam Keswick
Adam Keswick, 49, joined the Board in 2012. Having joined Jardine Matheson in 2001, he was appointed to the Jardine Matheson board in 2007 and was deputy managing director from 2012 to 2016. Adam is a director of Dairy Farm and Hongkong Land. He is also a director of Ferrari NV, Schindler and Yabuli China Entrepreneurs Forum and vice chairman of the supervisory board of Rothschild & Co.

Archie Keswick
Archie Keswick, 41, joined the Board in 2019. Having joined the Jardine Matheson group in 2007, he held a number of senior executive positions within the group, including most recently CEO, Pizza Hut Vietnam and the general manager of The Landmark Mandarin Oriental, Hong Kong.

Y.K. Pang
Y.K. Pang, 61, joined the Board in 2016. He is deputy managing director and chairman of Hong Kong of Jardine Matheson, and chairman of Jardine Pacific. He previously held a number of senior executive positions in the Jardine Matheson group, which he joined in 1984, including chief executive of Hongkong Land between 2007 and 2016. Y.K. is also deputy chairman of Jardine Matheson Limited, and a director of Gammon, Hongkong Land, Jardine Matheson (China) and Greatview. He is chairman of the Hong Kong Tourism Board and the Hong Kong Management Association, and a member of the Council and General Committee of the Hong Kong General Chamber of Commerce and the Employers' Federation of Hong Kong.

Richard Solomons
Richard Solomons, 60, joined the Board in December 2021. He is the chairman of Rentokil Initial plc and non-executive chairman of Hotelbeds Group S.L.U. Richard was previously the chief executive officer of InterContinental Hotels Group plc and a non-executive director of Aston Martin Lagonda Global Holdings plc and Marks and Spencer Group plc.

Consolidated Profit and Loss Account

for the year ended 31st December 2021

	Note	2021 Underlying business performance US$m	2021 Non-trading items US$m	2021 Total US$m	2020 Underlying business performance US$m	2020 Non-trading items US$m	2020 Total US$m
Revenue	2	**316.9**	**–**	**316.9**	183.7	–	183.7
Cost of sales		**(261.3)**	**–**	**(261.3)**	(233.0)	–	(233.0)
Gross profit/(loss)		**55.6**	**–**	**55.6**	(49.3)	–	(49.3)
Selling and distribution costs		**(20.7)**	**–**	**(20.7)**	(31.4)	–	(31.4)
Administration expenses		**(104.1)**	**–**	**(104.1)**	(97.5)	–	(97.5)
Other operating income/(expense)		**43.2**	**0.6**	**43.8**	(7.6)	0.7	(6.9)
Change in fair value of investment property under development	12	**–**	**(73.9)**	**(73.9)**	–	(474.9)	(474.9)
Operating loss	3	**(26.0)**	**(73.3)**	**(99.3)**	(185.8)	(474.2)	(660.0)
Financing charges		**(13.8)**	**–**	**(13.8)**	(14.2)	–	(14.2)
Interest income		**1.1**	**–**	**1.1**	1.6	–	1.6
Net financing charges	4	**(12.7)**	**–**	**(12.7)**	(12.6)	–	(12.6)
Share of results of associates and joint ventures	5	**(21.8)**	**–**	**(21.8)**	(26.8)	–	(26.8)
Loss before tax		**(60.5)**	**(73.3)**	**(133.8)**	(225.2)	(474.2)	(699.4)
Tax	6	**(7.6)**	**–**	**(7.6)**	19.4	–	19.4
Loss after tax		**(68.1)**	**(73.3)**	**(141.4)**	(205.8)	(474.2)	(680.0)
Attributable to:							
Shareholders of the Company	7&8	**(68.1)**	**(73.3)**	**(141.4)**	(205.9)	(474.2)	(680.1)
Non-controlling interests		**–**	**–**	**–**	0.1	–	0.1
		(68.1)	**(73.3)**	**(141.4)**	(205.8)	(474.2)	(680.0)
		US¢		**US¢**	US¢		US¢
Loss per share	7						
– basic		**(5.39)**		**(11.19)**	(16.30)		(53.84)
– diluted		**(5.39)**		**(11.19)**	(16.30)		(53.84)

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2021

	Note	2021 US$m	2020 US$m
Loss for the year		**(141.4)**	(680.0)
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	16	**3.5**	5.2
Tax on items that will not be reclassified	6	**(0.6)**	(0.9)
		2.9	4.3
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
– net (losses)/gains arising during the year		**(70.7)**	80.0
Cash flow hedges			
– net gains/(losses) arising during the year		**11.6**	(11.4)
Tax relating to items that may be reclassified	6	**(1.3)**	1.9
Share of other comprehensive (expense)/income of associates and joint ventures		**(2.0)**	1.8
		(62.4)	72.3
Other comprehensive (expense)/income for the year, net of tax		**(59.5)**	76.6
Total comprehensive expense for the year		**(200.9)**	(603.4)
Attributable to:			
Shareholders of the Company		**(200.7)**	(603.9)
Non-controlling interests		**(0.2)**	0.5
		(200.9)	(603.4)

Consolidated Balance Sheet

at 31st December 2021

	Note	2021 US$m	2020 US$m
Net assets			
Intangible assets	9	**46.7**	45.4
Tangible assets	10	**1,098.2**	1,181.5
Right-of-use assets	11	**273.3**	297.4
Investment property under development	12	**2,462.0**	2,528.3
Associates and joint ventures	13	**201.5**	231.6
Other investments	14	**16.5**	16.1
Deferred tax assets	15	**13.7**	17.8
Pension assets	16	**7.1**	5.5
Non-current debtors	17	**8.9**	5.1
Non-current assets		**4,127.9**	4,328.7
Stocks		**5.3**	6.0
Current debtors	17	**68.8**	71.7
Current tax assets		**2.2**	3.1
Bank and cash balances	18	**212.8**	164.6
Current assets		**289.1**	245.4
Current creditors	19	**(157.2)**	(144.6)
Current borrowings	20	**(2.5)**	(64.2)
Current lease liabilities	21	**(6.3)**	(7.0)
Current tax liabilities		**(9.9)**	(10.1)
Current liabilities		**(175.9)**	(225.9)
Net current assets		**113.2**	19.5
Long-term borrowings	20	**(727.8)**	(606.6)
Non-current lease liabilities	21	**(147.4)**	(170.1)
Deferred tax liabilities	15	**(50.1)**	(47.1)
Pension liabilities	16	**(0.3)**	(0.3)
Non-current creditors	19	**(3.2)**	(10.9)
Non-current liabilities		**(928.8)**	(835.0)
		3,312.3	3,513.2
Total equity			
Share capital	24	**63.2**	63.2
Share premium	25	**500.5**	499.7
Revenue and other reserves		**2,745.1**	2,946.6
Shareholders' funds		**3,308.8**	3,509.5
Non-controlling interests		**3.5**	3.7
		3,312.3	3,513.2

Approved by the Board of Directors

James Riley
Matthew Bishop
Directors
3rd March 2022

Consolidated Statement of Changes in Equity

for the year ended 31st December 2021

	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
2021										
At 1st January	**63.2**	**499.7**	**260.3**	**(240.3)**	**2,943.4**	**(9.7)**	**(7.1)**	**3,509.5**	**3.7**	**3,513.2**
Total comprehensive income	**–**	**–**	**–**	**(137.8)**	**–**	**10.6**	**(73.5)**	**(200.7)**	**(0.2)**	**(200.9)**
Transfer	**–**	**0.8**	**(1.2)**	**0.4**	**–**	**–**	**–**	**–**	**–**	**–**
At 31st December	**63.2**	**500.5**	**259.1**	**(377.7)**	**2,943.4**	**0.9**	**(80.6)**	**3,308.8**	**3.5**	**3,312.3**
2020										
At 1st January	63.2	499.7	260.3	434.8	2,943.4	–	(88.4)	4,113.0	3.6	4,116.6
Total comprehensive income	–	–	–	(675.5)	–	(9.7)	81.3	(603.9)	0.5	(603.4)
Change in interest in a subsidiary	–	–	–	0.4	–	–	–	0.4	(0.4)	–
At 31st December	63.2	499.7	260.3	(240.3)	2,943.4	(9.7)	(7.1)	3,509.5	3.7	3,513.2

Revenue reserves as at 31st December 2021 included cumulative fair value loss on the investment property under development of US$616.1 million (2020: US$542.2 million).

Consolidated Cash Flow Statement

for the year ended 31st December 2021

	Note	2021 US$m	2020 US$m
Operating activities			
Operating loss	3	**(99.3)**	(660.0)
Depreciation, amortisation and impairment		**68.5**	124.2
Other non-cash items	28a	**71.2**	472.8
Movements in working capital	28b	**0.9**	1.4
Interest received		**0.4**	1.8
Interest and other financing charges paid		**(13.5)**	(14.1)
Tax paid		**(1.8)**	(9.6)
Cash flows from operating activities		**26.4**	(83.5)
Investing activities			
Purchase of tangible assets		**(15.3)**	(38.9)
Additions to investment property under development		**(19.7)**	(21.6)
Purchase of intangible assets		**(6.1)**	(5.3)
Refund on Munich expansion	28c	**13.0**	–
Purchase of other investments		**(0.3)**	(0.6)
Purchase of an associate	28d	**–**	(2.0)
Advance to associates and joint ventures	28e	**(7.1)**	(40.5)
Repayment of loans to associates and joint ventures	28f	**3.0**	0.4
Cash flows from investing activities		**(32.5)**	(108.5)
Financing activities			
Drawdown of borrowings	20	**130.6**	88.4
Repayment of borrowings	20	**(66.4)**	(0.1)
Principal elements of lease payments	28g	**(3.3)**	(6.0)
Cash flows from financing activities		**60.9**	82.3
Net increase/(decrease) in cash and cash equivalents		**54.8**	(109.7)
Cash and cash equivalents at 1st January		**164.6**	270.7
Effect of exchange rate changes		**(6.6)**	3.6
Cash and cash equivalents at 31st December	28h	**212.8**	164.6

1 Going concern and basis of preparation

a) Going concern

The Group's operations and financial performance were severely impacted by the unprecedented decline in both international and domestic travel since the COVID-19 pandemic began. Prior to the pandemic the Group had significant headroom in its committed debt facilities and cash balances available to finance operating losses, which was increased with new debt facilities in February 2021.

Operating conditions generally improved towards the end of 2021, with 34 hotels open in the second quarter and additions of two new hotels in Bosphorus, Istanbul and Shenzhen in August 2021 and January 2022 respectively. In 2021, the Group recorded a total cash inflow from operating activities of US$26 million, a significant improvement from a total cash outflow from operating activities of US$84 million in 2020.

A return of profitability by the Group will be dependent on the level of travel restrictions that are maintained by governments.

The Group's balance sheet is underpinned by equity interests in a number of prime hotel properties which are carried on the Group's balance sheet at historical cost less depreciation. Taking into account the market value of the Group's property interests, the adjusted shareholders' funds were US$5.0 billion at 31st December 2021.

At 31st December 2021, the Group had total liquidity of US$507 million, comprising US$294 million of undrawn committed facilities and US$213 million of cash balances. The Group's facilities are not subject to any cash flow covenants and had an average remaining tenor of 2.1 years. This robust liquidity position enables the Group to sustain a prolonged downturn in the hospitality industry should that eventuate as well as meet its capital commitments. Overall, the Group's balance sheet position remains strong.

In adopting the going concern basis for preparing the financial statements, the Directors have considered a stress-test cash flow forecast which assumes the majority of the Group's hotels operate at substantially reduced levels of business as a consequence of travel restrictions maintained by governments for a period of 12 months from the date of approval of the financial statements.

Having considered the outcome of the stress-test cash flow forecast, the Directors are of the opinion that the Group has sufficient financial resources to continue operating for a period of at least 12 months from the date of approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

1 Going concern and basis of preparation *continued*

b) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), including International Accounting Standards ('IAS') and Interpretations adopted by the International Accounting Standards Board. The financial statements have been prepared on a going concern basis and under the historical cost convention except as disclosed in the accounting policies.

Details of the Group's principal accounting policies are included in note 34.

The Group has adopted the following amendments for the annual reporting period commencing 1st January 2021.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 ***(effective 1st January 2021)***

The amendments provide practical expedient from certain requirements under the IFRSs as a result of the reform which affect the measurement of financial assets, financial liabilities and lease liabilities, and a number of reliefs for hedging relationships. The Group applied the amendments from 1st January 2021 and there is no significant impact on the Group's consolidated financial statements.

COVID-19 Related Rent Concessions beyond 30th June 2021: Amendment to IFRS 16 Leases ***(effective 1st April 2021)***

The Group adopted and applied the practical expedient of the COVID-19 Related Rent Concessions: Amendment to IFRS 16 Leases, published in June 2020 ('2020 amendment'), in the 2020 annual financial statements. The 2021 amendment extends the practical expedient in the 2020 amendment to eligible lease payments due on or before 30th June 2022. By using the 2021 amendment, the Group continues to apply the practical expedient consistently to all lease contracts with similar characteristics and in similar circumstances, and does not assess these concessions as lease modifications.

Apart from the above, there are no other amendments which are effective in 2021 and relevant to the Group's operations, that have a significant impact on the Group's results, financial position and accounting policies.

The Group has not early adopted any standard, interpretation or amendments that have been issued but not yet effective *(refer note 35)*.

The principal operating subsidiaries, associates and joint ventures have different functional currencies in line with the economic environments of the locations in which they operate. The functional currency of the Company is United States dollars. The consolidated financial statements are presented in United States dollars.

The Group's reportable segments are set out in note 2.

2 Segmental information and revenue

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Executive Directors of the Company for the purpose of resource allocation and performance assessment. The Group has three (2020: three) distinct business activities: Hotel ownership, Hotel & Residences branding and management, and Property development which form the basis of its operating and reportable segments. The Property development segment represents the redevelopment of The Excelsior site as a commercial building following the closure of The Excelsior, Hong Kong on 31st March 2019 (the 'Causeway Bay site under development'). The redevelopment is expected to complete in 2025.

In addition, The Group is operated on a worldwide basis in three (2020: three) regions: Asia, Europe, Middle East and Africa ('EMEA'), and America. The Group's segmental information for non-current assets is set out in note 23.

	2021 US$m	2020 US$m
Analysis by business activity		
– Hotel ownership	**278.9**	161.4
– Hotel & Residences branding and management	**48.5**	27.1
– Less: intra-segment revenue	**(10.5)**	(4.8)
	316.9	183.7
Analysis by geographical area		
– Asia	**132.4**	96.9
– EMEA	**137.8**	66.1
– America	**46.7**	20.7
	316.9	183.7
From contracts with customers		
– Recognised at a point in time	**111.5**	72.5
– Recognised over time	**185.6**	94.8
	297.1	167.3
From other sources		
– Rental income	**19.8**	16.4
	316.9	183.7

Contract balances

Setup costs in order to secure long-term hotel management contracts are capitalised under intangible assets and amortised in profit and loss when the related revenue is recognised. Management reviews the capitalised costs on a regular basis and expects the setup costs to be recoverable.

Contract liabilities primarily relate to the advance consideration received from customers relating to gift cards and advance customer deposits for hotel services, for which revenue is recognised when the goods and services are provided to the customers.

Contract liabilities are further analysed as follows:

	2021 US$m	2020 US$m
Contract liabilities *(refer note 19)*		
– Gift cards	**11.2**	10.3
– Advance customer deposits and other	**12.1**	20.8
	23.3	31.1

2 Segmental information and revenue *continued*

Revenue recognised in relation to contract liabilities

Revenue recognised in the current year relating to carried-forward contract liabilities:

	2021 US$m	2020 US$m
Gift cards	**10.0**	10.4
Advance customer deposits and other	**11.8**	5.9
	21.8	16.3

Revenue expected to be recognised on unsatisfied contracts with customers

Timing of revenue to be recognised on unsatisfied performance obligations:

	Gift cards US$m	Advance customer deposits and other US$m	Total US$m
2021			
Within one year	**4.3**	**16.4**	**20.7**
Between one and two years	**4.6**	**1.7**	**6.3**
Between two and three years	**1.4**	**–**	**1.4**
Between three and four years	**0.6**	**–**	**0.6**
Between four and five years	**0.3**	**–**	**0.3**
	11.2	**18.1**	**29.3**
2020			
Within one year	4.0	24.2	28.2
Between one and two years	4.2	0.8	5.0
Between two and three years	1.3	–	1.3
Between three and four years	0.5	–	0.5
Between four and five years	0.3	–	0.3
	10.3	25.0	35.3

3 EBITDA (earnings before interest, tax, depreciation and amortisation) and operating loss from subsidiaries

	2021 US$m	2020 US$m
Analysis by business activity		
– Hotel ownership	**25.9**	(49.2)
– Hotel & Residences branding and management	**16.6**	(12.4)
Underlying EBITDA from subsidiaries	**42.5**	(61.6)
Non-trading items *(refer note 8)*		
Change in fair value of investment property under development	**(73.9)**	(474.9)
Change in fair value of other investments	**0.6**	0.7
	(73.3)	(474.2)
EBITDA from subsidiaries	**(30.8)**	(535.8)
Underlying depreciation, amortisation and impairment from subsidiaries	**(68.5)**	(124.2)
Operating loss	**(99.3)**	(660.0)
Analysis by business activity		
– Hotel ownership	**26.5**	(48.5)
– Hotel & Residences branding and management	**16.6**	(12.4)
– Property development	**(73.9)**	(474.9)
EBITDA from subsidiaries	**(30.8)**	(535.8)
– Hotel ownership	**(34.0)**	(158.7)
– Hotel & Residences branding and management	**8.6**	(26.4)
– Property development	**(73.9)**	(474.9)
Operating loss	**(99.3)**	(660.0)
Analysis by geographical area		
– Asia	**(8.6)**	(18.6)
– EMEA	**59.7**	(10.5)
– America	**(8.6)**	(32.5)
Underlying EBITDA from subsidiaries	**42.5**	(61.6)

The impact of the impairment of Mandarin Oriental, Geneva on EBITDA in 2020 included an accelerated depreciation for the leasehold property of US$41.9 million and an accelerated amortisation for the leasehold land of US$3.4 million. Taking into account a deferred tax credit of US$14.4 million *(refer note 6)*, the net impact of the impairment was US$30.9 million, which was reflected in the underlying loss of 2020.

3 EBITDA (earnings before interest, tax, depreciation and amortisation) and operating loss from subsidiaries *continued*

	2021 US$m	2020 US$m
The following items have been credited/(charged) in arriving at operating loss:		
Rental income *(refer note 10)*	**19.8**	16.4
Amortisation of intangible assets *(refer note 9)*	**(5.8)**	(13.7)
Depreciation and impairment of tangible assets *(refer note 10)*	**(55.0)**	(97.6)
Amortisation/depreciation and impairment of right-of-use assets *(refer note 11)*	**(7.7)**	(12.9)
Employee benefit (expense)/credit		
– salaries and benefits in kind	**(192.2)**	(176.2)
– defined benefit pension plans *(refer note 16)*	**(3.4)**	(3.6)
– defined contribution pension plans	**(1.4)**	(1.6)
	(197.0)	(181.4)
Net foreign exchange (losses)/gains	**(1.3)**	1.3
Expenses relating to low value leases	**(0.5)**	–
Expenses relating to short-term leases	**(0.9)**	(0.5)
Expenses relating to variable lease payments not included in lease liabilities	**(2.4)**	(2.1)
Subleases income	**–**	0.2
Auditors' remuneration		
– audit	**(1.6)**	(1.7)
– non-audit services	**(0.7)**	(0.7)
	(2.3)	(2.4)

In relation to the COVID-19 pandemic, the Group received government grants and rent concessions of US$35.8 million (2020: US$31.9 million) and US$3.4 million (2020: US$2.3 million) respectively for the year ended 31st December 2021. These subsidies were accounted for as other operating income.

4 Net financing charges

	2021 US$m	2020 US$m
Interest expense		
– bank loans	**(9.8)**	(11.2)
– interest on lease liabilities	**(2.2)**	(1.9)
Commitment and other fees	**(1.8)**	(1.1)
Financing charges	**(13.8)**	(14.2)
Interest income	**1.1**	1.6
Net financing charges	**(12.7)**	(12.6)

5 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$m	Net loss US$m
2021						
Analysis by business activity						
– Hotel ownership	**(1.7)**	**(14.5)**	**(16.2)**	**(4.5)**	**(0.4)**	**(21.1)**
– Other	**(0.1)**	**(0.6)**	**(0.7)**	**–**	**–**	**(0.7)**
	(1.8)	**(15.1)**	**(16.9)**	**(4.5)**	**(0.4)**	**(21.8)**
Analysis by geographical area						
– Asia	**(2.2)**	**(10.0)**	**(12.2)**	**(2.3)**	**1.5**	**(13.0)**
– EMEA	**(2.5)**	**(2.8)**	**(5.3)**	**(0.7)**	**(1.9)**	**(7.9)**
– America	**2.9**	**(2.3)**	**0.6**	**(1.5)**	**–**	**(0.9)**
	(1.8)	**(15.1)**	**(16.9)**	**(4.5)**	**(0.4)**	**(21.8)**
2020						
Analysis by business activity						
– Hotel ownership	(12.9)	(12.7)	(25.6)	(3.2)	2.4	(26.4)
– Other	0.3	(0.6)	(0.3)	(0.1)	–	(0.4)
	(12.6)	(13.3)	(25.9)	(3.3)	2.4	(26.8)
Analysis by geographical area						
– Asia	0.7	(10.2)	(9.5)	(1.6)	2.4	(8.7)
– EMEA	(4.4)	(0.4)	(4.8)	(0.1)	–	(4.9)
– America	(8.9)	(2.7)	(11.6)	(1.6)	–	(13.2)
	(12.6)	(13.3)	(25.9)	(3.3)	2.4	(26.8)

In relation to the COVID-19 pandemic, the results of associates and joint ventures included the Group's share of government grants and rent concessions of US$1.4 million (2020: US$3.7 million) and US$0.1 million (2020: US$0.1 million) respectively for the year ended 31st December 2021.

6 Tax

	2021 US$m	2020 US$m
Tax (charged)/credited to profit and loss is analysed as follows:		
– current tax	**(2.5)**	0.6
– deferred tax *(refer note 15)*	**(5.1)**	18.8
	(7.6)	19.4
Analysis by business activity		
– Hotel ownership	**(5.8)**	19.5
– Hotel & Residences branding and management	**(1.8)**	(0.1)
	(7.6)	19.4
Analysis by geographical area		
– Asia	**(2.0)**	0.5
– EMEA	**(4.8)**	20.6
– America	**(0.8)**	(1.7)
	(7.6)	19.4
Reconciliation between tax expense and tax at the applicable tax rate*:		
Tax at applicable tax rate	**27.3**	122.7
Income not subject to tax		
– change in fair value of other investments	**0.1**	0.1
– other items	**3.3**	0.4
Expenses not deductible for tax purposes		
– change in fair value of investment property under development	**(12.2)**	(78.3)
– impairment of Mandarin Oriental, Geneva	**–**	(6.3)
– other items	**(3.5)**	(5.0)
Tax losses and temporary differences not recognised	**(18.9)**	(24.6)
Utilisation of previously unrecognised tax losses and temporary differences	**1.3**	0.4
Recognition of previously unrecognised tax losses and temporary differences	**1.4**	–
Deferred tax assets written off	**(2.9)**	(2.2)
Deferred tax liabilities written back		
– impairment of Mandarin Oriental, Geneva	**–**	14.4
– other items	**1.4**	–
Withholding tax	**(2.9)**	(2.6)
Overprovision in prior years	**0.5**	0.4
Change in tax rates	**(2.5)**	–
	(7.6)	19.4
Tax relating to components of other comprehensive income is analysed as follows:		
Remeasurements of defined benefit plans	**(0.6)**	(0.9)
Cash flow hedges	**(1.3)**	1.9
	(1.9)	1.0

Deferred tax in 2020 included a credit of US$14.4 million in relation to the impairment of Mandarin Oriental, Geneva *(refer note 3)*.

The results of associates and joint ventures included the Group's share of tax charges of US$0.4 million (2020: tax credits of US$2.4 million) *(refer note 5)*.

* The applicable tax rate for the year was 24% (2020: 18%) and represents the weighted average of the rates of taxation prevailing in the territories in which the Group operates.

7 Loss per share

Basic loss per share is calculated using loss attributable to shareholders of US$141.4 million (2020: US$680.1 million) and the weighted average number of 1,263.4 million (2020: 1,263.2 million) shares in issue during the year.

Diluted loss per share is calculated using loss attributable to shareholders of US$141.4 million (2020: US$680.1 million) and the weighted average number of 1,263.8 million (2020: 1,263.2 million) shares in issue after adjusting for the number of shares which are deemed to be issued for no consideration under the share-based long-term incentive plans based on the average share price during the year.

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

	Ordinary shares in millions	
	2021	2020
Weighted average number of shares for basic loss per share calculation	**1,263.4**	1,263.2
Adjustment for shares deemed to be issued for no consideration under the share-based long-term incentive plans	**0.4**	–
Weighted average number of shares for diluted loss per share calculation	**1,263.8**	1,263.2

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

		2021			2020	
	US$m	**Basic loss per share US¢**	**Diluted loss per share US¢**	US$m	Basic loss per share US¢	Diluted loss per share US¢
Loss attributable to shareholders	**(141.4)**	**(11.19)**	**(11.19)**	(680.1)	(53.84)	(53.84)
Non-trading items *(refer note 8)*	**73.3**			474.2		
Underlying loss attributable to shareholders	**(68.1)**	**(5.39)**	**(5.39)**	(205.9)	(16.30)	(16.30)

8 Non-trading items

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

	2021 US$m	2020 US$m
Change in fair value of investment property under development	**(73.9)**	(474.9)
Change in fair value of other investments	**0.6**	0.7
	(73.3)	(474.2)

9 Intangible assets

	Goodwill US$m	Computer software US$m	Development project contract costs US$m	Total US$m
2021				
Cost	**23.9**	**32.7**	**25.3**	**81.9**
Amortisation and impairment	**–**	**(23.7)**	**(12.8)**	**(36.5)**
Net book value at 1st January	**23.9**	**9.0**	**12.5**	**45.4**
Exchange differences	**–**	**0.1**	**(0.1)**	**–**
Additions	**–**	**4.4**	**2.7**	**7.1**
Amortisation charge	**–**	**(3.5)**	**(2.3)**	**(5.8)**
Net book value at 31st December	**23.9**	**10.0**	**12.8**	**46.7**
Cost	**23.9**	**29.2**	**28.2**	**81.3**
Amortisation and impairment	**–**	**(19.2)**	**(15.4)**	**(34.6)**
	23.9	**10.0**	**12.8**	**46.7**
2020				
Cost	23.9	28.0	25.7	77.6
Amortisation and impairment	–	(17.1)	(7.5)	(24.6)
Net book value at 1st January	23.9	10.9	18.2	53.0
Exchange differences	–	0.1	0.1	0.2
Additions	–	3.8	2.1	5.9
Amortisation charge	–	(5.8)	(7.9)	(13.7)
Net book value at 31st December	23.9	9.0	12.5	45.4
Cost	23.9	32.7	25.3	81.9
Amortisation and impairment	–	(23.7)	(12.8)	(36.5)
	23.9	9.0	12.5	45.4

Management has performed an impairment review of the carrying amount of goodwill at 31st December 2021. For the purpose of impairment review, goodwill acquired has been allocated to the respective hotels and is reviewed for impairment based on individual hotel forecast operating performance and cash flows. Cash flow projections for the impairment reviews are based on value-in-use calculations using updated individual hotel forecasts (including the following year's individual hotel budgets) with assumptions updated for the prevailing market conditions, and are discounted appropriately. Key assumptions used for value-in-use calculations include average annual growth rates of 6% to 11% to forecast cash flows over a five-year period with an assumed recovery of business following the COVID-19 pandemic, after which the growth rate is assumed to be up to 4% in perpetuity. Individual growth assumptions vary across the Group's geographical locations, and are based on management expectations for each market's development. Pre-tax discount rates of 7% to 13% are applied to the cash flow projections. The discount rates used reflect business specific risks relating to the business life-cycle and geographical location. On the basis of these reviews, management concluded that no impairment exists.

The amortisation charges are all recognised in arriving at operating profit and are included in cost of sales, selling and distribution costs, administration expenses and other operating expense.

The amortisation periods for intangible assets are as follows:

Computer software	3 to 5 years
Development project contract costs	20 to 40 years

10 Tangible assets

	Freehold properties US$m	Properties on leasehold land & leasehold improvements US$m	Plant & machinery US$m	Furniture, equipment & motor vehicles US$m	Total US$m
2021					
Cost	**950.6**	**428.2**	**135.7**	**317.0**	**1,831.5**
Depreciation and impairment	**(112.5)**	**(232.8)**	**(84.8)**	**(219.9)**	**(650.0)**
Net book value at 1st January	**838.1**	**195.4**	**50.9**	**97.1**	**1,181.5**
Exchange differences	**(32.7)**	**(4.2)**	**(2.5)**	**(2.9)**	**(42.3)**
Additions	**–**	**1.3**	**0.2**	**12.5**	**14.0**
Reclassification	**–**	**(0.7)**	**(0.3)**	**1.0**	**–**
Depreciation charge	**(11.8)**	**(12.9)**	**(5.6)**	**(24.7)**	**(55.0)**
Net book value at 31st December	**793.6**	**178.9**	**42.7**	**83.0**	**1,098.2**
Cost	**915.4**	**370.7**	**131.2**	**300.0**	**1,717.3**
Depreciation and impairment	**(121.8)**	**(191.8)**	**(88.5)**	**(217.0)**	**(619.1)**
	793.6	**178.9**	**42.7**	**83.0**	**1,098.2**
2020					
Cost	840.6	462.7	114.1	250.5	1,667.9
Depreciation and impairment	(94.9)	(173.8)	(60.0)	(164.6)	(493.3)
Net book value at 1st January	745.7	288.9	54.1	85.9	1,174.6
Exchange differences	44.7	12.9	3.3	3.5	64.4
Additions	7.2	3.3	0.4	29.5	40.4
Disposals	–	–	–	(0.3)	(0.3)
Reclassification	50.6	(52.4)	0.2	1.6	–
Depreciation and impairment charge	(10.1)	(57.3)	(7.1)	(23.1)	(97.6)
Net book value at 31st December	838.1	195.4	50.9	97.1	1,181.5
Cost	950.6	428.2	135.7	317.0	1,831.5
Depreciation and impairment	(112.5)	(232.8)	(84.8)	(219.9)	(650.0)
	838.1	195.4	50.9	97.1	1,181.5

Management performed an impairment review of the carrying amount of Mandarin Oriental, Geneva in 2020 because impairment indicators existed. Cash flow projections for the impairment review were based on value-in-use calculations using updated hotel forecasts (including the following year's hotel budget) with assumptions updated for the prevailing market conditions, and were discounted appropriately. On the basis of this review, management concluded that impairment charges of US$45.3 million were required and recognised in profit and loss in 2020. These were reflected in the accelerated depreciation charge for the leasehold property of US$41.9 million and the accelerated amortisation charge for the leasehold land of US$3.4 million in 2020 *(refer note 11)*.

10 Tangible assets *continued*

Freehold properties include a hotel property of US$93.5 million (2020: US$98.1 million), which is stated net of tax increment financing of US$18.0 million (2020: US$18.8 million) *(refer note 22)*.

Rental income from properties and other tangible assets amounted to US$19.8 million (2020: US$16.4 million) *(refer note 3)*.

The maturity analysis of the undiscounted lease payments to be received after the balance sheet date are as follows:

	2021 US$m	2020 US$m
Within one year	**19.4**	19.7
Between one and two years	**18.7**	17.0
Between two and five years	**42.3**	31.4
Beyond five years	**27.1**	35.0
	107.5	103.1

At 31st December 2021, the carrying amount of hotel properties pledged as security for bank borrowings amounted to US$449.0 million (2020: US$462.8 million) *(refer note 20)*.

11 Right-of-use assets

	Leasehold land US$m	Properties US$m	Total US$m
2021			
Cost	**144.6**	**253.1**	**397.7**
Amortisation/depreciation and impairment	**(12.2)**	**(88.1)**	**(100.3)**
Net book value at 1st January	**132.4**	**165.0**	**297.4**
Exchange differences	**(0.8)**	**(15.6)**	**(16.4)**
Additions	**–**	**0.2**	**0.2**
Disposals	**–**	**(0.2)**	**(0.2)**
Amortisation/depreciation charge	**(0.4)**	**(7.3)**	**(7.7)**
Net book value at 31st December	**131.2**	**142.1**	**273.3**
Cost	**143.6**	**228.2**	**371.8**
Amortisation/depreciation and impairment	**(12.4)**	**(86.1)**	**(98.5)**
	131.2	**142.1**	**273.3**
2020			
Cost	145.9	249.7	395.6
Amortisation/depreciation and impairment	(9.9)	(85.4)	(95.3)
Net book value at 1st January	136.0	164.3	300.3
Exchange differences	0.7	8.1	8.8
Additions	–	1.2	1.2
Amortisation/depreciation and impairment charge	(4.3)	(8.6)	(12.9)
Net book value at 31st December	132.4	165.0	297.4
Cost	144.6	253.1	397.7
Amortisation/depreciation and impairment	(12.2)	(88.1)	(100.3)
	132.4	165.0	297.4

The amortisation/depreciation charge in 2020 included an accelerated amortisation of US$3.4 million related to the impairment of the leasehold land of Mandarin Oriental, Geneva *(refer note 10)*.

At 31st December 2021, the carrying amount of leasehold land pledged as security for bank borrowings amounted to US$122.3 million (2020: US$123.2 million) *(refer note 20)*. None of the other right-of-use assets have been pledged at 31st December 2021 and 2020.

The typical lease term associated with the right-of-use assets are as follows:

Leasehold land	20 to 895 years
Properties	2 to 30 years

12 Investment property under development

	Under development leasehold commercial property 2021 US$m	2020 US$m
At 1st January	**2,528.3**	2,967.7
Exchange differences	**(15.0)**	12.1
Additions	**22.6**	23.4
Change in fair value	**(73.9)**	(474.9)
At 31st December	**2,462.0**	2,528.3

The Group measures its investment property at fair value. The fair value of the Group's investment property under development has been determined on the basis of a valuation carried out by independent valuers who hold a recognised relevant professional qualification and have recent experience in the location and segment of the investment property valued. The Group employed Jones Lang LaSalle to value its commercial investment property in Hong Kong which is held under leases with unexpired lease terms of more than 20 years. The valuation, which conforms to the International Valuation Standards issued by the International Valuation Standards Council and the HKIS Valuation Standards issued by the Hong Kong Institute of Surveyors, was derived using the direct comparison and the residual method. The Report of the Valuers is set out on page 108. The valuation is comprehensively reviewed by the Group.

Fair value measurements of under development leasehold commercial property using significant unobservable inputs

Fair value of investment property under development is derived using the direct comparison method and the residual method with equal weighting. The direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently sold. The residual method is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completion as at the date of valuation. For the direct comparison method and the estimated capital value of the residual method, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Information about fair value measurements of the Group's under development leasehold commercial property using significant unobservable inputs as 31st December 2021:

	Fair value US$m	Valuation method	Range of significant unobservable inputs: Average unit price US$	Capitalisation rate %
Hong Kong	**2,462.0**	Direct comparison	4,066.0 per square foot	n/a
		Residual*	3,480.2 to 4,156.8 per square foot	2.4 to 3.8

Average unit prices are estimated based on independent valuers' view of recent transactions of comparable properties. The higher the unit prices, the higher the fair value.

Capitalisation rates are estimated by independent valuers based on the risk profile of the property being valued. The lower the rates, the higher the fair value.

* In using the residual method to make fair value measurements of the under development leasehold commercial property, unobservable inputs relating to the estimated costs to complete the development and the developer's estimated profit and margin for risk have also been used.

13 Associates and joint ventures

	2021 US$m	2020 US$m
Associates		
Listed associate – OHTL	–	8.0
Unlisted associates	44.8	47.3
Share of attributable net assets	44.8	55.3
Notional goodwill	5.5	5.5
Goodwill on acquisition	1.5	1.5
	51.8	62.3
Amounts due from associates	36.5	42.7
	88.3	105.0
Joint ventures		
Share of attributable net assets of unlisted joint ventures	(25.6)	(18.3)
Goodwill on acquisition	6.3	6.8
	(19.3)	(11.5)
Amounts due from joint ventures	132.5	138.1
	113.2	126.6
	201.5	231.6

Amounts due from associates are interest free, unsecured and have no fixed terms of repayment.

Amounts due from joint ventures bear interest at rates ranging from approximately 1.15% to 5.00% (2020: 1.15% to 5.00%) per annum and are repayable within one to four years.

The Group's share of the carrying value of hotel properties (including properties, plant and equipment, and leasehold land) owned by the Group's associates and joint ventures amounted to US$198.1 million (2020: US$222.7 million) and US$117.0 million (2020: US$123.7 million) respectively.

	Associates		Joint ventures	
	2021 US$m	2020 US$m	2021 US$m	2020 US$m
Movements of associates and joint ventures during the year:				
At 1st January	105.0	114.0	126.6	89.1
Exchange differences	–	–	(10.4)	11.4
Share of results after tax and non-controlling interests	(13.9)	(21.9)	(7.9)	(4.9)
Share of other comprehensive income after tax and non-controlling interests	(2.5)	1.8	0.5	–
Acquisition of an associate *(refer note 28d)*	–	2.0	–	–
Advance to associates and joint ventures *(refer note 28e)*	2.3	9.1	4.8	31.4
Repayment of loans to associates and joint ventures *(refer note 28f)*	(2.6)	–	(0.4)	(0.4)
At 31st December	88.3	105.0	113.2	126.6
Fair value of listed associate	190.3	211.9	n/a	n/a

13 Associates and joint ventures *continued*

a) Investment in associates

The material associates of the Group are listed below. These associates have share capital consisting solely of ordinary shares, which are held directly by the Group.

Nature of investments in material associates in 2021 and 2020:

Name of entity	Nature of business	Country of incorporation and principal place of business/ place of listing	% of ownership interest 2021	% of ownership interest 2020
OHTL PCL ('OHTL')	Owner of Mandarin Oriental, Bangkok	Thailand/Thailand	**47.6%**	47.6%
Marina Bay Hotel Private Ltd. ('Marina Bay Hotel')	Owner of Mandarin Oriental, Singapore	Singapore/Unlisted	**50.0%**	50.0%

At 31st December 2021, the fair value of the Group's interest in OHTL, which is listed on the Thailand Stock Exchange, was US$190.3 million (2020: US$211.9 million) and the carrying amount of the Group's interest was US$5.5 million (2020: US$13.4 million).

Summarised financial information for material associates

Summarised balance sheet at 31st December

	OHTL		Marina Bay Hotel		Total	
	2021 US$m	2020 US$m	**2021 US$m**	2020 US$m	**2021 US$m**	2020 US$m
Non-current assets	**126.6**	149.7	**109.4**	117.9	**236.0**	267.6
Current assets						
Cash and cash equivalents	**3.1**	3.6	**23.7**	24.9	**26.8**	28.5
Other current assets	**4.1**	4.6	**5.8**	2.0	**9.9**	6.6
Total current assets	**7.2**	8.2	**29.5**	26.9	**36.7**	35.1
Non-current liabilities						
Financial liabilities*	**(69.4)**	(72.6)	**–**	–	**(69.4)**	(72.6)
Other non-current liabilities*	**(23.5)**	(29.4)	**(2.6)**	(3.0)	**(26.1)**	(32.4)
Total non-current liabilities	**(92.9)**	(102.0)	**(2.6)**	(3.0)	**(95.5)**	(105.0)
Current liabilities						
Financial liabilities*	**(38.1)**	(34.9)	**(7.5)**	(7.2)	**(45.6)**	(42.1)
Other current liabilities*	**(2.7)**	(4.3)	**(2.8)**	(3.4)	**(5.5)**	(7.7)
Total current liabilities	**(40.8)**	(39.2)	**(10.3)**	(10.6)	**(51.1)**	(49.8)
Net assets	**0.1**	16.7	**126.0**	131.2	**126.1**	147.9

* Financial liabilities excluding trade and other payables and provisions, which are presented under other current and non-current liabilities.

13 Associates and joint ventures *continued*

a) Investment in associates *continued*

Summarised financial information for material associates *continued*

Summarised statement of comprehensive income for the year ended 31st December

	OHTL		Marina Bay Hotel		Total	
	2021 US$m	2020 US$m	**2021 US$m**	2020 US$m	**2021 US$m**	2020 US$m
Revenue	**17.5**	29.2	**29.3**	27.5	**46.8**	56.7
Depreciation and amortisation	**(9.9)**	(10.7)	**(5.8)**	(5.6)	**(15.7)**	(16.3)
Interest expense	**(2.9)**	(1.6)	**–**	–	**(2.9)**	(1.6)
(Loss)/profit from underlying business performance	**(18.7)**	(16.6)	**(1.9)**	1.8	**(20.6)**	(14.8)
Income tax credit	**2.3**	3.4	**0.2**	0.5	**2.5**	3.9
(Loss)/profit after tax	**(16.4)**	(13.2)	**(1.7)**	2.3	**(18.1)**	(10.9)
Other comprehensive (expense)/income	**(0.2)**	(0.3)	**(3.5)**	3.2	**(3.7)**	2.9
Total comprehensive (expense)/income	**(16.6)**	(13.5)	**(5.2)**	5.5	**(21.8)**	(8.0)

The information contained in the summarised balance sheet and statement of comprehensive income reflects the amounts presented in the financial statements of the associates adjusted for differences in accounting policies between the Group and the associates, and fair value of the associates at the time of acquisition.

13 Associates and joint ventures *continued*

a) Investment in associates continued

Reconciliation of the summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interests in its material associates for the year ended 31st December:

	OHTL		Marina Bay Hotel		Total	
	2021 US$m	2020 US$m	**2021 US$m**	2020 US$m	**2021 US$m**	2020 US$m
Net assets at 1st January	**16.7**	30.2	**131.2**	125.7	**147.9**	155.9
(Loss)/profit for the year	**(16.4)**	(13.2)	**(1.7)**	2.3	**(18.1)**	(10.9)
Other comprehensive (expense)/income	**(0.2)**	(0.3)	**(3.5)**	3.2	**(3.7)**	2.9
Net assets at 31st December	**0.1**	16.7	**126.0**	131.2	**126.1**	147.9
Effective interest in associates (%)	**47.6**	47.6	**50.0**	50.0		
Group's share of net assets in associates	**–**	7.9	**63.0**	65.6	**63.0**	73.5
Notional goodwill*	**5.5**	5.5	**–**	–	**5.5**	5.5
Carrying value	**5.5**	13.4	**63.0**	65.6	**68.5**	79.0
Fair value	**190.3**	211.9	**n/a**	n/a	**190.3**	211.9

The Group has interests in a number of individually immaterial associates. The following table analyses, in aggregate, the share of profit and other comprehensive expense and carrying amount of these associates.

	2021 US$m	2020 US$m
Share of loss	**(5.3)**	(16.7)
Share of other comprehensive (expense)/income	**(0.6)**	0.4
Share of total comprehensive expense	**(5.9)**	(16.3)
Carrying amount of interests in these associates	**19.8**	26.0

* OHTL repurchased some of its own shares in 2013 which were subsequently cancelled in 2016. The number of OHTL shares held by the Group remained unchanged. As a result of the share repurchase, notional goodwill of US$5.5 million was recognised and the Group's effective interest increased to 47.6%.

Contingent liabilities relating to the Group's interest in associates

	2021 US$m	2020 US$m
Financial guarantee in respect of facilities made available to an associate	**20.3**	20.3

The guarantee in respect of facilities made available to an associate is stated at its contracted amount. The Directors are of the opinion that it is not probable that this guarantee will be called upon.

13 Associates and joint ventures *continued*

b) Investment in joint ventures

The material joint venture of the Group is listed below. This joint venture has share capital consisting solely of ordinary shares, which are held directly by the Group.

Nature of investment in material joint venture in 2021 and 2020:

Name of entity	Nature of business	Country of incorporation and principal place of business	% of ownership interest 2021	2020
Ritz Madrid, S.A. ('Ritz Madrid')	Owner of Mandarin Oriental Ritz, Madrid	Spain	**50.0%**	50.0%

Summarised financial information for material joint venture

Summarised balance sheet at 31st December

	Ritz Madrid 2021 US$m	2020 US$m
Non-current assets	**265.9**	286.9
Current assets		
Cash and cash equivalents	**10.7**	20.7
Other current assets	**3.2**	1.9
Total current assets	**13.9**	22.6
Non-current liabilities		
Financial liabilities*†	**(265.0)**	(276.2)
Other non-current liabilities*	**(40.0)**	(44.8)
Total non-current liabilities	**(305.0)**	(321.0)
Current liabilities		
Other current liabilities*	**(26.0)**	(25.0)
Net liabilities	**(51.2)**	(36.5)

* Financial liabilities excluding trade and other payables and provisions, which are presented under other current and non-current liabilities.
† Including shareholders' loans from joint venture partners of US$265.0 million (2020: US$276.2 million).

Summarised statement of comprehensive income for the year ended 31st December

	Ritz Madrid 2021 US$m	2020 US$m
Revenue	**26.0**	0.1
Depreciation and amortisation	**(5.6)**	(0.9)
Interest expense	**(1.4)**	(0.2)
Loss after tax	**(15.7)**	(10.2)
Other comprehensive income/(expense)	**1.0**	(1.7)
Total comprehensive expense	**(14.7)**	(11.9)

The information contained in the summarised balance sheet and statement of comprehensive income reflects the amounts presented in the financial statements of the joint ventures adjusted for differences in accounting policies between the Group and the joint ventures, fair value of the joint ventures at the time of acquisition, and elimination of interest on shareholders' loan.

13 Associates and joint ventures *continued*

b) Investment in joint ventures continued

Reconciliation of the summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interests in its material joint venture for the year ended 31st December:

	Ritz Madrid	
	2021 US$m	2020 US$m
Net liabilities at 1st January	**(36.5)**	(24.6)
Loss for the year	**(15.7)**	(10.2)
Other comprehensive income/(expense)	**1.0**	(1.7)
Net liabilities at 31st December	**(51.2)**	(36.5)
Effective interest in joint venture (%)	**50.0**	50.0
Group's share of net liabilities in joint venture	**(25.6)**	(18.3)
Goodwill on acquisition	**6.3**	6.8
Shareholders' loans	**132.5**	138.1
Carrying value	**113.2**	126.6

The Group has no other joint ventures other than Ritz Madrid.

Commitments and contingent liabilities in respect of joint venture

The Group has the following commitments relating to its joint venture as at 31st December:

	2021 US$m	2020 US$m
Commitment to provide funding if called	**–**	7.8

There were no contingent liabilities relating to the Group's interest in its joint venture at 31st December 2021 and 2020.

14 Other investments

	2021 US$m	2020 US$m
Investment measured at fair value through profit and loss – unlisted investments	**16.5**	16.1

Movements of these investments which were valued based on unobservable inputs during the year are disclosed in note 36.

15 Deferred tax assets/(liabilities)

	Accelerated tax depreciation US$m	Fair value gains/(losses) US$m	Losses US$m	Employee benefits US$m	Unremitted earnings in associates/ joint ventures US$m	Provisions and other temporary differences US$m	Total US$m
2021							
At 1st January	**(43.5)**	**1.8**	**15.5**	**(1.3)**	**(0.9)**	**(0.9)**	**(29.3)**
Exchange differences	**0.3**	**0.1**	**(0.6)**	**–**	**0.1**	**–**	**(0.1)**
(Charged)/credited to profit and loss	**(2.9)**	**–**	**(2.9)**	**–**	**0.8**	**(0.1)**	**(5.1)**
Charged to other comprehensive income	**–**	**(1.3)**	**–**	**(0.6)**	**–**	**–**	**(1.9)**
At 31st December	**(46.1)**	**0.6**	**12.0**	**(1.9)**	**–**	**(1.0)**	**(36.4)**
Deferred tax assets	**1.0**	**0.6**	**12.0**	**–**	**–**	**0.1**	**13.7**
Deferred tax liabilities	**(47.1)**	**–**	**–**	**(1.9)**	**–**	**(1.1)**	**(50.1)**
	(46.1)	**0.6**	**12.0**	**(1.9)**	**–**	**(1.0)**	**(36.4)**
2020							
At 1st January	(55.7)	(0.1)	8.1	(0.3)	(0.9)	0.1	(48.8)
Exchange differences	(1.0)	–	0.8	–	–	(0.1)	(0.3)
Credited/(charged) to profit and loss	13.2	–	6.6	(0.1)	–	(0.9)	18.8
Credited/(charged) to other comprehensive income	–	1.9	–	(0.9)	–	–	1.0
At 31st December	(43.5)	1.8	15.5	(1.3)	(0.9)	(0.9)	(29.3)
Deferred tax assets	0.3	1.8	15.5	–	–	0.2	17.8
Deferred tax liabilities	(43.8)	–	–	(1.3)	(0.9)	(1.1)	(47.1)
	(43.5)	1.8	15.5	(1.3)	(0.9)	(0.9)	(29.3)

Deferred tax balances predominantly comprise non-current items. Deferred tax assets and liabilities are netted when the taxes relate to the same taxation authority and where offsetting is allowed.

Deferred tax assets of US$85.0 million (2020: US$71.5 million) arising from unused tax losses of US$385.5 million (2020: US$329.6 million) have not been recognised in the financial statements. Included in the unused tax losses, US$334.2 million have no expiry date and the balance will expire at various dates up to and including 2037. Following a recoverability review performed in 2021, deferred tax assets of US$2.9 million were derecognised due to hotel losses following the COVID-19 pandemic.

Deferred tax assets of US$3.3 million (2020: US$2.4 million) have not been recognised in relation to temporary differences in subsidiaries.

The Group has no unrecognised deferred tax liabilities arising on temporary differences associated with investments in subsidiaries at 31st December 2021 and 2020.

16 Pension plans

The Group operates defined benefit pension plans in the main territories in which it operates, with the majority of the plans in Hong Kong. Most of the pension plans are final salary defined benefit plans calculated based on members' length of service and their salaries in the final years leading up to retirement. In Hong Kong, the pension benefits are paid in one lump sum. With the exception of certain plans in Hong Kong, all the defined benefit plans are closed to new members. In addition, although all plans are impacted by the discount rate, liabilities are driven by salary growth.

The Group's defined benefit plans are either funded or unfunded, with the assets of the funded plans held independently of the Group's assets in separate trustee administered funds. Plan assets held in trusts are governed by local regulations and practice in each country. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies jointly with the Company and the boards of trustees. The Group's major plans are valued by independent actuaries annually using the projected unit credit method.

The amounts recognised in the consolidated balance sheet are as follows:

	2021 US$m	2020 US$m
Fair value of plan assets	**53.5**	52.4
Present value of funded obligations	**(46.4)**	(46.9)
	7.1	5.5
Present value of unfunded obligations	**(0.3)**	(0.3)
Net pension assets	**6.8**	5.2
Analysis of net pension assets		
Pension assets	**7.1**	5.5
Pension liabilities	**(0.3)**	(0.3)
	6.8	5.2

16 Pension plans *continued*

The movement in the net pension assets is as follows:

	Fair value of plan assets US$m	Present value of obligation US$m	Total US$m
2021			
At 1st January	**52.4**	**(47.2)**	**5.2**
Current service cost	**–**	**(3.2)**	**(3.2)**
Interest income/(expense)	**1.0**	**(0.9)**	**0.1**
Administration expenses	**(0.3)**	**–**	**(0.3)**
	0.7	**(4.1)**	**(3.4)**
	53.1	**(51.3)**	**1.8**
Exchange differences	**(0.3)**	**0.3**	**–**
Remeasurements			
– return on plan assets, excluding amounts included in interest income	**2.5**	**–**	**2.5**
– change in financial assumptions	**–**	**1.3**	**1.3**
– experience losses	**–**	**(0.3)**	**(0.3)**
	2.5	**1.0**	**3.5**
Contributions from employers	**1.5**	**–**	**1.5**
Contributions from plan participants	**0.5**	**(0.5)**	**–**
Benefit payments	**(3.4)**	**3.4**	**–**
Transfer to other plans	**(0.4)**	**0.4**	**–**
At 31st December	**53.5**	**(46.7)**	**6.8**
2020			
At 1st January	49.8	(48.7)	1.1
Current service cost	–	(3.4)	(3.4)
Interest income/(expense)	1.4	(1.3)	0.1
Administration expenses	(0.3)	–	(0.3)
	1.1	(4.7)	(3.6)
	50.9	(53.4)	(2.5)
Exchange differences	0.2	(0.2)	–
Remeasurements			
– return on plan assets, excluding amounts included in interest income	3.3	–	3.3
– change in demographic assumption	–	(0.1)	(0.1)
– change in financial assumptions	–	(0.7)	(0.7)
– experience gains	–	2.7	2.7
	3.3	1.9	5.2
Contributions from employers	2.5	–	2.5
Contributions from plan participants	0.6	(0.6)	–
Benefit payments	(4.2)	4.2	–
Transfer from other plans	(0.9)	0.9	–
At 31st December	52.4	(47.2)	5.2

16 Pension plans *continued*

The weighted average duration of the defined benefit obligation at 31st December 2021 is 5.2 years (2020: 5.5 years).

Expected maturity analysis of undiscounted pension benefits at 31st December is as follows:

	2021 US$m	2020 US$m
Within one year	**11.6**	4.8
Between one and two years	**5.1**	10.0
Between two and five years	**15.5**	14.9
Between five and ten years	**20.9**	23.6
Between ten and fifteen years	**16.1**	15.7
Between fifteen and twenty years	**8.9**	10.7
Beyond twenty years	**5.6**	9.3
	83.7	89.0

The principal actuarial assumptions used for accounting purposes at 31st December are as follows:

	Hong Kong	
	2021 %	2020 %
Discount rate	**2.40**	1.90
Salary growth rate	**3.80**	3.80

As participants of the plans relating to Hong Kong usually take lump sum amounts upon retirement, mortality is not a principal assumption for these plans.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Increase/(decrease) on defined benefit obligation	
	Change in assumption %	Increase in assumption US$m	Decrease in assumption US$m
Discount rate	1	(2.6)	2.9
Salary growth rate	1	2.6	(2.4)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet.

16 Pension plans *continued*

The analysis of the fair value of plan assets at 31st December is as follows:

	2021 US$m	2020 US$m
Equity investments		
– Asia-Pacific	4.4	5.2
– Europe	4.3	4.0
– North America	10.7	10.2
– Global	0.6	0.3
	20.0	19.7
Investment funds		
– Asia-Pacific	7.4	8.3
– Europe	6.9	6.5
– North America	15.7	11.4
– Global	3.0	4.8
	33.0	31.0
Total investments	53.0	50.7
Cash and cash equivalents	2.7	3.8
Benefits payable and other	(2.2)	(2.1)
	53.5	52.4

As at 31st December 2021, 91.2% of equity investments and 97.5% of investment funds were quoted on active markets (2020: 100% and 95% respectively).

The strategic asset allocation is derived from the asset-liability modelling ('ALM') review, done triennially to ensure the plans can meet future funding and solvency requirements. The last ALM review was completed in 2021. The next ALM review is scheduled for 2024.

As at 31st December 2021, the Hong Kong plans had assets of US$53.5 million (2020: US$52.4 million).

The Group maintains an active and regular contribution schedule across all the plans. The contribution to all its plans in 2021 were US$1.5 million and the estimated amount of contributions expected to be paid to all its plans in 2022 is US$1.5 million.

17 Debtors

	2021 US$m	2020 US$m
Trade debtors		
– third parties	**28.6**	20.4
– associates and joint ventures	**2.1**	0.3
	30.7	20.7
– provision for impairment	**(3.5)**	(3.1)
	27.2	17.6
Other debtors		
– third parties	**49.6**	59.7
– associates and joint ventures	**2.7**	1.5
	52.3	61.2
– provision for impairment	**(1.8)**	(2.0)
	50.5	59.2
	77.7	76.8
Non-current	**8.9**	5.1
Current	**68.8**	71.7
	77.7	76.8
Analysis by geographical area		
– Asia	**34.4**	29.5
– EMEA	**30.6**	41.6
– America	**12.7**	5.7
	77.7	76.8

Derivative financial instruments are stated at fair value. Other debtors are stated at amortised cost. The fair values of short-term debtors approximate their carrying amounts.

	2021 US$m	2020 US$m
Fair value		
– trade debtors	**27.2**	17.6
– other debtors*	**35.2**	42.9
	62.4	60.5

* Excluding prepayments.

17 Debtors *continued*

Trade and other debtors

The average credit period on provision of services varies among Group businesses and is generally not more than 30 days.

Other debtors are further analysed as follows:

	2021 US$m	2020 US$m
Derivatives financial instruments *(refer note 29)*	**4.4**	–
Other amounts due from associates and joint ventures	**2.7**	1.5
Rental and other deposits	**7.7**	22.5
Other receivables	**20.4**	18.9
Financial assets	**35.2**	42.9
Prepayments	**15.3**	16.3
	50.5	59.2

No debtors and prepayments have been pledged as security.

Impairment of trade debtors

Before accepting any new customer, the individual Group business assesses the potential customer's credit quality and sets credit limits by customer using internal credit scoring systems. These limits and scoring are reviewed periodically.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payment are considered indicators that the debtor is impaired. An allowance for impairment of trade debtors is made based on the estimated irrecoverable amount determined by reference to past default experience.

The Group applied the simplified approach to measure expected credit loss, that is a lifetime expected loss allowance for trade debtors. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Changes in certain macroeconomic information such as GDP and inflation rate, are relevant for determining expected credit loss rates.

The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors and industry trends affecting the ability of the customers to settle the receivables.

The loss allowances for trade debtors at 31st December 2021 and 2020 were determined as follows:

	Below 30 days	Between 31 and 60 days	Between 61 and 120 days	More than 120 days	Total
2021					
Weighted average expected loss rate	**–**	**–**	**45%**	**57%**	**11%**
Gross carrying amount – trade debtors (US$m)	**21.1**	**3.4**	**1.1**	**5.1**	**30.7**
Loss allowance (US$m)	**0.1**	**–**	**0.5**	**2.9**	**3.5**
2020					
Weighted average expected loss rate	–	–	–	89%	15%
Gross carrying amount – trade debtors (US$m)	15.0	1.2	1.0	3.5	20.7
Loss allowance (US$m)	–	–	–	3.1	3.1

17 Debtors *continued*

Impairment of trade debtors continued

Movements in the provisions for impairment are as follows:

	Trade debtors		Other debtors	
	2021 US$m	2020 US$m	**2021 US$m**	2020 US$m
At 1st January	**(3.1)**	(3.6)	**(2.0)**	(1.5)
Additional provisions	**(1.0)**	(0.6)	**(0.6)**	(1.3)
Unused amounts reversed	**0.3**	1.0	**0.6**	0.8
Amounts written off	**0.3**	0.1	**0.2**	–
At 31st December	**(3.5)**	(3.1)	**(1.8)**	(2.0)

Trade debtors and other debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

18 Bank and cash balances

	2021 US$m	2020 US$m
Deposits with banks and financial institutions	**64.9**	75.3
Bank balances	**147.1**	88.6
Cash balances	**0.8**	0.7
	212.8	164.6
Analysis by currency		
– Euro	**72.1**	24.4
– Hong Kong dollar	**14.2**	15.7
– Indonesian rupiah	**5.6**	7.7
– Japanese yen	**5.7**	9.3
– Swiss franc	**9.3**	2.2
– United Kingdom sterling	**23.7**	22.6
– United States dollar	**74.2**	75.8
– Other	**8.0**	6.9
	212.8	164.6

The weighted average interest rate on deposits with banks and financial institutions at 31st December 2021 was 0.2% (2020: 1.0%) per annum.

19 Creditors

	2021 US$m	2020 US$m
Trade creditors	**16.8**	15.0
Accruals	**80.6**	62.5
Rental and other refundable deposits	**4.4**	6.7
Derivative financial instruments *(refer note 29)*	**3.6**	10.9
Other creditors	**28.1**	23.5
Financial liabilities	**133.5**	118.6
Contract liabilities *(refer note 2)*	**23.3**	31.1
Rental income received in advance	**3.6**	5.8
	160.4	155.5
Non-current	**3.2**	10.9
Current	**157.2**	144.6
	160.4	155.5
Analysis by geographical area		
– Asia	**66.1**	74.2
– EMEA	**45.5**	38.2
– America	**48.8**	43.1
	160.4	155.5

Derivative financial instruments are stated at fair value. Other creditors are stated at amortised cost. The fair values of these creditors approximate their carrying amounts.

Provision for reinstatement and restoration costs comprised the estimated costs, to be incurred by the Group as lessees, in dismantling and removing the underlying assets, restoring the sites on which they are located or restoring the underlying assets to the condition required by the terms and conditions of the leases. The costs of US$0.8 million (2020: US$0.8 million) were included in accruals at 31st December 2021.

20 Borrowings

	2021		2020	
	Carrying amount US$m	Fair value US$m	Carrying amount US$m	Fair value US$m
Current portion of long-term borrowings				
– bank loans	–	–	61.5	61.5
– other borrowings	2.5	2.5	2.7	2.7
Current borrowings	2.5	2.5	64.2	64.2
Long-term borrowings				
– bank loans	726.5	726.5	605.2	605.2
– other borrowings	1.3	1.3	1.4	1.4
Long-term borrowings	727.8	727.8	606.6	606.6
	730.3	730.3	670.8	670.8

The fair values are estimated using the expected future payments discounted at market interest rate from 0.3% to 3.5% (2020: 0.3% to 3.5%) per annum. This is in line with the definition of 'observable current market transactions' under the fair value measurement hierarchy. The fair value of current borrowings approximates their carrying amount, as the impact of discounting is not significant.

	2021 US$m	2020 US$m
Secured	640.9	606.8
Unsecured	89.4	64.0
	730.3	670.8

Borrowings of US$640.9 million (2020: US$606.8 million) were secured against the tangible fixed assets and right-of-use assets of certain subsidiaries at 31st December 2021. The book value of these tangible fixed assets and right-of-use assets at 31st December 2021 was US$571.3 million (2020: US$586.0 million).

20 Borrowings *continued*

The borrowings at 31st December are further summarised as follows:

	Weighted average interest rates %	Fixed rate borrowings Weighted average period outstanding Years	US$m	Floating rate borrowings US$m	Total US$m
2021					
Hong Kong dollar	**1.6**	**1.7**	**214.8**	**316.1**	**530.9**
Swiss franc	**2.2**	**10.0**	**1.4**	**2.3**	**3.7**
United Kingdom sterling	**1.6**	**2.4**	**54.0**	**54.7**	**108.7**
United States dollar	**1.0**	**–**	**–**	**87.0**	**87.0**
			270.2	**460.1**	**730.3**
2020					
Euro	0.5	–	–	61.5	61.5
Hong Kong dollar	1.7	2.7	216.1	279.3	495.4
Swiss franc	2.3	11.0	1.6	2.5	4.1
United Kingdom sterling	1.5	3.4	54.5	55.3	109.8
			272.2	398.6	670.8

The weighted average interest rates and period of fixed rate borrowings are stated after taking into account hedging transactions *(refer note 29)*.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at 31st December after taking into account hedging transactions are as follows:

	2021 US$m	2020 US$m
Floating rate borrowings	**460.1**	398.6
Fixed rate borrowings		
– Within one year	**54.5**	–
– Between one and two years	**–**	54.8
– Between two and three years	**214.3**	–
– Between three and four years	**–**	215.8
– Between four and five years	**–**	–
– Beyond five years	**1.4**	1.6
	270.2	272.2
	730.3	670.8

20 Borrowings *continued*

The movements in borrowings are as follows:

	Long-term borrowings US$m	Short-term borrowings US$m	Total US$m
2021			
At 1st January	**606.6**	**64.2**	**670.8**
Exchange differences	**(4.3)**	**(0.4)**	**(4.7)**
Transfer	**(0.1)**	**0.1**	**–**
Drawdown of borrowings	**130.6**	**–**	**130.6**
Repayment of borrowings	**(5.0)**	**(61.4)**	**(66.4)**
At 31st December	**727.8**	**2.5**	**730.3**
2020			
At 1st January	568.6	2.5	571.1
Exchange differences	11.1	0.3	11.4
Transfer	(61.5)	61.5	–
Drawdown of borrowings	88.4	–	88.4
Repayment of borrowings	–	(0.1)	(0.1)
At 31st December	606.6	64.2	670.8

21 Lease liabilities

	2021 US$m	2020 US$m
At 1st January	**177.1**	175.4
Exchange differences	**(16.7)**	8.8
Additions	**0.2**	1.2
Termination	**(0.2)**	–
Lease payments	**(5.5)**	(7.9)
Interest expense	**2.2**	1.9
Modification of lease terms and other	**(3.4)**	(2.3)
At 31st December	**153.7**	177.1
Non-current	**147.4**	170.1
Current	**6.3**	7.0
	153.7	177.1

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

The Group is not exposed to any residual guarantees in respect of the leases entered into at 31st December 2021 and 2020.

There is no lease contract entered but not commenced at 31st December 2021 and 2020.

22 Tax increment financing

	2021 US$m	2020 US$m
Netted off against the net book value of the property *(refer note 10)*	**18.0**	18.8

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 contribute to the subsidiary US$33.0 million 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 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. The TIF Bonds are being amortised over 39 years up to February 2043.

23 Segmental information for non-current assets

Set out below is an analysis of the Group's non-current assets, excluding amounts due from associates and joint ventures, other investments, deferred tax assets, pension assets and derivative financial instruments, by reportable segment.

	2021 US$m	2020 US$m
Analysis by geographical area		
– Asia	**2,946.4**	3,060.3
– EMEA	**770.5**	839.2
– America	**208.7**	211.4
	3,925.6	4,110.9

24 Share capital

	Ordinary shares in millions			
	2021	2020	2021 US$m	2020 US$m
Authorised				
Shares of US¢5.00 each	**1,500.0**	1,500.0	**75.0**	75.0
Issued and fully paid				
At 1st January	**1,263.2**	1,263.2	**63.2**	63.2
Issued under share-based long-term incentive plans	**0.4**	–	**–**	–
At 31st December	**1,263.6**	1,263.2	**63.2**	63.2

25 Share premium

	2021 US$m	2020 US$m
At 1st January	**499.7**	499.7
Transfer from capital reserves	**0.8**	–
At 31st December	**500.5**	499.7

26 Share-based long-term incentive plans

Share-based long-term incentive plans have been set up to provide incentives for selected executives. Awards can take the form of share options with an exercise price based on the then prevailing market prices or such other price set by the Directors or share awards which will vest free of payment. Awards normally vest on or after the third anniversary of the date of grant and may be subject to the achievement of performance conditions.

i) The Mandarin Oriental Share-based Long-term Incentive Plan (the '2014 Plan') was adopted by the Company on 6th March 2014. Under these awards, the free shares are received by the participants to the extent the award vests. Conditions, if any, are at the discretion of the Directors. No conditional share awards were granted in 2021 and 2020 under the 2014 Plan.

ii) Prior to the adoption of the 2014 Plan, The Mandarin Oriental International Share Option Plan 2005 provided selected executives with options to purchase ordinary shares in the Company. The exercise price of the granted options was based on the average market price for the five trading days immediately preceding the date of grant of the options. Options are vested over a period of up to three years and are exercisable for up to ten years following the date of grant.

Movements of the outstanding options during the year:

	2021		2020	
	Weighted average exercise price US$	Options in millions	Weighted average exercise price US$	Options in millions
At 1st January	**1.72**	**4.2**	1.72	4.2
Exercised	**1.68**	**(2.1)**	–	–
Cancelled	**1.91**	**(1.1)**	–	–
At 31st December	**1.59**	**1.0**	1.72	4.2

The average share price during the year was US$2.00 (2020: US$1.61) per share.

Outstanding options at 31st December:

		Ordinary shares in millions	
Expiry date	Exercise price US$	2021	2020
2021	1.99	**–**	1.3
2022	1.61	**0.5**	1.9
2023	1.57	**0.5**	1.0
Total outstanding		**1.0**	4.2
of which exercisable		**1.0**	4.2

27 Dividends

In light of the substantially reduced levels of business due to the impact of COVID-19 pandemic, no interim and final dividends in respect of the 2021 and 2020 financial years have been declared or proposed by the Board.

28 Notes to consolidated cash flow statement

a) Other non-cash items

	2021 US$m	2020 US$m
Fair value loss on investment property under development	73.9	474.9
Fair value gain on other investments	(0.6)	(0.7)
Gain on modification of lease terms	(3.4)	(2.3)
Other	1.3	0.9
	71.2	472.8

b) Movements in working capital

	2021 US$m	2020 US$m
Decrease in stocks	0.4	0.5
(Increase)/decrease in debtors	(13.9)	29.1
Increase/(decrease) in creditors	12.6	(29.3)
Increase in pension obligations	1.8	1.1
	0.9	1.4

28 Notes to consolidated cash flow statement *continued*

c) The Group withdrew from the expansion project of Mandarin Oriental, Munich and received cash refund on the deposits of land and related costs in October 2021.

d) In December 2020, the Group acquired a 16.7% interest in Stay One Degree Limited ('S1D') for a consideration of US$2.0 million. The principal activity of S1D is developing and operating an online booking service platform for luxury homes. The Group has appointed two of five directors to the board of S1D and has exercised significant influence on the decisions about the operation of S1D.

e) During 2021, the Group provided shareholder loans to Mandarin Oriental, New York of US$2.2 million (2020: US$8.6 million), Mandarin Oriental Ritz, Madrid of US$4.8 million (2020: US$31.4 million) and River City Shopping Complex of US$0.1 million (2020: nil). No shareholder loan was provided to Mandarin Oriental, Miami in 2021 (2020: US$0.5 million).

f) During 2021, the Group received repayments on its shareholder loans previously provided to Mandarin Oriental Ritz, Madrid of US$0.4 million (2020: US$0.4 million) and Mandarin Oriental, Miami of US$2.6 million (2020: nil).

g) Cash outflows for leases

	2021 US$m	2020 US$m
Lease rentals paid	**(9.3)**	(10.5)
The above cash outflows are included in		
– operating activities	**(6.0)**	(4.5)
– financing activities	**(3.3)**	(6.0)
	(9.3)	(10.5)

h) Analysis of balances of cash and cash equivalents

	2021 US$m	2020 US$m
Bank and cash balances *(refer note 18)*	**212.8**	164.6

29 Derivative financial instruments

The fair values of derivative financial instruments at 31st December are as follows:

	2021		2020	
	Positive fair value US$m	Negative fair value US$m	Positive fair value US$m	Negative fair value US$m
Designated as cash flow hedges				
– forward foreign exchange contracts	4.4	–	–	–
– interest rate swaps	–	(3.6)	–	(10.9)
	4.4	(3.6)	–	(10.9)

Forward foreign exchange contracts

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2021 were US$56.6 million (2020: nil).

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts at 31st December 2021 were US$268.8 million (2020: US$270.6 million).

At 31st December 2021, the fixed interest rates relating to interest rate swaps varied from 1.2% to 1.8% (2020: 1.2% to 1.8%) per annum.

The fair values of interest rate swaps at 31st December 2021 were based on the estimated cash flows discounted at market rates ranging from 0.9% to 1.0% (2020: 0.9% to 1.0%) per annum.

30 Commitments

	2021 US$m	2020 US$m
Capital commitments		
Authorised not contracted		
– other	506.7	618.4
Contracted not provided		
– joint ventures	–	7.8
– other	43.6	102.5
	43.6	110.3
	550.3	728.7

This primarily related to capital commitments for the Causeway Bay site under development, which is expected to complete in 2025.

31 Related party transactions

Jardine Strategic Limited ('JSL') became the parent company of the Group following the completion of the simplification of the Group's parent company structure in April 2021. Jardine Strategic Holdings Limited and JMH Bermuda Limited, a wholly-owned subsidiary of the Group's ultimate parent company, Jardine Matheson Holdings Limited ('JMH'), amalgamated under the Bermuda Companies Act to form JSL, a wholly-owned subsidiary of JMH. Both JMH and JSL are incorporated in Bermuda.

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

During 2021, the Group managed six (2020: six) associate and joint venture hotels and received management fees of US$6.6 million (2020: US$4.2 million) based on long-term management agreements on normal commercial terms.

The Group provided hotel management services to Hongkong Land ('HKL'), a subsidiary of JMH. Total management fees received from HKL in 2021 amounted to US$2.3 million (2020: US$1.2 million), based on long-term management agreements on normal commercial terms.

The Group pays a management fee to Jardine Matheson Limited, a subsidiary of JMH, in consideration for certain management consultancy services. The fee is calculated as 0.5% of the Group's net profit. No fee was paid in 2021 and 2020 (due to underlying losses).

During 2021, in respect of the Causeway Bay site under development, the Group paid consultancy fees of US$1.2 million (2020: US$2.1 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$17.9 million (2020: US$16.3 million). The HKL agreement and GCL contract were arranged on normal commercial terms.

The outstanding balances with associates and joint ventures are set out in debtors in note 17.

Details of Directors' emoluments (being the key management personnel compensation) are shown on page 120 under the heading of 'Remuneration outcomes in 2021'.

32 Summarised balance sheet of the Company

Included below is certain summarised balance sheet information of the Company disclosed in accordance with Bermuda Law.

	2021 US$m	2020 US$m
Subsidiaries	**1,347.2**	1,308.3
Net current liabilities	**(1.8)**	(1.6)
Net assets	**1,345.4**	1,306.7
Share capital *(refer note 24)*	**63.2**	63.2
Share premium *(refer note 25)*	**500.5**	499.7
Revenue and other reserves	**781.7**	743.8
Shareholders' funds	**1,345.4**	1,306.7

Subsidiaries are shown at cost less amount provided, and include amounts due from and due to subsidiaries.

33 Principal subsidiaries, associates, joint ventures and managed hotels

The principal subsidiaries, associates, joint ventures and managed hotels of the Group at 31st December 2021 are set out below.

Principal place of business	Name of entity	Nature of business	Attributable interest % 2021	Attributable interest % 2020	Proportion of ordinary shares and voting powers at 31st December 2021 held by the Group %	Proportion of ordinary shares and voting powers at 31st December 2021 held by non-controlling interests %	Hotel profile
Subsidiaries							
Hong Kong	Mandarin Oriental Hotel Group International Limited	Management	**100**	100	**100**	–	–
Hong Kong	Mandarin Oriental Hotel Group Limited	Management	**100**	100	**100**	–	–
Hong Kong	Mandarin Oriental, Hong Kong Limited	Owner: Mandarin Oriental, Hong Kong	**100**	100	**100**	–	494 rooms. Lease expiry 2895
Hong Kong	Excelsior Hotel (BVI) Limited	The Causeway Bay site under development	**100**	100	**100**	–	–
Japan	Mandarin Oriental Tokyo KK	Owner: Mandarin Oriental, Tokyo	**100**	100	**100**	–	179 rooms. Lease expiry 2050
Indonesia	P.T. Jaya Mandarin Agung	Owner: Mandarin Oriental, Jakarta	**96.9**	96.9	**96.9**	**3.1**	272 rooms. Lease expiry 2023
United Kingdom	Mandarin Oriental Hyde Park Limited	Owner: Mandarin Oriental Hyde Park, London	**100**	100	**100**	–	181 rooms. Freehold
Switzerland	Société Immobilière de Mandarin Oriental (Genèva) SA	Owner: Mandarin Oriental, Geneva	**85.3**	85.3	**85.3**	**14.7**	Lease expiry 2040
Switzerland	Société pour l' Exploitation de Mandarin Oriental (Genèva) SA		**100**	100	**100**	–	178 rooms
Germany	Dinavest International Holdings B.V.	Owner: Mandarin Oriental, Munich	**100**	100	**100**	–	73 rooms. Freehold
France	MOHG Hotel (Paris) Sarl	Owner: Mandarin Oriental, Paris	**100**	100	**100**	–	135 rooms. Freehold
United States	Boylston Street Hotel LLC	Owner: Mandarin Oriental, Boston	**100**	100	**100**	–	148 rooms. Freehold
United States	Portals Hotel Site LLC	Owner: Mandarin Oriental, Washington D.C.	**100**	100	**100**	–	373 rooms. Freehold
Associates and joint ventures							
Singapore	Marina Bay Hotel Private Limited	Owner: Mandarin Oriental, Singapore	**50**	50	**50**	**50**	527 rooms. Lease expiry 2079
Thailand	OHTL PCL	Owner: Mandarin Oriental, Bangkok	**47.6**	47.6	**47.6**	**52.4**	331 rooms. Various freehold/leasehold
Malaysia	Asas Klasik Sdn Bhd	Owner: Mandarin Oriental, Kuala Lumpur	**25**	25	**25**	**75**	629 rooms. Freehold
Thailand	Chaophaya Development Corporation Limited	Owner: River City Shopping Complex	**49**	49	**49**	**51**	–
Spain	Ritz Madrid, S.A.	Owner: Mandarin Oriental Ritz, Madrid	**50**	50	**50**	**50**	153 rooms. Freehold
United States	ICD Columbus Centre Hotel LLC	Owner: Mandarin Oriental, New York	**25.1**	25	**25.1**	**74.9**	244 rooms. Freehold
United States	Swire Brickell Key Hotel Limited	Owner: Mandarin Oriental, Miami	**25**	25	**25**	**75**	326 rooms. Freehold
Hong Kong	Stay One Degree Limited	Online booking service platform for luxury homes	**16.7**	16.7	**16.7**	**83.3**	–
Managed hotels							
Hong Kong	The Landmark Mandarin Oriental, Hong Kong		–	–	–	–	111 rooms
Macau	Mandarin Oriental, Macau		–	–	–	–	213 rooms
China	Mandarin Oriental, Sanya		–	–	–	–	278 rooms
China	Mandarin Oriental, Guangzhou		–	–	–	–	263 rooms
China	Mandarin Oriental Pudong, Shanghai		–	–	–	–	362 rooms
China	Mandarin Oriental Wangfujing, Beijing		–	–	–	–	73 rooms
Taiwan	Mandarin Oriental, Taipei		–	–	–	–	294 rooms
Czech Republic	Mandarin Oriental, Prague		–	–	–	–	99 rooms
Spain	Mandarin Oriental, Barcelona		–	–	–	–	120 rooms
Turkey	Mandarin Oriental, Bodrum		–	–	–	–	130 rooms
Turkey	Mandarin Oriental Bosphorus, Istanbul		–	–	–	–	100 rooms
Italy	Mandarin Oriental, Milan		–	–	–	–	104 rooms
Italy	Mandarin Oriental, Lago di Como		–	–	–	–	75 rooms
Morocco	Mandarin Oriental, Marrakech		–	–	–	–	63 rooms
Qatar	Mandarin Oriental, Doha		–	–	–	–	249 rooms
United Arab Emirates	Mandarin Oriental Jumeira, Dubai		–	–	–	–	256 rooms
United Arab Emirates	Emirates Palace, Abu Dhabi		–	–	–	–	394 rooms
Saudi Arabia	Al Faisaliah Hotel, Riyadh		–	–	–	–	321 rooms
Chile	Mandarin Oriental, Santiago		–	–	–	–	310 rooms
Saint Vincent and the Grenadines	Mandarin Oriental, Canouan		–	–	–	–	35 rooms

Mandarin Oriental, Shenzhen in China with 178 rooms, a managed hotel of the Group, opened on 20th January 2022.

34 Principal accounting policies

Basis of consolidation

i) The consolidated financial statements include the financial statements of the Company, its subsidiaries, and the Group's interests in associates and joint ventures.

ii) A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition includes the fair value at the acquisition date of any contingent consideration. The Group recognises the non-controlling interest's proportionate share of the recognised identifiable net assets of the acquired subsidiary. In a business combination achieved in stages, the Group remeasures its previously held interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss in profit and loss. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions. When control over a previous subsidiary is lost, any remaining interest in the entity is remeasured at fair value and the resulting gain or loss is recognised in profit and loss.

All material intercompany transactions, balances and unrealised surpluses and deficits on transactions between Group companies have been eliminated. The cost of and related income arising from shares held in the Company by subsidiaries are eliminated from shareholders' funds and non-controlling interests, and profit, respectively.

iii) An associate is an entity, not being a subsidiary or joint venture, over which the Group exercises significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Associates and joint ventures are included on the equity basis of accounting.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates and joint ventures are recognised in the consolidated financial statements only to the extent of unrelated investor's interests in the associates and joint ventures.

iv) Non-controlling interests represent the proportion of the results and net assets of subsidiaries and their associates and joint ventures not attributable to the Group.

v) The results of subsidiaries, associates and joint ventures are included or excluded from their effective dates of acquisition or disposal, respectively. The results of entities other than subsidiaries, associates and joint ventures are included to the extent of dividends received when the right to receive such dividend is established.

Foreign currencies

Transactions in foreign currencies are accounted for at the exchange rates ruling at the transaction dates.

Assets and liabilities of subsidiaries, associates and joint ventures, together with all other monetary assets and liabilities expressed in foreign currencies, are translated into United States dollars at the rates of exchange ruling at the year end. Results expressed in foreign currencies are translated into United States dollars at the average rates of exchange ruling during the year, which approximate the exchange rates at the dates of the transactions.

34 Principal accounting policies *continued*

Foreign currencies continued

Exchange differences arising from the retranslation of the net investment in foreign subsidiaries, associates and joint ventures, and of financial instruments which are designated as hedges of such investments, are recognised in other comprehensive income and accumulated in equity under exchange reserves. On the disposal of these investments, such exchange differences are recognised in profit and loss. Exchange differences on other investments measured at fair value through other comprehensive income are recognised in other comprehensive income as part of the gains and losses arising from changes in their fair value. All other exchange differences are recognised in profit and loss.

Goodwill and fair value adjustments arising on acquisition of a foreign entity after 1st January 2003 are treated as assets and liabilities of the foreign entity and translated into United States dollars at the rate of exchange ruling at the year end.

Impairment of non-financial assets

Assets that have indefinite useful lives are not subject to amortisation and are tested for impairment annually and whenever there is an indication that the assets may be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the units may be impaired. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment annually.

Intangible assets

i) Goodwill represents the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the acquisition-date fair value of any previously held equity interest in the acquiree over the acquisition-date fair value of the Group's share of the net identifiable assets acquired. Non-controlling interests are measured at their proportionate share of the net identifiable assets at the acquisition date. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in profit and loss. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates and joint ventures is included in investment in associates and joint ventures. Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing and is carried at cost less accumulated impairment loss.

The profit or loss on disposal of subsidiaries, associates and joint ventures is stated after deducting the carrying amount of goodwill relating to the entity sold.

ii) Computer software represents acquired computer software licences which are capitalised on the basis of the costs incurred to acquire and bring to use the specific software and are stated at cost less accumulated amortisation. Amortisation is calculated on the straight-line basis to allocate the cost over their estimated useful lives.

iii) Development project contract costs are setup costs in order to secure long-term hotel management contracts and directly attributable to hotel projects under development, which are capitalised to the extent that such expenditure is expected to generate future economic benefits and upon completion of the project. Capitalised development project contract costs are amortised over the term of the management contracts when the related revenue is recognised.

34 Principal accounting policies *continued*

Tangible fixed assets and depreciation

Freehold properties comprised land and buildings. Freehold land is stated at cost less any impairment. No depreciation is provided on freehold land as it is deemed to have an indefinite life. Properties on freehold and leasehold land are stated at cost less any accumulated depreciation and impairment. Grants related to tangible assets are deducted in arriving at the carrying amount of the assets. Other tangible fixed assets are stated at cost less amounts provided for depreciation.

Depreciation of tangible fixed assets is calculated on the straight-line basis to allocate the cost or valuation of each asset to its residual value over its estimated useful life. The residual values and useful lives are reviewed at each balance sheet date. The estimated useful lives are as follows:

Properties on freehold land and under leases more than 20 years	21 years to 150 years
Properties under leases less than 20 years	over unexpired period of lease
Surfaces, finishes and services of hotel properties	20 years to 30 years
Leasehold improvements	shorter of unexpired period of the lease or useful life
Plant and machinery	5 years to 15 years
Furniture, equipment and motor vehicles	3 years to 10 years

Where the carrying amount of a tangible fixed asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The profit or loss on disposal of tangible fixed assets is recognised by reference to their carrying amount.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lease contracts may contain lease and non-lease components. The Group allocates the consideration in the contract to lease and non-lease component based on their relative stand-alone prices. For property leases where the Group is a lessee, it has elected not to separate lease and immaterial non-lease components and accounts for these items as a single lease component.

i) As a lessee

The Group enters into property leases for use as hotels or offices.

The Group recognises right-of-use assets and lease liabilities at the lease commencement dates, that is the dates the underlying assets are available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment, and adjusted for any remeasurement of lease liabilities. The cost of the right-of-use assets includes amounts of the initial measurement of lease liabilities recognised, lease payments made at or before the commencement dates less any lease incentives received, initial direct costs incurred and restoration costs. Right-of-use assets are depreciated using the straight-line method over the shorter of their estimated useful lives and the lease terms.

When right-of-use assets meet the definition of investment properties, they are presented in investment properties, and are initially measured at cost and subsequently measured at fair value, in accordance with the Group's accounting policy.

34 Principal accounting policies *continued*

Leases continued

i) As a lessee *continued*

The Group also has interests in leasehold land for use in its operations. Lump sum payments were made upfront to acquire these land interests from their previous registered owners or governments in the jurisdictions where the land is located. There are no ongoing payments to be made under the term of the land leases, other than insignificant lease renewal costs or payments based on rateable value set by the relevant government authorities. These payments are stated at cost and are amortised over the term of the lease which includes the renewal period if the lease can be renewed by the Group without significant cost.

Lease liabilities are measured at the present value of lease payments to be made over the lease terms. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised and payments of penalties for terminating a lease, if the lease term reflects the Group exercising that option. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Lease liabilities are measured at amortised cost using the effective interest method. After the commencement date, the amount of lease liabilities is increased by the interest costs on the lease liabilities and decreased by lease payments made.

The carrying amount of lease liabilities is remeasured when there is a change in the lease term, or there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group’s estimate of the amount expected to be payable under a residual guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise an extension or a termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets (i.e. US$5,000 or less) and short-term leases. Low value assets comprised office equipment. Short-term leases are leases with a lease term of 12 months or less. Lease payments associated with these leases are recognised on a straight-line basis as an expense in profit and loss over the lease term.

Lease liabilities are classified as non-current liabilities unless payments are within 12 months from the balance sheet date.

ii) As a lessor

The Group enters into contracts with lease components as a lessor primarily on its properties. These leases are operating leases as they do not transfer the risk and rewards incidental to the underlying properties. The Group recognises the lease payments received under these operating leases on a straight-line basis over the lease term as part of revenue in the profit and loss.

34 Principal accounting policies *continued*

Investment property under development

Properties including those under operating leases which are held for long-term rental yields or capital gains are classified and accounted for as investment properties, but the business model does not necessarily envisage that the properties will be held for their entire useful life. Investment property under development is carried at fair value, representing estimated open market value determined annually by independent qualified valuers who have recent experience in the location and segment of the investment property being valued.

The market value of investment property under development is derived using the direct comparison method and the residual method. The direct comparison method is based on market evidence of transaction prices for similar properties which recently transacted. The residual method is based on the estimated capital value of the proposed development assuming completion as at the date of valuation, after deducting development costs together with developer's profit and risk. The direct comparison method and the estimated capital value of the residual method are adjusted to reflect the conditions of the subject property including property site and location. Changes in fair value are recognised in profit and loss.

Investments

The Group classifies its investments into the following measurement categories:

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

ii) Those to be measured at amortised cost.

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

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

At initial recognition, the Group measures an investment at its fair value plus, in the case of the investment not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the investment. Transaction costs of investments carried at fair value through profit and loss are expensed in profit and loss.

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

Investments are classified as non-current assets.

34 Principal accounting policies *continued*

Stocks

Stocks, which principally comprise beverages and consumables, are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out method.

Debtors

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

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

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise deposits with banks and financial institutions and bank and cash balances, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current borrowings.

Provisions

Provisions are recognised when the Group has present legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligations can be made.

Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method.

Borrowing costs relating to major development projects are capitalised until the asset is substantially completed. Capitalised borrowing costs are included as part of the cost of the asset. All other borrowing costs are expensed as incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

34 Principal accounting policies *continued*

Government grants

Grants from governments are recognised at their fair value when 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 operating 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 on a systematic basis in the period in which the expenses are recognised. Unconditional grants are recognised in the profit and loss as other operating income when they become receivable.

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

Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Provision for deferred tax is made on the revaluation of certain non-current assets and, in relation to acquisitions, on the difference between the fair value of the net assets acquired and their tax base. Deferred tax is provided on temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Employee benefits

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held in trustee administered funds.

Pension accounting costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the costs of providing pensions are charged to profit and loss spreading the regular cost over the service lives of employees in accordance with the advice of qualified actuaries, who carry out a full valuation of major plans every year. The pension obligations are measured as the present value of the estimated future cash outflows by reference to market yields on high quality corporate bonds which have terms to maturity approximating the terms of the related liability. Plan assets are measured at fair value.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the year in which they occur.

Past service costs are recognised immediately in profit and loss.

The Group' total contributions relating to the defined contribution plans are charged to profit and loss in the year to which they relate.

34 Principal accounting policies *continued*

Derivative financial instruments

The Group only enters into derivative financial instruments in order to hedge underlying exposures and not as speculative investments. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged. The Group designates certain derivatives as a hedge of a forecasted transaction or of the foreign currency risk on a firm commitment ('cash flow hedge'), or a hedge of a net investment in a foreign entity.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective, are recognised in other comprehensive income and accumulated in equity under hedging reserves. Changes in the fair value relating to the ineffective portion is recognised immediately in profit and loss. Where the hedged item results in the recognition of a non-financial asset or of a non-financial liability, the deferred gains and losses and included in the initial measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in profit and loss as the hedged item affects profit and loss. Otherwise, amounts deferred in hedging reserves are transferred to profit and loss in the same periods during which the hedged firm commitment or forecasted transaction affects profit and loss. The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit and loss within finance cost at the same time as the interest expense on the hedged borrowings. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in hedging reserves at that time remains in the hedging reserves and is recognised when the committed or forecasted transaction ultimately is recognised in profit and loss. When a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedging reserves is immediately transferred to profit and loss.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IFRS 9. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IFRS 9 are recognised immediately in profit and loss.

Hedges of net investments in foreign entities are accounted for on a similar basis to that used for cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in exchange reserves; the gain or loss relating to the ineffective portion is recognised immediately in profit and loss.

The fair value of derivatives which are designated and qualify as effective hedges are classified as non-current assets or liabilities if the remaining maturities of the hedged assets or liabilities are greater than 12 months after the balance sheet date.

Financial guarantee contracts

Financial guarantee contracts under which the Group accepts significant risk from a third party by agreeing to compensate that party on the occurrence of a specified uncertain future event are accounted for in a manner similar to insurance contracts. Provisions are recognised when it is probable that the Group has obligations under such guarantees and an outflow of resources embodying economic benefits will be required to settle the obligations.

34 Principal accounting policies *continued*

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

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 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, associates and joint ventures 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.

Earning per share

Basic earnings per share are calculated on profit attributable to shareholders and on the weighted average number of shares in issue during the year. For the purpose of calculating diluted earnings per share, the weighted average number of shares is adjusted 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.

Dividends

Dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date.

Revenue recognition

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

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

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

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

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

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

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

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

Pre-operating costs

Pre-operating costs are expensed as they are incurred.

35 Standards and amendments issued but not yet effective

A number of new standards and amendments effective for accounting periods beginning after 2021 have been published and will be adopted by the Group from their effective dates. The Group is currently assessing the potential impact of these standards and amendments but expects their adoption will not have a significant impact on the Group's consolidated financial statements. The relevant standard and amendments are set out below.

i) Amendment to IFRS 9: 'Fees in the '10 per cent' Test for Derecognition of Financial Liabilities' (effective from 1st January 2022) clarifies the requirement to derecognise the original financial liability and recognise a new financial liability where there is an exchange between an existing borrower and lender of debt instrument with substantially different terms. The amendments clarifies that the terms are substantially different if the discounted present value of the cash flows under the new terms using the original effective interest rate, including any fees paid net of any fees received, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. The Group will apply the amendment from 1st January 2022, but it is not expected the adoption will have a significant impact on the Group's consolidated financial statements.

ii) Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract (effective from 1st January 2022) clarifies that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The Group will apply the amendment from 1st January 2022, but it is not expected the adoption will have a significant impact on the Group's consolidated financial statements.

iii) IFRS 17 'Insurance Contracts' (effective from 1st January 2023) – The Group is assessing the potential impact on the Group's consolidated financial statements.

iv) Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1st January 2023) requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts taxable and deductible temporary differences. They typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The Group is assessing the potential impact on the Group's consolidated financial statements.

36 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group's treasury function co-ordinates, under the directions of the board of Mandarin Oriental Hotel Group International Limited, financial risk management policies and their implementation on a group-wide basis. The Group's treasury policies are designed to manage the financial impact of fluctuations in interest rates and foreign exchange rates and to minimise the Group's financial risks. The Group uses derivative financial instruments, principally interest rate swaps and caps, and forward foreign exchange contracts as appropriate for hedging transactions and managing the Group's assets and liabilities in accordance with the Group's financial risk management policies. Financial derivative contracts are executed between third party banks and the Group entity that is directly exposed to the risk being hedged. Hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. The effective portion of the change in the fair value of the hedging instrument is deferred into the cash flow hedge reserve through other comprehensive income and will be recognised in profit and loss when the hedged item affects profit and loss. In general, the volatility in profit or loss can be reduced by applying hedge accounting.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into interest rate swaps and caps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, effective economic relationship existed between the swaps and the loans.

The Group performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

Hedge ineffectiveness for interest rate swaps may occur due to:

i) The credit value/debit value adjustment on the interest rate swaps which is not matched by the loan;

ii) Differences in critical terms between the interest rate swaps and loans; and

iii) The effects of the forthcoming reforms to IBORs, because these might take effect at a different time and have a different impact on the hedged item (the floating-rate debt) and the hedging instrument (the interest rate swap used to hedge the debt).

The ineffectiveness during 2021 or 2020 in relation to the interest rate swaps was not material.

36 Financial risk management *continued*

Financial risk factors *continued*

i) **Market risk**

Foreign exchange risk

Entities within the Group are exposed to foreign exchange risk from future commercial transactions, net investments in foreign operations and net monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

Group entities are required to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions, entities in the Group use forward foreign exchange contracts in a consistent manner to hedge firm and anticipated foreign exchange commitments. The Group does not usually hedge its net investments in foreign operations except in circumstances where there is a material exposure arising from a currency that is anticipated to be volatile and the hedging is cost effective.

Currency risks as defined by IFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. In 2021 and 2020, the Group's principal foreign exchange exposure was with the Euro. At 31st December 2021, if the United States dollar had strengthened/weakened by 10% against Euro with all other variables unchanged, the Group's loss after tax would have been US$4.2 million (2020: US$0.2 million) higher/lower, arising from foreign exchange losses/gains taken on translation. The impact on amounts attributable to the shareholders of the Company would be US$4.2 million (2020: US$0.2 million) lower/higher. This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. There are no other significant monetary balances held by Group companies at 31st December 2021 that are denominated in a non-functional currency. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

36 Financial risk management *continued*

Financial risk factors continued

i) **Market risk** *continued*

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through fixed rate borrowings and the use of derivative financial instruments such as interest rate swaps and caps. The Group monitors interest rate exposure on a monthly basis by currency and business unit, taking into consideration proposed financing and hedging arrangements. The Group's guideline is to maintain 40% to 60% of its gross borrowings, in fixed rate instruments. At 31st December 2021, the Group's interest rate hedge was 37% (2020: 41%), with an average tenor of 1.9 years (2020: 2.9 years). The interest rate profile of the Group's borrowings after taking into account hedging transactions are set out in note 20.

Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. Borrowings at floating rates therefore expose the Group to cash flow interest rate risk. The Group manages this risk by using forward rate agreements to a maturity of one year, and by entering into interest rate swaps and caps for a maturity of up to seven years. Forward rate agreements and interest rate swaps have the economic effect of converting borrowings from floating rate to fixed rate, caps provide protection against a rise in floating rates above a pre-determined rate. Details of interest rate swaps are set out in note 29.

At 31st December 2021, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's loss after tax would have been US$3.3 million (2020: US$2.6 million) higher/lower, and hedging reserves would have been US$4.2 million (2020: US$6.6 million) higher/lower, as a result of fair value changes to cash flow hedges. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. There is no significant sensitivity resulting from interest rate caps. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group, specifically the United States, Hong Kong, United Kingdom and European rates, over the period until the next annual balance sheet date. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of loss after tax sensitivities. Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements affect the hedging reserves and are therefore taken into consideration in the equity-related sensitivity calculations.

36 Financial risk management *continued*

Financial risk factors continued

i) Market risk *continued*

Price risk

The Group is exposed to price risk from its investments which are measured at fair value through profit and loss. Gains and losses arising from changes in the fair value of these investments are recognised in profit and loss or other comprehensive income according to their classification. The performance of these investments are monitored regularly, together with an assessment of their relevance to the Group's long-term strategic plans. Details of these investments are contained in note 14.

The Group's interest in these investments are unhedged. At 31st December 2021, if the price of these investments had been 25% higher/lower with all other variables held constant, non-trading operating profit and total equity would have been US$4.1 million (2020: US$4.0 million) higher/lower. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

ii) Credit risk

The Group's credit risk is primarily attributable to deposits with banks, credit exposures to customers and derivative financial instruments with a positive fair value. The Group has credit policies in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group manages its deposits with banks and financial institutions and transactions involving derivative financial instruments by monitoring credit ratings and capital adequacy ratios of counterparties, and limiting the aggregate risk to any individual counterparty. The utilisation of credit limits is regularly monitored. At 31st December 2021, 90% (2020: 90%) of deposits and balances with banks and financial institutions were made to institutions with credit ratings of no less than A- (Fitch). Similarly transactions involving derivative financial instruments are with banks with sound credit ratings and capital adequacy ratios. In developing countries it may be necessary to deposit money with banks that have a lower credit rating, however the Group only enters into derivative transactions with counterparties which have credit rating of at least investment grade. Management does not expect any counterparty to fail to meet its obligations.

In respect of credit exposures to customers, the Group has policies in place to ensure that sales on credit without collateral are made principally to travel agents and corporate companies with an appropriate credit history. Sales to other customers are made in cash or by major credit cards.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

36 Financial risk management *continued*

Financial risk factors *continued*

iii) Liquidity risk

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash and marketable securities, and ensuring the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group's ability to fund its existing and prospective debt requirements is managed by maintaining diversified funding sources with adequate committed funding lines from high quality lenders, and by monitoring rolling short-term forecasts of the Group's cash and gross debt on the basis of expected cash flows. In addition, long-term cash flows are projected to assist with the Group's long-term debt financing plans.

At 31st December 2021, total available borrowing facilities amounted to US$1,024 million (2020: US$834 million) of which US$730 million (2020: US$671 million) was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities totalled US$294 million (2020: US$163 million), in addition to cash balances of US$213 million (2020: US$165 million).

The table below analyses the Group's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at 31st December 2021 and 2020 to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within one year US$m	Between one and two years US$m	Between two and three years US$m	Between three and four years US$m	Between four and five years US$m	Beyond five years US$m	Total undiscounted cash flows US$m
2021							
Borrowings	**13.3**	**96.8**	**642.9**	**0.2**	**0.2**	**1.0**	**754.4**
Lease liabilities	**8.9**	**9.1**	**8.8**	**8.8**	**7.2**	**136.6**	**179.4**
Creditors	**129.9**	**–**	**–**	**–**	**–**	**–**	**129.9**
Net settled derivative financial instruments	**2.8**	**0.8**	**0.1**	**–**	**–**	**–**	**3.7**
2020							
Borrowings	74.6	9.8	9.6	608.6	0.2	1.2	704.0
Lease liabilities	9.3	9.4	9.7	9.4	9.4	160.6	207.8
Creditors	107.7	–	–	–	–	–	107.7
Net settled derivative financial instruments	3.7	3.6	2.8	0.8	–	–	10.9

36 Financial risk management *continued*

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern whilst seeking to maximise benefits to shareholders and other stakeholders. Capital is equity as shown in the consolidated balance sheet plus net debt.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, purchase Group shares, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the Group's consolidated gearing ratio and consolidated interest cover before taking into account the impact of IFRS 16 'Leases'. The gearing ratio is calculated as net debt divided by shareholders' funds on an IFRS basis, where the Group's freehold and leasehold interests are carried in the consolidated balance sheet at amortised cost, or alternatively on an adjusted shareholders' funds basis which takes into account the fair market value of the Group's freehold and leasehold interests. Net debt is calculated as total borrowings less bank and cash balances. Interest cover is calculated as underlying operating profit before the deduction of amortisation/depreciation of right-of-use assets, net of actual lease payments, and the Group's share of underlying results of associates and joint ventures, divided by net financing charges before the deduction of capitalised interest and excluding interest on lease liabilities. The Group does not have a defined gearing or interest cover benchmark or range.

The ratios at 31st December 2021 and 2020 are as follows:

	2021	2020
Gearing ratio		
– based on shareholders' funds	**16%**	14%
– based on adjusted shareholders' funds	**10%**	10%
Interest cover	**n/a**	n/a

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.

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 inflows from these investments.

There were no changes in valuation techniques during the year.

36 Financial risk management *continued*

Fair value estimation continued

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

The table below analyses financial instruments carried at fair value at 31st December 2021 and 2020, by the levels in the fair value measurement hierarchy.

	Observable current market transactions US$m	Unobservable inputs US$m	Total US$m
2021			
Assets			
Other investments	**6.0**	**10.5**	**16.5**
Derivative financial instruments at fair value – through other comprehensive income	**4.4**	**–**	**4.4**
	10.4	**10.5**	**20.9**
Liabilities			
Derivative financial instruments at fair value – through other comprehensive income	**(3.6)**	**–**	**(3.6)**
2020			
Assets			
Other investments	5.4	10.7	16.1
Liabilities			
Derivative financial instruments at fair value – through other comprehensive income	(10.9)	–	(10.9)

There were no transfers among the two categories during the year ended 31st December 2021 and 2020.

Movements of financial instruments which are valued based on unobservable inputs during the year ended 31st December are as follows:

	Unlisted investments 2021 US$m	2020 US$m
At 1st January	**10.7**	11.3
Additions	**–**	0.6
Disposals	**(0.2)**	(1.2)
At 31st December	**10.5**	10.7

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.

36 Financial risk management *continued*

Financial instruments by category

The fair values of financial assets and financial liabilities, together with carrying amounts at 31st December 2021 and 2020 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
2021						
Financial assets measured at fair value						
Other investments	–	**16.5**	–	–	**16.5**	**16.5**
Derivative financial instruments	**4.4**	–	–	–	**4.4**	**4.4**
	4.4	**16.5**	–	–	**20.9**	**20.9**
Financial assets not measured at fair value						
Debtors	–	–	**58.0**	–	**58.0**	**58.0**
Bank and cash balances	–	–	**212.8**	–	**212.8**	**212.8**
	–	–	**270.8**	–	**270.8**	**270.8**
Financial liabilities measured at fair value						
Derivative financial instruments	**(3.6)**	–	–	–	**(3.6)**	**(3.6)**
Financial liabilities not measured at fair value						
Borrowings	–	–	–	**(730.3)**	**(730.3)**	**(730.3)**
Lease liabilities	–	–	–	**(153.7)**	**(153.7)**	**(153.7)**
Trade and other payables excluding non-financial liabilities	–	–	–	**(129.9)**	**(129.9)**	**(129.9)**
	–	–	–	**(1,013.9)**	**(1,013.9)**	**(1,013.9)**
2020						
Financial assets measured at fair value						
Other investments	–	16.1	–	–	16.1	16.1
Financial assets not measured wat fair value						
Debtors	–	–	60.5	–	60.5	60.5
Bank and cash balances	–	–	164.6	–	164.6	164.6
	–	–	225.1	–	225.1	225.1
Financial liabilities measured at fair value						
Derivative financial instruments	(10.9)	–	–	–	(10.9)	(10.9)
Financial liabilities not measured at fair value						
Borrowings	–	–	–	(670.8)	(670.8)	(670.8)
Lease liabilities	–	–	–	(177.1)	(177.1)	(177.1)
Trade and other payables excluding non-financial liabilities	–	–	–	(107.7)	(107.7)	(107.7)
	–	–	–	(955.6)	(955.6)	(955.6)

37 Critical accounting estimates and judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable according to circumstances and conditions available. The existing and potential impacts arising from the COVID-19 pandemic have been considered when applying estimates and assumptions in the preparation of the financial statements, including the Group's assessment of impairment of assets and the independent valuers' valuation of the Group's investment property under development. Given the uncertainty of the impact of COVID-19 pandemic, the actual results may differ from these accounting estimates.

The estimates and assumptions that have a significant effect on the reported amounts of assets and liabilities, and income and expenses are discussed below.

Investment property under development

The fair value of investment property under development is determined by independent valuers on an open market basis using the direct comparison method and the residual method with equal weighting. The direct comparison method and the estimated capital value of the residual method are made by reference to comparable market transactions and adjusted for property-specific qualitative factors. The residual method is also based on assumptions about the estimated costs to complete the development, the developer's estimated profit and margin for risk and capitalisation rates.

Consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet date.

The independent valuers have considered climate change, sustainability, resilience and environmental, social and governance ('ESG') within their valuations. Investment property under development held by the Group is considered to currently display ESG characteristics that would be expected in the market, and therefore there were no direct and tangible pricing adjustments required to the valuation of the investment property under development. The Group will monitor these considerations for each reporting period.

Impairment of assets

The Group tests annually whether goodwill that has indefinite useful life suffered any impairment. Other assets such as tangible fixed assets and development project contract costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash generating unit is determined based on the higher of its fair value less costs to sell and its value in use, calculated on the basis of management's assumptions and estimates. Changing the key assumptions, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the value-in-use calculations.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the balance sheet date *(refer note 17)*.

37 Critical accounting estimates and judgements *continued*

Tangible fixed asses and depreciation

Management determines the estimated useful lives and related depreciation charges for the Group's tangible fixed assets. Management will revise the depreciation charge where useful lives are different to those previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Provision of deferred tax follows the way management expects to recover or settle the carrying amount of the related assets or liabilities, which the management may expect to recover through use, sale or combination of both. Accordingly, deferred tax will be calculated at income tax rate, capital gains tax rate or combination of both. There is a rebuttable presumption in International Financial Reporting Standards that investment properties measured at fair value are recovered through sale. Thus deferred tax on revaluation of investment property under development held by the Group is calculated at the capital gain tax rate.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/income for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions.

37 Critical accounting estimates and judgements *continued*

Leases

Liabilities and the corresponding right-of-use assets arising from leases are initially measured at the present value of the lease payments at the commencement date, discounted using the interest rates implicit in the leases, or if that rate cannot be readily determinable, the Group uses the incremental borrowing rate. The Group generally uses the incremental borrowing rate as the discount rate.

The Group applies the incremental borrowing rate with reference to the rate of interest that the Group would have to pay to borrow, over a similar term as that of the lease, the funds necessary to obtain an asset of a similar value to the right-of-use asset in the country where it is located.

Lease payments to be made during the lease term will be included in the measurement of a lease liability. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, the Group considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew. The assessment of whether the Group is reasonably certain to exercise the options impacts the lease terms, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Non-trading items

The Group uses underlying business performance in its internal financial reporting to distinguish between the underlying profits and non-trading items. The identification of non-trading items requires judgement by management, but follows the consistent methodology as set out in the Group's accounting policies.

Interest rate benchmark reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as US$ LIBOR and other interbank offered rates ('IBORs') has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes on some IBORs.

To transition existing contracts and agreements that reference IBORs (including US$ LIBOR) to risk free rates ('RFRs') such as US$ LIBOR to Secured Overnight Financing Rate, adjustments for term differences and credit differences might need to be applied to RFRs, to enable the two benchmark rates to be economically equivalent on transition. The greatest change will be amendments to the contractual terms of the IBORs-referenced floating-rate debt and the associated swap and the corresponding update of the hedge designation. However, the changed reference rate might also affect other systems, processes, risk and valuation models, as well as having tax and accounting implications.

37 Critical accounting estimates and judgements *continued*

Interest rate benchmark reform *continued*

Group Treasury is managing the IBORs transition plan, which has progressed throughout 2021. GBP LIBOR ceased on 31st December 2021 and all existing contracts and agreements with a reference to GBP LIBOR were transitioned by this date. We have also transitioned all material contracts referencing the Singapore Swap Offer Rate in 2021. US$ LIBOR is expected to cease on 30th June 2023, and the Group's transition plan is on track to ensure conversion of existing US$ LIBOR contracts by the date of cessation.

Relief applied

The Group has applied the following reliefs that were introduced by the amendments made to IFRS 9 'Financial Instruments' in September 2019 and August 2020:

i) When considering the 'highly probable' requirement, the Group has assumed that the IBORs interest rate on which the Group's hedged debt is based does not change as a result of IBORs reform.

ii) In assessing whether the hedge is expected to be highly effective on a forward-looking basis, the Group has assumed that the IBORs interest rate on which the cash flows of the hedged debt and the interest rate swap that hedges it is not altered by IBORs reform.

iii) The Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.

iv) For financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised.

v) For lease liabilities where there is a change to the basis for determining the contractual cash flows, the lease liability is remeasured by discounting the revised lease payments using a discount rate that reflects the change in the interest rate where the change is required by IBORs reform.

Assumptions made

In calculating the change in fair value attributable to the hedged risk of floating-rate debt, the Group has made the following assumptions that reflect its current expectations:

i) The IBORs-referenced floating-rate debt will move to RFRs during 2023 and the spread will be similar to the spread included in the interest rate swap used as the hedging instrument.

ii) No other changes to the terms of the floating-rate debt are anticipated.

Independent Auditors' Report

To the members of Mandarin Oriental International Limited

Report on the audit of the Group financial statements

Opinion

In our opinion, Mandarin Oriental International Limited's Group (the 'Group') financial statements (the 'financial statements'):

- give a true and fair view of the state of the Group's affairs as at 31st December 2021 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 1981 (Bermuda).

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated Balance Sheet as at 31st December 2021; the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended; and the Notes to the financial statements, which include a description of the significant accounting policies (the 'Principal Accounting Policies').

Certain required disclosures have been presented in the Corporate Governance section, rather than in the Notes to the financial statements. These disclosures are cross-referenced from the financial statements and are identified as audited.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the Financial Reporting Council's ('FRC's') Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Materiality

- Overall Group materiality: US$3.0 million (2020: US$11.4 million)
- Based on 5% of underlying loss before tax (2020: Based on 5% of underlying loss before tax)

Audit scope

- A full scope audit of six of the Mandarin Oriental hotels and two entities engaged in hotel management services and holding the investment property under development was performed. These hotels and entities, together with procedures performed over specific balances and transactions for a further two of the Mandarin Oriental hotels, one further entity engaged in hotel management services and on central functions and at the Group level, accounted for 96% of the Group's revenue, 80% of the Group's loss before tax, 70% of the Group's underlying loss before tax and 98% of the Group's total assets.

Key audit matters

- Impact of COVID-19
- Valuation of investment property under development
- Recoverability of the carrying amounts of hotel properties

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined in the Auditors' responsibilities for the audit of the financial statements section, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to, the Companies Act 1981 (Bermuda), the Listing Rules, tax regulations, employment regulations, health and safety regulation and equivalent local laws and regulations applicable to significant reporting component teams, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 1981 (Bermuda).

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias in accounting estimates and judgements. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Gaining an understanding of the legal and regulatory framework applicable to the Group and considering the risk of any acts by the Group which may be contrary to applicable laws and regulations, including fraud;
- Discussions with management, internal audit and Group legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of reporting component auditors' work, including any matters reported by component auditors' relating to non-compliance with laws and regulations or fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain, particularly in relation to the valuation of investment property under development and the impairment assessments related to the carrying value of hotel properties (see related key audit matters below);
- Incorporating elements of unpredictability in the audit procedures we performed; and
- We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals, and evaluated whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit. The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Impact of COVID-19	
The COVID-19 pandemic has had a significant impact on the performance of the Group. The extent of the negative impact of the pandemic on future trading performance is difficult to predict. Therefore, there is inherent uncertainty in determining the impact of the pandemic on certain aspects of the financial statements. The key impacts of COVID-19 on the financial statements are: ■ The assumptions supporting the valuation of the investment property under development has been updated to reflect management's best estimate of the impact of COVID-19. ■ Management's assessment of the carrying value of the Group's hotels, include the impact of COVID-19 on the underlying businesses, as described in the related key audit matter below. The Group has for the second year in a row made a loss as a result of the travel and other restrictions caused by the pandemic. This increases the risk of material uncertainty in relation to going concern. Nonetheless, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis and that no material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. In performing their assessment, the Directors have included their best estimate of the impacts of COVID-19. Management's way of working, including the operation of controls, has been impacted by COVID-19 as a result of some staff working remotely. For example, this has meant virtual review meetings replaced in-person meetings.	Our procedures in respect of the valuation of investment property under development and the recoverability of the carrying amounts of hotel properties are covered in the related key audit matters below. We performed additional procedures to assess any control implications arising from the impact of COVID-19, including inquiries with respect to the operation of IT and business process controls, and whether there has been any impact on the Group. We enquired with our component teams to understand if there were any changes to management's planned operation of controls or monitoring activities. We did not identify any evidence of material deterioration in the control environment. We increased the frequency and extent of our oversight over component audit teams, using video conferencing and remote working paper reviews, to satisfy ourselves as to the appropriateness of audit work performed at significant and material components. We considered the appropriateness of disclosures in the financial statements in respect of the impact of the current environment and the increased uncertainty on certain accounting estimates and consider these to be appropriate. We have examined the Group's liquidity forecasts in light of the impact of COVID-19. Our conclusions in respect of going concern are set out separately within this report in the section relating to going concern.

Key audit matters	How our audit addressed the key audit matters
Valuation of investment property under development	
Refer to note 34 (Principal accounting policies), note 37 (Critical accounting estimates and judgements) and note 12 (Investment property under development) to the financial statements. The fair value of the Group's investment property under development amounted to US$2,462.0 million at 31st December 2021, with a revaluation loss of US$73.9 million recognised as a non-trading item in the Consolidated Profit and Loss Account for the year. The valuation was carried out by a third-party valuer (the 'valuer'). There is inherent estimation uncertainty in determining a property's valuation as the valuer make assumptions, judgements and estimates in key areas. The valuation was derived using the direct comparison method and residual method. Judgement is required in selecting appropriate land sale comparable transactions for the direct comparison method valuation; and the determination of the gross development value, estimated costs to complete and expected developer's profit margin in the residual method valuation. We focused on the valuation of investment property under development due to the significant judgements and estimates involved in determining the valuations.	We understood management's controls and processes for determining the valuation of investment property under development and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied. We assessed the qualification and expertise of the valuer, considering whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon its work. We found no evidence to suggest that the objectivity of the valuers in their performance of the valuation was compromised. We read the valuation report to consider whether the valuation methodology used was appropriate and suitable for use in determining the fair value. The audit team, including our valuation experts, discussed with the valuer the methodology, key assumptions and climate change risk considerations applied in the valuation, including: ■ for the direct comparison method valuation, assessed the appropriateness of the comparable transactions adopted in the valuation; ■ for the residual method valuation: – assessed the appropriateness of the key assumptions adopted in the assessment of the gross development value by comparing them with available market data on yields and unit rentals; – for developer's profit and other ancillary fees, compared the adopted parameters with the market norm in the industry; and – for the construction costs to complete, examined the approved project budget, and evaluated past budget to actual variance to assess the reliability of the project budget. We concluded that the methodology used in preparing the valuation was appropriate and that the key assumptions applied in the valuation were supportable in light of available evidence. We also assessed the adequacy of the disclosures related to the valuation of the investment property under development and were satisfied that appropriate disclosure has been made.

Key audit matters	How our audit addressed the key audit matters
Recoverability of the carrying amounts of hotel properties	
Refer to note 34 (Principal accounting policies), note 37 (Critical accounting estimates and judgements), note 10 (Tangible assets), note 11 (Right-of-use assets) and note 13 (Associates and joint ventures) to the financial statements. The Group's hotel properties are stated at cost less depreciation and impairment. As at 31st December 2021, the carrying values of the hotel properties held through the Group's subsidiaries, classified under tangible assets and right-of-use assets, amounted to US$1,098.2 million and US$273.3 million respectively. The Group also holds interests in a number of hotel properties through its associates and joint ventures amounting to US$315.1 million. Management considers each hotel to be a separate cash-generating unit ('CGU') and performs an impairment assessment, where impairment indicators exist, to determine the recoverable amount of the hotel properties. The recoverable amount is determined as the higher of the CGU's value-in-use and fair value less costs to sell. In determining the fair value less costs to sell, a third-party valuer (the 'valuer') is engaged by the Group to perform the valuation of the hotel property. Management concluded that no impairment provision was required for the hotel properties. We focused on this area as the impairment assessment involves significant judgements and estimation uncertainty in respect of future business performance and key assumptions including discount rates, terminal yield, occupancy rate, sales growth rate and capital expenditure necessary to maintain the service standard.	We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied. We have understood management's impairment assessment process and related controls, including the identification of indicators of impairment and appropriateness of the valuation models used, including the assessment of the future impact of COVID-19 and inspection of the operating results of the respective hotels. Where there were indicators of impairment, we assessed the assumptions used by the valuer and management in the calculation of the recoverable amounts. This included the involvement of our valuation experts to assess the country specific discount rate applied and appropriateness of the terminal yield with reference made to market data. We assessed the reasonableness of the forecast occupancy rates, sales growth rate and capital expenditure by comparing them with historical results and latest economic and industry forecasts. We assessed the qualifications, competence and objectivity of the valuer, discussed the key assumptions, methodology and climate change risk considerations with them and read the valuation reports prepared by the valuers and considered the appropriateness and consistency of valuation methodologies. We evaluated management's future cash flow forecasts and the process by which they were prepared, including testing the mathematical accuracy of the underlying calculations and compared the future cash flow forecasts with the Board approved budgets. We performed sensitivity analyses by making adjustments to the key assumptions in management's impairment assessments and considered whether, in isolation or as a combination, any reasonably possible adjustments would result in a material impairment. We found that the methodologies were applied consistently and appropriately, and the significant judgements and estimates adopted by management were appropriate. We also assessed the adequacy of the disclosures included in the financial statements and were satisfied that these are appropriate.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which it operates.

The Group's accounting processes are structured around finance functions, which are responsible for their own accounting records and controls, which in turn, report financial information to the Group's finance function in Hong Kong to enable them to prepare consolidated financial statements.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by members of the Group engagement team or by component auditors from member firms within the PwC Network operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement necessary for us to have in the audit work at those components to be able to conclude whether sufficient, appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole. The Group engagement team was involved in the significant reporting entities in scope for Group reporting during the audit cycle. In light of the continued restrictions on travel as a response to COVID-19, the lead Group audit partner and other senior team members were involved throughout the year through the regular use of video conference calls and other forms of communication to direct and oversee the audit, including the remote review of the work of component teams.

A full scope audit on six of the Mandarin Oriental hotels and two entities engaged in the hotel management services and holding the investment property under development was performed. These hotels and entities, together with procedures performed over specific balances and transactions for a further two of the Mandarin Oriental hotels, one further entity engaged in hotel management services and on central functions and at the Group level, accounted for 96% of the Group's revenue, 80% of the Group's loss before tax, 70% of the Group's underlying loss before tax and 98% of the Group's total assets. This gave us the evidence we needed for our opinion on the financial statements as a whole.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	US$3.0 million (2020: US$11.4 million)
How we determined it	Based on 5% of underlying loss before tax (2020: Based on 5% of underlying loss before tax)
Rationale for benchmark applied	Based on the benchmarks used in the Annual Report, underlying loss before tax is the primary measure used in assessing the performance of the Group.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of overall materiality allocated across components was US$0.5 million to US$3.0 million.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to US$2.3 million (2020: US$8.6 million) for the Group financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above US$0.3 million (2020: US$1.1 million) other than classifications within the Consolidated Profit and Loss Account or Consolidated Balance Sheet, which were only reported above US$2.3 million (2020: US$11.4 million). We also report misstatements below this amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the inherent risks to the Group's and its businesses' business models and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period;
- Assessing management's base case and severe but plausible downside scenario models supporting the Board's going concern assessment, evaluating the process by which the assessments have been drawn up, ensuring that the calculations in the model were mathematically accurate and that the overall methodology used was appropriate;
- Considering sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible, but not unrealistic, adverse effects that could arise from adverse trading conditions as a result of COVID-19 and impact the Group's liquidity position over the going concern period;
- Evaluating the committed financing facilities currently available to the Group and ensuring that the models appropriately included all contractual debt repayments and committed capital expenditures;
- Agreeing to debt agreements and associated amendments secured, the covenants attached to each facility and considering the Group's forecast compliance at the measurement dates included in the going concern assessment period; and
- Agreeing the cash on hand and available facilities included in the going concern assessment to our year end audit work.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

As not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Responsibility Statement and the Corporate Governance section, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the Group's members as a body in accordance with Section 90 of the Companies Act 1981 (Bermuda) and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the Group, save where expressly agreed by our prior consent in writing.

Partner responsible for the audit

The engagement partner on the audit resulting in this independent auditors' report is John Waters.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

PricewaterhouseCoopers LLP
Chartered Accountants
London
3rd March 2022

Report of the Valuers

To Mandarin Oriental International Limited

Dear Sirs

Revaluation of Under Development Leasehold Commercial Investment Property

Further to your instruction, we have valued in our capacity as external valuers of the Causeway Bay site under development at No. 281 Gloucester Road, Causeway Bay, Hong Kong, being a commercial investment property held on lease as described in the consolidated financial statements of Mandarin Oriental International Limited. We are of the opinion that the market value of the commercial investment property as at 31st December 2021 was US$2,462,000,000 (United States Dollar Two Billion Four Hundred Sixty-Two Million).

Our valuation was prepared in accordance with the International Valuation Standards by the International Valuation Standards Council and The HKIS Valuation Standards by The Hong Kong Institute of Surveyors. We have inspected the property without either conducting site nor structural surveys or testing of the services.

We have been provided with details of tenure, proposed development scheme and other relevant information. The property has been valued by the direct comparison method and the residual method with equal weighting. The direct comparison method is based on comparing the property to be valued directly with other comparable properties. The residual method is based on an assessment of the completed gross development value and the deduction of development costs and the developer's return to arrive at the residual value of a development property. For the direct comparison method and the assessment of the completed gross development value, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Yours faithfully

Jones Lang LaSalle Limited
Hong Kong
18th February 2022

Five Year Summary

Consolidated Profit and Loss Account

	2017 US$m	2018 US$m	2019 US$m	2020 US$m	**2021 US$m**
Revenue	610.8	613.7	566.5	183.7	**316.9**
Operating profit/(loss)	69.0	70.7	(29.0)	(660.0)	**(99.3)**
Net financing charges	(11.0)	(14.2)	(14.7)	(12.6)	**(12.7)**
Share of results of associates and joint ventures	11.5	5.7	(1.7)	(26.8)	**(21.8)**
Profit/(loss) before tax	69.5	62.2	(45.4)	(699.4)	**(133.8)**
Tax	(15.0)	(19.0)	(10.2)	19.4	**(7.6)**
Profit/(loss) after tax	54.5	43.2	(55.6)	(680.0)	**(141.4)**
Profit/(loss) attributable to shareholders	54.9	43.4	(55.5)	(680.1)	**(141.4)**
Underlying profit/(loss) attributable to shareholders	54.9	64.9	41.2	(205.9)	**(68.1)**
Earnings/(loss) per share (US¢)	4.37	3.44	(4.39)	(53.84)	**(11.19)**
Underlying earnings/(loss) per share (US¢)	4.37	5.15	3.26	(16.30)	**(5.39)**
Dividends per share (US¢)	3.00	3.00	1.50	–	**–**

Consolidated Balance Sheet

	2017 US$m	2018 US$m	2019 US$m	2020 US$m	**2021 US$m**
Intangible assets	43.8	49.3	53.0	45.4	**46.7**
Tangible assets	1,272.0	1,205.9	1,174.6	1,181.5	**1,098.2**
Right-of-use assets	284.2	342.9	300.3	297.4	**273.3**
Investment property under development	–	–	2,967.7	2,528.3	**2,462.0**
Associates and joint ventures	195.7	196.1	203.1	231.6	**201.5**
Other investments	11.0	15.2	15.9	16.1	**16.5**
Deferred tax assets	11.0	11.5	10.6	17.8	**13.7**
Pension assets	4.9	0.2	1.3	5.5	**7.1**
Non-current debtors	0.5	5.1	6.2	5.1	**8.9**
Net current assets/(liabilities)	118.5	(359.4)	181.4	19.5	**113.2**
Long-term borrowings	(508.1)	(7.3)	(568.6)	(606.6)	**(727.8)**
Non-current lease liabilities	(100.6)	(161.3)	(168.4)	(170.1)	**(147.4)**
Deferred tax liabilities	(58.6)	(61.6)	(59.4)	(47.1)	**(50.1)**
Pension liabilities	(0.6)	(0.4)	(0.2)	(0.3)	**(0.3)**
Non-current creditors	(0.2)	–	(0.9)	(10.9)	**(3.2)**
Net assets	1,273.5	1,236.2	4,116.6	3,513.2	**3,312.3**
Share capital	62.9	63.1	63.2	63.2	**63.2**
Share premium	493.9	497.8	499.7	499.7	**500.5**
Revenue and other reserves	710.6	671.5	3,550.1	2,946.6	**2,745.1**
Shareholders' funds	1,267.4	1,232.4	4,113.0	3,509.5	**3,308.8**
Non-controlling interests	6.1	3.8	3.6	3.7	**3.5**
Total equity	1,273.5	1,236.2	4,116.6	3,513.2	**3,312.3**
Net asset value per share (US$)	1.01	0.98	3.26	2.78	**2.62**

Consolidated Cash Flow Statement

	2017 US$m	2018 US$m	2019 US$m	2020 US$m	**2021 US$m**
Cash flows from operating activities	119.9	152.6	112.9	(83.5)	**26.4**
Cash flows from investing activities	(102.0)	(69.0)	(80.4)	(108.5)	**(32.5)**
Net cash flow before financing activities	17.9	83.6	32.5	(192.0)	**(6.1)**
Cash flow per share from operating activities (US¢)	9.53	12.11	8.94	(6.61)	**2.09**

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

For and on behalf of the Board

James Riley
Matthew Bishop
Directors
3rd March 2022

Corporate Governance

Overview of governance approach

The Mandarin Oriental Hotel Group (Mandarin Oriental International Limited (the 'Company') and its subsidiaries together known as the 'Group') understands the value of good corporate governance to long-term sustainable success and attaches importance to the corporate stability that strong governance brings, as well as the opportunities that result from it being part of the Jardine Matheson Holdings Limited ('Jardine Matheson') group.

The Group is committed to high standards of governance. The system of governance it has adopted has been developed over many years by the members of the Jardine Matheson group, and both the Group and its stakeholders regard as appropriate to the nature of its business and the long-term strategy it pursues in its Asian markets. The governance framework is tailored to the Group's size, ownership structure, complexity and breadth of the business. It enables the Company to benefit from Jardine Matheson's strategic guidance and professional expertise while at the same time ensuring that the independence of the Board is respected and clear operational accountability rests with the Company's executive management teams. Having an effective corporate governance framework supports the Board in delivering the Group's strategy and supports long-term sustainable growth.

Group structure

Jardine Matheson is the ultimate holding company of the Group. The structural relationship between the Jardine Matheson group and the Group is considered a key element of the Group's success. By coordinating objectives, establishing shared values and standards, and sharing experience, contacts and business relationships, the Jardine Matheson group companies aim to optimise their opportunities across the Asian countries where they operate.

The Company is incorporated in Bermuda and was established as an Asian-based hotel group, and has since extended its operations to key locations around the world. The Company's equity shares have as their primary listing a standard listing on the Main Market of the London Stock Exchange (the 'LSE'), and the Company's primary regulator is the Financial Conduct Authority in the United Kingdom (the 'FCA').

The Disclosure Guidance and Transparency Rules (the 'DTRs') issued by the FCA require that this Report addresses all relevant information about the Company's corporate governance practices beyond the requirements under Bermuda law.

The Company also has secondary listings in Singapore and Bermuda. As the Company has only secondary listings on these exchanges, the listing rules of such exchanges are not generally applicable. Instead, the Company must release the same information as it is required to release under the rules applicable to it as a standard listed company on the LSE, in compliance with the rules applicable to those exchanges in Singapore and Bermuda.

Governance and legal framework

As a company incorporated in Bermuda, the Company is governed by:

- The Bermuda Companies Act 1981 (the 'Companies Act');
- The Bermuda Mandarin Oriental International Limited Consolidation and Amendment Act 1988 (as amended), pursuant to which the Company was incorporated and the Bermuda Mandarin Oriental International Limited Regulations 1993 (as amended) was established; and
- The Company's Memorandum of Association and Bye-laws.

The shareholders can amend the Company's Bye-laws by way of a special resolution at a general meeting of the Company.

The Company's standard listing in London means that it is bound by many of the same rules as premium-listed companies under the UK Listing Rules, the DTRs, the UK Market Abuse Regulation ('MAR') and the Prospectus Regulation Rules, including in relation to continuous disclosure, periodic financial reporting, disclosure of interests in shares, market abuse and the publication and content of prospectuses in connection with admission to trading or offering securities to the public. In addition, the Company is subject to regulatory oversight from the FCA, as the Company's principal securities regulator, and is required to comply with the Admission and Disclosure Standards of the Main Market of the LSE. The Company and its Directors are also subject to legislation and regulations in Singapore relating to insider dealing.

Governance and legal framework *continued*

The Company is not required to comply with the UK Corporate Governance Code (the 'Code'), which applies to all premium-listed companies and sets out the governance principles and provisions expected to be followed by companies subject to the Code.

When the shareholders approved the Company's move to a standard listing from a premium listing in 2014, the Company stated that it intended to maintain certain governance principles as were then applicable to the Company's premium listing. As a result, the Company has adopted several governance principles (the 'Governance Principles') based on the then applicable requirements for a premium listing, which go further than the standard listing requirements. The key elements of the Governance Principles are as follows:

- When assessing a significant transaction (a larger transaction which would be classified as a class 1 transaction under the provisions of the UK Listing Rules), the Company will engage an independent financial adviser to provide a fairness opinion on the terms of the transaction.
- If the Company carries out a related party transaction which would require a sponsor to provide a fair and reasonable opinion under the provisions of the UK Listing Rules, it will engage an independent financial adviser to confirm that the terms of the transaction are fair and reasonable as far as the shareholders of the Company are concerned.
- Further, as soon as the terms of a significant transaction or a related party transaction are agreed, an announcement will be issued by the Company providing such details of the transaction as are necessary for investors to evaluate the effect of the transaction on the Company.
- At each annual general meeting ('AGM'), the Company will seek shareholders' approval to issue new shares on a non-pre-emptive basis for up to 33% of the Company's issued share capital, of which up to 5% can be issued for cash consideration.
- The Company adheres to a set of Securities Dealing Rules, which follow the provisions of MAR with respect to market abuse and disclosure of interests in shares.

The management of the Group

The Board

The Board is responsible for ensuring that the Group is appropriately managed and achieves the strategic objectives it sets in a way that is supported by the right culture, values and behaviours throughout the Group.

The Directors have the full power to manage the business affairs of the Company, other than matters reserved to be exercised by the Company in general meeting under Bermuda legislation or the Company's Bye-laws. Key matters for which the Directors are responsible include:

- Responsibility for the overall strategic aims and objectives of the Group;
- Establishing the Company's purpose and values;
- Approval of the Group's strategy and risk appetite to align with the Group's purpose and values;
- Approval and oversight of the Group policy framework and approval of appropriate Group policies;
- Approval of the annual budget and monitoring of performance against it;
- Oversight of the Group's operations;
- Approval of major changes to Group's corporate or capital structure;
- Approval of major capital expenditure and significant transactions in terms of size or reputational impact;
- Approval of interim and final financial statements upon recommendation from the Audit Committee, and interim management statements;
- Approval of the annual report and accounts;

The Board continued

- Approval of dividend policy and amount and form of interim and final dividend payments for approval by shareholders as required;
- Any significant changes to the Company's accounting policies or practices upon recommendation from the Audit Committee;
- Appointment, re-appointment or removal of the external auditor, subject to shareholder approval, upon recommendation from the Audit Committee;
- Approval of matters relating to the AGM resolutions and shareholder documentation;
- Approval of all shareholder circulars, prospectuses and listing particulars issued by the Company; and
- Approval of material public announcements concerning matters decided by the Board.

Responsibility for certain matters, including the approval of borrowing facilities and of capital expenditures (other than significant capital expenditure which is required to be approved by the Board) has been delegated to the finance committee established within the Hong Kong-based Group management company, Mandarin Oriental Hotel Group International Limited ('MOHG').

The Company sees the value of regularly reviewing the effectiveness of its processes, and making improvements where appropriate. The Board will therefore establishing a Board evaluation review process.

Board composition and operational management

The Board's composition and how it operates provide stability, allowing the Company to take a long-term view as it seeks to grow its business and pursue investment opportunities.

The Chairman has been appointed in accordance with the provisions of the Bye-laws of the Company, which provide that the chairman of Jardine Matheson, or any Director nominated by him, shall be the Chairman of the Company.

The Company has a dedicated executive management team led by the Group Chief Executive. The Memorandum of Association of the Company, however, provides for the chairman of Jardine Matheson to be, or to appoint, the Managing Director of the Company. The chairman of Jardine Matheson has appointed the Jardines Group Managing Director as Managing Director of the Company. Reflecting this, and the Jardine Matheson group's 79% interest in the Company's share capital, the Group Chief Executive and the Managing Director meet regularly. Similarly, the board of MOHG and its finance committee are chaired by the Managing Director and include Mandarin Oriental Hotel Group executives and Jardine Matheson's deputy managing director, group finance director and group general counsel.

The presence of Jardine Matheson representatives on the Board and Audit Committee of the Company, as well as on the board and finance committee of MOHG, provides an added element of stability to the Company's financial planning and supervision, enhancing its ability to raise finance and take a long-term view of business development. In addition, the presence of Jardine Matheson representatives on the Company's Board, Audit, Nominations and Remuneration Committees, as well as MOHG's finance committee, also strengthens the ability of management to work effectively together in exploiting the full range of the Jardine Matheson group's commercial strengths.

As at 3rd March 2022, the Company comprises nine Directors, three of whom (33%) – Jinqing Cai, Archie Keswick and Richard Solomons – are regarded as Independent Non-Executive Directors. The names of all the Directors and brief biographies appear on pages 31 and 32 of this Report.

Ben Keswick has been Chairman of the Board since 16th May 2013. John Witt has held the role of Managing Director from 15th June 2020. James Riley has been Group Chief Executive since 1st April 2016. Ben Keswick previously held the roles of Chairman and Managing Director on a combined basis from 16th May 2013.

The Board considers that there is a clear division of responsibilities among the Chairman, the Managing Director and the Group Chief Executive to ensure an appropriate balance of power and authority.

Chairman

The Chairman's role is to lead the Board, ensure its effectiveness while taking into account of the Group's various stakeholders' interests, and promote high standards of corporate governance. The Chairman's principal responsibilities are strategy, relationships, governance and people. In addition, he leads the Board in overseeing the long-term strategic direction of the Group and approving its key business priorities. His key responsibilities also include:

- Leading, with the Managing Director and the Group Chief Executive, the development of the culture and values of the Group;
- Supporting the development and maintenance of relationships with existing and new key business partners, governments and shareholders;
- Ensuring together with the Managing Director and Group Chief Executive an appropriate focus on attracting and retaining the right people and carrying out succession planning for senior management positions;
- Creating a culture of openness and transparency at Board meetings;
- Building an effective Board supported by a robust governance framework;
- Ensuring all Directors effectively contribute to discussions and feel comfortable in engaging in healthy debate and constructive challenge;
- Leading, with the Managing Director, the succession planning for the Group Chief Executive;
- Ensuring all Directors receive accurate, timely and clear information; and
- Promoting effective communication between Executive and Non-Executive Directors.

Managing Director

The Managing Director acts as chairman of MOHG and of its finance committee and is a member of the Company's Nominations and Remuneration Committees. He has responsibility for representing Jardine Matheson, as the major shareholder in the Company, in its oversight of the day-to-day management by the Group Chief Executive and his leadership team of the business.

Group Chief Executive

The responsibility for running the Group's business and all the executive matters affecting the Group rest with the Group Chief Executive. The implementation of the Group's strategy is delegated to the Company's executive management, with decision-making authority within designated financial parameters delegated to the MOHG finance committee. The Group Chief Executive has day-to-day responsibility for:

- The effective management of the Group's business;
- Leading the development of the Company's strategic direction and implementing the agreed strategy;
- Identifying and executing new business opportunities;
- Managing the Group's risk profile and implementing and maintaining an effective framework of internal controls;
- Developing targets and goals for his executive team;
- Ensuring effective communication with shareholders and key stakeholders and regularly updating institutional investors on the business strategy and performance;
- Providing regular operational updates to the Board on all matters of significance relating to the Group's business or reputation;
- Overseeing the Group's capital allocation, business planning and performance;
- Ensuring (together with the Chairman and the Managing Director) an appropriate focus on attracting and retaining the right people and carrying out succession planning for senior management positions; and
- Fostering innovation and entrepreneurialism to drive the Group's business forward.

Non-Executive Directors

The Non-Executive Directors bring insight and experience to the Board. They have responsibility for constructively challenging the strategies proposed by the Executive Directors, scrutinising the performance of management in achieving agreed goals and objectives. In addition, Non-Executive Directors work on individual initiatives as appropriate.

Board meetings

The Board usually holds four meetings each year, and ad hoc procedures are adopted to deal with urgent matters between scheduled meetings. Board meetings are usually held in different locations around the Group's markets.

In 2021, due to travel restrictions imposed as a result of the pandemic, it was necessary to hold all four Board meetings virtually. The Board receives high quality, up to date information for each of its meetings, which is provided to Directors via a secure online board information portal. The Company reviews the information provided to the Board regularly, to ensure that it remains relevant to the needs of the Board in carrying out its duties.

The Directors of the Company who do not serve on the board of MOHG and who are based outside Asia will usually visit Asia and Bermuda to discuss the Group's business and participate in the four strategic reviews that precede regular Board meetings. In 2021, all of these strategic reviews were held virtually due to the pandemic. These Directors are not directly involved in the operational management of the Group's business activities, but their knowledge of the Group's affairs, as well as their experience of the wider Jardine Matheson group, provide significant value to the ongoing review by the Company of the Group's business and reinforces the Board oversight process.

Board attendance

Directors are expected to attend all Board meetings. The table below shows the attendance at the scheduled Board meetings:

	Meetings eligible to attend	Attendance
Current Directors of the Company		
Non-Executive Directors		
Ben Keswick	4/4	100%
Jinqing Cai[1]	1/1	100%
Adam Keswick	4/4	100%
Archie Keswick	4/4	100%
Y.K. Pang	4/4	100%
Richard Solomons[1]	1/1	100%
Executive Directors		
John Witt	4/4	100%
James Riley	4/4	100%
Matthew Bishop[2]	1/1	100%
Former Directors of the Company		
Craig Beattie[3]	3/3	100%
Jack Chen[4]	1/3	33%
Julian Hui[4]	3/3	100%
Lincoln K.K. Leong[4]	3/3	100%
Anthony Nightingale[4]	3/3	100%
James Watkins[5]	3/3	100%
Percy Weatherall[4]	3/3	100%

1 Jinqing Cai and Richard Solomons joined the Board on 1st December 2021.
2 Matthew Bishop joined the Board as Chief Financial Officer on 1st September 2021.
3 Craig Beattie stepped down as Chief Financial Officer on 31st August 2021.
4 Jack Chen, Julian Hui, Lincoln K.K. Leong, Anthony Nightingale and Percy Weatherall retired from the Board on 1st December 2021.
5 James Watkins retired from the Board on 29th July 2021.

Appointment and retirement of Directors

The Board appoints each new Director, and the Nominations Committee has been established to assist the Board in such matters. In accordance with the Company's Bye-laws, each new Director is subject to retirement and re-appointment at the first AGM after the appointment. After that, Directors are subject to retirement by rotation requirements under the Bye-laws, whereby one-third of the Directors retire at the AGM each year. These provisions apply to both Executive and Non-Executive Directors, but the requirement to retire by rotation does not extend to the Chairman or Managing Director.

On 29th July 2021, James Watkins stepped down from the Board. Craig Beattie stepped down as Chief Financial Officer of the Company on 31st August 2021, and Matthew Bishop joined the Board in his place on 1st September 2021. On 1st December 2021, Jack Chen, Julian Hui, Lincoln K.K. Leong, Anthony Nightingale and Percy Weatherall retired from the Board, and Jinqing Cai and Richard Solomons were appointed to the Board.

In accordance with Bye-law 85, Adam Keswick will retire by rotation at this year's AGM and, being eligible, offer himself for re-election. In accordance with Bye-law 92, Matthew Bishop, Jinqing Cai and Richard Solomons will also retire and, being eligible, offer themselves for re-election. Matthew Bishop entered into a service contract with a Company subsidiary with a notice period of six months. None of the other Directors proposed for re-election has a service contract with the Company or its subsidiaries.

Directors need to obtain the Chairman's approval before accepting additional appointments that might affect their time to devote to the role as a Director of the Company.

Company Secretary

All Directors have access to the advice of the Company Secretary, who is responsible for advising the Board on all governance matters.

Committees

The Board is supported by the activities of its Committees (the Nominations, Remuneration and Audit Committees), which ensure the right level of attention and consideration are given to specific matters. Matters considered by each of the Committees are set out in their respective terms of reference. Copies of these documents can be obtained from the Company's website at www.mandarinoriental.com.

Nominations Committee

The Board established a Nominations Committee (the 'Nominations Committee') in March 2021. The key responsibilities of the Nominations Committee are to:

- Review the structure, size and composition of the Board and its committees and make recommendations on any appointments to maintain a balance of skills, knowledge and experience, as well as a diversity of perspectives;
- Lead the process for Board appointments and nominate suitable candidates to the Board;
- Assess suitable candidates based on merit and objective criteria (considering the promotion of the diversity of backgrounds, knowledge, experience and skills), taking into account their ability to meet the required time commitments;
- Oversee the development of succession pipelines for both the Board and senior management positions to ensure talent is identified and nurtured to meet the challenges and opportunities facing the Group; and
- Satisfy itself that any skill gaps are addressed in the reviews of Board composition and that appropriate development opportunities are in place for Directors to keep abreast of market knowledge and industry trends to perform their role effectively.

Nominations Committee *continued*

The Nominations Committee consists of a minimum of three members, selected by the Chairman of the Board. The Chairman of the Board is the chairman of the Nominations Committee. The current members of the Nominations Committee are Ben Keswick, Adam Keswick and John Witt. The Nominations Committee meets at least annually and more often if necessary, or by the circulation of Committee circulars to make recommendations to the Board for approval as it deems appropriate. It plays a key role in the process of recruiting senior executives. Candidates for appointment as Executive Directors of the Company or other senior management positions may be sourced internally or externally, including by using the services of specialist executive search or recruitment firms. The aim is to appoint individuals who combine international business knowledge and experience, industry knowledge and experience if possible, and familiarity with, or adaptability to, Asian markets. When appointing Non-Executive Directors, the Committee pays particular attention to the Asian business experience and relationships that they can bring.

Insurance and indemnification

The Company purchases insurance to cover its Directors against their costs in defending themselves in civil proceedings taken against them in that capacity and in respect of damages resulting from the unsuccessful defence of any proceedings. To the extent permitted by law, the Company also indemnifies its Directors. However, neither insurance nor indemnity provides cover where the Director has acted fraudulently or dishonestly.

Delegations of authority

The Group has in place an organisational structure with defined lines of responsibility and delegation of authority. There are established policies and procedures for financial planning and budgeting, information and reporting systems, assessment of risk; and monitoring the Group's operations and performance. The information systems in place are designed to ensure that the financial information reported is reliable and up to date.

Directors' responsibilities in respect of the financial statements

Under the Companies Act, the Directors are required to prepare financial statements for each financial year and present them annually to the Company's shareholders at the AGM. The financial statements are required to present fairly, in accordance with International Financial Reporting Standards ('IFRS'), the financial position of the Group at the end of the year, and the results of its operations and its cash flows for the year then ended. The Directors consider that applicable accounting policies under IFRS, applied consistently and supported by prudent and reasonable judgements and estimates, have been followed in preparing the financial statements. The financial statements have been prepared on a going concern basis.

Substantial shareholders

As a non-UK issuer, the Company is subject to the provisions of the DTRs, which require that a person must, in certain circumstances, notify the Company of the percentage of voting rights attaching to the share capital of the Company that person holds. The obligation to notify arises if that person acquires or disposes of shares in the Company which results in the percentage of voting rights which the person holds reaching, exceeding, or falling below, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%.

The Company has been informed of the holding of voting rights of 5% or more attaching to the Company's issued ordinary share capital by Jardine Strategic Limited ('Jardine Strategic'), which is directly interested in 1,003,691,509 ordinary shares carrying 79.43% of the voting rights. By virtue of its interest in Jardine Strategic, Jardine Matheson is also interested in the same ordinary shares. Apart from this shareholding, the Company is not aware of any holders of voting rights of 5% or more attaching to the Company's issued ordinary share capital as of 3rd March 2022.

There were no contracts of significance with substantial corporate shareholders during the year under review.

Related party transactions

Details of transactions with related parties entered into by the Company during the course of the year are included in note 31 to the financial statements on page 75.

Securities purchase arrangements

The Directors have the power under the Companies Act and the Company's Memorandum of Association to purchase the Company's shares. Any shares so purchased shall be treated as cancelled and, therefore, reduce the Company's issued share capital. When the Board reviews the possibility for share repurchases, it will consider the potential for the enhancement of earnings or asset values per share. When purchasing such shares, the Company is subject to the provisions of MAR.

Annual General Meeting

The 2022 AGM will be held on 5th May 2022. The full text of the resolutions and explanatory notes regarding the meeting are contained in the Notice of Meeting, which accompanies this Report. A corporate website is maintained containing a wide range of information of interest to investors at www.mandarinoriental.com.

Group policies

Code of Conduct

The Group conducts business in a professional, ethical and even-handed manner. Its ethical standards are set out in its Code of Conduct, a set of guidelines to which every employee must adhere. It is reinforced and monitored by an annual compliance certification process and modelled on the Jardine Matheson group's code of conduct. The Code of Conduct requires that all Group companies comply with all laws of general application, all rules and regulations that are industry specific and proper standards of business conduct. In addition, the Code of Conduct prohibits the giving or receiving of illicit payments. It requires that all managers must be fully aware of their obligations under the Code of Conduct and establish procedures to ensure compliance at all levels within their organisations.

The Company's policy on commercial conduct underpins the Group's internal control process, particularly in the area of compliance. The policy is also set out in the Group's Code of Conduct.

Data privacy

The Group is committed to being a responsible custodian of the data entrusted to it by customers, employees, suppliers and other stakeholders. In addition, it is subject to multiple data privacy and security laws and regulations in the global jurisdictions in which it operates. Accordingly, the Group is dedicated to complying with such laws and regulations, regularly monitoring for legislative changes and adjusting its policies and procedures when appropriate.

The Group's Privacy Policy, and internal guidelines and procedures, underline the Group's commitment to being a responsible data custodian and ensuring compliance with applicable law.

Whistleblowing policy

The Group has a whistleblowing policy covering how employees can report matters of serious concern. The Audit Committee has responsibility for overseeing the effectiveness of the formal procedures for colleagues to raise such matters and is required to review any reports made under those procedures referred to it by the internal audit function. In addition, the Group has a whistleblowing service managed by an independent service provider to supplement existing whistleblowing channels to assist employees in reporting suspected illegal or unethical behaviour or other matters of serious concern and is intended to help foster an inclusive, safe and respectful workplace. The service, which is available 24 hours in multiple languages, accessible through phone hotline or online, and as anonymous submissions, may be used by colleagues to report a matter of concern to a manager supervisor, Human Resources or Legal representative. The reports are treated confidentially and any retaliation against a person reporting a potential breach of the Code in good faith will not be tolerated.

Inclusion and diversity

The Group will continue to foster a culture of inclusivity and empowerment, where colleagues with different backgrounds feel comfortable in being themselves, in voicing their ideas and have equal opportunities to thrive.

As a global hospitality employer, the Group believes in promoting equal opportunities in recruiting, developing and rewarding its people regardless of race, gender, nationality, religion, sexual orientation, disability, age or background. The high service expectations and overall quality of the Mandarin Oriental brand necessitate that the Group seeks the best people from the communities in which it operates most suited to its needs.

All staff are encouraged and supported to develop their full potential and contribute to the sustainable growth of the Group. Employees views and ideas are essential, and they are encouraged to express them respectfully with colleagues at all levels within the organisation.

The Company keeps the composition of its Board and senior management positions under review to ensure that it adapts to the changing business landscape. The Company recognises that gender diversity is an important issue, and this is something it is actively focused on, with consistent improvement in this area. As of July 2021, nearly a quarter of colleagues at the CEO level or the level below are female, 39% of our management are women, and 56% of the latest intake of graduate trainees are women.

The Group is developing a Diversity and Inclusion Policy that is expected to be published in 2022.

Remuneration Report

Message from the Board/Remuneration Committee

The Board is pleased to present shareholders with the 2021 Remuneration Report. This report sets out the Group's approach to remuneration for its executives and directors, particularly the link between the Group's strategy and its remuneration framework, the link between performance and reward, and remuneration outcomes for senior executives.

The Group's remuneration philosophy and framework for rewarding staff

The remuneration outcomes in 2021 reflect the intended operation of the remuneration framework.

At the heart of the Group's remuneration framework is our commitment to deliver competitive remuneration for excellent performance to attract the best and motivate and retain talented individuals while aligning the interests of executives and shareholders.

The Group achieves this through:

- Performance-based variable compensation;
- Incentives based on financial measures and strategic objectives that reflect key goals critical to sustained organisational success;
- Consideration of business and operational risk as well as a sustainability development goal through the design of performance objectives;
- Providing incentives and policies that align the interests of executives to those of shareholders;
- Best-practice governance and ensuring remuneration outcomes are reasonable, taking into account community and stakeholder expectations; and
- Targeting remuneration levels and outcomes appropriately reflect the challenge and complexity of being a multinational Asian conglomerate with diverse businesses.

The Company's policy is to offer competitive remuneration packages to its senior executives. It is recognised that, due to the nature of the Group and its diverse geographic base, a number of its senior executives are required to be offered international terms, and the nature of the remuneration packages is designed to reflect this. In addition, Executive Directors joining from outside the Group may be offered an initial fixed-term service contract to reflect any requirement for them to relocate.

The Group's remuneration philosophy and framework for rewarding staff continued

Shareholders decide in general meetings the Directors' fees which are payable to all Directors other than the Group Chief Executive and the Chief Financial Officer, as provided for by the Company's Bye-laws.

Remuneration Committee

The Board has overall responsibility for setting remuneration across the Group, ensuring it is appropriate and supports the Group's strategy, creating value for stakeholders. The Remuneration Committee has been established to assist the Board in these remuneration matters.

In March 2021, MOHG, the Group's Management Company, established a Remuneration Committee to assist the Board in remuneration matters. In December 2021, the MOHG Remuneration Committee was dissolved and replaced by a Remuneration Committee (the 'Remuneration Committee') established at the Company level. The key responsibilities of the Remuneration Committee are to:

- Oversee the formulation of a Group-wide reward strategy and ensure the business implements the reward strategy in alignment with its industry-specific needs;
- Review and approve the compensation of the Group Chief Executive and leadership team of the business;
- Review the terms of and design of performance-related incentives (both short- and long-term), including the review and approval of any changes to plan design, targets and metrics;
- Review and approve the overall compensation costs, including salary and bonus budgets, of the business; and
- Remain abreast of trends and developments in executive compensation and corporate governance related to the Group's industry and countries of operation.

The Remuneration Committee consists of a minimum of three members, selected by the Chairman of the Board. The Chairman of the Board is the chairman of the Committee. The current members of the Remuneration Committee are Ben Keswick, John Witt and Graham Baker. In addition, the Group Chief Executive, the Chief Human Resources Officer and Jardines group human resources director will generally attend meetings of the Remuneration Committee. The Remuneration Committee meets at least twice annually and more often if necessary, with its meetings aligned with the key events in the Group's annual remuneration cycle or by the circulation of Committee circulars which make recommendations to the Board for approval as it deems appropriate.

How remuneration framework is linked to the business strategy

The Group's remuneration strategy is designed to support and reinforce its business and sustainability strategies. The at-risk components of remuneration are tied to measures that reflect the successful execution of these strategies in both the short and long terms. Our strategic drivers of 'Elevating our brand, Lifting our People, Powering our Core and Exceptional Quality' are reflected in bonus performance measures. So, the Group's actual performance directly affects what executives are paid.

Remuneration outcomes in 2021

For the year ended 31st December 2021, the Directors received from the Group US$4.6 million (2020: US$6.0 million) in Directors' fees and employee benefits, being:

- US$0.7 million (2020: US$0.4 million) in Directors' fees;
- US$3.7 million (2020: US$5.4 million) in short-term employee benefits, including salary, bonuses, accommodation and deemed benefits in kind;
- US$0.1 million (2020: US$0.1 million) in post-employment benefits; and
- US$0.1 million (2020: US$0.1 million) in long-term incentive benefits.

The information set out in the section above headed 'Remuneration outcomes in 2021' forms part of the audited financial statements.

Share schemes

Share-based long-term incentive plans have also been established to provide incentives for Executive Directors and senior managers. The scheme trustee grants share options and share awards after consultation between the Chairman and the Group Chief Executive and other Directors as they consider appropriate. Share options are granted at prevailing market prices, while share awards will vest free of payment. The share options and share awards normally vest on or after the third anniversary of the grant date. Grants may be made in several instalments. Share options and share awards are not granted to Non-Executive Directors.

Directors' share interests

The Directors of the Company in office on 3rd March 2022 had interests* as set out below in the Company's ordinary share capital. These interests include those notified to the Company regarding the Directors' closely associated persons*.

John Witt	4,894,068
James Riley	180,450

* Within the meaning of MAR

Audit Committee Report

Audit Committee

In December 2021, the Audit Committee established by the Board within MOHG (the 'Former Audit Committee') had been dissolved and replaced by an Audit Committee (the 'Audit Committee') established by the Board at the Company level. The Audit Committee consists of a minimum of three members, the current members of which are Y.K. Pang (Chairman of the Audit Committee), Graham Baker and Richard Solomons. None of them is directly involved in the operational management of the Company.

With the appointment of Richard Solomons, an Independent Non-Executive Director, in December 2021 to the Audit Committee, the Company is moving towards a majority of independent members. Graham Baker is also a member of the Committee with recent financial experience and expertise. In addition, Graham Baker has a deep understanding of risk management.

The Managing Director, Group Chief Executive and Chief Financial Officer, and representatives of the internal and external auditors, also attend the Audit Committee meetings by invitation. In addition, other individuals may attend part of a meeting for specific agenda items as appropriate. The Audit Committee meets twice a year and reports to the Board after each meeting.

Its terms of reference govern the role of the Audit Committee. The Committee's remit includes:

- Independent oversight and assessment of financial reporting processes, including related internal controls;
- Risk management and compliance;
- Overseeing the effectiveness of the internal and external audit functions;
- Considering the independence and objectivity of the external auditors; and
- Reviewing and approving the level and nature of non-audit work performed by the external auditors.

Before completion and announcement of the half-year and year-end results, a review of the financial information and any issues raised in connection with the preparation of the results, including the adoption of new accounting policies, is undertaken by the Audit Committee with the executive management and a report is received from the external auditors. The external auditors also have access to the entire Board when necessary, in addition to the Group Chief Executive, Chief Financial Officer and other senior executives.

The matters considered by the Former Audit Committee during 2021 included:

- Reviewing the 2020 annual financial statements and 2021 half-yearly financial statements, with particular focus on the impact of COVID-19, provisioning and impairment assessments, assumptions that underpinned key valuation models and effectiveness of financial controls;
- Reviewing the actions and judgements of management in relation to changes in accounting policies and practices to ensure clarity of disclosures and compliance with new accounting standards;
- Receiving reports from the internal audit function on the status of the control environment of the Group and its business divisions and progress made in resolving matters identified in the reports;
- Reviewing the principal risks, evolving trends and emerging risks that affect the Group, and monitoring changes to the risk profile, as well as the effectiveness of risk management measures and crisis management arrangements;
- Receiving updates on the cybersecurity threat landscape and the Group's cybersecurity environment, risk management approach, training, priorities and control effectiveness;
- Receiving reports from risk management and legal functions on key legal matters and compliance and code of conduct issues, and the actions taken in addressing those issues and strengthening controls;
- Reviewing the annual internal audit plan and status updates;
- Reviewing and approving the revised terms of reference of the Group's internal audit and risk management functions;
- Reviewing the Group's governance approach to cybersecurity management, data security and privacy management across its businesses;
- Reviewing the biennial assessment of the effectiveness of PwC;
- Reviewing the independence, audit scope and fees of PwC, and recommending their re-appointment as the external auditor; and
- Conducting a review of the terms of reference of the Audit Committee.

Former Audit Committee attendance[1]

The table below shows the attendance at the scheduled Audit Committee meetings:

	Meetings eligible to attend	Attendance
Members of the Former Audit Committee		
Directors of the Company		
John Witt	2/2	100%
Y.K. Pang	2/2	100%
Directors of MOHG		
Graham Baker	2/2	100%
Jeremy Parr	1/2	50%

[1] The Former Audit Committee was dissolved on 1st December 2021.

Risk management and internal control

The Board has overall responsibility for the Group's risk management systems and internal control. The Board has delegated to the Audit Committee responsibility for providing oversight regarding risk management activities. The Audit Committee considers the Group's principal risks and uncertainties and potential changes to the risk profile. It reviews the operation and effectiveness of the Group's internal control systems (financial, operational and compliance) and the procedures by which these risks are monitored and mitigated.

The Audit Committee considers the systems and procedures regularly and reports to the Board semi-annually. The internal control systems are designed to manage, rather than eliminate, business risk; to help safeguard the Group's assets against fraud and other irregularities; and give reasonable, but not absolute, assurance against material financial misstatement or loss. Executive management is responsible for implementing the systems of internal control throughout the Group.

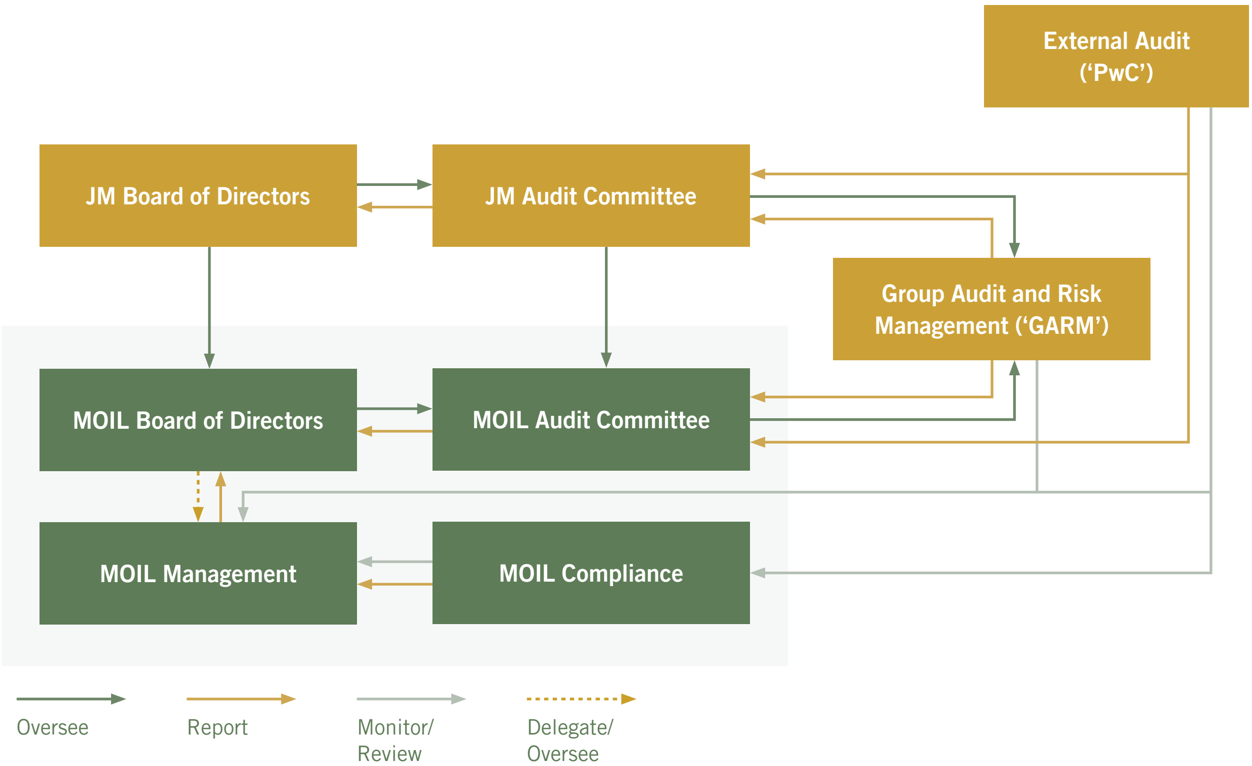
Risk management and internal control *continued*

The Group has an established risk management process that is reviewed regularly and covers all business units within the Group. This includes the maintenance of risk registers that detail the emerging and existing risks to the future success of the business and the relevant key controls and mitigating factors that address those risks. These are reviewed on a regular basis.

The internal audit function also monitors the approach taken by the business units to risk. The internal audit function is independent of the operating businesses and reports its findings and recommendations for any corrective action required to the Audit Committee.

The Company's principal risks and uncertainties are set out on pages 125 to 128.

Risk governance structure



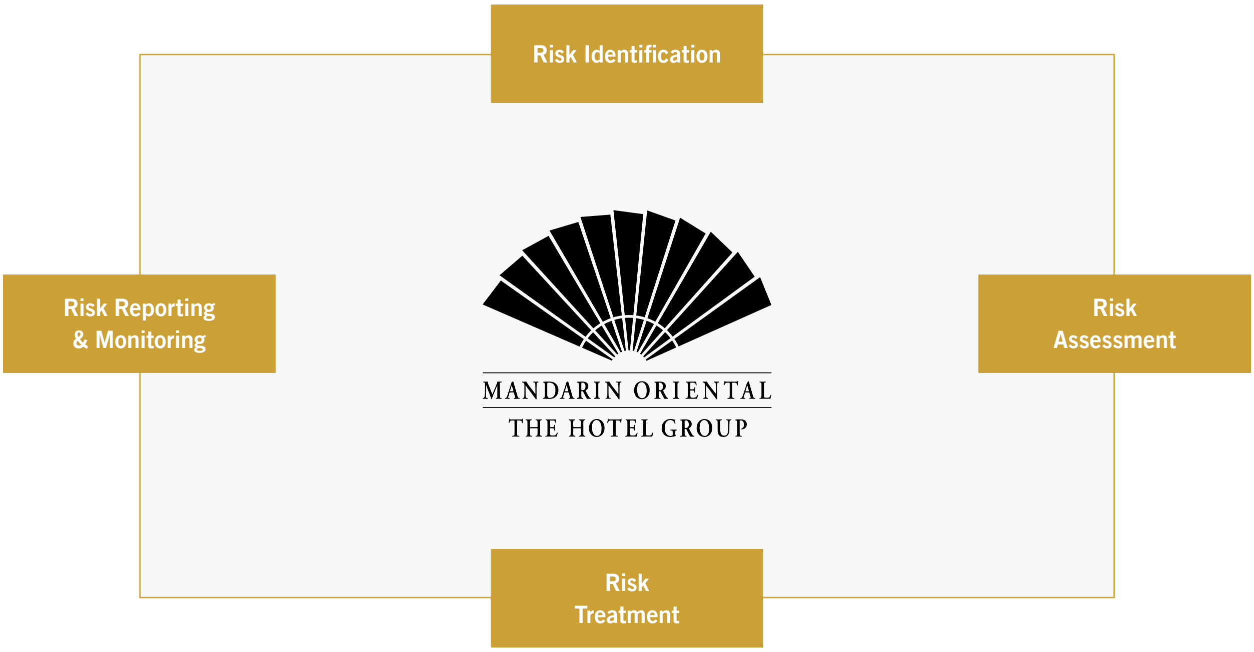
Each business unit is responsible for:

- Identifying and assessing principal risks and uncertainties to which it is exposed;
- Implementing the most appropriate actions to mitigate and control those risks to an acceptable level;
- Providing adequate resources to minimise, offset or transfer the effects of any loss that may occur while managing acceptable risk/benefit relationships;
- Monitoring the effectiveness of the systems of risk management and internal control; and
- Reporting periodically to its board of directors and the Group's Audit and Risk Management function (Group Audit and Risk Management or 'GARM') on the principal risks and uncertainties.

The Company regularly communicate information and guidelines for reporting principal risks and uncertainties. In addition, risk management initiatives, such as training and sharing sessions, are undertaken by each business unit.

Risk Management Framework

Risk management should be integrated into each business unit's strategic planning, budgeting, decision-making and operations. Central to this is the continuous and systematic application of:



Risk Management Framework based on ISO 31000 and COSO principles is embedded in the Group to identify, assess and define the strategies to monitor risks. The risk registers prepared by each business unit provide the basis for the aggregation process, which summarises the principal risks and uncertainties facing the Group as a whole.

Risk Identification	■ Identify and document the Group's exposure to uncertainty with existing strategic objectives ■ Adopt structured and methodical techniques to identify critical risks
Risk Assessment	■ Evaluate risks by estimating likelihood, financial and reputational damage, and the speed at which the risk materialises, based on its inherent and residual level ■ Determine risk rating using the risk heatmap, with four levels of residual risk status
Risk Treatment	■ Tolerate – accept if within the Group's risk appetite ■ Terminate – dispose or avoid risks were no appetite ■ Risks may be accepted if mitigated to an appropriate level via: ■ Transfer – take out insurance or share risk through contractual arrangements with business partners ■ Treat – redesign or monitor existing controls or introduce new controls
Risk Reporting & Monitoring	■ Periodic review of principal risks and uncertainties ■ Setting key risk indicators to enhance monitoring and mitigation of risks ■ Regular reporting of principal risks and uncertainties from business units to the Group's Board of Directors via Audit Committee and Group Audit and Risk Management

Principal risks and uncertainties

The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the DTRs issued by the FCA and are in addition to the matters referred to in the Chairman's Statement, Group Chief Executive's Review and other parts of this Report.

Economic risk

The Group's business is exposed to the risk of adverse developments in global and regional economies and financial markets, either directly or through the impact 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 its strategic objectives fully. These developments could also adversely affect travel patterns, impacting demand for the Group's products and services.

Mitigation measures

- Monitor the volatile macroeconomic environment and consider economic factors in strategic and financial planning processes.
- Make agile adjustments to existing business plans and explore new business streams and new markets.
- Review pricing strategies.
- Insurance programme covering property damage and business interruption.

Commercial risk

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

The Group operates within the highly competitive global hotel industry. Failure to compete effectively in terms of product quality, service levels, or price can adversely affect earnings. This may also include failure to adapt to rapidly evolving customer preferences and expectations. Significant competitive pressure or the oversupply of hotel rooms in a specific market can reduce margins. Advances in technology creating new or disruptive competitive pressures might also negatively affect the trading environment.

The Group competes with other luxury hotel operators for new opportunities in the areas of hotel management, residences management and residences branding. Failure to establish and maintain relationships with hotel owners or developers could adversely affect the Group's business.

The Group also makes investment decisions regarding acquiring new hotel properties and undertaking significant renovations or redevelopments in its owned properties, exposing it to construction risks. The success of these investments is measured over the longer term and, as a result, is subject to market risk.

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

Mitigation measures

- Utilise market intelligence and deploy strategies for business-to-consumer businesses.
- Establish customer relationship management programme and digital commerce capabilities.
- Engage in longer-term contracts and proactively approach suppliers for contract renewals.
- Re-engineer existing business processes.

Principal risks and uncertainties *continued*

Financial and treasury risk

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

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

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

The Group exercises prudent liquidity risk management which includes managing the profile of debt maturities and funding sources, maintaining sufficient cash and marketable securities, and ensuring the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

Mitigation measures

- Limit foreign exchange and interest rate risks to provide a degree of certainty about costs.
- The investment of the Group's cash resources is managed so as to minimise risk, while seeking to enhance yield.
- Appropriate credit guidelines are in place to manage counterparty risk.
- When economically sensible to do so, borrowings are taken in local currency to hedge foreign exchange exposures on investments.
- A portion of borrowings is denominated in fixed rates. Adequate headroom in committed facilities is maintained to facilitate the Group's capacity to pursue new investment opportunities and to provide some protection against market uncertainties.
- The Group's funding arrangements are designed to keep an appropriate balance between equity and debt from banks and capital markets, both short and long term in tenor, to give flexibility to develop the business.
- The Group's treasury operations are managed as cost centres and are not permitted to undertake speculative transactions unrelated to underlying financial exposures.

The detailed steps taken by the Group to manage its exposure to financial risk are set out in the Financial Review on pages 29 and 30 and note 36 to the financial statements on pages 88 to 95.

Pandemic, terrorism and natural disasters

A global or regional pandemic would impact the Group's business, affecting travel patterns, demand for the Group's products and services, and possibly 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 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.

Management recognise that there is an increased talent management and labour shortage risk, primarily due to the pandemic.

Mitigation measures

- Flexible work arrangements and compliance with hygiene protocols.
- Supply chain stabilisation includes sourcing backup suppliers and better coordination with logistics partners.
- Engage external consultants for climate risk analysis.
- Business Continuity Plans are tested and audited periodically.
- Insurance programmes that provide robust cover for natural disasters.

Key agreements

The Group's business relies upon joint venture and partnership agreements, property leasehold arrangements, management, license, branding and services agreements or other key contracts. Accordingly, 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 and the wider Group.

Mitigation measures

- Strengthen existing relationships with partners through complying with partnership agreements, property leasehold arrangements, management, license, branding and services agreements or other key contracts.
- Engage in longer-term contracts and proactively approach suppliers for contract renewals.
- Regular communication with partners and strengthen quality assurance programmes.
- Engage external consultants and legal experts where necessary.

Reputational risk and value of the brand

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

Mitigation measures

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

Regulatory and political risk

The nature of the Group's global operations means that it is subject to numerous laws and regulations, including but not limited to those covering employment, competition, taxation, data privacy, foreign ownership, town planning, anti-bribery, money laundering and exchange controls. Changes to laws and regulations can impact the operations and profitability of the Group's business. Non-compliance with laws and regulations could result in fines and/or penalties. Changes in the political environment, including prolonged civil unrest in the territories in which the Group operates, could adversely affect the Group's business.

Mitigation measures

- Stay connected and informed of relevant new and draft regulations.
- Engage external consultants and legal experts where necessary.
- Raise awareness via principal's brand conference with an annual update on new regulations that may have been implemented in other markets.

Cybersecurity risk

The Group's business is ever more reliant on technology in its operations and faces increasing cyberattacks from groups targeting both individuals and businesses. As a result, the privacy and security of guests and corporate information are at risk of being compromised through a breach of our or our suppliers' IT systems or the unauthorised or accidental release of information, resulting in brand damage, impaired competitiveness or regulatory action. Cyberattacks may also adversely affect the Group's ability to manage its business operations or operate information technology and business systems, resulting in business interruption, lost revenues, repair, reputation damage or other costs.

Principal risks and uncertainties continued

Cybersecurity risk *continued*

Mitigation measures

- Engage external consultants to perform assessments on the business units with industry benchmarks.
- Define cybersecurity programme and centralised function to provide oversight, manage cybersecurity matters, and strengthen cyber defences and security measures.
- Perform regular vulnerability assessments and/or penetration testing to identify weaknesses.
- Maintain disaster recovery plans and backup for data restoration.
- Arrange security awareness training and phishing testing to raise users' cybersecurity awareness.

People risk

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

The pandemic has accelerated corporate investments in digital projects and stimulated global consumer demand for e-commerce. This has created heightened demand and competition across industries for various skillsets, particularly in IT and supply chain. Pandemic-related travel restrictions and a more stringent approach to issuing work visas to non-locals in some of the key markets have also disrupted the availability of labour across borders, exacerbating labour shortages as economies rebound.

Mitigation measures

- Ensure proactive manpower planning and succession planning are in place.
- Enhance modern employer branding, training for colleagues, compensation and benefits, talent development plan.
- Implement strategy to promote diversity and inclusion across the Group.
- Provide employee retention programmes.

Environmental and climate risk

Global climate change has led to a trend of increased frequency and intensity of potentially damaging natural events for the Group's assets and operations. With interest in sustainability surging in recent years from investors, governments and other interested parties, expectations by regulators and other stakeholders for accurate corporate sustainability reporting and commitments towards carbon neutrality and other sustainability related goals are also growing. This brings increasing challenges to the Group and its businesses to meet key stakeholders' expectations.

Mitigation measures

- Executive Advisory Panel, Sustainability Leadership Council and Hotel Sustainability Committees have been in place to mobilise and coordinate sustainability efforts across the Group.
- Renewed environmental targets for 2025 and 2030 have been determined per property through a Group-wide inventory management plan.
- Environmental initiatives span across energy reduction, carbon reduction, renewable energy, water conservation, waste reduction and switching to LED lighting.
- Perform climate risk assessments and adaptation action plans across the Group.
- Identify environmental impact opportunities that address multiple problems and risks and gaps that are generally relevant to all properties and society in general.
- Assess emerging ESG reporting standards and requirements, and align the Group's disclosures to best market practice.

Effectiveness review of risk management and internal control systems

The effectiveness of these systems is monitored by the internal audit function, which reports functionally to the Audit Committee of the Group. The findings of the internal audit function and recommendations for any corrective action required are reported to the Audit Committee and, if appropriate, to the Jardine Matheson Audit Committee.

Shareholder Information

Financial calendar

2021 full-year results announced	3rd March 2022
Annual General Meeting to be held	5th May 2022
2022 half-year results to be announced	28th July 2022 *
Shares quoted ex-dividend	18th August 2022 *
Share registers to be closed	22nd to 26th August 2022 *
2022 interim dividend payable	12th October 2022 *

* Subject to change

Dividends

In light of the substantially reduced levels of business, no final dividend in respect of the 2021 financial year will be paid.

Registrars and transfer agent

Shareholders should address all correspondence with regard to their shareholdings or dividends to the appropriate registrar or transfer agent.

Principal Registrar

Jardine Matheson International Services Limited, P.O. Box HM 1068, Hamilton HM EX, Bermuda

Jersey Branch Registrar

Link Market Services (Jersey) Limited, 12 Castle Street, St Helier, Jersey JE2 3RT, Channel Islands

Singapore Branch Registrar

M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902

United Kingdom Transfer Agent

Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL, United Kingdom

Press releases and other financial information can be accessed through the internet at www.mandarinoriental.com.

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