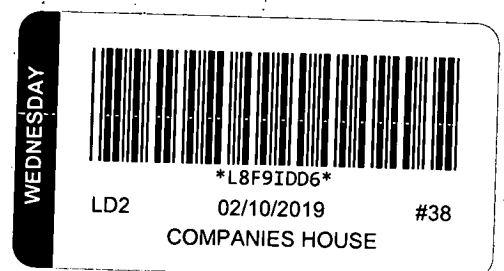


Mandarin Oriental Finance (UK) Limited
Annual Report and Financial Statements
for the year ended 31 December 2018



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Company information

Directors

Craig Alan Beattie
Christoph Mares
Philippe Alexandre Protto
Alexander Nicholas Kwok Wing Li

Secretary and registered office

Matheson & Co., Limited
3 Lombard Street
London
EC3V 9AQ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Directors' Report
for the year ended 31 December 2018

The Directors present their report and the audited financial statements for the year ended 31 December 2018.

Directors of the company

The Directors who held office during the year and up to the date of this report were as follows:

Charles Stuart Dickie (Resigned: 31 October 2018)
Christoph Mares
Philippe Alexandre Protto
Hamish Andrew Ross (Resigned: 16 July 2018)
Craig Alan Beattie (Appointed: 1 November 2018)
Alexander Nicholas Kwok Wing Li (Appointed: 16 July 2018)

Principal activities

The principal activity of the company is the providing of financing and related activities to other companies in the Mandarin Oriental Hotel Group.

Business review

Fair review of the business

Results and dividends:

The company did not trade during the year and consequently there was no profit or loss the financial year (2017: \$nil).

The directors do not recommend the payment of a dividend (2017: \$nil).

Future outlook:

The directors expect the company's activities to continue on a similar basis in the foreseeable future.

Key performance indicators:

Given the nature of the business, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The principal risks and uncertainties facing the company, including financial risk management, are described in the Mandarin Oriental International Limited Annual Report 2018.

Future developments

While global market conditions remain uncertain, the Group is in a strong competitive and financial position. Over the longer term, Mandarin Oriental International Limited will continue to benefit from the strength of its brand, the increasing number of travellers from emerging markets such as China, the limited supply of luxury hotels in its key mature markets and the phased opening of new hotels under development.

Directors' Report (continued)

for the year ended 31 December 2018

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditor

In accordance with section 418 of the Companies Act 2006, each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

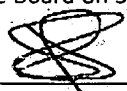
Reappointment of independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

Small company provisions

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006

Approved by the Board on 30 September 2019 and signed on its behalf by;



Philippe Alexandre Protto (Director)

Independent auditors' report to the members of Mandarin Oriental Finance (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Mandarin Oriental Finance (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2018; the Statement of Comprehensive Income; the 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.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Independent auditors' report to the members of Mandarin Oriental Finance (UK) Limited (continued)

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, except to the extent otherwise explicitly stated in this report, 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.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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 company'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 company 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.

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 opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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 save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Mandarin Oriental Finance (UK) Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Diane Walmsley (Senior Statutory Auditor) for and on
behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
2 October 2019

Mandarin Oriental Finance (UK) Limited

Statement of Financial Position
as at 31 December 2018
05990930

	Note	2018 \$ '000	2017 \$ '000
Assets			
Current Assets			
Cash and cash equivalents			1
Total assets		<u>-</u>	<u>1</u>
Equity and liabilities			
Equity			
Share capital	8	1	1
Retained earnings		(1)	-
Total Equity		<u>-</u>	<u>1</u>
Total liabilities and equity		<u>-</u>	<u>1</u>

The financial statements on pages 8 to 14 were approved and authorised for issue by the Board on 30 September 2019 and signed on its behalf by:



Philippe Alexandre Protto
Director

Statement of Comprehensive Income

for the year ended 31 December 2018

	Note	2018 \$ '000	2017 \$ '000
Revenue		-	-
Administrative expenses	4	(1)	-
		<hr/>	<hr/>
Loss before income tax		(1)	-
Income tax expense	7	-	-
		<hr/>	<hr/>
Loss for the financial year		(1)	-

All amounts relate to continuing operations

The company has no items of other comprehensive income.

Statement of Changes in Equity

For the year ended 31 December 2018

	Share Capital	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000
As at 1 January 2017	1	-	1
Total comprehensive income	-	-	-
As at 31 December 2017	1	-	1
Total comprehensive expense	-	(1)	(1)
As at 31 December 2018	1	(1)	-

Notes to the Financial Statements

1. Accounting Policies

a) Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2. The principal accounting policies are set out below and have been applied consistently throughout the year. The adoption of any new accounting standards during the year has had no impact on the company.

b) Going concern

The financial statements are prepared on a going concern basis.

c) Taxation

Taxation provided is that chargeable on profits for the year together with deferred taxation.

The current income tax charge is calculated on the basis of taxation laws enacted or substantially enacted at the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

d) Financial instruments

Financial assets and liabilities are initially recognised on the balance sheet at fair value when the company becomes party to the contractual provisions of the instruments.

All financial assets are categorised as loans and receivables. Such assets are subsequently carried at amortised cost using the effective interest rate method if the time value of money may have a significant impact on their value.

The company assesses at the balance sheet date whether there is objective evidence that a financial asset is impaired. Impairment losses are incurred only if there is objective evidence that a loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Notes to the Financial Statements (continued)

1. Accounting Policies (continued)

e) Foreign currency

The functional and presentational currency is in the United States Dollar

Monetary assets and liabilities denominated in foreign currencies are translated into dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate at the date of the transaction. All exchange differences arising are included in profit or loss.

f) Cash and cash equivalent

Cash and cash equivalent includes cash in hand, deposits held at call with banks, other short-term highly liquid investment with original maturities of three months or less and bank overdrafts.

2. Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires the directors to exercise judgement in the process of applying the company's accounting policies. It also requires the use of estimates and assumptions that affect the reported assets and liabilities; the disclosure of contingent assets and liabilities at the reporting date and the reported revenues and expenses for the financial year. Although these estimates are based on the directors' best knowledge of current events and actions, actual results may ultimately differ from these estimates.

There are no critical accounting judgements concerning the future or key sources of estimation uncertainty at the year-end date that have a significant risk of causing a material adjustment to the financial statements.

3. Disclosure exemptions adopted

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- a) IFRS 7, 'Financial Instruments: Disclosures'
- b) Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1
- c) The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- d) IAS 7, 'Statement of cash flow';
- e) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- f) Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- g) the requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group

Notes to the Financial Statements (continued)

3. Disclosure exemptions adopted (continued)

The directors consider all the exemptions noted above to be available on the basis that that equivalent disclosures are included in the consolidated financial statements of the group into which the entity is consolidated. The details of the consolidating parent company and the location from which the consolidated financial statements may be obtained are included in note 9 to the financial statements.

4. Administrative expenses

The auditors' fees of \$3,000 (2017: \$3,000) in respect of the audit of the financial statements of the company were borne by another group undertaking.

5. Employees information

The company employed no staff during the year (2017: none) and had no staff costs (2017: \$nil).

6. Directors' remuneration

No director received any remuneration during the year in respect of services to the company nor had any retirement benefits accruing to them (2017: none).

7. Income tax expense

	2018 \$ '000	2017 \$ '000
Current tax		
UK corporate tax charge	-	-

As at 31 December 2018, the standard rate of corporation tax in the UK was 19%

Total current tax on profits from for the year is higher than (2017: the same as) the effective rate of corporation tax in the UK of 19.25% (2017: 19.25%) as a result of non deductible expenses.

8. Ordinary shares

	2018		2017	
	No. '000	\$'000	No. '000	\$'000
Allotted, called up and fully paid shares of \$0.01 each	100	1	100	1

Notes to the Financial Statements (continued)

9. Controlling parties

The company is owned and controlled by its immediate parent undertaking, Mandarin Oriental Finance Company (BVI) Limited, a company incorporated in the British Virgin Islands.

The largest and smallest group for which consolidated financial statements are prepared and of which the company is a member are, respectively, Jardine Matheson Holdings Limited and Mandarin Oriental International Limited, both incorporated in Bermuda. Copies of the financial statements for both these groups can be obtained from their registered office, Jardine House, 33-35 Reid Street, Hamilton, Bermuda. The ultimate parent undertaking and ultimate controlling party is Jardine Matheson Holdings Limited, a company incorporated in Bermuda, with a standard listing on the London Stock Exchange with secondary listings in Bermuda and Singapore.