

news release

Mandarin Oriental International Limited

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To: Business Editor

25th February 2003
For immediate release

The following announcement was today issued to the London Stock Exchange.

MANDARIN ORIENTAL INTERNATIONAL LIMITED 2002 PRELIMINARY ANNOUNCEMENT OF RESULTS

Highlights

- Profits improve as occupancy levels recover
- Room rates suffer from weak global economy
- New York and Washington developments on schedule
- New luxury hotel planned for Hong Kong

“The luxury hotel industry continues to face considerable challenges, and no early recovery in room rates can be expected so long as global uncertainty persists. At the same time, the pre-opening expenses of the two new US hotels will negatively affect the Group’s results in 2003, particularly in the second half of the year. Our investment programme, combined with the effect of an upturn in the economy, will benefit Mandarin Oriental over the longer-term.”

Simon Keswick, *Chairman*
25th February 2003

Results

Prepared in accordance with IFRS as modified by revaluation of leasehold properties*	Year ended 31st December		Change %
	2002 US\$m	2001 US\$m	
Combined total revenue of hotels under management	547.5	527.9	+4
Profit before interest and tax	55.3	40.7	+36
Profit after tax and minority interests	19.3	4.3	+349
	US¢	US¢	%
Earnings per share	2.27	0.50	+354
Dividends per share	-	0.50	-100
	US\$	US\$	%
Net asset value per share	1.09	1.05	+4

* The Group’s financial statements are prepared under International Financial Reporting Standards (‘IFRS’) which do not permit leasehold interests in land to be carried at valuation. This treatment does not reflect the generally accepted accounting practice in the territories in which the Group has significant leasehold interests, nor how management measures the performance of the Group. Accordingly, the Group has presented supplementary financial information prepared in accordance with IFRS as modified by the revaluation of leasehold properties in addition to the IFRS financial statements. The figures included in the above summary, the Chairman’s Statement and Chief Executive’s Review are based on this supplementary financial information unless otherwise stated.

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MANDARIN ORIENTAL INTERNATIONAL LIMITED

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2002

In 2002, Mandarin Oriental recovered somewhat from the depressed conditions prevailing at the end of the previous year as occupancy levels in most of its key markets improved. Average room rates, however, continued to suffer from the prevailing weakness in the global economy. Against this challenging environment, most of the Group's hotels did well to maintain or improve their competitive position in their local market while at the same time carefully managing their costs.

The Group hotels that have opened or re-opened over recent years have achieved notable success in 2002. In London, Mandarin Oriental Hyde Park markedly improved its competitive position, with the Group's earnings benefiting from an increase in contribution. In Kuala Lumpur and Miami, the Group's hotels have established market-leading positions that have been recognised by industry awards.

PERFORMANCE

The consolidated profit before interest and tax for the year ended 31st December 2002 was US\$55 million, an increase of US\$15 million from 2001. This result included a US\$5 million write-back of development costs for Mandarin Oriental, Washington D.C. following the decision to proceed with the project in February 2002. The Group also benefited from reduced financing charges due to lower interest rates, which offset the effect of the overall increase in net borrowings required to fund development projects. Consolidated profit after tax and minority interests was US\$19 million, compared with US\$4 million in the previous year. Earnings per share were US¢2.27, compared with US¢0.50 in 2001.

A Directors' review of the valuation of the Group's hotel properties at the end of 2002, in consultation with its independent valuers, indicated no material changes to the values recorded at the end of 2001 when a full independent valuation was undertaken. Net debt was 46% of shareholders' funds, compared with 42% at the prior year-end. Assuming conversion of the convertible bonds, net debt would be 35% of shareholders' funds.

In view of the continued global uncertainty and the Group's current investment programme, the Directors are not recommending a dividend be paid. No final dividend was paid in 2001.

DEVELOPMENTS

Mandarin Oriental remains committed to its long-term strategy of consolidating its position as one of the best global luxury hotel groups. Significant progress has been made toward completion of the Group's current investment programme. Construction of a new 251-room hotel in New York at the southwest corner of Central Park continues with a scheduled opening in late 2003. Construction is also well under way on the Group's 400-room hotel in Washington D.C. with completion anticipated in spring 2004. Planning for a 171-room hotel in Tokyo, which the Group will operate under a long-term lease, is proceeding well and completion of the hotel is currently scheduled for 2006.

Mandarin Oriental continues to review other opportunities in significant destinations around the world. The Group has announced it will manage under a long-term agreement a new 118-room hotel to be developed in Hong Kong's pre-eminent luxury mixed-use development, The Landmark complex, located in the Central District of Hong Kong. This new hotel will serve a niche luxury sector and will complement the Group's existing flagship, Mandarin Oriental, Hong Kong.

OUTLOOK

In conclusion, the Chairman, Simon Keswick said, "The luxury hotel industry continues to face considerable challenges, and no early recovery in room rates can be expected so long as global uncertainty persists. At the same time, the pre-opening expenses of the two new US hotels will negatively affect the Group's results in 2003, particularly in the second half of the year. Our investment programme, combined with the effect of an upturn in the economy, will benefit Mandarin Oriental over the longer-term."

CHIEF EXECUTIVE'S REVIEW

OVERVIEW

The Group experienced a rebound in overall results in 2002 compared with the previous year, as occupancy levels recovered from the significant decline in the last quarter of 2001. Business conditions remained challenging with significant pressure on rates, and, in response, the Group introduced successful marketing initiatives and implemented cost containment measures at both the hotel and the corporate level. At the same time, we continued to delight our guests, and we have been awarded with some of the industry's highest accolades. Our proactive management resulted in the majority of our hotels improving their position relative to competition in their local market places.

The Group is also on track with its development programme, with new hotel openings in New York (late 2003); Washington D.C. (spring 2004); and Tokyo (2006). We have also announced that we will manage a new 118-room luxury hotel in the centre of Hong Kong, opening in 2005.

PERFORMANCE IN 2002

Set out below is a review of the performance of the Group in 2002, with reference to the following strategic objectives:

- Consolidate our position as one of the best global luxury hotel groups
- Improve our competitive position in each market
- Increase the number of rooms under operation to 10,000
- Leverage fully our corporate core competencies
- Ensure a strong cashflow and balance sheet

(1) Consolidate our position as one of the best global luxury hotel groups

In 2002 we continued to make significant progress towards achieving our vision to be recognised as one of the top global luxury hotel groups, operating at least 10,000 rooms in major business centres and key leisure destinations worldwide.

Mandarin Oriental's strong brand has always attracted a premium due to the excellence of its products and services. We continue to concentrate on differentiating our Group to

ensure that we address the needs of our guests, thereby enabling us to generate superior returns over time. We introduced a number of initiatives in 2002 that placed particular emphasis on the value of our oriental heritage in all areas of operations including our service approach around the world, our food and beverage expertise and our highly successful spa concepts.

Once again in 2002, our hotels have received a record breaking number of awards from respected publications and associations in recognition of service excellence. In December, after just two years of operation, Mandarin Oriental was the only hotel in Miami to be awarded the American Automobile Association's Five Diamond award for both the property and its signature restaurant, *Azul*. In San Francisco, our hotel has retained its Mobil Five Star award in difficult market conditions. Mandarin Oriental Hyde Park, London was informed in January 2003 that it had retained the Michelin Star first awarded in 2002 for its fine dining restaurant, *Foliage*. In Geneva, Mandarin Oriental Hotel du Rhone's restaurant, *Neptune*, has also retained its Michelin Star. In Hawaii, Kahala Mandarin Oriental has also achieved the American Automobile Association's Five Diamond status and its spa suites, which opened in October 2002, have been designated the best new hotel spa in the US by the American Express *Departures* magazine in the January 2003 issue.

The Group is committed to delighting its guests consistently, and as such, established policies are in place to ensure each hotel focuses on the importance of recruitment, training, regular monitoring, communication and recognition of all our colleagues.

(2) Improve our competitive position in each market

During 2002, the majority of our hotels enhanced their leadership positions in each respective marketplace as a result of the gradual recovery of occupancy levels over the year. In Asia, declining average rates, which affected most markets towards the end of 2001, stabilised during the year. In addition, we did well to hold average rates steady in most of our properties in Europe and The Americas.

The highlights of each region are as follows:

Asia

Mandarin Oriental, Hong Kong increased its occupancy from 61% to 69%, primarily due to an improved performance in the second half of the year compared with the second half of 2001. However, this improvement was offset by a decrease in average room rates, which fell 11% due to the economic slowdown, particularly as it affected the financial services sector. Food & beverage revenues were also down by 9%. Despite the fall in revenue, earnings were only marginally down compared with 2001 due to careful cost containment.

At The Excelsior, occupancy also increased from 77% to 84% due to improved corporate demand together with a continuing increase in the business from Mainland China, which now accounts for more than 13% of rooms occupied. The hotel achieved an overall improvement in revenue per available room of 4%, despite a 4% decline in average room rates. Food & beverage revenues fell by 9% due to weakening demand resulting from local economic uncertainty. The hotel continues to perform well against its competition.

In Manila, the revenue per available room fell by 9% as a result of the continuing decline in arrivals from Europe and the Americas, however occupancy increased to 76% primarily due to domestic travel. In Jakarta, the hotel maintained its competitive position with rates declining marginally, while occupancy showed some improvement despite a decline in the months following the terrorist attack in Bali.

In Singapore, conditions continued to be weak with a 10% decline in rates, although the hotel achieved marginally improved occupancy levels. Similarly, results in Macau continued to be negatively affected by the slow economy, with lower corporate business only offset by the increase in business from Mainland China.

The hotels in Bangkok and Kuala Lumpur both continued to perform at levels significantly above their competitors while improving their results over 2001. Occupancy levels recovered in Bangkok, although rates fell marginally reflecting a more regional market mix. Performance in Kuala Lumpur showed significant improvement for the third consecutive year with an occupancy of 81% in 2002, up from 75% in the previous year,

and a 13% increase in average room rates despite the fact that the market continues to be significantly oversupplied.

Europe

In Europe, the Group's results showed a notable improvement. In its second year of operation after reopening, the hotel in London increased its occupancy from 62% to 74%, despite the overall decline in market demand. At the same time, average rates remained steady. Results of the hotel's food & beverage operations also improved with revenue up by 27%. Occupancy at the hotel in Munich fell from 81% to 78%, although rates remained firm and costs were well-controlled. Results from the Group's associate hotel in Geneva were excellent due to strong demand from April through August.

The Americas

Results from the Group's properties were mixed. At The Mark in New York, the revenue per available room marginally improved with higher occupancy at 66% (up from 64% in the previous year) and a drop in average rates of only 2%. Similarly, Hawaii showed a slight improvement in revenue per available room compared with the previous year. Performance at San Francisco continued to reflect its depressed market, affected by the decline in both corporate and leisure travel. The resort in Bermuda, however, was able to maintain its revenue per available room.

Finally, both Turnberry Isle and Mandarin Oriental, Miami continued to be adversely affected by the decline in travel to southern Florida. Nonetheless, Mandarin Oriental, Miami did well to achieve a 21% increase in revenue per available room resulting from an improvement in occupancy to 47%, along with a marginal increase in the average rate. The hotel is in its second full year of operation following its opening and has significantly improved its financial performance over 2001.

(3) Increase the number of rooms under operation to 10,000

We are moving steadily towards our goal of having at least 10,000 rooms in operation in significant city and resort destinations around the world. We have increased the number of rooms in operation or under development from 4,500 in 1998 to almost 7,500 at the end of 2002. Our expansion programme will give us strong footholds in the strategically important destinations of New York, Washington and Tokyo.

In addition, we have announced that Mandarin Oriental will manage a new, luxury hotel planned for development in the heart of Hong Kong's fashion, entertainment and shopping district. The 118-room property will be a component of the new Landmark, one of Hong Kong's most successful mixed-used commercial complexes. The new property, due to open in mid 2005, will feature some of the largest guestrooms in Hong Kong as well as a highly unique, signature restaurant and state-of-the-art spa. Contemporary in style, the new property will complement the Group's legendary flagship hotel, Mandarin Oriental, Hong Kong, with its classic, Chinese-influenced elegance.

The Group continues to review carefully new projects around the world, primarily management contracts, requiring limited equity participation. These will provide the opportunity to leverage our brand strength and corporate resources.

(4) Leverage fully our corporate core competencies

The Group has continued to enhance its corporate structure in order to better support our growing number of properties. In particular, our corporate expertise has been significantly enhanced in the areas of direct marketing, global sales resources, information technology, design and development and spa operations. We have attracted high calibre specialists in these key fields and have concentrated on improving the efficiency and cost-effectiveness of our corporate competencies.

(5) Ensure a strong cashflow and balance sheet

A strong financial standing remains fundamental to the success of our Group. Our strategy of growing selectively our portfolio of properties clearly has entailed a significant financial commitment. In particular, our new developments in New York and Washington, D.C. have a negative impact on our cash flow while they are under construction. Nonetheless, the Group is in a good financial position having carried out a number of successful financing exercises over the past two years, both at the property and at the corporate level, and being helped by the prevailing low interest rate environment. Moreover, our cashflow from 2004 onwards should benefit considerably from the contributions of our newly opened hotels in New York and Washington, D.C.

Given the likely prolonged period before full economic recovery, we will continue to keep a close watch on our financial position and review opportunities for cost containment across all properties, while ensuring we maintain our reputation as a luxury operator.

THE FUTURE

Business conditions will remain challenging in 2003, and at best only marginal growth in revenues at existing properties can be anticipated. In this complex environment, we will continue to be vigilant with our operating performance. The year will be a milestone for the Group with the opening of the New York property just a few months ahead of Mandarin Oriental's entry into Washington in spring 2004. Through our mission of delighting guests in every market place, we remain firmly on track to being recognised as one of the best global luxury hotel groups.

Edouard Ettedgui

Chief Executive Officer

25th February 2003

Mandarin Oriental International Limited
Consolidated Profit and Loss Account
for the year ended 31st December 2002

Prepared in accordance with IFRS				Prepared in accordance with IFRS as modified by revaluation of leasehold properties*	
2001	2002			2002	2001
US\$m	US\$m	Note		US\$m	US\$m
227.9	233.7	2	Revenue	233.7	227.9
(138.8)	(140.5)		Cost of sales	(140.1)	(138.4)
89.1	93.2		Gross profit	93.6	89.5
(16.8)	(16.8)		Selling and distribution costs	(16.8)	(16.8)
(45.8)	(36.3)		Administration expenses	(36.3)	(45.8)
26.5	40.1	3	Operating profit	40.5	26.9
13.5	14.4	4	Share of operating results of associates and joint ventures	14.8	13.8
40.0	54.5		Profit before interest and tax	55.3	40.7
(31.1)	(28.9)		Net financing charges	(28.9)	(31.1)
8.9	25.6		Profit before tax	26.4	9.6
(5.6)	(7.2)	5	Tax	(7.2)	(5.6)
3.3	18.4		Profit after tax	19.2	4.0
0.3	0.1		Minority interests	0.1	0.3
3.6	18.5		Profit after tax and minority interests	19.3	4.3
US¢	US¢			US¢	US¢
		6	Earnings per share		
0.42	2.17		- basic	2.27	0.50
0.42	2.17		- diluted	2.27	0.50

* The basis of preparation of this supplementary financial information is set out in note 1.

Mandarin Oriental International Limited
Consolidated Balance Sheet
at 31st December 2002

Prepared in accordance with IFRS			Prepared in accordance with IFRS as modified by revaluation of leasehold properties*	
2001	2002		2002	2001
US\$m	US\$m	Note	US\$m	US\$m
		Net assets		
23.3	22.0		22.0	23.3
491.7	548.1	7	1,046.9	990.0
187.7	187.6		-	-
222.2	278.1		297.0	241.1
23.5	26.3		26.3	23.5
13.8	14.0		14.0	13.8
2.9	3.7		3.7	2.9
965.1	1,079.8	Non-current assets	1,409.9	1,294.6
3.0	2.4	Stocks	2.4	3.0
34.7	36.8	Debtors and prepayments	36.8	34.7
79.2	65.9	Cash at bank	65.9	79.2
116.9	105.1	Current assets	105.1	116.9
(39.7)	(53.0)	Creditors and accruals	(53.0)	(39.7)
(2.9)	(8.0)	8 Borrowings	(8.0)	(2.9)
(4.7)	(6.5)	Current tax liabilities	(6.5)	(4.7)
(47.3)	(67.5)	Current liabilities	(67.5)	(47.3)
69.6	37.6	Net current assets	37.6	69.6
(448.1)	(483.0)	8 Long-term borrowings	(483.0)	(448.1)
(10.2)	(11.6)	Deferred tax liabilities	(14.3)	(12.9)
(0.8)	(0.8)	Pension liabilities	(0.8)	(0.8)
(4.6)	(5.4)	Other non-current liabilities	(5.4)	(4.6)
571.0	616.6		944.0	897.8
		Capital employed		
42.6	42.6	Share capital	42.6	42.6
88.7	88.7	Share premium	88.7	88.7
434.0	474.4	Revenue and other reserves	799.7	758.7
565.3	605.7	Shareholders' funds	931.0	890.0
5.7	10.9	Minority interests	13.0	7.8
571.0	616.6		944.0	897.8

* The basis of preparation of this supplementary financial information is set out in note 1.

Mandarin Oriental International Limited
Consolidated Statement of Changes in Shareholders' Funds
for the year ended 31st December 2002

Prepared in accordance with IFRS			Prepared in accordance with IFRS as modified by revaluation of leasehold properties*	
2001	2002	Note	2002	2001
US\$m	US\$m		US\$m	US\$m
590.0	565.3		890.0	979.5
		At 1st January		
(7.8)	-	Revaluation of properties	-	(73.3)
1.7	-	- net revaluation deficit	-	1.7
		- deferred tax		
(8.9)	22.4	Net exchange translation differences	22.2	(8.9)
0.2	0.5	- amounts arising in year	0.5	0.2
		Fair value gains on financial assets		
(2.0)	(1.0)	Cash flow hedges	(1.0)	(2.0)
		- fair value losses		
(16.8)	21.9	Net gains/(losses) not recognised in consolidated profit and loss account	21.7	(82.3)
3.6	18.5	Profit after tax and minority interests	19.3	4.3
(11.5)	-	Dividends	-	(11.5)
		<i>10</i>		
<u>565.3</u>	<u>605.7</u>	At 31st December	<u>931.0</u>	<u>890.0</u>

* The basis of preparation of this supplementary financial information is set out in note 1.

Mandarin Oriental International Limited
Consolidated Cash Flow Statement
for the year ended 31st December 2002

Prepared in accordance with IFRS		Note	Prepared in accordance with IFRS as modified by revaluation of leasehold properties*	
2001 US\$m	2002 US\$m		2002 US\$m	2001 US\$m
Operating activities				
26.5	40.1		40.5	26.9
15.5	15.3		15.3	15.5
0.4	0.4		-	-
1.2	1.3		1.3	1.2
1.0	(5.0)		(5.0)	1.0
(1.7)	2.8		2.8	(1.7)
3.7	1.0		1.0	3.7
(31.4)	(24.5)		(24.5)	(31.4)
(7.3)	(3.1)		(3.1)	(7.3)
7.9	28.3		28.3	7.9
5.8	5.2		5.2	5.8
13.7	33.5		33.5	13.7
Investing activities				
(15.0)	(62.5)		(62.5)	(15.0)
-	29.4	9	29.4	-
(22.8)	(47.8)		(47.8)	(22.8)
0.6	4.0		4.0	0.6
-	2.1		2.1	-
-	(0.3)		(0.3)	-
(1.5)	(0.5)		(0.5)	(1.5)
-	(0.5)		(0.5)	-
(38.7)	(76.1)		(76.1)	(38.7)
Financing activities				
247.3	32.6		32.6	247.3
(231.5)	(8.7)		(8.7)	(231.5)
(11.5)	-	10	-	(11.5)
0.1	5.0		5.0	0.1
4.4	28.9		28.9	4.4
(0.2)	0.9		0.9	(0.2)
(20.8)	(12.8)		(12.8)	(20.8)
99.4	78.6		78.6	99.4
78.6	65.8		65.8	78.6

* The basis of preparation of this supplementary financial information is set out in note 1.

Mandarin Oriental International Limited
Notes

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial information contained in this announcement has been based on the audited results for the year ended 31st December 2002 which have been prepared in conformity with International Financial Reporting Standards ('IFRS'), including International Accounting Standards and interpretations issued by the International Accounting Standards Board. There have been no changes to the accounting policies described in the 2001 annual financial statements.

As explained in the 2001 annual financial statements, IFRS do not permit the valuation of leasehold interests in land. This treatment does not reflect the generally accepted accounting practice in the territories in which the Group has significant leasehold interests, nor how management measures the performance of the Group. Accordingly, the Group has presented supplementary financial information on pages 10 to 13 prepared in accordance with IFRS as modified by the revaluation of leasehold properties.

2. REVENUE

	Prepared in accordance with IFRS	
	2002	2001
	US\$m	US\$m
<i>By geographical area:</i>		
Hong Kong & Macau	122.4	125.7
Southeast Asia	26.8	25.8
Europe	52.4	43.7
The Americas	32.1	32.7
	233.7	227.9

3. OPERATING PROFIT

	Prepared in accordance with IFRS	
	2002	2001
	US\$m	US\$m
<i>By geographical area:</i>		
Hong Kong & Macau	23.9	18.1
Southeast Asia	3.2	2.4
Europe	9.4	4.6
The Americas	3.6	1.4
	40.1	26.5

4. SHARE OF OPERATING RESULTS OF ASSOCIATES AND JOINT VENTURES

	Prepared in accordance with IFRS	
	2002	2001
	US\$m	US\$m
<i>By geographical area:</i>		
Hong Kong & Macau	2.7	2.3
Southeast Asia	8.5	9.5
Europe	2.5	1.4
The Americas	0.7	0.3
	14.4	13.5

5. TAX

	Prepared in accordance with IFRS	
	2002	2001
	US\$m	US\$m
Company and subsidiary undertakings	5.6	4.0
Associates and joint ventures	1.6	1.6
	7.2	5.6

Tax on profits has been calculated at rates of taxation prevailing in the territories in which the Group operates and includes a United Kingdom tax credit of US\$0.8 million (2001: tax credit of US\$0.5 million).

6. EARNINGS PER SHARE

Basic earnings per share are calculated on profit after tax and minority interests of US\$18.5 million (2001: US\$3.6 million) and on the weighted average number of 851.5 million (2001: 851.5 million) shares in issue during the year. The weighted average number excludes shares held by the Trustee under the Senior Executive Share Incentive Schemes.

Diluted earnings per share are calculated on the weighted average number of shares after adjusting for the number of shares which are deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes based on the average share price during the year. The convertible bonds are anti-dilutive and therefore are ignored in calculating diluted earnings per share.

7. TANGIBLE ASSETS AND CAPITAL COMMITMENTS

	Prepared in accordance with IFRS	
	2002	2001
	US\$m	US\$m
Opening net book value	491.7	513.8
Exchange rate adjustments	27.9	(9.3)
Additions	45.9	10.7
Disposals	(2.1)	(0.2)
Depreciation	(15.3)	(15.5)
Revaluation deficit	-	(7.8)
Closing net book value	548.1	491.7
Capital commitments	109.9	26.7

Tangible assets include additions in respect of a property under development of US\$32.2 million (2001: nil), which are stated net of tax increment financing of US\$29.4 million (2001: nil) (refer note 9).

8. BORROWINGS

	Prepared in accordance with IFRS	
	2002	2001
	US\$m	US\$m
Bank loans	408.7	371.9
6.75% convertible bonds	72.7	71.4
Finance lease	7.9	7.7
Tax increment financing (refer note 9)	1.7	-
	491.0	451.0
Current	8.0	2.9
Long-term	483.0	448.1
	491.0	451.0

9. TAX INCREMENT FINANCING

	Prepared in accordance with IFRS	
	2002	2001
	US\$m	US\$m
Loan (refer note 8)	1.7	-
Netted off against additions in respect of a property under development (refer note 7)	29.4	-
	31.1	-

In relation to the Mandarin Oriental, Washington D.C., a development agreement was entered into with the District of Columbia ('District'), by one of the Group's subsidiaries, pursuant to which the District agreed to provide certain funds to the subsidiary out of net proceeds obtained through the issuance and sale of certain tax increment financing bonds ('TIF Bonds') for the development and construction of a 400-room luxury hotel.

On 10th April 2002, the District issued and sold the TIF Bonds and the net proceeds from such sale, which were then available to the subsidiary, were US\$34.5 million. Of this amount, US\$31.1 million was contributed in 2002 towards payment of certain eligible development costs, including US\$1.7 million issued in the form of a loan from the District, bearing simple interest at an annual rate of 6.025%. The principal amount of the loan plus all interest accrued will be due on the earlier of 10th April 2017 or the date of the consummation of the first sale of the hotel.

The receipt of the TIF Bonds of US\$29.4 million (2001: nil) has been treated as a government grant and netted off against additions to tangible assets (refer note 7). The loan of US\$1.7 million (2001: nil) is included in long-term borrowings (refer note 8).

10. DIVIDENDS

	Prepared in accordance with IFRS	
	2002	2001
	US\$m	US\$m
No final dividend in respect of 2001 (2000: US¢0.85 per share)	-	7.2
No interim dividend in respect of 2002 (2001: US¢0.50 per share)	-	4.3
	-	11.5

No final dividend in respect of 2002 (2001: nil) is proposed by the Board.

For further information, please contact:

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Full text of the Preliminary Announcement of Results and the Preliminary Financial Statements for the year ended 31st December 2002 can be accessed through the Internet at 'www.mandarinoriental.com'.

NOTE TO EDITORS

Mandarin Oriental Hotel Group is an international hotel investment and management group operating 22 deluxe and first class hotels and resorts worldwide including four under development in New York, Washington D.C., Hong Kong and Tokyo. The Group has equity interests in most of its properties and net assets of approximately US\$900 million at 31st December 2002. Mandarin Oriental now operates some 7,000 rooms in eleven countries with nine hotels in Asia, six in The Americas and three in Europe.

The parent company, Mandarin Oriental International Limited, is incorporated in Bermuda, listed in London, Singapore and Bermuda and has a sponsored American Depositary Receipt programme. 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.

Mandarin Oriental's aim is to be recognised as one of the top global luxury hotel groups, providing exceptional customer satisfaction in each of its hotels. This will be achieved through a strategy of investing in facilities and people, while maximising profitability and long-term shareholder value. The Group regularly receives recognition and awards for outstanding service and quality management. The growth strategy of the Group is to progress towards operating 10,000 rooms in major business centres and key leisure destinations around the world.