news release

Mandarin Oriental International Limited

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

MANDARIN ORIENTAL
THE HOTEL GROUP

To: Business Editor

6th March 2008
For immediate release

The following announcement was issued today to a Regulatory Information Service approved by the Financial Services Authority in the United Kingdom.

MANDARIN ORIENTAL INTERNATIONAL LIMITED
2007 PRELIMINARY ANNOUNCEMENT OF RESULTS

Highlights

- Strong contribution from Hong Kong hotels
- Eight new hotel projects announced, including Beijing and Paris
- Full year dividend per share increased by 100% to US¢6.00

"Favourable conditions enabled Mandarin Oriental to achieve record earnings in 2007 and demand remained stable as the new year began. Although the economic environment may become more difficult in 2008, the current outlook for the Group remains encouraging due to both the strength of the brand and the limited new supply of luxury hotels. This is particularly true in Asia and Europe where the Group has significant hotel ownership interests."

Simon Keswick, *Chairman*
6th March 2008

Results

	Year ended 31st December		
	2007	2006	Change
	US$m	US$m	%
Combined total revenue of hotels under management[1]	**1,007.7**	850.3	+19
Earnings before interest, tax, depreciation and amortization[2]	**190.2**	116.4	+63
Profit attributable to shareholders	**108.2**	80.0	+35
Profit attributable to shareholders – excluding gains on disposal and writeback of impairment of an associate	**87.1**	45.0	+94
	US¢	US¢	%
Earnings per share	**11.16**	8.28	+35
Earnings per share – excluding gains on disposal writeback of impairment of an associate	**8.98**	4.66	+93
Dividends per share	**6.00**	3.00	+100
	US$	US$	%
Net asset value per share	**1.18**	1.03	+15
Net asset value per share with leasehold properties at valuation[3]	**2.34**	1.78	+31

(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 does not include gains on disposal and writeback of impairment of an associate.
(3) The net asset value per share with leasehold properties at valuation has been presented after adjusting for the market value of the Group's leasehold interests. International Financial Reporting Standards ('IFRS') do not permit leasehold interests of owner-occupied land to be carried at valuation. The Group considers that the IFRS treatment does not reflect the economic substance of its underlying property investments. Therefore, the Group has presented the net asset value per share taking into account the fair market value of leasehold interests as supplementary financial information in addition to the net asset value per share in accordance with IFRS.

The final dividend of US¢5.00 per share will be payable on 14th May 2008, subject to approval at the Annual General Meeting to be held on 7th May 2008, to shareholders on the register of members at the close of business on 20th March 2008. The ex-dividend date will be on 18th March 2008, and the share registers will be closed from 24th to 28th March 2008, inclusive.

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MANDARIN ORIENTAL INTERNATIONAL LIMITED

PRELIMINARY ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31ST DECEMBER 2007

OVERVIEW

Favourable conditions in most markets and a limited new supply of hotel rooms in key city centre locations enabled Mandarin Oriental to achieve higher average rates and record earnings in 2007. In particular, the Group's two wholly-owned Hong Kong hotels performed well, including its original flagship, Mandarin Oriental, Hong Kong, which was reopened in late September 2006 after completion of a major renovation programme.

The Group's development programme continued apace in 2007 and, with a record number of new hotel projects announced, Mandarin Oriental now has 10,000 rooms in operation or under development.

PERFORMANCE

Earnings before interest, tax, depreciation and amortization for 2007 were US$190 million compared with US$116 million in 2006 when Mandarin Oriental, Hong Kong was closed for nine months.

Profit attributable to shareholders in 2007 was US$108 million, which includes a US$16 million gain arising from the sale of half the Group's 50% equity interest in Mandarin Oriental, New York and a US$5 million investment writeback in respect of the value of the Group's 25% interest in its Kuala Lumpur hotel. This compares with US$80 million in the previous year, which included a post-tax gain of US$35 million arising from the sale of The Mark hotel in New York. Excluding the non-trading items, profit attributable to shareholders was US$87 million in 2007 compared with US$45 million in 2006.

Earnings per share for the year were US¢11.16 compared with US¢8.28 in 2006. Excluding non-trading items, earnings per share in 2007 were US¢8.98 compared with US¢4.66 per share in 2006.

The Directors recommend a final dividend of US¢5.00 per share. This, together with the interim dividend of US¢1.00 per share, will make a total annual dividend of US¢6.00, an increase of 100% compared with the US¢3.00 paid in respect of 2006.

The Group remains in a strong financial position. The net asset value per share with leasehold properties adjusted for fair market value was US$2.34 at 31st December 2007, an increase of 31% compared with US$1.78 at the end of 2006.

DEVELOPMENTS

The Group announced eight new projects in 2007, comprising hotels in Beijing, Guangzhou, Taipei, Milan and Paris and three in resort destinations. All of the 18 hotels the Group now has under development will be managed on behalf of third-party owners, with the exception of Paris which is a long-term lease. Ten of the projects incorporate a *Residences at Mandarin Oriental* component, in addition to the residences being built next to the Group's existing hotel in London.

Mandarin Oriental Riviera Maya, Mexico opened in February 2008, bringing the total number of the Group's operating hotels to 21. The opportunity for future growth is significant as the Group is now well-recognized as a pre-eminent international luxury brand, with a reputation for exceptional service.

OUTLOOK

In conclusion, the Chairman, Simon Keswick said, "While demand was stable in the first two months of the year, economic conditions in 2008 may become more difficult in some of the Group's markets. The outlook for Mandarin Oriental, however, remains encouraging due to both the strength of the brand and the limited new supply of luxury hotels. This is particularly true in Asia and Europe where the Group has significant hotel ownership interests."

GROUP CHIEF EXECUTIVE'S REVIEW

BUSINESS STRATEGY

Mandarin Oriental aims to be widely recognized as the best international luxury hotel group offering 21st century luxury with oriental charm in sought-after destinations around the world. An award-winning owner and operator of some of the world's most prestigious hotels and resorts, our Group will continue to grow profitably its global presence. Mandarin Oriental now operates 21 hotels with a further 18 under development, bringing the total number of rooms to 10,000 in 23 countries, reflecting the increasing strength of the brand.

PROGRESS ACHIEVED

A number of significant accomplishments resulted in 2007 being another milestone year for Mandarin Oriental.

Firstly, the Group achieved its highest ever financial performance. This resulted from the enhanced contributions of our growing and diversified global portfolio which benefited from strong market conditions in our key locations. The increasing demand for luxury travel experiences, the continued limited new supply in our sector and the impact of the global growth of the Group is clearly demonstrated by comparing our performance over the past four years, since the end of the Asian downturn in 2003:

	2004 US$m	2005 US$m	2006 US$m	2007 US$m	07 vs. 04 %
Combined total revenue of hotels under management	667	815	850	1,008	51
EBITDA	99	124	116	190	92
Profit attributable to shareholders excluding non-trading items	19	41	45	87	358

Secondly, Mandarin Oriental's international expansion continued to accelerate. In 2007, the Group ended the year with a record of eight new management contracts announced, including luxury hotels in the strategically important cities of Beijing and Paris. Further progress has been made in the development of Mandarin Oriental's hideaway concepts, with the recent opening of Mandarin Oriental Riviera Maya, Mexico. During the year, the Group also announced a further three *Residences at Mandarin Oriental* that will accompany hotel projects, bringing the total number of branded Residences to 12. The Group continues to review additional opportunities for luxurious urban hotels, resorts, hideaways and residences in important locations around the world.

Finally Mandarin Oriental increased its global recognition. The Group and its hotels were highly successful in achieving significant awards from respected travel associations and publications, with more Mandarin Oriental hotels featured than ever before. Highlights include the 2007 *Condé Nast Traveler US 'Readers Choice Awards'* which featured ten Mandarin Oriental hotels and *'The World's Best' from Travel & Leisure,* with nine hotels appearing. Mandarin Oriental, New York remains one of only a few hotels to achieve both the prestigious *'Mobil Five Star'* and the *American Automobile Association's 'Five Diamond Lodgings Award'*. The Group's expertise in holistic spa operations was also recognized with Mandarin Oriental achieving more spa awards than in any other year, including *'Best Wellness and Spa Company'* by *Spa Asia* and the most *'Outstanding Brand'* in *Spa Finders 2007 Readers Choice Awards,* with six individual hotel spas winning in a variety of categories. Finally Mandarin Oriental Hotel Group was voted Best Overseas Hotel Group by readers of The Observer and The Guardian newspapers in the UK in October 2007.

PERFORMANCE IN 2007

Set out below is a review of the Group's performance in 2007, with reference to the following strategic objectives:

- Being recognized as the world's best luxury hotel group
- Strengthening our competitive position
- Increasing the number of rooms under operation to 10,000
- Achieving a strong financial performance

1. Being recognized as the world's best luxury hotel group

Mandarin Oriental is enjoying increasing recognition for creating many of the world's most desirable luxury hotels. From our roots in the heart of Asia, where most of our original properties remain market leaders having benefited from renovations in recent years, Mandarin Oriental has expanded into the global arena, with award-winning properties in many of the world's leading destinations. The visibility of our brand will increase further as the number of hotels we operate around the world continues to grow.

The Group remains focused, as always, on delivering the brand attributes which define our own style of luxury. This includes creative hotel design and architecture, innovative dining experiences, expertise in holistic spa operations, guest-orientated technology and, of course, the legendary service which remains the foundation of everything we do. The investment behind our brand and our people over the past few years has led to the Group becoming well respected as a management company amongst the owners and developers of luxury hotels around the world.

Such strong brand recognition allows our properties to achieve premium rates and compete effectively.

2. Strengthening our competitive position

To be the market leader within their local environment is a key goal for each of our hotels, and we continued to improve our competitive positioning in 2007. Demand for luxury travel grew, as did our ability to increase average rates. This led to higher Revenue Per Available Room (RevPAR) across all regions, with Asia up 12%, Europe up 26% and The Americas up 14% over 2006. Consequently, operating profits at most of the individual hotels have shown significant improvement over the previous year.

The highlights of each region are as follows:

Asia

The Group's results benefited from the full contribution of Mandarin Oriental, Hong Kong which reopened as one of the world's legendary hotels in late September 2006 following a nine-month closure and a US$150 million renovation. In its first full year of operation since the renovation, the hotel achieved an occupancy of 74% and an average rate of US$399, 50% above the rate in 2005. While the hotel's occupancy was affected by the tail end of the renovation work in the earlier part of the year, occupancy was 84% in the fourth quarter. The re-designed hotel has been acclaimed locally and internationally and is quickly re-establishing its top position in readership surveys of prestigious publications around the world. It was voted *'Best Renovated Hotel'* in *Business Traveller UK's* annual readership survey in 2007.

The Excelsior, Hong Kong, the Group's second wholly-owned property in the city with 885 rooms, also had an excellent year, achieving an 8% increase in RevPAR over 2006 results, with the average rate up to US$179 from US$163.

In Macau, Mandarin Oriental maintained its competitive position despite a significant increase in the city's hotel supply which led to a RevPAR decrease of 5% year-on-year.

As a result of further improvements in the local economies, RevPAR increased by 22% in Manila and 17% in Kuala Lumpur. In September 2007, the Group's 50% owned hotel in Singapore was re-named Mandarin Oriental, Singapore to align the property better with the Group's brand, following the successful renovation in 2005. The hotel capitalized on strong market conditions throughout the year, achieving a 28% increase in RevPAR with the average rate up to US$209 from US$163 in 2006. In December 2007, Mandarin Oriental, Jakarta closed its doors for two years to embark on a far-reaching, US$50 million renovation programme designed to re-position the property as one of the city's most luxurious and contemporary hotels.

Despite the political uncertainties in Thailand, The Oriental, Bangkok maintained its strong competitive position and once again appeared at the top of the most important world-wide travel awards.

Mandarin Oriental, Tokyo performed well in its second full year of operation, achieving a 19% increase in RevPAR over 2006 with an average rate of US$475. The hotel continues to enhance its reputation as one of the top luxury hotels in the city. Recently, it was voted the top-rated hotel in Japan in *Zagat's* 2007-2008 *World's Top Hotels, Resorts & Spas Survey*, and its fine-dining restaurant *Signature* was awarded a Michelin Star.

Europe

In Europe, strong demand for luxury accommodation, particularly from the leisure market, and a limited new supply of hotel rooms, drove increases in room rates in all of our hotels. In particular, Mandarin Oriental Hyde Park, London had an excellent year, increasing its average rate from US$731 in 2006 to US$886 in 2007, a 12% increase in local currency terms. Occupancy also increased from 85% to 88%. Following the completion of a full scale rooms renovation programme in the first half of the year, Mandarin Oriental, Munich maintained its position as the undisputed market leader in the city, and increased its average rate to US$585 from US$503 in 2006, a 7% increase in local currency terms. In Geneva, Mandarin Oriental improved both its occupancy and average room rate, resulting in a 23% increase in RevPAR in local currency terms, despite having commenced a renovation to the public areas of the hotel in October 2007. The work will be completed in June 2008 and will include new restaurants and bars as well as seven additional roof-top suites which will be particularly appealing to the leisure traveller.

The Americas

All of the Group's hotels in The Americas benefited from strong demand and limited new supply, resulting in rate increases in each location. Mandarin Oriental, Washington D.C. did well to increase its contribution to the Group's results, with a 14% increase in RevPAR mainly due to higher average rates. The hotel has established itself as one of the city's most luxurious properties, and over the longer term, there is potential for further achievement as the local neighbourhood develops along the Potomac River.

Once again, the Group's flagship New York property received many accolades from its guests and the world's media. Mandarin Oriental, New York achieved an average rate of US$937 with an occupancy of 76%, resulting in a 15% increase in RevPAR over the previous year. Our Miami property also increased its RevPAR performance by 14% over the previous year.

3. Increasing the number of rooms under operation to 10,000

With the record number of new projects announced in 2007, Mandarin Oriental will successfully achieve its mid-term goal of operating 10,000 rooms in key global locations within the next few years. During the year, we announced eight new Mandarin Oriental hotels, resorts or hideaways in Beijing, Guangzhou, Taipei, Marbella, Milan, Paris, Costa Rica and St Kitts. Mandarin Oriental Riviera Maya, Mexico is the Group's most recent hotel to open in February 2008, while Mandarin Oriental, Sanya, a resort destination on China's Hainan Island, should open by the mid-year. Both hotels had been planned to open in 2007, but were affected by construction delays. Beijing and Boston should also open later this year. Going forward, the timing of new hotel openings will be subject to change as developers find it more difficult to access new financing.

The number of hotels operated by the Group will increase from 21 currently to 39 in the coming years. Critical mass and strong geographic diversification will then have been achieved with 16 properties in Asia, 14 in The Americas and nine in Europe and North Africa.

The brand has been enhanced further by the increasing number of *Residences at Mandarin Oriental* which are generally integrated with the new hotel developments. The Group receives one-off branding fees from these residential projects, as well as ongoing revenues resulting from the use of hotel facilities by the owners of the villas or apartments.

The potential for future growth remains significant. The Group constantly reviews opportunities for additional luxury properties, each of which must meet exacting criteria aimed at providing exceptional experiences to Mandarin Oriental guests. Most new opportunities are in the form of management contracts which require limited capital from the Group but generate significant branding and management fees. With the exception of Paris which is a long-term lease, all 18 current projects under development are management contracts, highlighting the strength of the brand. At the same time, the Group will remain a significant owner of hotel properties, particularly in major cities, and we are well positioned to take advantage of future investment opportunities that may arise in strategic locations. Ownership provides potential long-term capital appreciation, ensures the continuing control of our brand heritage and gives us increased credibility with third-party hotel owners and developers. Our hotel investments can also provide the Group with significant profits and cash flow as it benefits fully from favourable market conditions, as demonstrated by our portfolio in 2007. Overall, the intent of operating both owned and managed hotels remains fundamental to the strategy of the Group.

4. Achieving a strong financial performance

Mandarin Oriental achieved a record performance in 2007, with improved results from the Group's growing international portfolio as well as the return of the contribution from the fully renovated, 100%-owned Mandarin Oriental, Hong Kong. Excluding gains from disposals and other non-trading items, profit attributable to shareholders in 2007 was US$87 million compared to US$45 million in 2006.

The completed sale of half of its 50% interest in Mandarin Oriental, New York in March 2007, resulted in a post-tax gain of US$16 million. The Group continues to own 25% of this strategically important property with improved terms for our long-term management contract.

In 2007, the Group carried out a full review of its hotel investments by independent, third-party valuers. This has been reflected in the adjusted net asset value per share which was US$2.34 at 31st December 2007, an increase of 31% from 2006 as the Group continued to benefit from capital appreciation on its hotel investments.

Reflecting the Group's growth in earnings and strong financial position, Mandarin Oriental has recommended a 100% increase in the full year dividend to US¢6.00.

THE FUTURE

Mandarin Oriental is well positioned to benefit from its global portfolio, as new hotels come on stream in the coming few years and the Group doubles in size. The demand for luxury travel and the limited new supply in most of the destinations in which we operate should also provide support, notwithstanding possible future uncertainties.

As we open new and exciting projects in the world's most sought-after destinations, the recognition of Mandarin Oriental as a global luxury brand grows stronger. The Group is therefore in an excellent position to deliver our long-term vision of being widely recognized as the best luxury hotel group in the world.

Edouard Ettedgui
Group Chief Executive
6th March 2008

Mandarin Oriental International Limited
Consolidated Profit and Loss Account
for the year ended 31st December 2007

	2007 US$m	2006 US$m
Revenue *(note 2)*	**529.5**	404.6
Cost of sales	**(318.8)**	(267.2)
Gross profit	**210.7**	137.4
Selling and distribution costs	**(32.6)**	(27.7)
Administration expenses	**(70.4)**	(64.6)
Gain on disposal of The Mark *(note 4)*	**-**	76.8
Operating profit *(note 3)*	**107.7**	121.9
Interest income	**18.9**	11.0
Financing charges	**(35.3)**	(26.2)
Net financing charges	**(16.4)**	(15.2)
Share of results of associates and joint ventures excluding writeback of impairment of an associate	**17.8**	13.0
Writeback of impairment of an associate *(note 5)*	**5.1**	-
Share of results of associates and joint ventures *(note 5)*	**22.9**	13.0
Gain on disposal related to an associate *(note 6)*	**16.0**	-
Profit before tax	**130.2**	119.7
Tax *(note 7)*	**(22.8)**	(39.5)
Profit for the year	**107.4**	80.2
Attributable to:		
Shareholders of the Company	**108.2**	80.0
Minority interests	**(0.8)**	0.2
	107.4	80.2

	US¢	US¢
Earnings per share *(note 8)*		
- basic	**11.16**	8.28
- diluted	**10.96**	8.17
Earnings per share – excluding gains on disposal and writeback of impairment		
- basic	**8.98**	4.66
- diluted	**8.82**	4.60

Mandarin Oriental International Limited
Consolidated Balance Sheet
at 31st December 2007

	2007 US$m	2006 US$m
Net assets		
Intangible assets	**216.2**	216.0
Tangible assets *(note 9)*	**995.0**	882.5
Associates and joint ventures	**204.6**	190.0
Other investments	**10.3**	6.4
Loan receivables	**3.4**	12.0
Pension assets	**34.0**	27.1
Deferred tax assets	**27.5**	27.4
Other non-current assets	**0.2**	2.9
Non-current assets	**1,491.2**	1,364.3
Stocks	**4.7**	4.3
Debtors and prepayments	**69.3**	65.7
Current tax assets	**3.4**	-
Cash at bank	**492.4**	286.7
	569.8	356.7
Non-current asset classified as held for sale *(note 10)*	**-**	53.9
Current assets	**569.8**	410.6
Creditors and accruals	**(105.5)**	(91.0)
Current borrowings *(note 11)*	**(13.4)**	(25.4)
Current tax liabilities	**(7.2)**	(4.4)
Current liabilities	**(126.1)**	(120.8)
Net current assets	**443.7**	289.8
Long-term borrowings *(note 11)*	**(663.9)**	(575.1)
Deferred tax liabilities	**(107.7)**	(72.9)
Pension liabilities	**(0.1)**	(1.5)
Other non-current liabilities	**(2.9)**	(0.2)
	1,160.3	1,004.4
Total equity		
Share capital	**48.7**	48.4
Share premium	**163.5**	160.3
Revenue and other reserves	**940.1**	792.0
Shareholders' funds	**1,152.3**	1,000.7
Minority interests	**8.0**	3.7
	1,160.3	1,004.4

Mandarin Oriental International Limited
Consolidated Statement of Recognized Income and Expense
for the year ended 31st December 2007

	2007 US$m	2006 US$m
Surplus on revaluation of properties	**78.4**	74.1
Actuarial gains on defined benefit pension plans	**7.6**	5.6
Net exchange translation differences	**38.3**	45.1
Gain on other investments	**0.1**	-
Loss on cash flow hedges	**(5.5)**	(2.9)
Tax on items taken directly to equity	**(29.6)**	(25.3)
Net income recognized directly in equity	**89.3**	96.6
Transfer to profit and loss on realization of exchange reserves	**(8.3)**	-
Profit for the year	**107.4**	80.2
Total recognized income and expense for the year	**188.4**	176.8
Attributable to:		
Shareholders of the Company	**184.1**	176.8
Minority interests	**4.3**	-
	188.4	176.8

Mandarin Oriental International Limited
Consolidated Cash Flow Statement
for the year ended 31st December 2007

	2007 US$m	2006 US$m
Operating activities		
Operating profit	**107.7**	121.9
Depreciation	**37.6**	28.4
Amortization of intangible assets	**0.9**	0.3
Non-cash items	**(3.9)**	(74.7)
Movements in working capital	**5.3**	(1.4)
Interest received	**18.5**	10.5
Interest and other financing charges paid	**(34.9)**	(26.5)
Tax paid	**(14.0)**	(8.2)
	117.2	50.3
Dividends and interest from associates and joint ventures	**12.3**	12.1
Cash flows from operating activities	**129.5**	62.4
Investing activities		
Purchase of tangible assets	**(50.1)**	(135.5)
Purchase of intangible assets	**(1.6)**	(0.8)
Investments in and loans to associates and joint ventures	**-**	(0.2)
Advance of mezzanine loans	**(3.4)**	-
Repayment of mezzanine loan	**12.0**	-
Increase in other investments	**(3.6)**	(1.2)
Proceeds on disposal of The Mark	**-**	98.5
Proceeds on disposal related to an associate	**70.7**	-
Capital distribution from associates	**14.4**	1.2
Cash flows from investing activities	**38.4**	(38.0)
Financing activities		
Issue of shares	**3.5**	1.6
Drawdown of borrowings	**535.9**	113.6
Repayment of borrowings	**(464.4)**	(8.9)
Dividends paid by the Company *(note 13)*	**(38.7)**	(14.5)
Cash flows from financing activities	**36.3**	91.8
Effect of exchange rate changes	**1.3**	1.6
Net increase in cash and cash equivalents	**205.5**	117.8
Cash and cash equivalents at 1st January	**286.6**	168.8
Cash and cash equivalents at 31st December	**492.1**	286.6

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 2007 which have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

In 2007, the Group adopted the following standards and interpretations to existing standards which are relevant to its operations:

IFRS 7	Financial Instruments: Disclosures
Amendment to IAS 1	Capital Disclosures
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment

There have been no changes to the accounting policies as a result of adoption of the above standards and interpretations.

Certain comparative figures in the segmental disclosure have been reclassified to conform with current year presentation.

The following standards and interpretations to existing standards, which are relevant to the Group's operations, were published but are not yet effective in 2007:

IFRS 3	Business Combinations
Amendment to IAS 27	Consolidated and Separate Financial Statements
IFRS 8	Operating Segments
IAS 1	Presentation of Financial Statements
IAS 23	Borrowing Costs
Amendments to IFRS 2	Share-Based Payment – Vesting Conditions and Cancellations
IFRIC 11, IFRS 2	Group and Treasury Share Transactions
IFRIC 13	Customer Loyalty Programmes
IFRIC 14, IAS 19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Group will apply Amendments to IFRS 2, IFRIC 11, IFRIC 14 and IAS 19 from 1st January 2008; IFRS 8, IAS 1, IAS 23 and IFRIC 13 from 1st January 2009; and IFRS 3 and Amendment to IAS 27 from 1st January 2010.

2. REVENUE

	2007 US$m	2006 US$m
By geographical area:		
Hong Kong and Macau	**200.8**	106.3
Other Asia	**119.3**	111.0
Europe	**146.4**	123.3
The Americas	**63.0**	64.0
	529.5	404.6

3. OPERATING PROFIT

	2007 US$m	2006 US$m
By geographical area:		
Hong Kong and Macau	**54.2**	(1.8)
Other Asia	**3.6**	9.0
Europe	**47.0**	28.4
The Americas	**2.9**	9.5
	107.7	45.1
Gain on disposal of The Mark *(refer note 4)*	**-**	76.8
	107.7	121.9

4. GAIN ON DISPOSAL OF THE MARK

The sale of the Group's 100% interest in The Mark, New York was completed on 16th February 2006 for a gross consideration of US$150.0 million. The hotel was originally acquired in 2000 as part of the US$142.5 million acquisition of The Rafael Group. The pre-tax gain on this disposal was US$76.8 million, and the post-tax gain on the disposal was US$35.0 million.

5. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	2007 US$m	2006 US$m
By geographical area:		
Hong Kong and Macau	**4.5**	5.0
Other Asia	**18.3**	9.3
The Americas	**0.1**	(1.3)
	22.9	13.0

5. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES (continued)

The operating properties owned by associates and joint ventures were revalued at 31st December 2007 by independent, professionally qualified valuers on an open market basis. As a result, the consolidated profit and loss account includes a US$5.1 million (2006: nil) writeback of an impairment previously made against the value of the Group's interest in Mandarin Oriental, Kuala Lumpur.

In addition, the Group's share of the underlying net revaluation surplus of US$1.6 million has been dealt with in capital reserves. In 2006, the Group's share of the underlying net revaluation surplus of US$16.6 million was dealt with in capital reserves.

6. GAIN ON DISPOSAL RELATED TO AN ASSOCIATE

The sale of half of the Group's 50% investment in Mandarin Oriental, New York was completed on 1st March 2007. This sale has reduced the Group's interest in the hotel from 50% to 25%. The hotel was valued at US$340.0 million for the purpose of the sale. On disposal of the 25% interest, the Group recorded a pre-tax gain of US$25.0 million, with a post-tax gain of US$16.0 million after a tax charge of US$9.0 million arising on the disposal. The Group will continue to manage the hotel under a long-term agreement.

7. TAX

	2007 **US$m**	2006 US$m
Current tax	**13.3**	50.6
Deferred tax	**9.5**	(11.1)
	22.8	39.5

The applicable tax rate for the year was 17% (2006: 37%) and represents the weighted average of the rates of taxation prevailing in the territories in which the Group operates. The decrease in the applicable tax rate is caused by a change in the profitability of the Group's subsidiary undertakings in the respective territories.

The 2006 tax on profits included a tax charge of US$41.8 million arising on the disposal of the Group's 100% interest in The Mark, New York *(refer note 4)*.

8. EARNINGS PER SHARE

Basic earnings per share are calculated on profit attributable to shareholders of US$108.2 million (2006: US$80.0 million) and on the weighted average number of 969.8 million (2006: 966.6 million) shares in issue during the year. The weighted average number excludes shares held by the Trustee of the Senior Executive Share Incentive Schemes.

Diluted earnings per share are calculated on profit attributable to shareholders of US$108.2 million (2006: US$80.0 million) and on the weighted average number of 987.1 million (2006: 979.3 million) 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 number of shares for basic and diluted earnings per share is reconciled as follows:

	Ordinary shares in millions	
	2007	2006
Weighted average number of shares in issue	**969.8**	966.6
Adjustment for shares deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes	**17.3**	12.7
Weighted average number of shares for diluted earnings per share	**987.1**	979.3

Basic and diluted earnings per share are also presented based on the profit before gains on disposal and writeback of impairment. A reconciliation of earnings is set out below:

	2007			2006		
	US$m	**Basic earnings per share US¢**	**Diluted earnings per share US¢**	US$m	Basic earnings per share US¢	Diluted earnings per share US¢
Profit before gains on disposal and writeback of impairment	**87.1**	**8.98**	**8.82**	45.0	4.66	4.60
Gains on disposal	**16.0**			35.0		
Writeback of impairment	**5.1**			-		
Profit attributable to shareholders	**108.2**	**11.16**	**10.96**	80.0	8.28	8.17

9. TANGIBLE ASSETS AND CAPITAL COMMITMENTS

	2007 **US$m**	2006 US$m
Opening net book value	**882.5**	684.0
Translation differences	**26.0**	52.4
Additions	**53.6**	129.4
Disposals	**(0.1)**	(0.2)
Transfer out	**-**	(0.1)
Depreciation charge	**(37.6)**	(28.4)
Revaluation surplus	**70.6**	45.4
Closing net book value	**995.0**	882.5
Capital commitments	**62.6**	37.7

The Group's freehold properties and the building component of leasehold properties were revalued at 31st December 2007 by independent, professionally qualified valuers on an open market basis. As a result, there was an increase in the fair value of properties of US$70.6 million. After providing for deferred tax liabilities of US$23.6 million on the revalued amounts, US$47.0 million has been taken to capital reserves. In 2006, there was an increase in the fair value of properties of US$45.4 million. After providing for deferred tax liabilities of US$11.7 million on the revalued amounts, US$33.7 million was taken to capital reserves.

Tangible assets include a property valued at US$148.2 million (2006: US$110.9 million), which is stated net of tax increment financing of US$29.8 million (2006: US$30.6 million) *(refer note 12)* .

If the freehold properties and the building component of leasehold properties had been included in the financial statements at cost less depreciation, the carrying value would have been US$646.5 million (2006: US$607.5 million).

10. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

An analysis of the non-current asset classified as held for sale is as follows:

	2007 **US$m**	2006 US$m
Associates and joint venture	**-**	13.7
Loan receivable	**-**	31.2
Current assets	**-**	9.0
Total assets	**-**	53.9

The Group's 25% interest in Mandarin Oriental, New York was classified as held for sale as at 31st December 2006. The sale was completed on 1st March 2007 *(refer note 6)* .

11. BORROWINGS

	2007 US$m	2006 US$m
Bank loans	**667.0**	590.9
Other borrowings	**8.6**	7.9
Tax increment financing *(refer note 12)*	**1.7**	1.7
	677.3	600.5
Current	**13.4**	25.4
Long-term	**663.9**	575.1
	677.3	600.5

12. TAX INCREMENT FINANCING

	2007 US$m	2006 US$m
Netted off against the net book value of property *(refer note 9)*	**29.8**	30.6
Loan *(refer note 11)*	**1.7**	1.7
	31.5	32.3

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 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 Mandarin Oriental, Washington D.C.

The District agreed to contribute to the subsidiary US$33.0 million through the issuance of TIF Bonds in addition to US$1.7 million issued in the form of a loan, bearing simple interest at an annual rate of 6.0%. The US$1.7 million loan plus all accrued interest will be due on the earlier of 10th April 2017 or the date of the first sale of the hotel.

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 *(refer note 9)*. The loan of US$1.7 million (2006: US$1.7 million) is included in long-term borrowings *(refer note 11)*.

13. DIVIDENDS

	2007 US$m	2006 US$m
Final dividend in respect of 2006 of US¢3.00 (2005: US¢1.50) per share	**29.0**	14.5
Interim dividend in respect of 2007 of US¢1.00 (2006: nil) per share	**9.7**	-
	38.7	14.5

A final dividend in respect of 2007 of US¢5.00 (2006: US¢3.00) per share amounting to a total of US$48.5 million (2006: US$29.0 million) is proposed by the Board. The dividend proposed will not be accounted for until it has been approved at the Annual General Meeting. The amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2008.

The final dividend of US¢5.00 per share will be payable on 14th May 2008, subject to approval at the Annual General Meeting to be held on 7th May 2008, to shareholders on the register of members at the close of business on 20th March 2008. The ex-dividend date will be on 18th March 2008, and the share registers will be closed from 24th to 28th March 2008, inclusive. Shareholders will receive their dividends in United States Dollars, unless they are registered on the Jersey branch register where they will have the option to elect for Sterling. These shareholders may make new currency elections for the 2007 final dividend by notifying the United Kingdom transfer agent in writing by 25th April 2008. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 30th April 2008. Shareholders holding their shares through The Central Depository (Pte) Limited ('CDP') in Singapore will receive United States Dollars unless they elect, through CDP, to receive Singapore Dollars.

- end -

For further information, please contact:

Mandarin Oriental Hotel Group International Limited
Edouard Ettedgui / John R Witt (852) 2895 9288
Jill Kluge / Sally de Souza (852) 2895 9167

GolinHarris
Kennes Young (852) 2501 7987

Full text of the Preliminary Announcement of Results and the Preliminary Financial Statements for the year ended 31st December 2007 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 with deluxe and first class hotels and resorts in sought-after destinations around the world. The Group now operates, or has under development, over 10,000 rooms in 23 countries with 16 hotels in Asia, 14 in The Americas and nine in Europe and North Africa. The Group has equity interests in many of its properties and net assets of approximately US$2.3 billion as at 31st December 2007.

Mandarin Oriental's aim is to be recognized widely as the best global luxury hotel group, providing 21st century luxury with oriental charm in each of its hotels. This will be achieved by investing in the Group's exceptional facilities and its people, while maximizing profitability and long-term shareholder value. The Group regularly receives recognition and awards for outstanding service and quality management. The strategy of the Group is to open the hotels currently under development, while continuing to seek further selective opportunities for expansion around the world.

The parent company, Mandarin Oriental International Limited, is incorporated in Bermuda and has its primary listing in London, and further 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.