MANDARIN ORIENTAL INTERNATIONAL LIMITED

annual report 2000

Fan illustrations by Mariko Jesse

Celebrating individual cultures through traditional craftsmanship

Mandarin Oriental Hotel Group is an international hotel investment and management group with a portfolio of 20 deluxe and first class hotels worldwide, including one under development in New York. The Group has equity interests in most of its properties and net assets of approximately US$1 billion at 31st December 2000. Mandarin Oriental now operates some 7,000 rooms and employs 9,000 staff globally.

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'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.

Jardines

A member of the Jardine Matheson Group

contents

DIRECTORS

Simon Keswick *Chairman*

Percy Weatherall *Managing Director*

Edouard Ettedgui *Chief Executive Officer*

Julian Hui

Henry Keswick

R C Kwok

C G R Leach

Dr Richard Lee

Robert Léon

Sydney S W Leong JP

Kenneth Lo OBE

Lord Powell of Bayswater KCMG

James Watkins

John Witt

COMPANY SECRETARY AND REGISTERED OFFICE

C H Wilken

Jardine House

33-35 Reid Street

Hamilton, Bermuda

MANDARIN ORIENTAL HOTEL GROUP INTERNATIONAL LIMITED

DIRECTORS

Percy Weatherall *Chairman*

Edouard Ettedgui *Managing Director*

M H Hobson

W Hültner

Norman Lyle

A A Mattmüller

T L Stinson

James Watkins

John Witt *Finance Director*

CORPORATE SECRETARY

N M McNamara

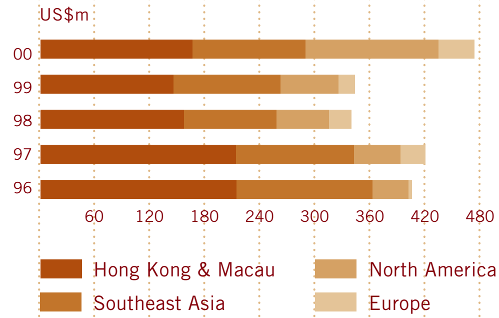
MANDARIN ORIENTAL INTERNATIONAL LIMITED

- Hong Kong recovery gathering momentum
- Integration of The Rafael Group successfully completed
- London hotel reopened and new Miami hotel launched

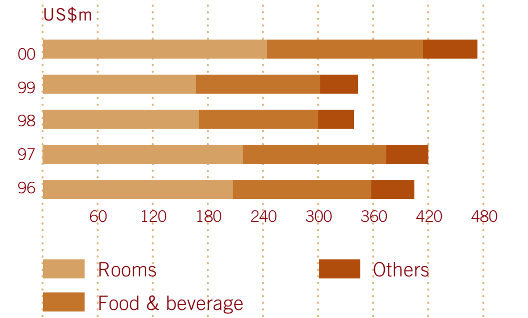
RESULTS

	2000 US$m	1999 US$m	Change %
Combined total revenue of hotels under management	**473**	342	38
Profit before interest and tax	**53**	42	25
Profit after tax and minority interests	**18**	17	4
Cash flows from operating activities	**31**	31	–
	US¢	US¢	%
Earnings per share	**2.21**	2.39	(8)
Dividends per share	**1.35**	1.35	–

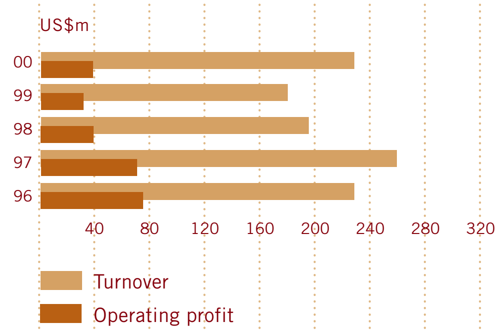
COMBINED TOTAL INCOME BY GEOGRAPHICAL AREA



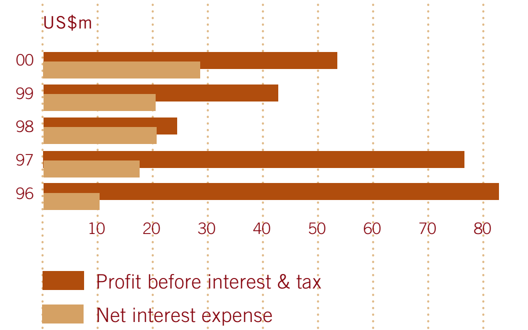
COMBINED TOTAL REVENUE BY TYPE OF BUSINESS



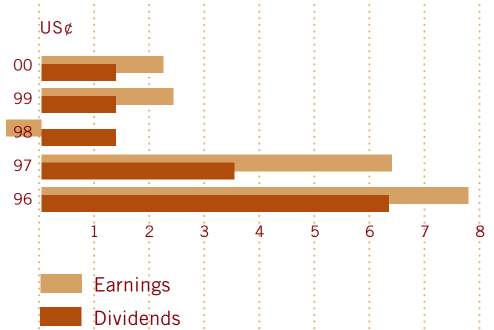
TURNOVER AND OPERATING PROFIT



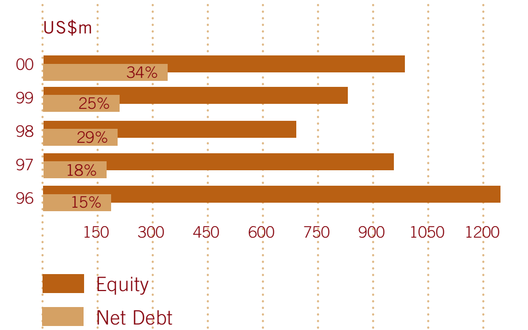
PROFIT BEFORE INTEREST & TAX AND NET INTEREST EXPENSE



EARNINGS AND DIVIDENDS PER SHARE



NET DEBT / EQUITY



OVERVIEW

2000 has been a significant year of development for Mandarin Oriental during which we made considerable progress towards our vision of being recognised as one of the top global luxury hotel groups. The number of hotels operated by the Group grew from 12 to 20, including the New York hotel currently under development, through the successful acquisition and integration of The Rafael Group and the launch of a new hotel in Miami. Mandarin Oriental Hyde Park in London was reopened in late May as one of London's most luxurious hotels following the completion of an extensive renovation programme.

PERFORMANCE

The consolidated profit before interest and tax for the year ended 31st December 2000 was US$53 million, an increase of US$11 million from 1999 including the write-back of a provision of US$4 million on the Singapore hotel previously recorded in the profit and loss account. The increase in consolidated profit before interest and tax includes the contribution of The Rafael Group hotels from late May onwards following the completion of the acquisition. However, as a result of higher financing charges, including interest on the US$76 million convertible bonds issued in March 2000, the consolidated profit after tax and minority interests was US$18 million compared with US$17 million in the previous year. Earnings per share were US¢2.21 (1999: US¢2.39).

A Directors' review of the valuation of the Group's hotel properties at the end of 2000, in consultation with its independent valuers, has indicated that the significant decrease in values recorded in 1998 continues to reverse. In addition to the write-back in relation to the Singapore hotel, valuation increases of US$101 million principally on the Group's two Hong Kong properties have been reflected in the balance sheet.

The Directors recommend a final dividend of US¢0.85 per share. This, together with the interim dividend of US¢0.50 per share, will make a total annual dividend of US¢1.35 per share, unchanged from 1999.

DEVELOPMENTS

The Group acquired The Rafael Group, an operator of six distinctive luxury hotels in May 2000. The consideration for the acquisition was US$143 million which was financed out of proceeds from a Rights Issue in early 2000 of approximately US$150 million.

In September, the Group signed an exclusive joint venture agreement with Indian Hotels and Health Resorts, to manage and develop luxury hotels throughout India. The first property to open under this joint venture is Mandarin Oriental Ananda, The Himalayas.

Mandarin Oriental, Miami, in which the Group has a 25% interest and a long-term management contract, opened in late November and work is progressing on Mandarin Oriental, New York, scheduled to open in late 2003.

The Group's strategy remains focused on positioning Mandarin Oriental as one of the world's leading luxury hotel brands with a growing presence in key international destinations. The objective is to increase the number of rooms under operation to 10,000 from the current 7,000 and a number of opportunities are being pursued.

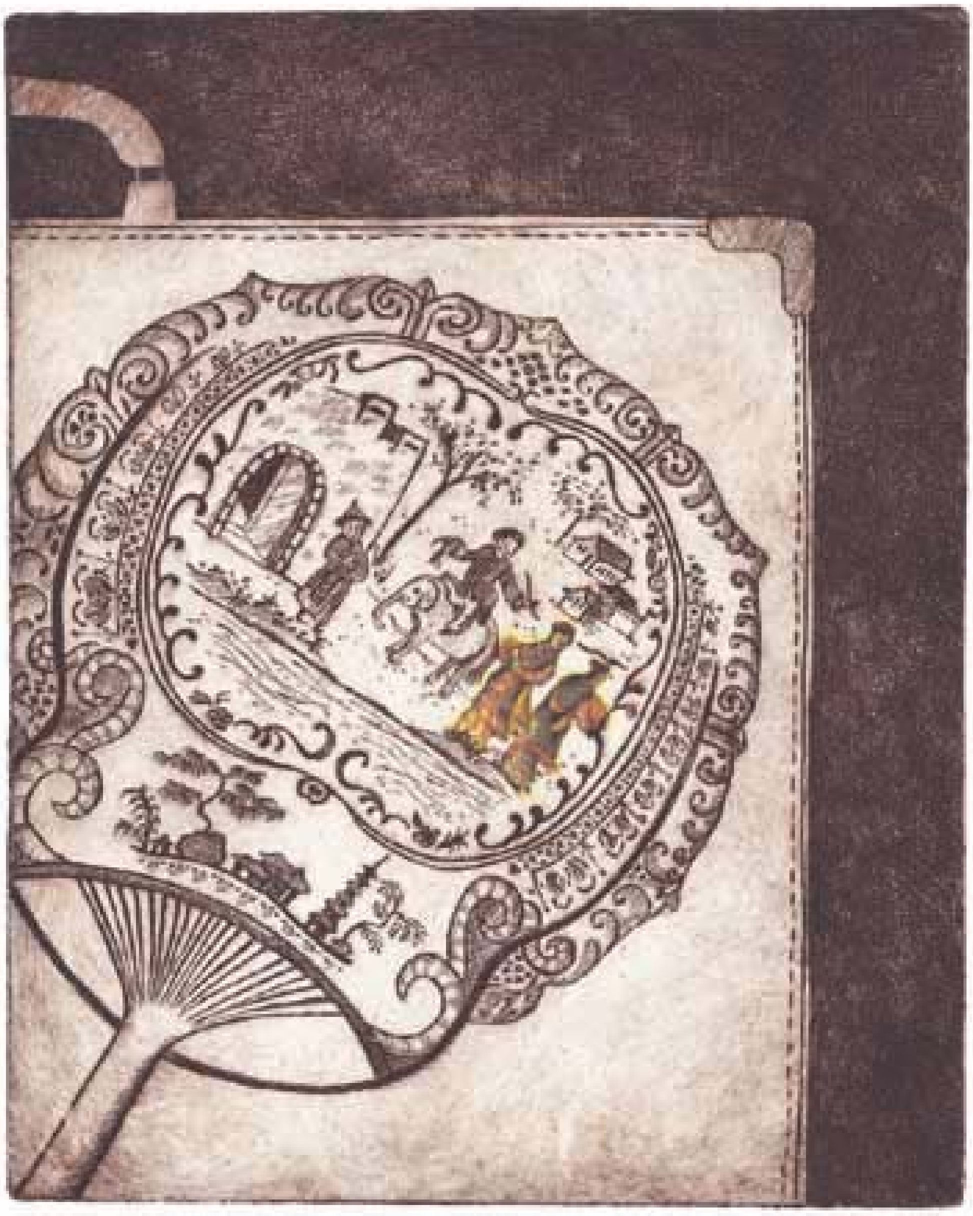
PEOPLE

This year again, the Group received a record number of international awards for its hotels and their legendary service. On behalf of the directors and shareholders, I thank all employees for their dedication, hard work and commitment to our guests.

OUTLOOK

The necessary elements for the long-term success of the Group's expansion strategy are now firmly in place with the integration of the Rafael hotels complete and the London and Miami properties now opened. The Group is well-positioned for 2001 and should benefit from both the expected continuing recovery in room rates of the two Hong Kong hotels and a full-year contribution from the London property.

Simon Keswick
Chairman
26th February 2001



OVERVIEW

The year 2000 has been an important one for the Group with our growth strategy having gained momentum. Our results benefited from an improved second half performance, buoyed by the continued recovery in Hong Kong and the contribution of the new hotels in the Group. We have increased our portfolio to 20 hotels worldwide through the acquisition of The Rafael Group in May, the opening of a new luxury property in Miami in November, and the continued development of our new, luxury hotel in New York. Other important events during the year include the relaunch of our London property in May, which has met with critical acclaim; the completion of the first phase of a significant renovation at the legendary Oriental, Bangkok which is celebrating its 125th anniversary in 2001; the signing of a joint venture agreement to develop luxury hotels in India; and, to support our growth strategy, we launched a well-recognised international advertising campaign designed to raise awareness of our luxury brand around the world.

THE WAY FORWARD

Progress has been made in achieving our strategic objectives, which are aligned with our vision. By focusing on these objectives, we will build for the future and improve our profitability, while maintaining our commitment to excellence.

We will:

- Improve our competitive position in each market
- Establish Mandarin Oriental Hyde Park as London's best hotel
- Increase the number of rooms under operation to 10,000
- Strengthen our corporate core competencies
- Ensure a strong cash flow and balance sheet

1) Improve our competitive position in each market

Across the Group, most of our hotels have maintained or enhanced their leadership positions in their respective markets, with significantly improved performances in some cities, particularly Hong Kong. Each hotel is benchmarked against a targeted control group of local competitors with comparative performance measurements in place for guest services and financial returns. I would now like to review some of the highlights from each region.

~ Asia

Encouraging performances at the two Hong Kong hotels were led by Mandarin Oriental, Hong Kong, which increased its occupancy to 77% in 2000 from 65% in 1999, and also achieved an overall improvement in competitive position. Occupancy at The Excelsior also rose, reaching 87% in 2000 compared to 84% in 1999. While average room rates at both hotels improved, particularly in the second half, they still remained well below the levels achieved before the onset of the Asian economic downturn.

The performance of the Singapore hotel improved over the previous year, with a 9% increase in revenue. While the Macau property also enjoyed a 22% increase in revenue, gains recognised in 1999 on the disposal of fixed assets resulted in this year's contribution to the Group remaining the same as last year. In both Manila and Jakarta, our properties were affected by weaker currencies and continuing economic and political uncertainty.

In Bangkok, The Oriental performed very well, increasing room revenue by 7% in local currency terms, while at the same time undergoing a self-financed US$30 million renovation programme. However the depreciation of the Thai Baht meant that The Oriental's contribution to the Group was slightly down in US dollar terms. The first phase of the renovation programme was completed in September 2000 with the second phase scheduled to take place between May 2001 and September 2001.

In Kuala Lumpur, the hotel entered its second full year of operation and has established itself as the firm market leader. However, market conditions in Kuala Lumpur, particularly an oversupply of luxury hotel rooms, resulted in depressed average room rates.

~ Europe

Mandarin Oriental Hyde Park, London, which re-opened in May, is quickly establishing itself within the top tier of luxury hotels in London.

Through the acquisition of The Rafael Group, we have two additional properties in Europe. Mandarin Oriental, Munich continues to be the market leader in that city, with total revenue up

6% in local currency terms over 1999. In Geneva, Mandarin Oriental Hotel du Rhône met expectations and continues to be recognised as one of the city's finest hotels. However the relative strength of the US dollar affected negatively the results of both these hotels when converting from local currency.

~ The Americas

The Group continues to increase its presence in this important market, and our existing properties enjoyed improved performances in 2000. Kahala Mandarin Oriental, Hawaii significantly increased its occupancy rates to 71%, up from 62% in 1999. This was accompanied by a 4% increase in average room rates, contributing to a 19% increase in revenue overall. Kahala Mandarin Oriental was also awarded the American Automobile Association's Five Diamond Award for the third year in a row.

Mandarin Oriental, San Francisco increased both its average room rate and occupancy, which helped to achieve a 15% increase in revenue over 1999, and was rewarded with the Mobil Five Star Award for the second consecutive year.

Our new properties in The Americas that have joined from The Rafael Group, have also performed well since the acquisition. The Mark, New York achieved a 7% increase in the average room rate while increasing occupancy to 79%. Turnberry Isle, Florida and Elbow Beach, Bermuda both improved their performances with increased revenue of 12% and 11% respectively.

While focusing on improving their competitive positions, each hotel has also ensured their reputation for excellence remains undiminished. At the same time we have continued to invest in our hotels to ensure that they remain within the top-performing hotels in their destination.

As a consequence, the outstanding service and facilities that our hotels provide have resulted in our properties receiving a record-breaking number of prestigious awards in 2000, from the world's most respected publications and associations.

2) Establish Mandarin Oriental Hyde Park as London's best hotel

In London, the closure of the hotel in the first five months had a negative impact of US$6 million on the Group's performance. In addition, the renovation programme was more extensive than originally anticipated due to the complex restoration of this heritage building. We also identified opportunities to increase the number of revenue-producing areas, including two restaurants instead of one.

Since re-opening its doors in May and launching a luxurious spa in November, Mandarin Oriental Hyde Park has received impressive reviews, particularly for the new facilities and has achieved a significantly higher average rate.

With the total restoration now complete, the hotel has begun to make a positive operating contribution in the second half of the year, and we are expecting the full profit impact of the new facilities to benefit the hotel's performance in 2001.

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

Success in extending our brand to 10,000 rooms in key international cities remains a critical factor in our overall strategy. The acquisition of The Rafael Group in May, followed by the smooth integration of these new hotels into our existing Group, has moved us closer to our objective by increasing our portfolio to 7,000 rooms worldwide. This has also created a more balanced geographic mix of properties across three continents. Greater visibility in key cities in North America and Europe adds value to our prestigious Asian base as well as resulting in attractive financial returns.

We continue to seek opportunities to leverage the strength of our brand by negotiating more management contracts with limited equity ownership, that offer higher returns than our traditional reliance on income generated by owned hotels.

In September, Mandarin Oriental entered into an exclusive joint venture agreement with Indian Hotels and Health Resorts to manage and develop luxury hotels in India. Mandarin Oriental

Ananda, The Himalayas, a unique resort and destination spa with 75 luxurious rooms and suites, is the first property to open under this joint venture.

Mandarin Oriental, Miami, which is 25% owned, opened to considerable acclaim in November 2000, and is set to become the market leader in this dynamic city.

In New York, ground breaking work has commenced on an exciting mixed-use development in the heart of Manhattan, in which we have taken a 50% stake in the development of the 250-room Mandarin Oriental, New York, the hotel section of the project. With experienced partners and prestigious neighbours, the development is set to become an icon in the city.

In 2001 we will continue to look for opportunities in international destinations where Mandarin Oriental does not currently have a presence. By developing in key cities around the globe, we will better position the Group to manage the inevitable cycles in our industry, as well as maximising the efficiency of our corporate structure.

4) Strengthen our corporate core competencies

The development of our corporate core competencies remains critical to the success of our growth strategy.

Our growing portfolio is benefiting from significant investments in communications technology, global sales networks, a US$5 million branded international advertising campaign and the appointment of experts in important support functions. In addition, a corporate office has been established in the US to provide management services to the Group's growing North American portfolio. All of these additional competencies are designed to provide our hotels with increased support as well as increased revenues.

As anticipated, Group overheads in 2000 were not fully offset by the flow of management fees from our operating hotels.

However they will be profitably leveraged as we benefit from the performance of our increased portfolio, and we now have the corporate structure in place to support our Group as we progress towards our goal of operating 10,000 rooms.

5) Ensure a strong cash flow and balance sheet

In 2000 the Group made a number of significant investments including the acquisition of The Rafael Group in May for which we paid US$143 million. The purchase price includes goodwill of US$25 million, which is being amortised over twenty years. Further investments by the Group during the year included US$8 million in Mandarin Oriental, Miami, which soft-opened in November 2000, and US$16 million in Mandarin Oriental, New York which is due to open at the end of 2003.

Our financial position remains strong as a result of the US$150 million raised in the Rights Issue in March. Following the upswing in the Asian property market, we have reviewed the values of the Group's hotel properties at the year end resulting in an uplift in value of US$101 million principally in relation to the two Hong Kong hotels. In addition, we have written back the provision of approximately US$4 million on the Singapore property, previously recorded in the profit and loss account. The financial position of the Group continues to be strong and at 31st December 2000 the Group's gearing (or net debt over shareholders' funds) was 34% with liquid cash resources of US$100 million.

In conclusion, our results in 2001 will benefit from the full year's contribution of the restored London flagship hotel, the enlarged portfolio from the Rafael acquisition and the continued recovery in Hong Kong. Our vision to be recognised as one of the top global luxury hotel brands has progressed following the growth of our portfolio to 7,000 rooms around the world. We will continue to focus on improving profitability while maintaining our commitment to excellence. The Group is in a strong position to continue on our growth path and fully leverage our global brand.

Edouard Ettedgui
Chief Executive Officer
26th February 2001

ASIA

Mandarin Oriental, Hong Kong (100% ownership)

Occupancy at Mandarin Oriental, Hong Kong for the full year increased to 77% from the 65% achieved in 1999 with average room rate rising by 10%. In the last quarter of the year, the installation of an automated revenue management system improved the effectiveness of the hotel's yield management systems.

Mandarin Oriental, Hong Kong

	2000	1999	% Change	Revenue (US$m)	**2000**	1999	% Change
Available rooms	**542**	542	–	Rooms	**35.8**	27.3	31
Average occupancy (%)	**77**	65	18	Food & beverage	**36.9**	33.7	9
Average room rate (US$)	**212**	192	10	Other	**11.2**	10.9	3
RevPAR (US$)	**162**	125	30	Total	**83.9**	71.9	17
				Average exchange rate / US$	*7.8*	*7.8*	

With higher occupancy levels, the objective has been to ensure superior guest services while maintaining the improvements in efficiency and productivity that were achieved during the past two years. The hotel achieved improvements in its guest satisfaction indices and operating margins.

The hotel continues to receive many awards, a sample of which are listed in the International Recognition section below.

The Excelsior, Hong Kong (100% ownership)

Rooms revenue at The Excelsior increased by 17% from 1999, as a result of significant improvements in average room rates and occupancy.

Food and beverage revenue increased by 7% from 1999 helped by the improving economic environment in Hong Kong.

Operating margins, in all areas, saw improvements over 1999. This was achieved despite the disruption of a major external facade repair, which commenced in June 2000 and will be completed by May 2001.

The Excelsior, Hong Kong

	2000	1999	% Change	Revenue (US$m)	**2000**	1999	% Change
Available rooms	**887**	887	–	Rooms	**31.1**	26.6	17
Average occupancy (%)	**87**	84	4	Food & beverage	**23.8**	22.2	7
Average room rate (US$)	**100**	88	14	Other	**4.7**	5.1	(8)
RevPAR (US$)	**87**	75	16	Total	**59.6**	53.9	11
				Average exchange rate / US$	*7.8*	*7.8*	

Mandarin Oriental, Manila (96.2% ownership)

The market in Manila was badly affected by the unstable economic and political situation, and the much-publicised hostage crisis in the south of the country. This led to a reduction in visitor arrivals which continued to put pressure on room rates. This, together with the significant depreciation of the Peso, resulted in a drop in the average room rate of 7% in US dollar terms.

Mandarin Oriental, Manila has now renovated 70% of its rooms inventory, including the Club Floor rooms. The refurbishment has been instrumental in helping the hotel maintain its number two position in the market, as measured by revenue per available room ("RevPAR").

Food and beverage revenue increased in local currency terms by 9% over the previous year, due to a focus on outside catering and improved utilisation of the hotel's banquet and meeting facilities. In US dollar terms however, the results represented a decrease of 5% due to the depreciation of the Peso.

Mandarin Oriental, Manila

	2000	1999	% Change	Revenue (US$m)	**2000**	1999	% Change
Available rooms	**448**	448	–	Rooms	**9.6**	11.3	(15)
Average occupancy (%)	**71**	77	(8)	Food & beverage	**7.6**	8.0	(5)
Average room rate (US$)	**77**	83	(7)	Other	**2.2**	2.5	(12)
RevPAR (US$)	**55**	64	(14)	Total	**19.4**	21.8	(11)
				Average exchange rate / US$	*44.8*	*39.2*	

Mandarin Oriental, Jakarta (60.5% ownership)

While Indonesia witnessed some improvement in political stability in 2000, the international business community has been slow to return. Nonetheless, Mandarin Oriental, Jakarta was able to achieve a 3% improvement in occupancy over the previous year. The competitive nature of the market however, saw the average room rate fall by 8% in US dollar terms and 4% in Rupiah terms.

Continued strong local patronage led to an increase in food and beverage revenue of 12% from 1999 as reported in local currency. Operating margins were down from 1999 in all areas due to the increase in the price of imported items.

Mandarin Oriental, Jakarta

	2000	1999	% Change	Revenue (US$m)	**2000**	1999	% Change
Available rooms	**424**	424	–	Rooms	**3.4**	3.8	(10)
Average occupancy (%)	**32**	31	3	Food & beverage	**2.9**	2.9	–
Average room rate (US$)	**70**	76	(8)	Other	**0.8**	1.1	(27)
RevPAR (US$)	**23**	24	(4)	Total	**7.1**	7.8	(9)
				Average exchange rate / US$	*8,547*	*7,831*	

Mandarin Oriental, Macau (50% ownership)

There was a substantial improvement in the security situation in Macau during 2000 and an improvement in regional economic conditions which resulted in an increase in visitor arrivals.

The opening of a luxurious resort and spa in December 1999 positioned the hotel to take full advantage of the improving situation, and the hotel was able to achieve a 26% increase in rooms revenue and a 22% increase in overall revenue.

Operating margins were better than 1999 in all areas as a direct result of the continued efficiencies implemented over the previous two years.

Mandarin Oriental, Macau

	2000	1999	% Change	Revenue (US$m)	2000	1999	% Change
Available rooms	**435**	435	–	Rooms	**9.3**	7.4	26
Average occupancy (%)	**53**	47	13	Food & beverage	**6.8**	5.7	19
Average room rate (US$)	**100**	89	12	Other	**5.7**	4.8	19
RevPAR (US$)	**53**	42	26	Total	**21.8**	17.9	22
				Average exchange rate / US$	*8.0*	*8.0*	

The Oriental, Singapore (50% ownership)

Visitor arrivals in Singapore increased significantly during 2000, with demand for rooms amongst The Oriental, Singapore's primary competitors rising by almost 11%. However this increase in demand did not have a direct affect on the city's room rates, which only rose by 3%, in local currency terms.

With occupancy above 80% for the year, total rooms revenue increased by 9% compared with 1999. Food and beverage revenue was also up 9% over the previous year, helped by improving occupancy levels and increased demand for banquet and meeting space.

Margins in all operating areas were enhanced over 1999.

The Oriental, Singapore

	2000	1999	% Change	Revenue (US$m)	2000	1999	% Change
Available rooms	**523**	523	–	Rooms	**14.6**	13.4	9
Average occupancy (%)	**81**	76	6	Food & beverage	**10.5**	9.6	9
Average room rate (US$)	**93**	92	1	Other	**1.6**	1.5	7
RevPAR (US$)	**75**	69	9	Total	**26.7**	24.5	9
				Average exchange rate / US$	*1.7*	*1.7*	

The Oriental, Bangkok (44.9% ownership)

The Oriental, Bangkok maintained its strong market leadership position, despite the closure of 145 River Wing rooms for major renovation between May and September 2000.

With 37% of rooms inventory under refurbishment for five months, rooms revenue, in local currency terms, was 7% ahead of last year. Food and beverage revenue also increased by 2% in local currency terms. However, the US dollar results reflect the depreciation of the Thai Baht against the US dollar in the year.

Celebrating its 125th anniversary in 2001, the hotel's international reputation for excellence will be maintained following the completion of the River Wing renovation which will take place during the summer months.

The Oriental, Bangkok was again recognised by readers of a number of prestigious publications as the world's best hotel.

The Oriental, Bangkok

	2000	1999	% Change	Revenue (US$m)	**2000**	1999	% Change
Available rooms	**396**	396	–	Rooms	**17.7**	17.7	–
Average occupancy (%)	**61**	63	(3)	Food & beverage	**18.2**	19.0	(4)
Average room rate (US$)	**196**	188	4	Other	**8.2**	8.0	3
RevPAR (US$)	**119**	119	–	Total	**44.1**	44.7	(1)
				Average exchange rate / US$	*40.5*	*37.9*	

Mandarin Oriental, Kuala Lumpur (25% ownership)

Mandarin Oriental, Kuala Lumpur moved into its second full year of operation in 2000 and established itself as the market leader, enhancing its position from 1999.

While the occupancy rate achieved in 2000 was largely unchanged from 1999, the room inventory was 39% larger than 1999, following the opening of all the hotel's facilities.

The hotel achieved a 12% increase in the average room rate over 1999, however the over-supply of luxury hotel rooms in Kuala Lumpur meant that average room rates continue to be below those achieved in other international cities.

Food and beverage revenue increased by 26% from 1999 with the hotel's banquet and meeting facilities attracting many of the city's top events. Revenue in this area made up 40% of the hotel's revenue and generated profit margins much higher than expected.

Mandarin Oriental, Kuala Lumpur

	2000	1999	% Change	Revenue (US$m)	**2000**	1999	% Change
Available rooms	**643**	464	39	Rooms	**11.7**	7.6	54
Average occupancy (%)	**68**	69	(1)	Food & beverage	**9.7**	7.7	26
Average room rate (US$)	**73**	65	12	Other	**2.9**	1.7	71
RevPAR (US$)	**50**	45	11	Total	**24.3**	17.0	43
				Average exchange rate / US$	*3.8*	*3.8*	

Hotel Majapahit, Surabaya (25% ownership)

Mandarin Oriental continued to operate Hotel Majapahit in 2000 although its investment in the hotel was fully provided for in 1997. No operational funding for the hotel has been required and its future is being kept under review.

Mandarin Oriental Ananda, The Himalayas (under management)

Following the signing of a joint venture agreement in India, this beautiful resort spa, located in the foothills of the Himalayas, formally opened in September 2000 under Mandarin Oriental management. 2001 will be the first full year of operation.

It is anticipated that the appeal of the hotel's exotic location, luxurious accommodation and unique spa should position Mandarin Oriental Ananda favourably compared with other luxury international resorts.

EUROPE

Mandarin Oriental Hyde Park, London (100% ownership)

Mandarin Oriental Hyde Park reopened in May 2000, following a six-month closure to complete the final phase of renovation.

Since reopening, the hotel has achieved significantly higher average rate and is positioned within the top tier of luxury hotels in the city.

The restaurants and bar have been extremely well received and have achieved revenue better than anticipated. November 2000 saw the completion and opening of a luxury spa.

The hotel will start to achieve its considerable potential in 2001.

Mandarin Oriental Hyde Park, London

	2000	1999	% Change
Available rooms	**200**	200	–
Average occupancy (%)	**60***	42	43
Average room rate (US$)	**508**	385	32
RevPAR (US$)	**304***	161	89

**May to December 2000 to reflect period of opening*

Revenue (US$m)	**2000**	1999	% Change
Rooms	**14.0**	11.7	20
Food & beverage	**6.0**	4.6	30
Other	**1.3**	1.7	(23)
Total	**21.3**	18.0	18
Average exchange rate / US$	*0.7*	*0.6*	

Mandarin Oriental, Munich (100% ownership)

Mandarin Oriental assumed ownership and management of the former Rafael Hotel in Munich in late May 2000. An extensive transition period followed during which Mandarin Oriental systems in the areas of sales and marketing, reservations, branding, operations and accounting were put into place. With the Group having acquired management of the hotel part way through the year, the comparative performance table below has been prepared to show relative performance indicators.

This hotel has been the market leader in Munich for a number of years, and although the US dollar results show a decline in the key indicators, this is related to the strength of the US dollar and not to operational performance. In local currency terms, the average room rate was 10% better than the same period in 1999 while total revenue increased by 6% from the same period in 1999.

Mandarin Oriental, Munich

	2000*	1999†	% Change	Revenue (US$m)	**2000***	1999†	% Change
Available rooms	**73**	73	–	Rooms	**3.9**	4.1	(5)
Average occupancy (%)	**88**	90	(2)	Food & beverage	**1.4**	1.5	(7)
Average room rate (US$)	**282**	294	(4)	Other	**0.3**	0.4	(25)
RevPAR (US$)	**248**	264	(6)	Total	**5.6**	6.0	(7)
				Average exchange rate / US$	*2.1*	*1.9*	

** Post acquisition – June-December 2000*
† June-December 1999, for comparative purposes

Mandarin Oriental Hotel du Rhône, Geneva (46.3% ownership)

As part of The Rafael Group acquisition, Mandarin Oriental acquired a 46.3% equity interest in this hotel in late May 2000, and conducted a similar transition process to the Munich hotel. With the Group having acquired management of the hotel part way through the year, the comparative performance table below has been prepared to show relative performance indicators.

In local currency terms, the hotel achieved a 2% increase in its average room rate and a small decline in RevPAR. The hotel is currently being positioned to take advantage of its excellent location and luxurious, newly renovated rooms.

The food and beverage facilities of the hotel continue to be amongst the city's most popular with revenue improving by 4% in local currency terms over 1999. The results in US dollar terms show a decline from 1999 due to depreciation of the Swiss Franc against the US dollar.

Mandarin Oriental Hotel du Rhône, Geneva

	2000*	1999†	% Change	Revenue (US$m)	**2000***	1999†	% Change
Available rooms	**192**	188	2	Rooms	**7.5**	8.4	(11)
Average occupancy (%)	**68**	70	(3)	Food & beverage	**4.3**	4.7	(9)
Average room rate (US$)	**271**	300	(10)	Other	**0.9**	1.1	(18)
RevPAR (US$)	**183**	209	(12)	Total	**12.7**	14.2	(11)
				Average exchange rate / US$	*1.7*	*1.5*	

** Post acquisition – June-December 2000*
† June-December 1999, for comparative purposes

THE AMERICAS

The Mark, New York (96.5% ownership)

In late May, The Mark became a Mandarin Oriental hotel following the acquisition of The Rafael Group. A similar transition process to the Munich and Geneva hotels was undertaken. With the Group having acquired management of the hotel part way through the year, the comparative performance table below has been prepared to show relative performance indicators.

Total revenue from June to December 2000 improved by 6% over the same period last year.

The Mark is situated in one of the most prestigious neighbourhoods in New York, surrounded by luxury stores, museums and luxury residential accommodation. The food and beverage outlets continue to be a focal point for the community, which is reflected in the 10% growth in food and beverage revenue.

The Mark, New York

	2000*	1999†	% Change	Revenue (US$m)	2000*	1999†	% Change
Available rooms	**179**	179	–	Rooms	**12.9**	12.0	8
Average occupancy (%)	**79**	78	1	Food & beverage	**4.5**	4.1	10
Average room rate (US$)	**428**	401	7	Other	**2.6**	2.7	(4)
RevPAR (US$)	**337**	313	8	Total	**20.0**	18.8	6

**Post acquisition – June-December 2000*
†June-December 1999, for comparative purposes

Kahala Mandarin Oriental, Hawaii (40% ownership)

Kahala Mandarin Oriental's revenue increased by 19% in 2000, primarily due to a 15% improvement in occupancy. Consumers continue to perceive Hawaii as a desirable short-haul destination from the US west coast. The rooms revenue increase of 21%, together with effective cost control, resulted in a rooms profit improvement of 24%.

This positive result was mirrored in the food and beverage department where revenue increased by 15% and departmental profit significantly improved. The addition of *Veranda* as a new restaurant, also contributed to the improvement of revenue.

Kahala Mandarin Oriental, Hawaii

	2000	1999	% Change	Revenue (US$m)	2000	1999	% Change
Available rooms	**371**	371	–	Rooms	**28.1**	23.2	21
Average occupancy (%)	**71**	62	15	Food & beverage	**16.6**	14.5	15
Average room rate (US$)	**288**	277	4	Other	**2.7**	2.1	29
RevPAR (US$)	**205**	171	20	Total	**47.4**	39.8	19

Mandarin Oriental, Miami (25% ownership)

The hotel partially opened in November 2000 with only a limited number of rooms available and has been well received by the Miami community, being recognised as the first truly luxury hotel to open in the city.

The local community has also embraced the food and beverage outlets and the initial performance has been strong. The hotel will be fully completed in the first quarter of 2001 with the opening of a 15,000 sq. ft luxurious spa and the completion of the remaining guest rooms.

Turnberry Isle Resort & Club, Florida (12.6% ownership)

Turnberry Isle Resort & Club, also part of the Rafael portfolio, became part of Mandarin Oriental Hotel Group in May 2000. A similar transition process to the other Rafael hotels was undertaken. With the Group having acquired management of the hotel part way through the year, the comparative performance table below has been prepared to show relative performance indicators.

This well-known resort expanded its facilities and added an additional wing of guest rooms in 1999. For the seven-month period from June to December 2000, the hotel achieved a 4% increase in room rate and an overall increase of 15% in rooms revenue, over the same period in 1999.

Food and beverage posted an 11% increase largely due to the increased number of meetings and conferences held at the resort. The addition of a spa, planned to open in 2001, is expected to further increase revenue.

Turnberry Isle Resort & Club, Florida

	2000*	1999†	% Change
Available rooms	**392††**	357††	10
Average occupancy (%)	**63**	63	–
Average room rate (US$)	**231**	222	4
RevPAR (US$)	**146**	139	5

** Post acquisition – June-December 2000*
† June-December 1999, for comparative purposes
††New wing added in August 1999

Mandarin Oriental, San Francisco (under management)

Mandarin Oriental, San Francisco continues to rank in the top tier of hotels in the United States and maintains the leading position in the city in RevPAR. The RevPAR growth of 17% over 1999 was achieved by leveraging on the strength of the economy, with several rate increases during the year. This contributed significantly to the hotel's overall revenue growth of 15% compared with 1999.

The renovation of *Silks* restaurant has received significant local acclaim, and despite the closure of the restaurant for three months during the renovation, the food and beverage department achieved an increase of 2% in revenue over 1999.

The hotel was awarded the coveted Five-Star rating by Mobil Travel Guide for the second year running. This is the only Five-Star hotel in San Francisco, and only one of twenty-five hotels, resorts and inns in North America to receive this prestigious recognition.

Mandarin Oriental, San Francisco

	2000	1999	% Change
Available rooms	**158**	158	–
Average occupancy (%)	**77**	74	4
Average room rate (US$)	**412**	369	12
RevPAR (US$)	**318**	272	17

Elbow Beach, Bermuda (under management)

Mandarin Oriental assumed management of this hotel as part of The Rafael Group acquisition in late May 2000. A similar transition process to the other Rafael hotels was undertaken. With the Group having acquired management of the hotel part way through the year, the comparative performance table below has been prepared to show relative performance indicators.

With the closure of one competitor hotel at the end of 1999 and the slight improvement in visitor arrivals to Bermuda, Elbow Beach Resort was able to generate an 11% improvement in revenue over 1999. The resort remains the Bermudian market leader and is currently planning additional revenue generating guest facilities to be introduced over the next two years.

Elbow Beach, Bermuda

	2000*	1999†	% Change
Available rooms	**244**	244	–
Average occupancy (%)	**63**	57	10
Average room rate (US$)	**353**	346	2
RevPAR (US$)	**223**	199	12

** Post acquisition – June-December 2000*
† June-December 1999, for comparative purposes

HEALTH, SAFETY AND THE ENVIRONMENT

Each hotel management team monitors and upgrades their health and safety system on a daily basis, with the assistance of a detailed operating guideline produced by head office. Fire, Life, Health, Safety and Security issues remain a top priority in our hotels. In order to ensure that a proper focus is maintained, a number of initiatives were undertaken in 2000 which will be further enhanced in 2001.

Hazard Analysis & Critical Control Points ("HACCP"), the food hygiene programme, accredited by the ISO, has been introduced into many hotels in 2000, and will be initiated at the remaining hotels in 2001.

INTERNATIONAL RECOGNITION

In 2000, Mandarin Oriental Hotel Group amassed over 100 awards of distinction from readers of leading worldwide publications, exceeding all previous records. The following is a selection of these awards:

In December 2000, *Far Eastern Economic Review* placed Mandarin Oriental Hotel Group as one of Hong Kong's leading companies. The Group was also ranked in the city's top two Companies for High Quality Services and Products.

In October 2000 and for the third successive year, Mandarin Oriental, Hong Kong was voted the World's Best Foreign Hotel by readers of *The Daily Telegraph* in the United Kingdom, with The Oriental, Bangkok in second place.

In September 2000, the readers of *Institutional Investor USA*, awarded The Oriental, Bangkok the number one position in the Top 80 Hotels Worldwide, which also included Mandarin Oriental, Hong Kong and Mandarin Oriental, San Francisco.

Conde Nast Traveler's USA, Gold List 2000 featured seven Mandarin Oriental hotels in their choice of recommended properties worldwide.

In September 2000, for the second consecutive year, The Oriental, Bangkok was awarded the Top International City Hotel by *Andrew Harper's Hideaway Report, USA*; Mandarin Oriental, Hong Kong was also placed in the Top 20. Mandarin Oriental, San Francisco and The Mark, New York were also recognised in the Top 20 US City Hotels.

Business Traveller, Asia Pacific voted Mandarin Oriental, Kuala Lumpur as the Number One hotel in the city.

In September 2000, *Travel & Leisure 2000* World's Best survey ranked The Oriental, Bangkok as the Best Hotel Worldwide, as well as Best Hotel in Asia. A further five Mandarin Oriental hotels were highly recommended.

Euromoney's Business Travel Poll, UK in May 2000 placed Mandarin Oriental, Hong Kong and The Oriental, Bangkok in their top three World's Favourite Hotels.

Gourmet Magazine USA, recognised The Oriental, Bangkok as the World's Best City Hotel and Mandarin Oriental Ananda, The Himalayas as One of the Top Hotels in the World for the Millennium.

For the second consecutive year, Mandarin Oriental, San Francisco was the only hotel in the city to receive the *Mobil Travel Guide* Five Star award. In November 2000, Kahala Mandarin Oriental, Hawaii was accorded the AAA Five Diamond Award for the third successive year.

RESULTS

Subsidiaries

Operating profit for the year from the Group's subsidiary hotels increased 23% from US$31 million in 1999 to US$38 million in 2000. There were several factors that contributed to this increase. Firstly, there was the improved performance of the two Hong Kong hotels which increased their average room rates and occupancy. Secondly, there was the contribution of the two new subsidiary hotels, The Mark, New York and Mandarin Oriental, Munich, acquired as part of The Rafael Group acquisition in May. This increase in the operating profit was partially offset by the closure of Mandarin Oriental Hyde Park for renovation during the first five months of the year and the adverse impact of continuing economic and political uncertainty on the results of the subsidiary hotels in Manila and Jakarta.

Management fees increased significantly mainly due to the increase in the number of hotels under management and improved hotel results. However this was offset by an increase in corporate overheads primarily due to the build-up of the Group's management resources particularly in the US. Central marketing costs increased due to a new global advertising campaign undertaken in the year and the expansion of the Group's world-wide sales network.

Associates and Joint Ventures

The Group's share of operating results from associate and joint venture hotels increased by 33% to US$16 million in 2000 from US$12 million in the previous year. However, the Group's share of the 2000 results reflected a non-recurring item of US$4 million in relation to the reversal of a provision made in 1998 on the Group's share of the revaluation deficit on the Singapore hotel. If the non-recurring item is excluded, the Group's share of operating results remains largely unchanged from 1999. This was due to the fact that the improved operating performances at hotels in local currency terms were not reflected in the US dollar contribution to the Group as a result of adverse currency movements against the US dollar.

The Oriental, Bangkok increased its room revenue by 7%, despite Phase I, of an extensive rooms renovation programme that affected performance during the summer months. Phase II of the rooms renovation programme will take place over the summer of 2001. However, despite the increase in revenue, the depreciation of the Baht meant that the hotel's US dollar contribution to the Group was slightly lower than 1999. Performance at Mandarin Oriental, Macau continued to improve with a 22% increase in overall revenue partly due to the opening of the spa resort facilities in December 1999. Despite this, the contribution to the Group from the Macau hotel was the same as last year due to gains in relation to the disposal of fixed assets in 1999. Performance at the Singapore hotel was unchanged from 1999 in a highly competitive market.

Mandarin Oriental, Kuala Lumpur firmly established itself as the market leader amongst luxury hotels in the city, increasing its average room rate by 12%, despite the depressed market. However, an oversupply of hotel rooms caused average rates to remain low. As a result, operating profit does not currently cover debt service.

Kahala Mandarin Oriental, Hawaii further improved its performance with a strong increase in revenue of 19%. The Group's share of operating results from associates and joint ventures also benefited from the contribution of Mandarin Oriental Hotel du Rhône, Geneva, which was acquired as part of The Rafael Group in May. Performance at the Geneva hotel met expectations.

Mandarin Oriental, Miami, in which the Group has a 25% equity share, partially opened in late November. The contribution to the Group was adversely affected by the write off of pre-opening expenses in accordance with the Group's accounting policy.

The Group holds a 25% equity interest in Hotel Majapahit, Surabaya which was fully provided against in 1997 due to difficult operating conditions. A provision was also made at the time for the Group's contingent liability under a bank guarantee given for its share of the hotel's property loan. Whilst the Group continued to operate the hotel in 2000, no further operational funding was required.

Overall

Profit before interest and tax of the Group for the year was US$53 million, an increase of 16% over 1999, excluding the non-recurring item of US$4 million.

The Group's net interest expense increased to US$28 million compared with US$20 million in 1999. This was due to the interest payable on the convertible bonds issued in March, increased borrowing at the London hotel in respect of the renovation programme, and an increase in interest rates. Interest cover in 2000, which is calculated as profit before interest and tax over net financing charges, was 1.9 times (1999: 2.1 times).

The effective tax rate for the year was 27% compared with 21% in 1999. The higher effective rate in 2000 reflects the fact that the Group has not recognised the full potential benefit on available tax credits. In addition, the 1999 effective rate was positively impacted by corporate tax rebates received by the Hong Kong properties.

Earnings per share were US¢2.21 compared with US¢2.39 in 1999. Earnings per share excluding non-recurring items were US¢1.74 compared with US¢2.39 in 1999. The decrease in earnings per share can be primarily attributed to the closure of Mandarin Oriental Hyde Park in the first five months of the year.

The Rafael Group Acquisition

The acquisition of The Rafael Group on 19th May 2000 added six hotels to the Group's portfolio. Of the six hotels acquired, two are subsidiaries and one is an associate. The three remaining hotels are under management contract. As part of this acquisition, the Group also acquired a 12.6% interest in Turnberry Isle Resort & Club, one of the three managed hotels.

The purchase consideration and net cash outflow on acquisition were as follows:

	US$m
Purchase price	143
Costs of acquisition	4
Total purchase consideration	147
Less: Cash acquired	(12)
Net cash outflow on acquisition	135

The purchase consideration included goodwill of US$25 million which is being amortised over 20 years.

In the seven months since the acquisition of the new hotels, The Rafael Group properties contributed US$28 million and US$6 million to the Group's revenue and operating profit respectively.

Cash Flow

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

	2000 US$m	1999 US$m
Operating activities	**31**	31
Investment activities		
• Capital expenditure on existing properties	**(39)**	(42)
• Acquisition of The Rafael Group	**(135)**	–
• Other investments	**(28)**	(9)
• Repayment of shareholders loans from associates	**1**	21
Financing activities		
• Rights issue	**146**	–
• Dividends	**(10)**	(9)
Other	**12**	5
Net decrease in cash in the year	**(22)**	(3)

A US$7 million increase in operating profit was partially offset by an increase of US$4 million in net financing charges paid. In addition, the effect of other movements meant that cash flow from operating activities was US$31 million in 2000, unchanged from 1999.

Earnings before net interest expense, tax, depreciation and amortisation ("EBITDA") including the Group's share of EBITDA from associates and joint ventures and excluding non-recurring items increased by 12% to US$70 million in 2000. The Company uses EBITDA as a useful indicator of its ability to service debt and finance its future capital expenditure. Interest cover on this basis was 2.5 times in 2000 (3.1 times in 1999). The decrease in interest cover reflects the higher gearing of the Group mainly due to the issue of the convertible bonds and the interest cost on the borrowings to finance the renovation programme at Mandarin Oriental Hyde Park.

Capital expenditure on existing properties totalled US$39 million compared with US$42 million in 1999. In addition to normal ongoing capital expenditure, the main component of capital expenditure in 2000 was the continued renovation programme at Mandarin Oriental Hyde Park, which was fully completed by the end of the year.

Other investments principally comprised further equity contributions of US$8 million to Mandarin Oriental, Miami and US$16 million to Mandarin Oriental, New York.

The Rights Issue in March generated gross proceeds of US$150 million. The net proceeds were US$146 million after deduction of issue costs of US$4 million.

After dividends paid of US$10 million, the net decrease in cash in the year was US$22 million compared to a decrease of US$3 million in 1999.

Dividends

The Board is recommending a final dividend of US¢0.85 per share making a total annual dividend per share of US¢1.35, unchanged from 1999. No scrip alternative is being offered in respect of the dividend.

Property Valuation

The Directors have reviewed the carrying value of the properties at 31st December 2000 in consultation with the Group's independent valuers. The Directors are of the opinion that there has been a further material improvement in valuations of the Group's properties, principally in respect of the two Hong Kong hotels, and have adjusted the carrying values accordingly.

The resulting net surplus attributable to the Group was US$101 million which was taken directly to the Group's property revaluation reserves. This was in addition to the write-back of the provision in relation to the Singapore hotel.

The next full independent valuation of the Group's property interests will be carried out at 31st December 2001.

Treasury Activities

The Group manages its exposure to financial risk using a variety of techniques and instruments. The main objective is to provide a degree of certainty in respect of costs. The Group has fixed or capped interest rates on approximately 50% of its bank borrowings.

In respect of hotel project financing, borrowings are normally taken in the local currency to hedge partially the investment and the projected income. As at 31st December 2000, the Group's net assets were denominated in the following currencies:

Hong Kong Dollar	52%
United States Dollar	19%
United Kingdom Sterling	10%
Other	19%

Investment of the Group's cash resources, which totalled US$101 million at 31st December 2000, is managed to minimise credit risk whilst seeking to enhance yield. The treasury function is not permitted to undertake speculative transactions unrelated to the Group's underlying financial exposures.

The Group, excluding associates, has committed banking facilities totalling US$435 million of which US$359 million were drawn at 31st December 2000. The facilities are due for repayment as follows:

	Facilities committed US$m	Facilities drawn US$m
Within one year	6	5
Between one and two years	196	134
Between two and five years	129	129
Beyond five years	104	91
	435	359

As at 31st December 2000, the Group is paying fixed rates on bank borrowings ranging from 4.2% to 7.3%. The weighted average floating rate on bank borrowings as at 31st December 2000 was 6.9%.

Net debt of US$338 million was 34% of shareholders' funds compared with 25% at 31st December 1999. The increase in gearing is mainly due to the convertible bond issue in February 2000. Assuming conversion of the convertible debt into equity, the gearing would be approximately 25%. The financial position of the Group remains strong.

Audit Committee

The audit committee comprises Percy Weatherall (Chairman), Norman Lyle and James Watkins in their capacity as non-executive directors of the Group's management company, Mandarin Oriental Hotel Group International Limited. Executive directors and representatives of the internal and external auditors attend the committee meetings by invitation. The audit committee receives reports from the external auditors, reviews the interim and annual financial statements and receives regular reports from the internal audit function. The committee also reviews the operation and effectiveness of the Group's internal controls and procedures.

John Witt

Finance Director

26th February 2001

SIMON KESWICK *Chairman*

Mr Simon Keswick joined the Board and became Chairman in 1986. He joined the Jardine Matheson group in 1962 and is also chairman of Dairy Farm, Hongkong Land Holdings, and a director of Jardine Lloyd Thompson, Jardine Matheson and Jardine Strategic. He is also a director of Hanson and chairman of The Fleming Mercantile Investment Trust.

PERCY WEATHERALL *Managing Director*

Mr Weatherall was appointed as Managing Director in February 2000. He joined the Jardine Matheson group in 1976 during which time he has held several senior executive positions, most recently the chief executive officer of Hongkong Land Holdings. He is managing director of Dairy Farm, Hongkong Land Holdings, Jardine Matheson and Jardine Strategic. He is also chairman of Jardine Matheson Limited.

EDOUARD ETTEDGUI *Chief Executive Officer*

Mr Ettedgui joined the Board in 1998 and is managing director of Mandarin Oriental Hotel Group International. He was formerly group finance director of Dairy Farm, prior to which he was business development director of British American Tobacco. He has extensive international experience in both financial and general management.

JULIAN HUI

Mr Hui joined the Board in 1994. He is an executive director of Owens Company and a director of Central Development.

HENRY KESWICK

Mr Henry Keswick joined the Board in 1988. He is chairman of Jardine Matheson, having first joined the group in 1961, and is also chairman of Jardine Strategic and the Hong Kong Association. He is a director of Dairy Farm, Hongkong Land Holdings and Telegraph Group.

R C KWOK

Mr Kwok is a Chartered Accountant and joined the Board in 1987. He joined the Jardine Matheson group in 1964 and is a director of Jardine Matheson Limited, Dairy Farm, Hongkong Land Holdings, Jardine Matheson, Jardine Strategic and SIIC Medical Science and Technology (Group).

C G R LEACH

Mr Leach joined the Board in 1987. He is deputy chairman of Jardine Lloyd Thompson, and a director of Dairy Farm, Hongkong Land Holdings, Jardine Matheson and Jardine Strategic. He is also a trustee of the British Library. He joined the Jardine Matheson group in 1983 after a career in banking and merchant banking.

DR RICHARD LEE

Dr Lee joined the Board in 1987. Dr Lee's principal business interests are in the manufacturing of textiles and apparel in Southeast Asia, and he is chairman of TAL Apparel. He is also a director of Jardine Matheson.

ROBERT LÉON

Mr Léon joined the Board in 1994. He is a manager of Qualis, and a director of European Cargo Services and Unigestion Holding.

SYDNEY S W LEONG JP

Mr Leong is a Solicitor of both the Supreme Courts of Hong Kong and England and Wales and joined the Board in 1989. He is chairman of Henry G Leong Estates.

KENNETH LO OBE

Mr Lo is a Solicitor and Notary Public and joined the Board in 1989. He is also a director of Hongkong Land Holdings.

LORD POWELL OF BAYSWATER KCMG

Lord Powell joined the Board in 1992. He was previously Private Secretary and adviser on foreign affairs and defence to British Prime Ministers, Baroness Thatcher and Rt Hon John Major. He is a director of Caterpillar, LVMH Moët Hennessy Louis Vuitton, Matheson & Co, Said Holdings, Sagitta Asset Management, British Mediterranean Airways, Phillips Fine Art Auctioneers, Textron Corporation and UK-China Forum. He is also chairman of the Singapore-British Business Council and president of the China-Britain Business Council.

JAMES WATKINS

Mr Watkins joined the Board in 1997. He was previously a group legal director based in the United Kingdom, prior to which he was a partner of Linklaters & Paines. Mr Watkins is a director of Jardine Matheson Limited, Dairy Farm and Jardine Matheson.

JOHN WITT *Finance Director*

Mr Witt was appointed as Finance Director in June 2000, having first joined the Group in 1998. He is a Chartered Accountant and has an MBA from INSEAD. His background has provided him with extensive international experience in financial planning, treasury control and business development in a variety of consumer industries.

five year summary

in millions of united states dollars

	1996	1997	1998	1999	**2000**
CONSOLIDATED PROFIT AND LOSS ACCOUNT					
Revenue	227.2	258.1	194.0	179.2	**227.0**
Operating profit	74.1	69.5	38.2	30.7	**37.7**
Share of operating results of associates and joint ventures	8.4	6.8	(14.0)	11.8	**15.5**
Profit before interest and tax	82.5	76.3	24.2	42.5	**53.2**
Net financing charges	(10.1)	(17.4)	(20.5)	(20.3)	**(28.4)**
Profit before tax	72.4	58.9	3.7	22.2	**24.8**
Tax	(16.8)	(12.9)	(8.2)	(4.6)	**(6.7)**
Profit / (Loss) after tax	55.6	46.0	(4.5)	17.6	**18.1**
Minority interests	(0.1)	0.2	0.1	(0.2)	**–**
Profit / (Loss) attributable to shareholders	55.5	46.2	(4.4)	17.4	**18.1**
Earnings per share (US¢)	7.76	6.39	(0.61)	2.39	**2.21**
Earnings per share excluding non-recurring items (US¢)	7.76	7.67	2.68	2.39	**1.74**
Dividends per share (US¢)	6.30	3.50	1.35	1.35	**1.35**
CONSOLIDATED BALANCE SHEET					
Goodwill	–	–	–	–	**24.5**
Tangible assets	1,156.1	978.3	732.6	891.3	**1,072.1**
Associates and joint ventures	299.1	185.8	182.6	167.9	**229.2**
Other investments	–	–	–	–	**20.8**
Pension assets	–	13.2	13.1	12.6	**13.2**
Deferred tax assets	–	–	–	–	**2.0**
Net current assets	79.1	89.6	38.4	88.1	**77.0**
Long-term borrowings	(276.5)	(281.1)	(251.9)	(306.2)	**(431.7)**
Deferred tax liabilities	(13.6)	(18.6)	(19.3)	(17.2)	**(15.5)**
Pension liabilities	–	(0.9)	(0.9)	(0.9)	**(0.8)**
Net operating assets	1,244.2	966.3	694.6	835.6	**990.8**
Share capital	34.7	35.1	35.3	35.3	**42.6**
Share premium	22.6	22.7	23.6	24.0	**88.7**
Revenue and other reserves	1,185.3	895.5	627.8	767.4	**850.5**
Shareholders' funds	1,242.6	953.3	686.7	826.7	**981.8**
Minority interests	1.6	13.0	7.9	8.9	**9.0**
Capital employed	1,244.2	966.3	694.6	835.6	**990.8**
Net asset value per share (US$)	1.79	1.36	0.97	1.17	**1.15**
CONSOLIDATED CASH FLOW STATEMENT					
Cash flows from operating activities	80.2	78.9	23.3	31.2	**30.8**
Cash flows from investing activities	(168.3)	(27.7)	(40.1)	(30.3)	**(200.5)**
Net cash flow before financing activities	(88.1)	51.2	(16.8)	0.9	**(169.7)**
Cash flow per share from operating activities (US¢)	11.21	10.92	3.21	4.29	**3.75**

consolidated profit and loss account

for the year ended 31st December 2000

	Note	2000 US$m	1999 US$m
Revenue	1	**227.0**	179.2
Cost of sales		**(130.8)**	(108.4)
Gross profit		**96.2**	70.8
Selling and distribution costs		**(16.4)**	(10.7)
Administration expenses		**(42.1)**	(29.4)
Operating profit	2	**37.7**	30.7
Share of operating results of associates and joint ventures	3	**15.5**	11.8
Profit before interest and tax		**53.2**	42.5
Net financing charges	5	**(28.4)**	(20.3)
Profit before tax		**24.8**	22.2
Tax	6	**(6.7)**	(4.6)
Profit after tax		**18.1**	17.6
Minority interests		**–**	(0.2)
Profit after tax and minority interests		**18.1**	17.4

		US¢	US¢
Earnings per share	7		
– basic		**2.21**	2.39
– diluted		**2.20**	2.38
Earnings per share excluding non-recurring items	7		
– basic		**1.74**	2.39
– diluted		**1.74**	2.38

consolidated balance sheet

at 31st December 2000

	Note	2000 US$m	1999 US$m
Net assets	*15*		
Goodwill	*8*	**24.5**	–
Tangible assets	*9*	**1,072.1**	891.3
Associates and joint ventures	*10*	**229.2**	167.9
Other investments	*11*	**20.8**	–
Pension assets	*12*	**13.2**	12.6
Deferred tax assets	*14*	**2.0**	–
Non-current assets		**1,361.8**	1,071.8
Stocks		**3.0**	2.8
Debtors and prepayments		**39.6**	30.1
Cash at bank	*22d*	**100.6**	122.1
Current assets		**143.2**	155.0
Creditors and accruals		**(53.3)**	(39.3)
Borrowings	*13*	**(6.7)**	(22.8)
Current tax liabilities		**(6.2)**	(4.8)
Current liabilities		**(66.2)**	(66.9)
Net current assets		**77.0**	88.1
Long-term borrowings	*13*	**(431.7)**	(306.2)
Deferred tax liabilities	*14*	**(15.5)**	(17.2)
Pension liabilities	*12*	**(0.8)**	(0.9)
		990.8	835.6
Capital employed			
Share capital	*16*	**42.6**	35.3
Share premium	*17*	**88.7**	24.0
Revenue and other reserves	*19*	**850.5**	767.4
Shareholders' funds		**981.8**	826.7
Minority interests	*20*	**9.0**	8.9
		990.8	835.6

Percy Weatherall

Edouard Ettedgui

Directors

26th February 2001

consolidated statement of changes in shareholders' funds

for the year ended 31st December 2000

	Note	2000 US$m	1999 US$m
At 1st January		**826.7**	686.7
Property revaluation surplus	*19*	**101.2**	135.0
Deferred tax on property revaluation	*19*	**(2.8)**	–
Net exchange translation differences	*19*	**(27.7)**	(3.3)
Net gains not recognised in consolidated profit and loss account		**70.7**	131.7
Profit after tax and minority interests		**18.1**	17.4
Dividends	*21*	**(10.3)**	(9.5)
Convertible bonds issue – equity component	*13a*	**4.6**	–
Equity rights issue	*16 & 17*	**72.0**	–
Exercise of share options	*18*	**–**	0.4
At 31st December		**981.8**	826.7

The movements on share capital, share premium and each category of revenue and other reserves are shown in notes 16, 17 and 19 respectively.

consolidated cash flow statement

for the year ended 31st December 2000

	Note	2000 US$m	1999 US$m
Operating activities			
Operating profit		**37.7**	30.7
Depreciation	*9*	**13.4**	14.6
Amortisation of goodwill	*8*	**0.7**	–
Non-cash items		**(0.7)**	0.3
Decrease in working capital	*22a*	**1.9**	2.8
Interest received		**8.6**	5.5
Interest and other financing charges paid		**(28.7)**	(21.3)
Tax paid		**(7.5)**	(7.3)
		25.4	25.3
Dividends from associates and joint ventures		**5.4**	5.9
Cash flows from operating activities		**30.8**	31.2
Investing activities			
Purchase of subsidiary net of cash and cash equivalents acquired	*22b*	**(134.6)**	–
Investments in and loans to associates and joint ventures	*22c*	**(27.6)**	(9.3)
Repayment of loans to associates		**0.6**	21.3
Purchase of tangible assets		**(38.9)**	(42.7)
Sale of tangible assets		**–**	0.4
Cash flows from investing activities		**(200.5)**	(30.3)
Financing activities			
Issue of shares	*16, 17 & 18*	**72.0**	0.4
Issue of convertible bonds	*13a*	**73.9**	–
Drawdown of borrowings		**61.6**	141.0
Repayment of borrowings		**(48.9)**	(135.6)
Dividends paid by the Company	*21*	**(10.3)**	(9.5)
Cash flows from financing activities		**148.3**	(3.7)
Effect of exchange rate changes		**(1.0)**	0.1
Net decrease in cash and cash equivalents		**(22.4)**	(2.7)
Cash and cash equivalents at beginning of year		**121.8**	124.5
Cash and cash equivalents at end of year	*22d*	**99.4**	121.8

A BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain non-current tangible assets, and in accordance with International Accounting Standards.

In view of the international nature of the Group's operations, the amounts shown in the financial statements are presented in United States Dollars.

The Group's reportable segments are set out in note 1.

B BASIS OF CONSOLIDATION

i) The consolidated financial statements include the financial statements of the Company, its subsidiaries and, on the basis set out in (ii) below, its associates and joint ventures. Subsidiaries are companies over which the Company has control. Control is the power to govern the financial and operating policies of the company so as to obtain benefits from its activities.

ii) Associates are companies, not being subsidiaries, over which the Group exercises significant influence. Joint ventures are entities which the Group jointly controls with one or more other venturers. Associates and joint ventures are included on the equity basis of accounting.

iii) The results of subsidiaries, associates and joint ventures are included or excluded from their effective dates of acquisition or disposal respectively.

C FOREIGN CURRENCIES

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

Net exchange differences arising from the translation of the financial statements of subsidiaries, associates and joint ventures expressed in foreign currencies are taken directly to exchange reserves. All other exchange differences are dealt with in the consolidated profit and loss account.

D GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions is reported in the balance sheet as an intangible asset and is amortised using the straight-line method over its estimated useful life.

Goodwill arising on major strategic acquisitions of the Group to expand its services or geographical market coverage is amortised over a maximum period of 20 years.

The carrying amount of goodwill is reviewed annually and written down for permanent impairment where it is considered necessary.

The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity disposed of.

E TANGIBLE ASSETS AND DEPRECIATION

Hotel properties acquired during the year, or those which are in their first three years of operation and have not yet fully established their market position, are stated at cost less provisions for permanent diminution.

Other freehold properties and properties held on leases with an expected remaining life of more than 20 years are stated at valuation. Independent valuations are performed at intervals not exceeding three years on an open market basis. In the intervening years the Directors review the carrying value of properties and adjustment is made where there has been a material change. Revaluation surpluses and deficits are dealt with in capital reserves except for movements on individual properties below cost which are dealt with in the consolidated profit and loss account.

Other tangible assets are stated at cost less amounts provided for depreciation.

Depreciation is calculated on the straight-line basis at annual rates estimated to write off the cost of each asset over its estimated useful life. The principal rates in use are as follows:

Leasehold improvements	10%
Plant and machinery	10%
Furniture and equipment	10 – $33^{1}/_{3}$%

It is the Group's practice to maintain freehold properties, leasehold properties with an expected remaining life of more than 20 years and integral fixed plant in a continual state of sound repair, such that their value is not diminished by the passage of time. Accordingly, the Directors consider that the useful economic lives of these assets are sufficiently long and their residual values, based on prices prevailing at the time of valuation, are sufficiently high that their depreciation is insignificant. The cost of maintenance and repairs of the properties is charged to the consolidated profit and loss account as incurred and the cost of significant improvements is capitalised.

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

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

F ACCOUNTING FOR LEASES

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payment. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance charge is charged to the profit and loss account over the lease period. The property, plant and equipment acquired through finance leasing contracts is depreciated over the useful life of the asset.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

G OTHER INVESTMENTS

Other investments are shown at cost and provision is only made where, in the opinion of the Directors, there is a permanent diminution in value. Where there has been a permanent diminution in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. Financial assets included within other investments are held to maturity and stated at amortised cost.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

H DEVELOPMENT AND PRE-OPENING COSTS

Costs directly attributable to development projects, including borrowing costs, are capitalised to the extent that such expenditure is expected to generate future economic benefits and upon completion of the project are included in non-current assets.

Costs attributable to potential development projects are capitalised and fully provided against until a legal contract is entered into, when the provision is then reversed.

I STOCKS

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

J CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise bank and cash, net of bank overdrafts.

K PROVISIONS

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

L CONVERTIBLE BONDS

On the issue of convertible bonds, the fair value of the initial obligation to make future payments of principal and interest to bondholders is calculated using a market interest rate for an equivalent non-convertible bond and is carried as a long-term liability on the amortised cost basis until extinguished on conversion or maturity of the bonds. The fair value of the conversion option is determined and is recognised and presented in equity. The Group does not recognise any changes in the value of this option in subsequent periods.

M DEFERRED TAX

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Provision for deferred tax is made on the revaluation of certain non-current tangible assets. Provision for withholding tax which could arise on the remittance of retained earnings relating to subsidiaries, is only made where there is a current intention to remit such earnings.

Deferred tax assets relating to carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

M DEFERRED TAX *continued*

Currently enacted tax rates are used to determine deferred tax.

N PENSION OBLIGATIONS

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

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

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

O DIVIDENDS

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

Scrip dividends are accounted for as a bonus issue. The nominal amount of the ordinary shares issued as a result of election for scrip is capitalised out of the share premium account or other reserves, as appropriate.

P REVENUE

Revenue consists of gross inflow of economic benefits associated with a transaction and is recognised when services are performed.

Revenue from hotel ownership comprises amounts earned in respect of services, facilities and goods supplied by the subsidiary hotels.

Revenue from hotel management comprises gross fees earned from the management of all the hotels operated by the Group.

Intra-Group revenue represents an elimination for management fees charged to the subsidiary hotels.

Q DERIVATIVE FINANCIAL INSTRUMENTS

The Group only enters into derivative financial instruments in order to hedge underlying exposures. Where these relate to interest rate movements, interest payable and receivable under such instruments is accrued and recorded as an adjustment to the interest income or expense related to the underlying exposure. Premiums paid or received on options are included in debtors or creditors and amortised to the consolidated profit and loss account over the life of the agreements. Where derivative financial instruments are used to hedge future commitments or transactions in foreign currencies, the unrealised exchange differences are deferred against the matching losses and gains on the specific transactions.

The fair value of publicly traded derivatives is based on quoted market prices at the balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

1 REVENUE

	2000 US$m	1999 US$m
Analysis by geographical area		
– Hong Kong and Macau	**143.9**	126.0
– Southeast Asia	**29.8**	32.1
– Europe	**27.5**	18.1
– North America	**25.8**	3.0
	227.0	179.2
Analysis by activity		
– Hotel ownership	**217.5**	172.6
– Hotel management	**21.5**	16.9
– Less: Intra-Group revenue	**(12.0)**	(10.3)
	227.0	179.2

The Group considers its primary reporting segment to be geographic. The Group is operated on a worldwide basis in four regions: Hong Kong and Macau, Southeast Asia, Europe and North America.

In addition, the Group has two distinct business segments: hotel ownership and hotel management.

2 OPERATING PROFIT

	2000 US$m	1999 US$m
Analysis by geographical area		
– Hong Kong and Macau	**29.5**	24.3
– Southeast Asia	**5.3**	6.8
– Europe	**(2.0)**	(1.6)
– North America	**4.9**	1.2
	37.7	30.7
Analysis by activity		
– Hotel ownership	**43.9**	32.1
– Hotel management	**(6.2)**	(1.4)
	37.7	30.7

2 OPERATING PROFIT *continued*

	2000 US$m	1999 US$m
The following items have been (credited) / charged in arriving at operating profit		
Rental income	**(6.6)**	(5.4)
Amortisation of goodwill (refer note 8)	**0.7**	–
Depreciation of tangible assets (refer note 9)		
– Owned assets	**13.4**	14.6
– Leased assets under finance lease	**–**	–
Directors' remuneration	**2.1**	2.2
Repairs and maintenance	**12.4**	8.2
Staff costs		
– Salaries and benefits in kind	**76.3**	59.7
– Defined benefit pension costs (refer note 12)	**0.1**	2.9
– Defined contribution pension costs	**0.5**	0.4
	76.9	63.0

Average number of persons employed by the Company and its subsidiaries during the year:

	2000 Number	1999 Number
Full time	**3,246**	2,739
Part time	**230**	257
	3,476	2,996

3 SHARE OF OPERATING RESULTS OF ASSOCIATES AND JOINT VENTURES

	2000 US$m	1999 US$m
Analysis by geographical area		
– Hong Kong and Macau	**2.1**	2.3
– Southeast Asia	**12.7**	9.4
– Europe	**0.8**	–
– North America	**(0.1)**	0.1
	15.5	11.8
Analysis by activity		
– Hotel ownership	**14.6**	10.8
– Other	**0.9**	1.0
	15.5	11.8

Share of operating results of associates and joint ventures are stated after charging depreciation of US$6.4 million (1999: US$4.9 million).

4 NON-RECURRING ITEMS

	2000 US$m	1999 US$m
Reversal of provision against diminution in asset values to the extent that individual property values are below original cost (refer note 10)		
– Associate hotel in Southeast Asia	**3.8**	–

5 NET FINANCING CHARGES

	2000 US$m	1999 US$m
Company and subsidiaries		
Interest income	**8.3**	5.7
Interest expense		
– Bank loans	**(25.4)**	(22.5)
– Convertible bonds (refer note 13a)	**(4.9)**	–
– Finance leases	**(0.8)**	–
Commitment and other fees	**(1.2)**	(0.6)
	(24.0)	(17.4)
Associates and joint ventures		
Interest income	**0.1**	0.2
Interest expense – bank loans	**(4.5)**	(3.1)
	(4.4)	(2.9)
	(28.4)	(20.3)

6 TAX

	2000 US$m	1999 US$m
Company and subsidiaries		
– Current tax	**6.4**	5.0
– Deferred tax	**(1.6)**	(2.6)
Associates and joint ventures		
– Current tax	**1.9**	2.2
	6.7	4.6
Analysis by geographical area		
Hong Kong and Macau	**4.4**	1.6
Southeast Asia	**3.6**	4.8
Europe	**(1.9)**	(2.1)
North America	**0.6**	0.3
	6.7	4.6
Analysis by activity		
Hotel ownership	**4.8**	3.1
Hotel management	**1.9**	1.5
	6.7	4.6
Reconciliation between tax expense and tax at the applicable tax rate		
Tax on profit at applicable tax rate of 5.6% (1999: 9.4%)	**1.4**	2.1
Non-recurring items not deductible for tax purposes	**(1.0)**	–
Tax effect of income not taxable	**(2.0)**	(1.0)
Tax effect of expenses not deductible for tax purposes	**1.4**	0.4
Current year tax loss not recognised	**5.3**	2.3
Utilisation of previously unrecognised tax losses	**(0.1)**	(0.3)
Withholding tax	**1.8**	1.6
Tax rebates for prior years	**–**	(0.8)
Underprovision for prior years	**(0.1)**	0.3
	6.7	4.6

The applicable tax rate represents the weighted average of the rates of taxation prevailing in the territories in which the Group operates.

7 EARNINGS PER SHARE

Basic earnings per share are calculated on the profit after tax and minority interests of US$18.1 million (1999: US$17.4 million) and on the weighted average number of 820.4 million shares (1999: 726.7 million shares) in issue during the year. The weighted average number excludes shares held by the Trustee of the Senior Executive Share Incentive Schemes (refer note 18).

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.

	Ordinary shares in millions	
	2000	1999
Weighted average number of shares in issue	**820.4**	726.7
Adjustment for shares deemed to be issued for no consideration	**2.0**	1.7
Weighted average number of shares for diluted earnings per share	**822.4**	728.4

Earnings per share excluding non-recurring items for 2000 were calculated on the profit after tax and minority interests and after adjusting for the non-recurring items of US$3.8 million.

	2000 US$m	1999 US$m
Profit after tax and minority interests	**18.1**	17.4
Non-recurring items (refer note 4)	**(3.8)**	–
Profit after tax and minority interests excluding non-recurring items	**14.3**	17.4

8 GOODWILL

Opening net book value	**–**	–
Acquisition of subsidiary (refer note 22b)	**25.2**	–
Amortisation charge (refer note 2)	**(0.7)**	–
Closing net book value	**24.5**	–
At 31st December		
Cost	**25.2**	–
Accumulated amortisation	**(0.7)**	–
Net book value	**24.5**	–

Amortisation of goodwill has been included in administration expenses.

9 TANGIBLE ASSETS

	Land & buildings US$m	Leasehold improvements US$m	Plant & machinery US$m	Furniture & equipment US$m	Total US$m
2000					
Net book value at 1st January	822.1	17.0	9.4	42.8	891.3
Exchange rate adjustments	(25.5)	(4.0)	(0.4)	(2.7)	(32.6)
Acquisition of subsidiary					
(refer note 22b)	100.0	1.6	–	0.1	101.7
Additions	20.3	1.3	11.8	8.8	42.2
Disposals	–	–	–	–	–
Depreciation charge	–	(3.1)	(2.3)	(8.0)	(13.4)
Revaluation surplus	82.9	–	–	–	82.9
Net book value at 31st December	**999.8**	**12.8**	**18.5**	**41.0**	**1,072.1**
Cost or valuation	999.8	78.8	37.9	108.8	1,225.3
Accumulated depreciation	–	(66.0)	(19.4)	(67.8)	(153.2)
	999.8	**12.8**	**18.5**	**41.0**	**1,072.1**
1999					
Net book value at 1st January	657.0	20.5	11.6	43.5	732.6
Exchange rate adjustments	(3.1)	(0.3)	(0.1)	(0.4)	(3.9)
Additions	33.2	0.5	0.1	8.9	42.7
Disposals	–	(0.3)	–	(0.2)	(0.5)
Depreciation charge	–	(3.4)	(2.2)	(9.0)	(14.6)
Revaluation surplus	135.0	–	–	–	135.0
Net book value at 31st December	822.1	17.0	9.4	42.8	891.3
Cost or valuation	822.1	36.7	27.1	104.1	990.0
Accumulated depreciation	–	(19.7)	(17.7)	(61.3)	(98.7)
	822.1	17.0	9.4	42.8	891.3

Land and buildings include a hotel property held under a finance lease as follows:

	2000 US$m	1999 US$m
Cost	**70.2**	–
Accumulated depreciation	**–**	–
Net book value	**70.2**	–

9 TANGIBLE ASSETS *continued*

	2000 US$m	1999 US$m
Analysis of additions and acquisition of subsidiary by geographical area		
Hong Kong and Macau	**4.3**	8.2
Southeast Asia	**2.0**	3.4
Europe	**63.1**	31.1
North America	**74.5**	–
	143.9	42.7
Analysis of additions and acquisition of subsidiary by activity		
Hotel ownership	**141.2**	42.2
Hotel management	**2.7**	0.5
	143.9	42.7
Analysis of depreciation by geographical area		
Hong Kong and Macau	**8.8**	9.3
Southeast Asia	**1.8**	2.1
Europe	**2.2**	3.2
North America	**0.6**	–
	13.4	14.6
Analysis of depreciation by activity		
Hotel ownership	**12.8**	14.1
Hotel management	**0.6**	0.5
	13.4	14.6
Analysis of net book value of land and buildings		
Freehold	**216.5**	176.6
Long leases (50 years and over unexpired)	**670.3**	592.1
Other leases (20 to 50 years unexpired)	**113.0**	53.4
	999.8	822.1

Land and buildings were revalued at 31st December 1998 by independent valuers on an open market basis. The Directors have reviewed the carrying values of all properties at 31st December 1999 and 2000 in consultation with the Group's independent valuers. The Group's share of the resulting surplus of US$81.1 million has been dealt with in capital reserves and US$0.2 million dealt with in the profit and loss account (1999: surplus of US$135.0 million dealt with in capital reserves).

If the land and buildings had been included in the financial statements at cost, the carrying value would have been US$592.2 million (1999: US$520.2 million).

Certain of the hotel properties are pledged as security for bank loans as shown in note 13.

10 ASSOCIATES AND JOINT VENTURES

	2000 US$m	1999 US$m
Listed investment in The Oriental Hotel (Thailand) PCL	**48.4**	48.1
Unlisted investments in other associates	**129.5**	84.2
Group share of attributable net assets of associates	**177.9**	132.3
Joint ventures (see below)	**51.3**	35.6
	229.2	167.9
Market value of listed investment in The Oriental Hotel (Thailand) PCL	**29.5**	36.7

The Group's share of assets and liabilities and results of joint ventures is summarised below:

	2000	1999
Non-current assets	**55.1**	39.4
Current assets	**3.0**	4.8
Current liabilities	**(3.5)**	(5.3)
Non-current liabilities	**(3.3)**	(3.3)
Net assets	**51.3**	35.6
Revenue	**10.9**	8.9
Profit before tax	**1.2**	1.7
Profit after tax	**1.2**	1.7
Net profit	**1.2**	1.7
Capital commitments	**–**	0.3
Contingent liabilities	**–**	–

The Group's share of attributable net assets of unlisted associates at 31st December 2000 includes goodwill of US$3.0 million (1999: Nil), net of accumulated amortisation of US$0.1 million (1999: Nil). The Group's share of operating results of associates includes US$0.1 million (1999: Nil) of amortisation of goodwill in respect of associates acquired in the year.

The Directors are satisfied that there is no permanent diminution in the carrying value of the listed investment notwithstanding the lower stock market valuation at the year end.

The land and buildings owned by associates and joint ventures were revalued at 31st December 1998 by independent valuers on an open market basis. The Directors have reviewed the carrying values of all operating properties at 31st December 1999 and 2000 in consultation with the Group's independent valuers. The Group's share of the net underlying net revaluation surplus has been dealt with in capital reserves to the extent of US$20.1 million (1999: Nil) and in the profit and loss account to the extent of US$3.8 million (1999: Nil).

11 OTHER INVESTMENTS

	2000 US$m	1999 US$m
Unlisted hotel investments at cost		
– 12.6% interest in Turnberry Isle Resort & Club	**11.3**	–
– Others	**0.9**	–
	12.2	–
Bonds	**8.6**	–
	20.8	–

The directors are of the view that no provision for permanent diminution in value is required for the other investments.

The bonds have a nominal value of DM20 million with a coupon rate of 4.17%, and will mature on 24th September 2008.

12 PENSION PLANS

The Group has a number of defined benefit pension plans, covering all the main territories in which it operates with the major plans relating to employees in Hong Kong and South East Asia. Most of the pension plans are final salary defined benefit plans and are either funded or unfunded. The assets of the funded plans are held independently of the Group's assets in separate trustee administered funds. The Group's major plans are valued by independent actuaries annually using the projected unit credit method.

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

	2000 US$m	1999 US$m
Fair value of plan assets	**52.0**	59.5
Present value of funded obligations	**(30.6)**	(34.7)
Present value of unfunded obligations	**–**	(0.5)
Unrecognised actuarial gains	**(9.0)**	(12.6)
Net pension assets	**12.4**	11.7
Analysis of net pension assets		
Pension assets	**13.2**	12.6
Pension liabilities	**(0.8)**	(0.9)
	12.4	11.7
Movements for the year		
At 1st January	**11.7**	12.2
Translation differences	**(0.3)**	–
Expense recognised in the consolidated profit and loss account	**(0.1)**	(2.9)
Contributions paid	**1.1**	2.4
At 31st December	**12.4**	11.7

12 PENSION PLANS *continued*

The expense recognised in the consolidated profit and loss account is as follows:

	2000 US$m	1999 US$m
Current service cost	**3.6**	4.2
Interest cost	**2.4**	2.5
Expected return on plan assets	**(5.1)**	(4.0)
Net actuarial (gains) / losses recognised	**(0.8)**	0.2
	0.1	2.9
Actual return on plan assets	**(5.7)**	17.3

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

	2000 %	1999 %
Discount rate applied to pension obligations	**7.5**	8.0
Expected return on plan assets	**7.0**	9.0
Future salary increases	**6.0**	8.0

13 BORROWINGS

	2000 US$m	1999 US$m
Current		
– Bank overdrafts	**1.2**	0.3
– Other bank advances	**2.0**	–
	3.2	0.3
Current portion of long-term borrowings		
– Bank loans	**3.5**	22.5
Long-term borrowings		
– Bank loans	**353.9**	306.2
– Convertible bonds (note 13a)	**70.2**	–
– Finance lease (note 13b)	**7.6**	–
	431.7	306.2
	438.4	329.0
Secured	**354.0**	309.4
Non-secured	**84.4**	19.6
	438.4	329.0
Due dates of repayment		
Within one year	**6.7**	22.8
Between one and two years	**134.0**	41.8
Between two and five years	**199.2**	195.6
Beyond five years	**98.5**	68.8
	438.4	329.0

13 BORROWINGS *continued*

	Fixed rate borrowings				
	Weighted average interest rates %	Weighted average period Years	US$m	Floating rate borrowings US$m	Total US$m
2000					
Deutschmark	5.8	7.8	13.7	–	**13.7**
Hong Kong Dollar	7.2	2.7	64.1	167.1	**231.2**
Swiss Franc	4.2	7.8	10.0	–	**10.0**
United Kingdom Sterling	6.9	–	–	103.6	**103.6**
United States Dollar	9.4	16.6	77.8	2.1	**79.9**
			165.6	**272.8**	**438.4**
1999					
Hong Kong Dollar	7.5	0.5	64.3	167.3	231.6
United Kingdom Sterling	6.5	–	–	94.7	94.7
United States Dollar	7.4	–	–	2.4	2.4
			64.3	264.4	328.7

Bank loans of US$354.0 million (1999: US$309.4 million) are secured against the fixed assets of certain subsidiaries. The book value of these fixed assets as at 31st December 2000 was US$951.2 million (1999: US$837.5 million).

The weighted average interest rates and period are stated after taking account of hedging transactions (refer note 23).

a) Convertible bonds

6.75% convertible bonds were issued by the Group in March 2000. Proceeds of the bonds were used to finance the acquisition of The Rafael Group. The bonds are due in 2005 and convertible up to and including 23rd February 2005 into fully paid ordinary shares of the Company at an initial conversion price of US$0.671 per ordinary share.

The fair values of the liability component and equity conversion component are determined on issue of the bond. The fair value of the liability component, included in long-term borrowings, is calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in revenue and other reserves (refer note 19).

In subsequent periods, the liability component continues to be presented on the amortised cost basis, until extinguished on conversion or maturity of the bonds. The equity conversion component is determined on issue of the bonds and is not changed in subsequent periods.

13 BORROWINGS *continued*

a) Convertible bonds *continued*

The convertible bonds are recognised in the balance sheet as follows:

	2000 US$m	1999 US$m
Face value of convertible bonds issued	75.8	–
Issue costs	(1.9)	–
Net proceeds	73.9	–
Equity conversion component (refer note 19)	(4.6)	–
	69.3	–
Interest expense (refer note 5)	4.9	–
Interest paid	(4.0)	–
Liability component at 31st December	70.2	–

The carrying amount of the liability component of the convertible bond represents its fair value.

Interest on the bond is calculated on the effective yield basis by applying the coupon interest rate of 8.25% for an equivalent non-convertible bond to the liability component of the convertible bond. Issue costs of US$0.1 million in respect of the equity component of the convertible bond were written off against reserves.

b) Finance lease

	2000 US$m	1999 US$m
Minimum lease payments		
Within one year	1.4	–
Between two and five years	5.7	–
Beyond five years	321.2	–
	328.3	–
Less: Future finance charges on finance lease	(320.7)	–
Present value of finance lease liabilities	7.6	–
The present value of finance lease liabilities may be analysed as follows:		
Within one year	–	–
Between two and five years	0.3	–
Beyond five years	7.3	–
	7.6	–

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

14 DEFERRED TAX

	Accelerated tax depreciation US$m	Property valuation US$m	Unremitted earnings in associates & joint ventures US$m	Other temporary differences US$m	Tax losses US$m	Total US$m
2000						
At 1st January	2.3	12.7	1.0	1.2	–	17.2
Exchange rate adjustments	–	(2.7)	–	–	–	(2.7)
Charged / (Credited) to consolidated profit and loss account	0.3	–	–	0.1	(2.0)	(1.6)
Charged to reserves	–	0.6	–	–	–	0.6
At 31st December	**2.6**	**10.6**	**1.0**	**1.3**	**(2.0)**	**13.5**
1999						
At 1st January	4.4	12.2	0.9	1.8	–	19.3
Exchange rate adjustments	–	0.5	–	–	–	0.5
(Credited) / Charged to consolidated profit and loss account	(2.1)	–	0.1	(0.6)	–	(2.6)
At 31st December	2.3	12.7	1.0	1.2	–	17.2

	2000 US$m	1999 US$m
Deferred tax assets	**(2.0)**	–
Deferred tax liabilities	**15.5**	17.2
	13.5	17.2

Deferred tax assets of US$13.4 million (1999: US$13.7 million) have not been recognised in relation to tax losses in subsidiaries as it is uncertain when these losses will be utilised.

Expiry dates for deferred tax assets not recognised in relation to tax losses		
Within one year	**0.1**	4.8
Between two and five years	**0.7**	0.6
Over five years	**5.7**	4.3
With no expiry dates	**6.9**	4.0
	13.4	13.7

Deferred tax liabilities have not been established for withholding taxes that would be payable on the unremitted earnings of certain subsidiaries as there is no current intention of remitting the retained earnings to the holding companies; such unremitted earnings totalled US$10.8 million as at 31st December 2000 (1999: US$10.9 million).

15 NET ASSETS

Analysis by geographical area

	Segment assets US$m	Segment liabilities US$m	Associates & joint ventures US$m	Other assets & liabilities US$m	Total US$m
2000					
Hong Kong and Macau	737.9	(24.9)	33.3	(234.0)	512.3
Southeast Asia	56.6	(4.3)	106.2	(8.0)	150.5
Europe	241.0	(9.6)	22.2	(114.6)	139.0
North America	116.9	(15.3)	67.5	19.9	189.0
	1,152.4	**(54.1)**	**229.2**	**(336.7)**	**990.8**
1999					
Hong Kong and Macau	661.1	(21.6)	33.8	(237.6)	435.7
Southeast Asia	69.8	(5.6)	94.8	(9.6)	149.4
Europe	194.2	(4.6)	–	(94.6)	95.0
North America	11.7	(8.4)	39.3	112.9	155.5
	936.8	(40.2)	167.9	(228.9)	835.6

Associates and joint ventures include share of attributable net assets and unamortised goodwill on acquisition. Other assets and liabilities comprise other investments, tax assets and liabilities, cash and cash equivalents and borrowings.

Analysis by activity

Substantially all of the net assets of the Group are employed in hotel ownership.

16 SHARE CAPITAL

	Ordinary shares in millions 2000	Ordinary shares in millions 1999	2000 US$m	1999 US$m
Authorised				
Shares of US¢5 each	**1,500.0**	1,500.0	**75.0**	75.0
Issued and fully paid				
At 1st January	**728.3**	723.0	**36.4**	36.2
Repurchase of shares under share incentive schemes	**–**	(1.4)	**–**	(0.1)
Rights issue	**145.7**	–	**7.3**	–
Issued under share incentive schemes	**11.5**	6.7	**0.6**	0.3
At 31st December	**885.5**	728.3	**44.3**	36.4
Outstanding under share incentive schemes	**(34.0)**	(22.5)	**(1.7)**	(1.1)
At 31st December	**851.5**	705.8	**42.6**	35.3

145,660,854 shares were issued by the Group in March 2000 at US$0.51 each.

17 SHARE PREMIUM

	2000 US$m	1999 US$m
At 1st January	**42.0**	39.0
Repurchase of shares under share incentive schemes	**–**	(1.2)
Rights issue	**67.0**	–
Issue costs	**(2.3)**	–
Issued under share incentive schemes	**5.8**	4.2
At 31st December	**112.5**	42.0
Outstanding under share incentive schemes	**(23.8)**	(18.0)
At 31st December	**88.7**	24.0

18 SENIOR EXECUTIVE SHARE INCENTIVE SCHEMES

The Senior Executive Share Incentive Schemes were set up in order to provide selected executives with options to purchase ordinary shares in the Company. Under the Schemes, ordinary shares are issued to the Trustee of the Schemes, Mandarin Oriental Trustees Limited, a wholly-owned subsidiary which holds the ordinary shares until the options are exercised. Ordinary shares are issued at prices based on the average closing price for the five trading days immediately preceding the date of grant of the options. The options are exercisable for up to 10 years following the date of grant.

As the shares issued under the Schemes are held on trust by a wholly-owned subsidiary, for presentation purposes they are netted off the Company's share capital in the consolidated balance sheet (refer note 16), and the premium attached to them is netted off the share premium account (refer note 17).

Movements for the year

	Ordinary shares in millions			
	2000	1999	**2000 US$m**	1999 US$m
At 1st January	**22.5**	17.7	**19.1**	16.3
Granted	**11.5**	6.7	**6.4**	4.5
Repurchase of shares	**–**	(1.4)	**–**	(1.3)
Exercised	**–**	(0.5)	**–**	(0.4)
At 31st December	**34.0**	22.5	**25.5**	19.1

18 SENIOR EXECUTIVE SHARE INCENTIVE SCHEMES *continued*

Outstanding at 31st December

	2000		1999	
	Exercise price US$	Ordinary shares in millions	Exercise price US$	Ordinary shares in millions
Lapsed options held by Trustee	–	8.0	–	2.6
Expiry date				
2002	0.87807	0.2	0.8820	0.2
2003	1.06307	0.3	1.0670	0.4
2004	1.29107	0.2	1.2950	0.2
2004	1.42707	0.3	1.4310	0.6
2005	1.19607	0.9	1.2000	1.3
2006	1.36807	1.2	1.3720	1.6
2007	1.17607	0.7	1.1800	0.9
2008	0.47257	4.0	0.4765	4.0
2008	0.79407	0.5	0.7980	0.5
2008	0.81157	2.5	0.8155	3.5
2009	0.62457	0.2	0.6285	0.2
2009	0.70907	0.1	0.7130	0.8
2009	0.83957	0.3	0.8435	0.3
2009	0.65357	4.3	0.6575	5.4
2010	0.51900	7.1	–	–
2010	0.55400	0.1	–	–
2010	0.61600	1.1	–	–
2010	0.67250	2.0	–	–
		34.0		22.5

19 REVENUE AND OTHER RESERVES

	Revenue reserves US$m	Capital reserves US$m	Exchange reserves US$m	Total US$m
At 1st January 2000	197.8	669.9	(100.3)	767.4
Profit after tax and minority interests	18.1	–	–	18.1
Dividends (refer note 21)	(10.3)	–	–	(10.3)
Property revaluation surplus	–	101.2	–	101.2
Deferred tax on revaluation	–	(2.8)	–	(2.8)
Convertible bonds issue – equity component	–	4.6	–	4.6
Net exchange translation differences	–	–	(27.7)	(27.7)
At 31st December 2000	**205.6**	**772.9**	**(128.0)**	**850.5**
Of which:				
– Company	**52.0**	**–**	**–**	**52.0**
– Associates and joint ventures	**(12.4)**	**115.4**	**(74.6)**	**28.4**

19 REVENUE AND OTHER RESERVES *continued*

	Revenue reserves US$m	Capital reserves US$m	Exchange reserves US$m	Total US$m
At 1st January 1999	189.9	534.9	(97.0)	627.8
Profit after tax and minority interests	17.4	–	–	17.4
Dividends (refer note 21)	(9.5)	–	–	(9.5)
Property revaluation surplus	–	135.0	–	135.0
Net exchange translation differences	–	–	(3.3)	(3.3)
At 31st December 1999	197.8	669.9	(100.3)	767.4
Of which:				
– Company	43.8	–	–	43.8
– Associates and joint ventures	(16.2)	97.9	(65.9)	15.8

Capital reserves include property revaluation reserves of US$514.2 million net of attributable deferred tax of US$26.2 million (1999: US$415.8 million net of attributable deferred tax of US$23.4 million).

The property revaluation surplus for the year comprises US$81.1 million (1999: US$135.0 million) in respect of subsidiaries (refer note 9) and US$20.1 million (1999: Nil) in respect of associates and joint ventures (refer note 10).

20 MINORITY INTERESTS

	2000 US$m	1999 US$m
At 1st January	**8.9**	7.9
Net exchange translation differences	**(2.2)**	0.8
Acquisition of subsidiary	**1.2**	–
Attributable profits less dividends	**–**	0.2
Property revaluation	**1.6**	–
Deferred tax on revaluation	**(0.5)**	–
At 31st December	**9.0**	8.9

21 DIVIDENDS

Final dividend in respect of 1999 of US¢0.85 per share (1998: US¢0.85 per share)	**6.0**	6.0
Interim dividend in respect of 2000 of US¢0.50 per share (1999: US¢0.50 per share)	**4.3**	3.5
	10.3	9.5

A final dividend in respect of 2000 of US¢0.85 (1999: US¢0.85) per share amounting to US$7.2 million (1999: US$6.0 million) is proposed and will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2001.

22 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

a) Decrease in working capital

	2000 US$m	1999 US$m
Decrease in stocks	**0.4**	0.2
Increase in debtors and prepayments	**(3.6)**	(2.8)
Increase in creditors and accruals	**5.1**	5.4
	1.9	2.8

b) Acquisition

On 19th May 2000, the Group acquired 100% of the share capital of The Rafael Group Limited which is a hotel investment and management company incorporated in the British Virgin Islands. The consideration of US$146.9 million, including acquisition costs, was settled in cash. The fair value of the net identifiable assets of the company at the date of acquisition was US$121.7 million. The resulting goodwill of US$25.2 million is being amortised on a straight-line basis over 20 years. The acquired business contributed revenue of US$28.4 million and operating profit of US$5.6 million to the Group for the period from 19th May 2000 to 31st December 2000.

The assets and liabilities arising from the acquisition are as follows:

	US$m
Tangible fixed assets (refer note 9)	101.7
Associates	21.7
Other investments	20.8
Borrowings – bank loans	(26.6)
Borrowings – finance lease	(7.5)
Other assets less liabilities	12.8
Minority interests	(1.2)
Fair value of net assets	121.7
Goodwill (refer note 8)	25.2
Total purchase consideration	146.9
Cash and cash equivalents of subsidiary acquired	(12.3)
Net cash outflow on acquisition	**134.6**

c) Increase in investments in and loans to associates and joint ventures includes the Group's investment in Mandarin Oriental, Miami, Mandarin Oriental, New York and Mandarin Oriental, Kuala Lumpur.

22 NOTES TO CONSOLIDATED CASH FLOW STATEMENT *continued*

(d) Analysis of cash and cash equivalents

	2000 US$m	1999 US$m
Cash at bank	**100.6**	122.1
Bank overdrafts	**(1.2)**	(0.3)
	99.4	121.8

The weighted average effective interest rate on short term bank deposits included in cash at bank was 6.2% (1999: 5.9%)

23 FINANCIAL INSTRUMENTS

The Group manages its exposure to financial risks using a variety of techniques and instruments. Entering into speculative transactions is specifically prohibited.

Foreign exchange risk

Material foreign currency transaction exposures are covered by forward contracts and options.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through the use of derivative financial instruments such as interest rate swaps and caps.

Funding risk

The Group's ability to fund its existing and prospective debt requirements is managed by maintaining adequate cash or adequate committed funding lines from high quality lenders.

Counterparty risk

The Group's ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. The Group manages these risks by monitoring credit ratings and limiting the aggregate risk to any individual counterparty.

23 FINANCIAL INSTRUMENTS *continued*

Fair values

The fair values of the Group's financial assets and liabilities, before taking account of hedging transactions, are summarised as follows:

	2000 US$m	1999 US$m
Financial assets		
Other investments	**21.1**	–
Debtors	**35.0**	26.7
Cash at bank	**100.6**	122.1
	156.7	148.8
Financial liabilities		
Creditors and accruals	**51.9**	38.8
Borrowings – current portion	**6.7**	22.8
Long-term borrowings	**431.7**	306.2
	490.3	367.8

The fair values of debtors, cash at bank, creditors and accruals and borrowings – current portion are the same as their carrying amount due to the short-term maturities of these assets and liabilities.

The fair value of long-term borrowings is estimated using the expected future payments discounted at market interest rates.

Currency profile

The currency profile of the Group's financial assets and liabilities, before taking hedging transactions, is summarised as follows:

	2000		1999	
	Financial assets US$m	Financial liabilities US$m	Financial assets US$m	Financial liabilities US$m
Deutschmark	11.5	14.3	–	–
Hong Kong Dollar	13.6	257.0	12.4	254.5
Indonesian Rupiah	1.4	0.6	0.8	0.9
Philippine Peso	3.6	2.6	3.4	3.3
Swiss Franc	–	10.1	–	–
United Kingdom Sterling	5.0	112.3	4.0	99.6
United States Dollar	119.3	93.3	127.6	9.4
Others	2.0	0.1	0.6	0.1
	156.4	**490.3**	148.8	367.8

23 FINANCIAL INSTRUMENTS *continued*

Derivative financial instruments

	2000 Contract amount US$m	2000 Fair value assets / (liabilities) US$m	1999 Contract amount US$m	1999 Fair value assets / (liabilities) US$m
Analysis of interest rate swaps and caps				
Hong Kong Dollar	128.2	(2.3)	167.2	(0.3)
Swiss Franc	10.1	(0.3)	–	–
United Kingdom Sterling	–	–	69.6	–
	138.3	**(2.6)**	236.8	(0.3)

The fair value of derivative financial instruments represents the unrealised gains / (losses) on open contracts, which are not recognised in the financial statements.

	2000 US$m	1999 US$m
Due dates for interest rate swaps and caps		
– Within one year	**–**	167.2
– Between two and five years	**128.2**	69.6
– Over five years	**10.1**	–
	138.3	236.8

As at 31st December 2000, the fixed interest rates relating to interest rate swaps varied from 4.2% to 7.3% (1999: 7.2% to 7.3%).

24 CAPITAL COMMITMENTS

	2000	1999
Authorised not contracted		
– Investments in associates and joint ventures	**33.6**	23.8
– Tangible fixed assets	**2.3**	2.9
	35.9	26.7
Contracted not provided		
– Investments in associates and joint ventures	**0.3**	32.9
– Tangible fixed assets	**3.3**	23.6
	3.6	56.5
	39.5	83.2

25 SUMMARISED BALANCE SHEET OF THE COMPANY

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

	2000 US$m	1999 US$m
Subsidiaries at cost	**281.1**	122.6
Net current liabilities	**(2.1)**	(0.4)
Long-term borrowings	**(70.2)**	–
Net operating assets	**208.8**	122.2
Share capital (refer note 16)	**44.3**	36.4
Share premium (refer note 17)	**112.5**	42.0
Revenue and other reserves (refer note 19)	**52.0**	43.8
Shareholders' funds	**208.8**	122.2

26 RELATED PARTY TRANSACTIONS

The parent company of the Group is Jardine Strategic Holdings Limited and the ultimate holding company of the Group is Jardine Matheson Holdings Limited. Both companies are incorporated in Bermuda.

In the normal course of business the Group undertakes on an arms length basis a variety of transactions with its associates and with Jardine Matheson Holdings Limited and its subsidiaries and associates. In addition, the Group paid a management fee of US$0.1 million (1999: US$0.1 million) to Jardine Matheson Limited, being a fee of 0.5% of the Group's net profit after tax and minority interests in consideration for certain management consultancy services provided by Jardine Matheson Limited.

Bank balances at 31st December 2000 include deposits of US$10.0 million (1999: US$9.8 million) placed on normal commercial terms with Matheson Bank Limited, a wholly-owned United Kingdom subsidiary of Jardine Matheson Holdings Limited.

During 2000, the Group managed eight associate and joint venture hotels and received management fees based on long-term management agreements on normal commercial terms. Receivables from associates and joint ventures at 31st December 2000 were US$2.6 million (1999: US$2.2 million).

On 15th February 2000, Jardine Strategic Holdings Limited irrevocably undertook to subscribe for 74,287,047 new ordinary shares at US$0.51 each and 7,738 convertible bonds at US$5,000 each which were provisionally allotted by the Company pursuant to the Rights Issue, full details of which were set out in the Circular to shareholders dated 24th February 2000. In consideration for the undertaking, the Company paid to Jardine Strategic Holdings Limited a commitment commission of US$1.2 million, being 1.75% of the aggregate value of such new ordinary shares and 1.5% of the aggregate value of such convertible bonds to which the undertaking related.

at 31st December 2000

Principal country	Company name	Main activities
SUBSIDIARIES		
Hong Kong	Mandarin Oriental Hotel Group International Limited	Management
Hong Kong	Mandarin Oriental Hotel Group Limited	Management
Hong Kong	Mandarin Oriental, Hong Kong Limited Excelsior Hotel (BVI) Limited	Owner: Mandarin Oriental, Hong Kong Owner: The Excelsior, Hong Kong
United Kingdom	Mandarin Oriental Hyde Park Limited	Owner: Mandarin Oriental Hyde Park, London
Germany	Dinavest International Holdings B.V.	Owner: Mandarin Oriental, Munich
United States	Mark Hotel Investors, L.P.	Owner: The Mark, New York
Philippines	Manila Mandarin Hotel Incorporated	Owner: Mandarin Oriental, Manila
Indonesia	P.T. Jaya Mandarin Agung	Owner: Mandarin Oriental, Jakarta
ASSOCIATES AND JOINT VENTURES		
Macau	Excelsior Hoteis E Investimentos Limitada	Owner: Mandarin Oriental, Macau
Singapore	Marina Bay Hotel Private Limited	Owner: The Oriental, Singapore
Thailand	The Oriental Hotel (Thailand) PCL	Owner: The Oriental, Bangkok
Switzerland	Sociètè Immobilère de Mandarin Oriental Hôtel du Rhône SA Sociètè pour l'Exploitation de Mandarin Oriental Hôtel du Rhône SA	Owner: Mandarin Oriental Hotel du Rhône, Geneva
United States	Kahala Hotel Associates Limited Partnership	Owner: Kahala Mandarin Oriental, Hawaii
Malaysia	Asas Klasik Sdn Bhd	Owner: Mandarin Oriental, Kuala Lumpur
Indonesia	P.T. Sekman Wisata	Owner: Hotel Majapahit, Surabaya
United States	Swire Brickell Key Hotel Limited	Owner: Mandarin Oriental, Miami
Thailand	Chaophaya Development Corporation Limited	Owner: River City Shopping Complex
MANAGED HOTELS		
United States		Turnberry Isle Resort & Club, Florida
United States		Mandarin Oriental, San Francisco
Bermuda		Elbow Beach, Bermuda
India		Mandarin Oriental Ananda, The Himalayas

Notes
1. Preference shares
2. Including a renewal option of 25 years exercisable in 2001
3. Including a renewal option of 20 years exercisable in 2003
4. Including a renewal option of 25 years exercisable in 2007

Attributable interest %	Issued share capital	Hotel profile
100	US$12,000	–
100	HK$60,000,000	–
100	HK$33,000,000	542 rooms. Lease expiry 2895
100	US$100	887 rooms. Lease expiry 2842
100	GBP 4,493,484 GBP 1,578,791 *(note 1)*	200 rooms. Freehold
100	DM 100,000	73 rooms. Freehold
96.5	–	179 rooms. Lease expiry 2131
96.2	Peso 288,918,400	448 rooms. Lease expiry 2026 *(note 2)*
60.5	Rup 8,196,250,000	424 rooms. Lease expiry 2023 *(note 3)*
50	Ptc 20,000,000	435 rooms. Lease expiry 2032 *(note 4)*
50	S$141,500,000	523 rooms. Lease expiry 2079
44.9	Baht 160,000,000	396 rooms. Various freehold / leasehold
42.6	CHF 6,800,000	192 rooms. Lease expiry 2040
50	CHF 10,800,000	–
40	–	371 rooms. Lease expiry 2043
25	RM 130,000,000	643 rooms. Freehold
25	Rup 28,252,000,000	150 rooms. Lease expiry 2008
25	–	329 rooms. Freehold
49	Baht 120,000,000	–
12.6	–	392 rooms
–	–	158 rooms
–	–	244 rooms
–	–	75 rooms

TO THE MEMBERS OF MANDARIN ORIENTAL INTERNATIONAL LIMITED

We have audited the financial statements on pages 36 to 67. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements give a true and fair view of the financial position of the Group at 31st December 2000 and of its profits and cash flows for the year then ended in accordance with International Accounting Standards and the Bermuda Companies Act.

PricewaterhouseCoopers
1 Embankment Place
London WC2N 6RH
United Kingdom

London, 26th February 2001

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are required under the Bermuda Companies Act 1981 to prepare financial statements for each financial year and to present them annually to the Company's shareholders at the Annual General Meeting.

The financial statements, prepared in accordance with International Accounting Standards, must give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the profit or loss for the year then ended.

The Directors consider that suitable accounting policies, applied on a consistent basis and supported by prudent and reasonable judgements and estimates, have been selected in preparing the financial statements and that applicable accounting standards have been followed.

It is also the responsibility of the Directors to ensure proper accounting records are maintained and to take reasonable steps to safeguard the assets of the Group as well as to prevent and detect fraud and other irregularities.

INTERNAL FINANCIAL CONTROL

The Board is responsible for maintaining a system of internal financial control designed to enable the Directors to monitor the Group's overall financial position, to help protect its assets and to give reasonable, but not absolute, assurance against material financial misstatement or loss.

Mandarin Oriental's policy on commercial conduct underpins the Group's internal financial control process. The policy is set out in a published "Code of Conduct" which covers business ethics, compliance with local legislation and accounting requirements. The Code of Conduct is reinforced and monitored by an annual compliance certification process.

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

The Board has delegated to executive management the implementation of the systems of internal financial control. These systems are monitored by an internal audit function which reports its findings and recommendations for any corrective action required to the Audit Committee of Mandarin Oriental Hotel Group International Limited.

The systems of internal financial control include:

- Approval by the Board of annual revenue, expenditure and investment budgets.
- Regular consideration by the Board of performance to date compared with budgets and year-end forecasts.
- Clearly defined capital investment guidelines and procedures set by the Board.
- Regular reporting of fiscal, legal and accounting developments to the Audit Committee and the Board.
- Post event reviews of major investments by the executive management.

The Group's internal financial control and compliance systems have been implemented in the hotels of The Rafael Group following their acquisition in late May.

Prior to completion and announcement of the half-year and year-end results, a detailed analysis of the Company's financial information is reviewed by the Audit Committee with the executive management and a report is received from the external auditors on the audit process. The external auditors also meet with the full Board, in addition to the Chief Executive and other executive Directors.

The Audit Committee keeps under review the nature, scope and results of the external audit and the audits conducted by the internal audit department. The independence and objectivity of the external auditors is also considered on a regular basis.

DIRECTORS' INTERESTS

At 31st December 2000, the Directors of the Company had the interests set out below in the ordinary share capitals of the Company and its holding companies, Jardine Strategic Holdings Limited ("Jardine Strategic") and Jardine Matheson Holdings Limited ("Jardine Matheson"), and fellow subsidiary Dairy Farm International Holdings Limited ("Dairy Farm"). These interests were beneficial except where otherwise indicated.

	The Company	Jardine Strategic	Jardine Matheson	Dairy Farm
Simon Keswick	19,858	7,181	30,990,361 † #	66,087
		19,661*	2,722,552*	
Percy Weatherall	–	78,750	27,507,046 † #	579,981
			204,788*	
Edouard Ettedgui	–	–	–	54,000
Henry Keswick	–	–	9,988,451 †	–
			55,366*	
R C Kwok	45,898	72,015	64,474	94,424
C G R Leach	–	52,962	769,339	–
Sydney S W Leong	467,577	240,124	461,539	1,025,571
Kenneth Lo	192,446	335,677	54,566	360,837

* *Non-beneficial*

† *Includes 2,269,585 ordinary shares held by a family trust in which Simon Keswick, Percy Weatherall and Henry Keswick each has a discloseable interest*

Includes 22,650,042 ordinary shares held by a family trust in which Simon Keswick and Percy Weatherall each has a discloseable interest

In addition:

a) At 31st December 2000, Edouard Ettedgui and John Witt held options in respect of 4,200,000 and 800,000 ordinary shares, respectively, issued pursuant to the Company's Senior Executive Share Incentive Schemes.

b) At 31st December 2000, Percy Weatherall, Lord Powell, James Watkins and John Witt held options in respect of 650,000, 200,000, 500,000 and 10,000 ordinary shares, respectively, in Jardine Matheson issued pursuant to that company's senior executive share incentive schemes.

c) At 31st December 2000, Simon Keswick, Percy Weatherall, Henry Keswick, R C Kwok, C G R Leach, Lord Powell and James Watkins had deemed interests in 35,915,991 ordinary shares in Jardine Matheson as discretionary objects under a trust (the "1947 Trust"), the income of which is available for distribution to senior executive officers and employees of Jardine Matheson and its wholly-owned subsidiaries.

d) At 31st December 2000, Kenneth Lo held three convertible bonds in the Company.
e) On 6th March 2001, Edouard Ettedgui and John Witt were granted options in respect of a further 300,000 and 200,000 ordinary shares, respectively, issued pursuant to the Company's Senior Executive Share Incentive Schemes.
f) On 8th March 2001, Percy Weatherall was granted options in respect of a further 150,000 ordinary shares in Jardine Matheson issued pursuant to that company's senior executive share incentive schemes.
g) On 8th March 2001, Percy Weatherall acquired 50,000 ordinary shares in Jardine Matheson upon the exercise of options issued pursuant to that company's senior executive share incentive schemes.

Save as disclosed, there were no changes in the above interests between the end of the financial year and 30th March 2001.

DIRECTORS' APPOINTMENTS, REMUNERATION AND SERVICE CONTRACTS

On 28th February 2000, Percy Weatherall was appointed as Managing Director of the Company in place of Alasdair Morrison. On 1st June 2000, John Witt was appointed as Finance Director of the Company in place of Peter Cowern who stepped down from the Board on 26th May 2000. In accordance with Bye-Law 85, Julian Hui, C G R Leach and James Watkins retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election. In accordance with Bye-Law 92, John Witt will also retire and, being eligible, offer himself for re-election. None of the Directors proposed for re-election has a service contract with any Group company which is of more than one year's duration.

For the year ended 31st December 2000, the Directors received remuneration and benefits in kind payable by the Group which amounted to US$2,136,000 (1999: US$2,220,000). A motion to increase the non-executive Directors' fees to US$15,000 each per annum and the fee for the Chairman to US$20,000 per annum with effect from 1st January 2001 will be proposed at the forthcoming Annual General Meeting (the previous increase being in 1996).

SUBSTANTIAL SHAREHOLDERS

The Company has been informed pursuant to the share interest disclosure obligations incorporated in Part XVII of the statutory Bermuda Takeover Code governing the Company of the following notifiable interests in the ordinary shares of the Company: Mandarin Oriental Trustees Limited, a subsidiary and trustee of the Senior Executive Share Incentive Schemes of the Company, was interested in 35,371,962 ordinary shares representing 3.99% of the Company's current issued ordinary share capital. Jardine Strategic was interested in a total of 567,970,983 ordinary shares representing 64.04% of the Company's current issued ordinary share capital, which interest included those shares held by Mandarin Oriental Trustees Limited. In addition, by virtue of its interest in Jardine Strategic, Jardine Matheson was deemed to be interested in the same number of ordinary shares. Apart from these shareholdings, the Company is not aware of any notifiable interest in 3% or more of the issued ordinary share capital of the Company as at 30th March 2001.

The Bermuda Takeover Code which governs the Company provides for the disclosure of interests in shares of the Company. The obligation to disclose arises if and when a person is interested in 3% (or, in certain circumstances, 10%) or more of the shares of the same class. The higher limit of 10% applies, in broad terms, to a person authorised to manage investments under an investment management agreement or where such person is the operator of an authorised collective investment scheme.

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

SECURITIES PURCHASE ARRANGEMENTS

At the Annual General Meeting held on 31st May 2000, shareholders renewed the approval of a general mandate authorising the Directors to effect purchases of the Company's own ordinary shares of less than 15% in aggregate of its issued share capital.

RIGHTS ISSUE

In March 2000, the Company raised some US$150 million by way of a Rights Issue of 145,660,854 new ordinary shares at US$0.51 per new ordinary share and 15,173 convertible bonds at US$5,000 per convertible bond. The convertible bonds are convertible into fully paid ordinary shares with a par value of US$0.05 each of the Company at a conversion price of US$0.671 from 23rd April 2000 up to and including 23rd February 2005.

ARRANGEMENTS UNDER WHICH SHAREHOLDERS HAVE AGREED TO WAIVE DIVIDENDS

Mandarin Oriental Trustees Limited has waived the interim dividend and has undertaken to waive the recommended final dividend for 2000 in respect of the ordinary shares in which it is interested as trustee of the Company's Senior Executive Share Incentive Schemes.

RELATED PARTY TRANSACTIONS

During the course of the year, the Company entered into transactions with "related parties", as defined in the listing rules of the UK Listing Authority, details of which are included in note 26 to the financial statements on page 65.

ANNUAL AND SPECIAL GENERAL MEETINGS

The full text of the resolutions and explanatory notes of the 2001 Annual General Meeting are contained in the Notice of Meeting which is set out on pages 74 to 76.

A Special General Meeting is being convened to be held immediately after the Annual General Meeting on 16th May 2001 to consider amendments to the rules of the current Senior Executive Share Incentive Scheme. Details are contained in a separate circular which accompanies this Annual Report.

FINANCIAL CALENDAR

2000 full-year results announced	26th February 2001
Share registers closed	26th to 30th March 2001
Annual General Meeting to be held	16th May 2001
2000 final dividend payable	24th May 2001
2001 half-year results to be announced	31st July 2001*
Share registers to be closed	27th to 31st August 2001*
2001 interim dividend payable	17th October 2001*

* *Subject to change*

DIVIDENDS

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 by notifying the United Kingdom transfer agent in writing by 4th May 2001. The Sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing ten business days prior to the payment date. 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.

REGISTRARS AND TRANSFER AGENT

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

Principal Registrar

Jardine Matheson International Services Limited, PO Box HM 1068, Hamilton HM EX, Bermuda

Jersey Branch Registrar

Capita IRG (Offshore) Limited, 44 The Esplanade, St Helier, Jersey JE4 0XQ, Channel Islands

Singapore Branch Registrar

M & C Services Private Limited, 138 Robinson Road #17-00, Hong Leong Centre, Singapore 068906

United Kingdom Transfer Agent

Capita IRG Plc, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England

ADR Depositary

The Bank of New York, 101 Barclay Street, New York, NY 10286, United States of America

Press releases and other financial information on the Company can be accessed through the Internet at "www.mandarinoriental.com".

Notice is hereby given that the Annual General Meeting of the members of Mandarin Oriental International Limited will be held at the Elbow Beach hotel, 60 South Shore Road, Paget, Bermuda on Wednesday, 16th May 2001 at 11.00 am for the following purposes:

1 To receive and consider the Financial Statements and the Report of the Auditors for the year ended 31st December 2000, and to declare a final dividend.

2 To re-elect Directors.

3 To fix the Directors' remuneration.

4 To re-appoint the Auditors and to authorise the Directors to fix their remuneration.

To consider and, if thought fit, adopt with or without amendments, the following Ordinary Resolutions:

5 That:

a) the exercise by the Directors during the Relevant Period (for the purposes of this Resolution, "Relevant Period" being the period from the passing of this Resolution until the earlier of the conclusion of the next Annual General Meeting, or the expiration of the period within which such meeting is required by law to be held, or the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting) of all powers of the Company to allot or issue shares and to make and grant offers, agreements and options which would or might require shares to be allotted, issued or disposed of during or after the end of the Relevant Period, be and is hereby generally and unconditionally approved; and

b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue (for the purposes of this Resolution, "Rights Issue" being an offer of shares or other securities to holders of shares or other securities on the Register on a fixed record date in proportion to their then holdings of such shares or other securities or otherwise in accordance with the rights attaching thereto (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory)), or the issue of shares pursuant to the Company's Senior Executive Share Incentive Schemes or upon conversion of the 6.75% convertible bonds of the Company, shall not exceed US$2.1 million, and the said approval shall be limited accordingly.

6 That:

a) the exercise by the Directors of all powers of the Company to purchase its own shares, subject to and in accordance with all applicable laws and regulations, during the Relevant Period (for the purposes of this Resolution, "Relevant Period" being the period from the passing of this Resolution until the earlier of the conclusion of the next Annual General Meeting, or the expiration of the period within which such meeting is required by law to be held, or the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting) be and is hereby generally and unconditionally approved;

b) the aggregate nominal amount of shares of the Company purchased by the Company pursuant to the approval in paragraph (a) of this Resolution shall be less than 15% of the aggregate nominal amount of the existing issued share capital of the Company at the date of this meeting, and such approval shall be limited accordingly; and

c) the approval in paragraph (a) of this Resolution shall, where permitted by applicable laws and regulations and subject to the limitation in paragraph (b) of this Resolution, extend to permit the purchase of shares of the Company (i) by subsidiaries of the Company and (ii) pursuant to the terms of put warrants or financial instruments having similar effect ("Put Warrants") whereby the Company can be required to purchase its own shares, provided that where Put Warrants are issued or offered pursuant to a Rights Issue (as defined in Resolution 5 above) the price which the Company may pay for shares purchased on exercise of Put Warrants shall not exceed 15% more than the average of the market quotations for the shares for a period of not more than 30 nor less than the five dealing days falling one day prior to the date of any public announcement by the Company of the proposed issue of Put Warrants.

By Order of the Board
C H Wilken
Company Secretary
11th April 2001

Non-routine business

The following items of non-routine business are being dealt with as ordinary resolutions at the Annual General Meeting:

Resolution 5

This resolution relates to the giving of a general mandate authorising the Directors to issue shares up to a maximum of 5% of the aggregate nominal amount of the issued share capital of the Company. The proposed authority will expire at the conclusion of the subsequent Annual General Meeting and it is intended to seek its renewal at that and future Annual General Meetings. The Directors have no current intention of issuing any shares pursuant to this mandate. No pre-emptive rights exist under Bermuda law in relation to issues of new shares by the Company.

Resolution 6

This resolution relates to the renewal of a general mandate to the Directors to repurchase shares of the Company representing less than 15% of the issued share capital of the Company at the date of the resolution (the "Repurchase Mandate"). The price paid for shares repurchased by the Company, other than (i) on exercise of Put Warrants issued on a pro-rata basis to shareholders or (ii) with the prior approval of the UK Listing Authority will be not less than US¢5 and not more than 5% above the average of the middle market quotations of the shares for the five trading days before any purchase is made. The resolution also permits the repurchase of shares by the Company pursuant to the terms of

Put Warrants or similar instruments conferring rights to sell shares back to the Company at a specified price. The terms of any such Put Warrants would be determined by the Directors at the time of issue but the price paid for shares repurchased by the Company on exercise of Put Warrants which are issued on a pro-rata basis to shareholders could not exceed 15% more than the average ordinary share price for a period of not more than 30 nor less than the five trading days just prior to announcement of their issue.

As at 30th March 2001, the latest practicable date prior to the publication of this document, a total of 35,371,962 share options issued pursuant to the Company's Senior Executive Share Incentive Schemes were outstanding, representing 3.99% of the issued share capital at that date and 4.69% of the issued share capital if the full authority to repurchase shares (existing and being sought) was used. There are no outstanding warrants to subscribe for shares.

The authority conferred on the Directors by the Repurchase Mandate would continue in force until the conclusion of the next Annual General Meeting of the Company unless previously revoked, varied or renewed by ordinary resolution of the shareholders in general meeting.

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its shareholders in order to facilitate repurchases by the Company or its subsidiaries of its own securities. Such purchases are subject to and will be made in accordance with the UK Listing Authority listing rules. Depending on market conditions and funding arrangements at the time, such purchases may lead to an enhancement of the net assets and / or earnings per share and liquidity of the securities of the Company and will only be made when the Directors believe that such purchases will benefit the Company and / or its shareholders. Put Warrants would be issued only if the Directors considered it in the best interests of the Company and shareholders to do so.

Note:

A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him; a proxy need not also be a member of the Company. A form of proxy is enclosed for use by registered shareholders. Completion and return of the proxy will not preclude a member from attending and voting in person.

Investors holding their shares through a nominee, within The Central Depository (Pte) Limited system in Singapore or other agent should contact their nominee, depository agent or professional adviser with regard to the procedures required to enable them to be represented and to vote at the Annual General Meeting.

MANDARIN ORIENTAL HOTEL GROUP SALES OFFICES

Asia-Pacific
6/F, 281 Gloucester Road
Causeway Bay, Hong Kong
Telephone (852) 2895 9282
Facsimile (852) 2837 3518

Australia
7 Zelda Avenue
PO Box 433, Wahroonga
NSW 2076, Australia
Telephone (61 2) 9489 0188
Facsimile (61 2) 9489 0233

China
c/o Jardine Matheson (China) Ltd
Room 2106 Westgate Tower
1038 Nan Jing West Road
200041 Shanghai, China
Telephone (86) 21 6218 8357
Facsimile (86) 21 6218 2567

c/o Jardine Matheson (China) Ltd
2920 China World Trade Centre
Beijing 100004, China
Telephone (86) 10 6505 2806
Facsimile (86) 10 6505 2805

France
123 Avenue des Champs Elysees
75008 Paris, France
Telephone (33 1) 5367 1002
Facsimile (33 1) 5367 1004

Japan
3rd Floor, Shuwa Onarimon Building
6-1-11, Shimbashi, Minato-ku
Tokyo 105-0004, Japan
Telephone (81 3) 3433 3384
Facsimile (81 3) 3433 3347

Singapore
5 Raffles Avenue
Marina Square, Singapore 039797
Telephone (65) 339 8811
Facsimile (65) 339 0597

United Kingdom
Avenfield House, Park Lane
London W1Y 4EE, England
Telephone (44 207) 491 7773
Facsimile (44 207) 491 7712

Germany
Dreieichstrasse 59
60594 Frankfurt, Germany
Telephone (69) 610 631
Facsimile (69) 610 635

United States
11835 West Olympic Boulevard
Suite 775, Los Angeles
CA 90064, USA
Telephone (1 310) 479 0570
Facsimile (1 310) 479 0531

509 Madison Avenue, Suite 1800
New York, New York 10022, USA
Telephone (1 212) 207 8880
Facsimile (1 212) 207 8886

345 California Street, Suite 1250
San Francisco, CA 94104, USA
Telephone (1 415) 772 8800
Facsimile (1 415) 782 3778

MANDARIN ORIENTAL HOTEL GROUP RESERVATIONS OFFICES

www.mandarinoriental.com

ASIA-PACIFIC

Australia
Telephone 1 800 123 693
Tollfree 0011 800 2828 3838

China
Tollfree 10 800 852 0241
Facsimile free 10 800 852 0242

Dubai
Tollfree 8000650539

Hong Kong
Telephone (852) 2881 1288
Facsimile (852) 2577 7543

Indonesia
Tollfree 001 803 65 6520
Facsimile free 001 803 65 6521

Japan
Tollfree 00531 65 0006
Facsimile free 00531 65 0008

Korea
Tollfree 001 800 2828 3838
002 800 2828 3838
Facsimile free 001 800 2828 6868
002 800 2828 6868

Malaysia
Tollfree 00 800 2828 3838
Facsimile free 00 800 2828 6868

New Zealand
Tollfree 00 800 2828 3838

Singapore
Telephone (65) 222 4722
Facsimile free (65) 227 1087

Taiwan
Tollfree 00 800 2828 3838
Facsimile free 00 800 2828 6868

Thailand
Tollfree 001 800 2828 3838

EUROPE

Austria
Tollfree 00 800 2828 3838

Belgium
Tollfree 00 800 2828 3838

Denmark
Tollfree 00 800 2828 3838

Finland
Tollfree 999 800 2828 3838

France
Tollfree 00 800 2828 3838

Germany
Tollfree 00 800 2828 3838

Italy
Tollfree 00 800 2828 3838

Netherlands
Tollfree 00 800 2828 3838

Norway
Tollfree 00 800 2828 3838

Spain
Tollfree 00 800 2828 3838

Sweden
Tollfree 007 800 2828 3838
009 800 2828 3838

Switzerland
Tollfree 00 800 2828 3838

UK
Tollfree 00 800 2828 3838

For other European countries
Telephone (49) 69 66 419 614

UNITED STATES, CANADA & CENTRAL AMERICA

USA / Canada
Tollfree 800 526 6566

Mexico
Tollfree 95 (800) 526 6566

SOUTH AMERICA

Argentina (North)
Tollfree 0 800 555 4288
then dial 877 714 0587

Argentina (South)
Tollfree 0 800 222 1288
then dial 877 714 0587

Chile
Tollfree 1230 020 0780

Columbia
Tollfree 980 912 1703

Venezuela
Tollfree 800 1 5853

Mandarin Oriental Hotel Group
281 Gloucester Road
Causeway Bay, Hong Kong
Telephone (852) 2895 9288
Facsimile (852) 2837 3500
www.mandarinoriental.com

ASIA-PACIFIC

The Oriental, Bangkok
48 Oriental Avenue
Bangkok 10500, Thailand
Telephone (66 2) 659 9000
Facsimile (66 2) 659 0000
E-mail reserve-orbkk@mohg.com

Mandarin Oriental Ananda, The Himalayas
The Palace Estate
Narendra Nagar, Tehri Garhwal
Uttar Pradesh 249175, India
Telephone (91) 1378 27500
Facsimile (91) 1378 27550
E-mail ananda@del2.vsnl.net.in

Mandarin Oriental, Hong Kong
5 Connaught Road
Central, Hong Kong
Telephone (852) 2522 0111
Facsimile (852) 2810 6190
E-mail reserve-mohkg@mohg.com

Mandarin Oriental, Jakarta
Jalan M H Thamrin
PO Box 3392
Jakarta 10310, Indonesia
Telephone (62 21) 314 1307
Facsimile (62 21) 314 8680
E-mail reserve-mojkt@mohg.com

Mandarin Oriental, Kuala Lumpur
Kuala Lumpur City Centre
50088 Kuala Lumpur, Malaysia
Telephone (60 3) 380 8888
Facsimile (60 3) 380 8833
E-mail reserve-mokul@mohg.com

Mandarin Oriental, Macau
956-1110 Avenida da Amizade
PO Box 3016, Macau
Telephone (853) 567 888
Facsimile (853) 594 589
E-mail reserve-momfm@mohg.com

Mandarin Oriental, Manila
Makati Avenue, Makati 1226
Metro Manila, Philippines
Telephone (63 2) 750 8888
Facsimile (63 2) 817 2472
E-mail reserve-momnl@mohg.com

The Oriental, Singapore
5 Raffles Avenue, Marina Square
Singapore 039797
Telephone (65) 338 0066
Facsimile (65) 339 9537
E-mail reserve-orsin@mohg.com

Hotel Majapahit, Surabaya
65 Jalan Tunjungan
Surabaya, Indonesia 60275
Telephone (62 31) 545 4333
Facsimile (62 31) 545 4111
Tollfree 0800 31 050 545
E-mail mandarin@rad.net.id

The Excelsior, Hong Kong
281 Gloucester Road
Causeway Bay, Hong Kong
Telephone (852) 2894 8888
Facsimile (852) 2895 6459
E-mail reserve-exhkg@mohg.com

EUROPE

Mandarin Oriental Hotel du Rhône, Geneva
Quai Turrettini I
1201 Geneva, Switzerland
Telephone (41) 22 909 0000
Facsimile (41) 22 909 0010
E-mail reserve-mogva@mohg.com

Mandarin Oriental Hyde Park, London
66 Knightsbridge
London SW1X 7LA, United Kingdom
Telephone (44) 20 7235 2000
Facsimile (44) 20 7235 4552
E-mail reserve-molon@mohg.com

Mandarin Oriental, Munich
Neuturmstrasse 1
80031 Munich, Germany
Telephone (49) 89 290980
Facsimile (49) 89 222539
E-mail info-momuc@mohg.com

THE AMERICAS

Elbow Beach, Bermuda
60 South Shore Road
Paget Parish, Bermuda PG 04
Telephone (1) 441 236 3535
Facsimile (1) 441 236 8043
E-mail elbowreservations@ibl.bm

Turnberry Isle Resort & Club, Florida
19999 West Country Club Drive
Aventura, Florida 33180-2401
Telephone (1) 305 932 6200
Facsimile (1) 305 933 6560
E-mail reservations@turnberryisle.com

Kahala Mandarin Oriental, Hawaii
5000 Kahala Avenue
Honolulu, Hawaii 96816-5498
Telephone (1) 808 739 8888
Facsimile (1) 808 739 8800
E-mail reserve-mohnl@mohg.com

Mandarin Oriental, Miami
500 Brickell Key Drive
Miami, Florida 33131
Telephone (1) 305 913 8288
Facsimile (1) 305 913 8300

The Mark, New York
Madison Avenue at East 77th Street
New York, New York 10021
Telephone (1) 212 744 4300
Facsimile (1) 212 744 2749
E-mail reservations@themarknyc.com

Mandarin Oriental, San Francisco
222 Sansome Street
San Francisco, California 94104-2792
Telephone (1 415) 276 9888
Facsimile (1 415) 433 0289
E-mail reserve-mosfo@mohg.com

Mandarin Oriental, New York (2003)

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THE HOTEL GROUP SM