



THE HONGKONG AND SHANGHAI HOTELS, LIMITED
香港上海大酒店有限公司

FOR IMMEDIATE RELEASE

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HOTEL GROUP STEERS RESORT PROPERTY IN NEW DIRECTION

Hong Kong, 09 January 2002 – The Hongkong and Shanghai Hotels, Limited, (HSH) owner of Quail Lodge Resort & Golf Club, Carmel, has formed a resort management company with Baylaurel LLC, owner of Bernardus Lodge, Carmel, another Four Diamond resort, to promote and develop both properties. The management company, Valley Resort Management LLC, is owned equally.

Under the agreement, which takes effect immediately, the new company will oversee the operation, marketing and further development of both resorts, leveraging the strength of the two hotels' brands and increasing their marketing reach. The opportunity also exists of future expansion by taking on similar properties.

Commenting on the move, HSH chief executive officer Pierre Boppe said, "It is essential, in today's environment, to apply specific skill sets to each market segment. The Peninsula Hotels's focus, rightly, is the development of luxury hotels in gateway cities. The establishment of Valley Resort Management provides fresh impetus and a specific solution to assist Quail Lodge Resort to reach its full potential."

HSH ownership of Quail Lodge, however, is unchanged and the Company remains committed to the property's future development within its niche market.

Mr Jim Cecil, currently general manager of Bernardus Lodge and managing director of Baylaurel LLC, now assumes the role of managing director of this new resort company. He is responsible for developing all marketing and operations strategies for both the 97-key Quail Lodge and the 57-key Bernardus Lodge, recognised as two of the top destinations on the Monterey peninsula.

Incorporated in 1866, The Hongkong and Shanghai Hotels, Limited, formerly The Hongkong Hotel Company Limited, was one of the first stocks to be listed on the Hong Kong stock exchange. Its principal business is the ownership and management of prestigious hotel, commercial and residential properties in key destinations in Asia and the USA; its hotel management arm is The Peninsula Hotels.

Baylaurel LLC is the owner of Bernardus Lodge and the Bernardus Winery and Vineyard. Bernardus Lodge is a member of the Small Luxury Hotels of the World. Bernardus Winery and Vineyard currently produces several award-winning varietals, including the flagship Marinus blend, as well as Sauvignon Blanc and Chardonnay.

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For general information, please see:

The HSH corporate internet homepage: <http://www.hshgroup.com>

The Peninsula Hotels internet homepage: <http://www.peninsula.com>