



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

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**1ST QUARTER 2002 SHOWS GRADUAL IMPROVEMENT
FOR THE HONGKONG AND SHANGHAI HOTELS**

Hong Kong, 06 MAY 2002 – There has been gradual improvement in the first quarter performance of the various hotels and properties within the portfolio of The Hongkong and Shanghai Hotels, Limited (HSH). The brighter results are attributed to the resumption of more normal travel patterns and the effect of some positive economic data in key markets.

Whilst the Company remains conservative about the immediate outlook, HSH chief executive officer, Clement Kwok, said that "the signs are hopeful for better prospects for the rest of the year. In parallel industries such as airlines, there have been staff re-hires, reinstated routes and increased frequencies, pointing to a revival in travel. This bodes well for the hospitality sector and we are well-positioned to take advantage of any further upturn."

The average occupancy at both of the group's hotels in Hong Kong has edged up. In the first quarter 2002, The Peninsula Hong Kong recorded an occupancy of 63% compared to 58% for the same period last year. Room rates have not fully recovered, with an average of HK\$2,596 year-to-date compared to HK\$3,004 in 2001. The Kowloon Hotel achieved average occupancy of 92% (90% in 1Q 2001) but its rates were also lower at HK\$454 for the period against HK\$532 last year.

Elsewhere in the region, The Peninsula Bangkok held firm with an 81% occupancy equal to 2001, together with average rates improving to US\$130 against US\$118. The Peninsula Manila's performance was creditable, achieving a 21% increase in average occupancy to 57%, although the rate was lower at US\$85 in 2002 compared to US\$109 the previous year. The Palace Hotel Beijing's occupancy for the quarter stood at 50% (58% in 2001) and its average rate was US\$70 (2001: US\$75).

From a steep decline at the end of last year, the group's hotels in the USA have successfully recaptured business with travel on the rise again. The Peninsula New York achieved occupancy of 64% compared to 66% last year while its rate was US\$471 in 1Q 2002 against the previous year's US\$486. On the west coast, The Peninsula Beverly Hills achieved occupancy of 80% (2001: 88%) and a rate of US\$407 (US\$420).

Chicago has yet to see a significant return of corporate travel, meetings and conventions which has hampered the newly-opened Peninsula Chicago's efforts to increase its weekday market share. However, it has been successful in attracting and maintaining lively weekend business. Year-to-date, the hotel has occupancy of 34% at an average rate of US\$267 – but, with the end of winter, recent figures are improving.

The group's commercial properties have remained stable. In Hong Kong, occupancies of the shopping arcades in The Peninsula and The Kowloon Hotel stood at 98% and 92% respectively; the arcade in The Repulse Bay rose by 21% to 99%; and the Peak Tower lifted slightly to 99%. Most commanded better yields.

Performance in the office sector has improved with a 21% increase year on year to 99% occupancy in The Peninsula Hong Kong's office tower and 100% occupancy in The Landmark, Ho Chi Minh City. Levels dropped in St John's Building to 89%, reflecting increased inventory and greater competition in the area. Rates across the board came under pressure.

The residential sector has been disappointing, as our corporate tenants continue to be affected by the economic downturn. Occupancy at The Repulse Bay's unfurnished apartments declined to 83% (97% in 2001) and the serviced apartments dropped to 58% compared to 64% for the same period last year. However, The Landmark in Vietnam achieved 94% occupancy, a 21% increase year-to-date on 2001.

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 comprises 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.

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