



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

FOR IMMEDIATE RELEASE

13 DECEMBER, 2002

RESTRUCTURING OF THE PALACE HOTEL, BEIJING COMPLETE

Hong Kong, 13 December 2002 – The Hongkong and Shanghai Hotels, Limited (HSH) today confirmed that, further to its press announcement dated December 6, 2000 concerning a possible share transaction, all the conditions required to complete the restructuring of The Palace Hotel Co., Limited (TPH) from a sino-foreign equity joint venture into a sino-foreign cooperative joint venture and for HSH to increase its interest in TPH, have been met.

HSH has opted to pay the consideration for this increased interest in cash and not to utilise the option of issuing shares.

Mr Clement Kwok, chief executive office of HSH, commented, "With the completion of this restructuring, The Palace Hotel Co., Limited has become a subsidiary of the HSH group, which increases the scope for us to operate the business independently and benefit from its future profitability."

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; the hotel management arm is The Peninsula Hotels.

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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>