



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 COMPANY READIES FOR FUTURE,
REGARDS CURRENT SITUATION AS SHORT-TERM CHALLENGE**

Hong Kong, 19 May 2003 – Following a strong start to the year, the combined impact of the atypical pneumonia and the Middle East conflict across all markets is likely to have a significant effect on the results of The Hongkong and Shanghai Hotels, Limited for the first half of 2003. Whilst the Company regards the current situation as a short term challenge, it has indicated that it is not yet possible to quantify the potential impact on the results and that it will continue to monitor events closely. The proposal to pay a dividend of 8 cents per share has not been amended.

The group has implemented a three-tier strategy to deal with the immediate circumstances as well as ready the operations for a return to better business cycles. It has introduced a range of measures to contain costs; it has accelerated the schedule for renovation and routine maintenance programmes; and it has prepared an aggressive marketing campaign for implementation when a more positive trend is discernible.

HSH chairman, The Hon. Michael D. Kadoorie, commented, "The disruption to business and leisure travel and domestic patronage has been more pronounced in Hong Kong. We are now actively addressing our loyal local clientele with promotions that encourage a return to normal lifestyles. Our international markets will follow when appropriate."

Mr Kadoorie also pointed out that there continue to be bright spots in the Company's operations. Property interests have held up reasonably well. In the USA, The Peninsula Chicago has improved its occupancy and yield and The Peninsula Beverly Hills has maintained its performance. Quail Lodge will re-open in early July following a major renovation.

"The group has weathered many difficult periods in its 137-year history and I am confident that we will triumph over the current setbacks. We continue to focus on the long-term, pursuing a prudent course of enhancing the value of our existing assets, adding strategic destinations to the international portfolio, and increasing shareholder value," Mr Kadoorie concluded.

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 international gateway cities in Asia and the USA; its 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>