



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

FOR IMMEDIATE RELEASE

06 MAY, 2004

**POSITIVE FIRST QUARTER FOR HSH IN LINE WITH GENERAL RECOVERY IN
HOSPITALITY INDUSTRY**

Hong Kong, 06 May 2004 – The hotel operations of The Hongkong and Shanghai Hotels, Limited (HSH) showed a positive trend for the first quarter of 2004, continuing the stronger performance that characterised the second half of 2003.

Commenting on the year-to-date results, Clement Kwok, HSH's chief executive officer, said, "This time last year the effects of the Iraq conflict and SARS were beginning to be felt, whereas this year, the rebound experienced in the second half of 2003 has been sustained and indications are good for the immediate future. We are encouraged by the performance of our operations."

In Asia, all the hotel operations have improved in both occupancy and yield in the first quarter 2004, compared to the same period in 2003. The Peninsula Hong Kong's occupancy increased 17% over 2003 levels although at a lower room rate. Following its renovation and rebranding, The Peninsula Palace Beijing has been able to command significantly better rates. The Peninsula Bangkok continues to perform strongly, while The Peninsula Manila has enjoyed a 14% increase in occupancy at an improved rate.

In the USA, the three Peninsula properties are all showing positive trends. The Peninsula New York improved its occupancy by 19% and its average rate by 5%; The Peninsula Chicago is up 8% and 7% in occupancy and rate respectively; and The Peninsula Beverly Hills has improved further on an already strong performance with increases of 5% and 14% in occupancy and rate respectively. In Carmel, the market repositioning of Quail Lodge's continues with an 11% increase in room rates achieved.

The group's residential, office and commercial properties, on a different rental cycle, have remained stable, with some improvement being seen.

A phased apartment renovation programme has commenced at The Repulse Bay while at the same time the serviced apartments have maintained good occupancy levels and rates. The Landmark in Ho Chi Minh City has improved both occupancy and yield.

In the commercial sector, the shopping arcade at The Peninsula Palace Beijing has maintained its position as a premier venue for high-end brands in Beijing, achieving 100% occupancy on an improved yield. The shopping arcade at The Peninsula Hong Kong has improved its rate at close to full occupancy. The Peak Tower is also at 100% occupancy on an improved yield.

Of the projects under development, construction of The Peninsula Tokyo is scheduled to begin in the fourth quarter of the year, with completion in 2007. Negotiations on the project in Shanghai have progressed and the group expects to make a further announcement shortly.

"We have built further on the positive results of the second half of 2003, by continuing to market our luxury products aggressively, identifying new markets and customer sectors, and developing our existing assets. We have remained focussed on our key expansion plans and our long-term strategy," said Mr Kwok.

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; it is the owner and operator of 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>

KEY STATISTICS FOR THE FIRST QUARTER, 2004

HOTELS

	Attributable	Year-to-Date Occupancy	
	Interest %	2004	2003
The Peninsula Hong Kong	100	69%	59%
The Peninsula New York	100	69%	58%
The Peninsula Chicago	92.5	53%	49%
The Peninsula Beverly Hills	20	87%	83%
The Peninsula Bangkok	75	78%	77%
The Peninsula Palace Beijing	42.1	41%	33%
The Peninsula Manila	40	73%	64%
The Kowloon Hotel	100	93%	87%
Quail Lodge Resort	100	36%	29%*

	Year-to-Date Average Room Rate	
	2004	2003
The Peninsula Hong Kong	HK\$ 2,431	HK\$ 2,709
The Peninsula New York	US\$ 462	US\$ 445
The Peninsula Chicago	US\$ 294	US\$ 278
The Peninsula Beverly Hills	US\$ 470	US\$ 417
The Peninsula Bangkok	US\$ 155	US\$ 142
The Peninsula Palace Beijing	US\$ 111	US\$ 85
The Peninsula Manila	US\$ 73	US\$ 73
The Kowloon Hotel	US\$ 67	US\$ 65
Quail Lodge Resort	US\$ 262	US\$ 239

* Figures for 2003 are based on reduced availability of rooms as the Resort was closed from early February for renovation.

PROPERTIES

	Attributable Interest %	Year-to-Date Occupancy	
		2004	2003
<i>Residential</i>			
The Repulse Bay (Unfurnished)	100	72%	73%
The Repulse Bay (Serviced)	100	71%	76%
The Landmark, Ho Chi Minh City	70	97%	91%
<i>Commercial</i>			
The Peninsula Hong Kong	100	93%	96%
The Peninsula New York	100	100%	100%
The Peninsula Bangkok	75	100%	100%
The Peninsula Palace Beijing	42.1	100%	95%
The Kowloon Hotel	100	93%	93%
The Repulse Bay	100	99%	100%
The Peak Tower	100	100%	97%
<i>Office</i>			

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The Peninsula Hong Kong	100	89%	83%
St John's Building	100	82%	75%
The Landmark, Ho Chi Minh City	70	98%	100%

Year-to-Date Average Yield (pnasf)

2004 2003

Residential

The Repulse Bay (Unfurnished)	HK\$ 23	HK\$ 26
The Repulse Bay (Serviced)	HK\$ 26	HK\$ 27
The Landmark, Ho Chi Minh City	US\$ 2.06	US\$ 1.89

Commercial

The Peninsula Hong Kong	HK\$ 262	HK\$ 267
The Peninsula New York	US\$ 36	US\$ 36
The Peninsula Bangkok	US\$ 7.5	US\$ 6.6
The Peninsula Palace Beijing	US\$ 10	US\$ 9
The Kowloon Hotel	HK\$ 44	HK\$ 45
The Repulse Bay	HK\$ 59	HK\$ 77
The Peak Tower	HK\$ 36	HK\$ 34

Office

The Peninsula Hong Kong	HK\$ 26	HK\$ 28
St John's Building	HK\$ 15	HK\$ 15
The Landmark, Ho Chi Minh City	US\$ 2.08	US\$ 2.10

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