



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

FOR IMMEDIATE RELEASE

06 DECEMBER, 2004

**SALE OF THE KOWLOON HOTEL**

*Hong Kong, 06 December 2004* – The Hongkong and Shanghai Hotels, Limited (HSH) today announced that through its wholly owned subsidiary, HSH Holdings Limited, the company has entered into an agreement to sell The Kowloon Hotel to Swingfield Developments Limited for a consideration of HK\$1.93 billion. Swingfield Developments is an investment holding company owned by Cheung Kong (Holdings) Limited (CKH) and Hutchison International Limited, both of which are the purchaser's guarantors.

A cash deposit of HK\$193 million has been received as part payment of the consideration with the balance of a provisional HK\$1.737 billion to be paid on completion, which is scheduled for February 1, 2005. HSH's directors understand that the purchaser intends to continue running The Kowloon Hotel as a hotel subsequent to acquisition.

Commenting on the successful sale, HSH chief executive officer Clement Kwok said, "Interest in purchasing this property has been high, and the company is pleased to have secured for its shareholders a fair and reasonable agreement that reflects the quality of the asset and its management and staff.

"The disposal of The Kowloon Hotel will allow the company to focus its resources on developing and marketing its principal businesses and the Peninsula brand. The proceeds will be used in the development of new hotels such as The Peninsula Tokyo and The Peninsula Shanghai, as well as in continuing refurbishment or renovation of existing hotel and property interests. In addition, funds will be applied towards reducing bank borrowings and effectively managing the company's cost of funding."

The net asset value of the hotel's owner, The Kowloon Hotel Limited (KHL), a wholly owned subsidiary of HSH Holdings, was HK\$510.5 million, as set out in the company's audited accounts for the year ended December 31, 2003. The consideration is adjustable depending on the net asset value of KHL shown in the Completion Accounts, which will be prepared within one month of completion.

It is expected that the company would realise an estimated special gain of approximately HK\$800 million, being the difference between the consideration (less expenses) and the carrying value or cost of net assets of KHL.

The 736-key Kowloon Hotel was opened in 1986; its facilities include three restaurants, a bar, a business centre, meeting rooms and retail.

Incorporated in 1866 and listed on the Hong Kong stock exchange, The Hongkong and Shanghai Hotels, Limited's principal business comprises the ownership and management of

prestigious hotel, commercial and residential properties in key destination in Asia and the USA; it is the owner and operator of The Peninsula Hotels. The hotel portfolio comprises The Peninsula Hong Kong, The Peninsula New York, The Peninsula Chicago, The Peninsula Beverly Hills, The Peninsula Bangkok, The Peninsula Palace Beijing, The Peninsula Manila and The Peninsula Tokyo (opening 2007) under the brand name. The Kowloon Hotel in Hong Kong will be managed by The Peninsula Hotels until February 1, 2005; Quail Lodge Resort and Golf Club, Carmel, California is managed by Valley Resort Management, LLC.

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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>