



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

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HEALTHY PERFORMANCE OF HOTEL GROUP CONTINUES
IN FIRST QUARTER 2005

Hong Kong, 05 May 2005 – The Hongkong and Shanghai Hotels, Limited (HSH) announced, during its annual general meeting held today, that yields for the first quarter of 2005 have improved across its hotel properties, compared to those for the same period last year.

Commenting on the year-to-date results, Clement Kwok, HSH's chief executive officer, said, "It is pleasing to see that the strong performance in our hotels in 2004 has continued in the first three months of this year. The surge in visitor numbers to Hong Kong is also reflected in the 8% increase in patronage of the Peak Tram for the quarter."

In Asia, all the hotels showed improved figures for the quarter. The Peninsula Hong Kong's occupancy increased by 17% at a rate 15% higher than 2004 levels. The average rates at The Peninsula Palace Beijing, The Peninsula Bangkok and The Peninsula Manila were up 14%, 17% and 5% respectively, compared to the same period last year.

In the USA, the three Peninsula hotels are all performing well. The Peninsula New York's average rate was up 13% year-on-year with slightly higher occupancy; The Peninsula Chicago's average rate is better by 8% on stable occupancy; and The Peninsula Beverly Hills achieved a 9% increase in average rate at the same high occupancy level as the previous year. In Carmel, Quail Lodge has improved its occupancy at a slightly lower average rate.

The group's residential, office and commercial properties are all showing an improving trend. The phased apartment renovation programme at 109 Repulse Bay is continuing, with excellent response to the renovated product from the market. Occupancy at The Repulse Bay serviced apartments has been affected by the need to accommodate existing tenants whilst renovation was in progress, but has nevertheless remained relatively good. At the Landmark in Ho Chi Minh City, occupancy has remained level with that of 2004, but at a higher yield.

In the commercial sector, the shopping arcade at The Peninsula Palace Beijing is fully let, whilst the shopping arcade at The Peninsula Hong Kong has improved its occupancy. The Peak Tower's average occupancy has dropped this quarter, as expected, as tenants gradually started to vacate the premises prior to the major renovation of the facility, which has commenced.

Of the projects under development, construction of The Peninsula Tokyo continues to progress on schedule for opening in 2007, and the company has embarked on the design development phase for The Peninsula Shanghai which is scheduled for completion in 2009.

"We are encouraged that 2005 has started positively in our various operations, capitalising on last year's strong performance. Our marketing activities have been strengthened with the launch of our twenty-four hour, Global Customer Service Centre; our new hotel projects are on schedule; and we continue to enhance shareholder value through developing the potential of our existing assets," said Mr Kwok.

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 destinations in Asia and the USA. It is the owner and operator of The Peninsula Hotels whose 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).

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The HSH corporate internet homepage: <http://www.hshgroup.com>

The Peninsula Hotels internet homepage: <http://www.peninsula.com>