



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

To: All Finance/Business/Travel Editors

FOR IMMEDIATE RELEASE

17 MARCH, 2014

THE HONGKONG AND SHANGHAI HOTELS, LIMITED
ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER, 2013

HIGHLIGHTS

Key financial results

- Turnover and EBITDA increased by 6% and 9% to HK\$5,508 million and HK\$1,306 million respectively
- Profit attributable to shareholders amounted to HK\$1,712 million, after including property revaluation gains, net of tax and non-controlling interests (2012: HK\$1,555 million)
- Underlying profit attributable to shareholders increased by 16% to HK\$511 million
- Earnings per share and underlying earnings per share of HK\$1.14 (2012: HK\$1.04) and HK\$0.34 (2012: HK\$0.29) respectively
- Final dividend of 12 HK cents per share, making a total dividend of 16 HK cents per share for 2013 (2012: 14 HK cents per share)
- Shareholders' funds as at 31 December 2013 amounted to HK\$35,105 million or HK\$23.37 per share (2012: HK\$33,150 million or HK\$22.07 per share)

Key developments

- The Peninsula Hong Kong returned to full inventory in May 2013 following its HK\$450 million extensive room renovation programme which commenced in January 2012. Our flagship hotel also celebrated its 85th Anniversary in December 2013.
- The de Ricou tower of The Repulse Bay Complex completed its 18-month reconfiguration and the 49 upgraded apartments were re-launched for lease in August 2013. The de Ricou tower is the first in Hong Kong to be awarded the prestigious LEED Gold Certificate in the Alteration and Addition category.
- The Peninsula Paris, the Group's first hotel in Europe, is expected to open in 2014.
- In July 2013 the Group acquired a 50% interest in a commercial property at 1-5 Grosvenor Place, Belgravia, London, for approximately HK\$1,564 million (£132.5 million). Together with our partner, Grosvenor, we will seek planning permission to demolish the existing building and redevelop it into The Peninsula London hotel and residential complex. We target to commence demolition and construction by 2016.
- In April 2013, the Group signed non-binding heads of terms to acquire a 70% interest in the former Myanmar Railway Company headquarters for the potential development of a Peninsula hotel in Yangon, Myanmar. In January 2014, conditional definitive agreements were entered into with our main partner Yoma Strategic Holdings Limited.
- In June 2013, 21 avenue Kléber, a magnificent commercial building in Paris, was acquired for approximately HK\$566 million (€56 million). We expect that this property will bring long-term value to the Group given its location immediately adjacent to The Peninsula Paris.

DETAILS - HSH'S 2013 ANNUAL RESULTS

The Hongkong and Shanghai Hotels, Limited today announced a profit attributable to shareholders for 2013 of HK\$1,712 million, compared to HK\$1,555 million in 2012. Underlying profit attributable to shareholders increased by 16% to HK\$511 million.

Earnings per share in 2013 were HK\$1.14 compared to HK\$1.04 in 2012. The Board has recommended a final dividend of 12 HK cents per share to shareholders. Combined with the 2013 interim dividend, this represents a total dividend of 16 HK cents per share for 2013, an increase of 14% over the previous year.

Mr Clement K.M. Kwok, Managing Director and Chief Executive Officer of the Hongkong and Shanghai Hotels, Limited (HSH) commented on the results announcement:

“2013 was a busy and rewarding year for our group. I am pleased to report some exciting new deals, successful renovation projects and satisfactory financial results. We celebrated a number of milestones in the past year: the 85th Anniversary of The Peninsula Hong Kong; 25th Anniversary of the Peninsula New York; 15th Anniversary of the Peninsula Bangkok, and the 125th Anniversary of The Peak Tram.

“The Peninsula Paris, the Group’s first hotel in Europe, is expected to open in 2014. We have acquired a 50% interest in an existing commercial property located at 1-5 Grosvenor Place, Belgravia, London, for approximately HK\$1,564 million (£132.5 million). Together with our partner, Grosvenor, we will seek planning permission to redevelop it into The Peninsula London hotel and residential complex. We have also entered into a deal with our main partner Yoma Strategic Holdings Limited to restore the heritage building that is the former Myanmar Railway Company headquarters in Yangon, Myanmar, to be redeveloped as The Peninsula Yangon,” said Mr Kwok.

“Our June 2013 acquisition of the commercial property at 21 avenue Kléber, Paris for approximately HK\$566 million (€56 million) will bring long-term value to the Company, thanks to its location immediately adjacent to The Peninsula Paris,” said Mr Kwok. “With these new projects, I am confident that the growth of our company is on the right path.”

Mr Kwok continued: “During this turbulent year, the superior quality of our properties and brand remained our anchor. Combined with group-wide cost control measures, selective capital investments, careful management and robust corporate governance, our Company reported an increase in turnover in almost all of the businesses within the Group as compared with 2012.

“In 2013, our hotels division revenue increased by HK\$159 million, a 4% growth over 2012. The Peninsula Hong Kong returned to full inventory in May and we expect to see further growth potential in 2014 with a full year of operation. Our commercial properties division continues to provide a stable contribution to our earnings in 2013 with our key asset, The Repulse Bay Complex, achieving satisfactory results with a 4% growth in revenue despite a subdued real estate market and macro-economic uncertainties. Our Clubs and Services division maintained a consistent portfolio in 2013, with an increase in HK\$98 million (18%) in total revenue over 2012.”

HSH launched a new vision for sustainable luxury for the group in 2013, the Sustainable Luxury Vision 2020. Mr Kwok explained: “Vision 2020 puts sustainability at the heart of our business model and our brand. To deliver on both luxury and sustainability is not without

challenges, but we see a genuine opportunity to achieve this in a way that complements our heritage of quality, thoughtfulness and meticulous attention to detail.”

HSH is also one of the first publicly-listed companies in the world to publish its report in accordance with the new G4 Sustainability Reporting Guidelines of Global Reporting Initiative (“GRI”) and be accredited by GRI in the Materiality Matters check. GRI is a globally-recognised best practice for sustainability reporting.

“The strength of our Group continues to emanate from our genuine commitment to a long-term future. This provides the vision and willingness to invest in assets for their long-term value creation and the staying power to ride through shorter-term cycles in the economy without compromising the quality of our products and services. In the volatile economic circumstances that we regularly encounter in today’s environment, this commitment has enabled us to make investment and capital expenditure decisions with a very long-term outlook and to maintain our service quality and the continuity of our people. With this in mind, I remain optimistic that we are continuing to chart a course which will maximise the quality and value of our assets and deliver long-term returns to our shareholders,” said Mr Kwok.

Looking to 2014, Mr. Kwok said: “For 2014, we are seeing positive trends in our key markets, particularly in Hong Kong where our key assets of The Peninsula Hong Kong, The Repulse Bay Complex and The Peak Tower are located. 2014 will see the first full year of earnings contribution from the fully renovated Peninsula Hong Kong hotel and the de Ricou serviced apartments at The Repulse Bay Complex. Elsewhere, travel sentiment and spending continue to show some improvement with the more positive macro trends. Financially, we are well-placed for a long-term future supported with a strong balance sheet comprising valuable high quality assets and a low level of gearing.”

“Our Company is supported by strong heritage which brings a distinct personality and identity to our Company and our brands, products and services. However, it is not our 148-year history alone that serves us; we are committed to improving and innovating our products and services to create special memories and experiences for our guests,” said Mr Kwok.

For more details, see www.hshgroup.com

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About The Hongkong and Shanghai Hotels, Limited (HSH)

Incorporated in 1866 and listed on the Hong Kong Stock Exchange (00045), The Hongkong and Shanghai Hotels, Limited is the holding company of a group which is engaged in the ownership, development, and management of prestigious hotels and commercial and residential properties in key locations in Asia, the United States and Europe, as well as the provision of tourism and leisure, club management and other services. The Peninsula Hotels portfolio comprises The Peninsula Hong Kong, The Peninsula Shanghai, The Peninsula Beijing, The Peninsula Tokyo, The Peninsula New York, The Peninsula Chicago, The Peninsula Beverly Hills, The Peninsula Bangkok, The Peninsula Manila and The Peninsula Paris (expected opening in 2014). Projects under development include The Peninsula London and The Peninsula Yangon. The property portfolio of the group includes The Repulse Bay Complex, The Peak Tower, The Peak Tramways and St. John’s Building in Hong Kong; The Landmark in Ho Chi Minh City, Vietnam; the Thai Country Club in Bangkok, Thailand, and 21 avenue Kléber in Paris, France.

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