



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

To: All Finance/Business/Real Estate/Travel Editors

FOR IMMEDIATE RELEASE

11 MAY, 2016

FIRST QUARTER 2016 UNAUDITED OPERATING STATISTICS

Hong Kong, 11 May 2016 At its Annual General Meeting held today, The Hongkong and Shanghai Hotels, Limited (HSH) disclosed its unaudited first quarter operating statistics for 2016.

Commenting on the year-to-date results, HSH Managing Director and Chief Executive Officer Mr Clement K.M. Kwok said, “The first quarter results were generally in line with our expectations and reflected the soft market in Hong Kong, as well as the seasonal nature of the hotel industry. We have experienced a mixed start to our business in 2016, with results impacted by the renovations at The Peninsula Beijing and The Peninsula Chicago, and we will work hard to drive revenue and contain costs across our operations.

The Peninsula Hotels

While average room rates were stable with a decrease of 2%, The Peninsula Hong Kong reported a 7% decline in RevPAR as compared with the same period last year, reflecting the generally weaker business environment in Hong Kong.

We were pleased to see a 10% increase in RevPAR and a 12% increase in average room rates in other parts of Asia, mainly due to improved occupancy levels at The Peninsula Bangkok amidst a more stable political environment in Thailand. The Peninsula Tokyo implemented a rate growth strategy and reported strong average rates, enhanced by strong demand due to a weak Japanese Yen attracting increased overseas visitors to Japan. The Peninsula Beijing and The Peninsula Chicago were undergoing renovation projects and this impacted occupancy and RevPAR compared to the previous year.

Hotels in the United States and Europe reported a slight increase in occupancy and a 2% decrease in RevPAR. The Peninsula Beverly Hills performed strongly.

Commercial Properties

Residential Leasing: Occupancy at The Repulse Bay Complex increased, driven by robust occupancy in the unfurnished apartments.

Shopping Arcades: The shopping arcades in The Peninsula Hotels, The Peak Tower and The Repulse Bay continue to be popular with premium brands for retail space. The Peak Tower and The Repulse Bay are almost fully occupied. The Shopping Arcades yield reduced by 7% year-on-year. We are working with our retail tenants to develop new marketing campaigns, including “Legendary Artisans” in The Peninsula Hong Kong, to help drive traffic to our arcades.

Offices: Yield from the Group's office leasing increased by 4% year-on-year, due to the increased occupancy and average rental rates in The Peninsula Office Tower and St. John's Building, located in Hong Kong.

Outlook and Developments

We have experienced a mixed start to our business in 2016. For the remainder of the year, our operating results will be adversely affected by the partial closure of The Peninsula Beijing due to its major renovation, which will result in a significantly improved product in Beijing.

The outlook for the Hong Kong market in terms of tourism, high-end residential lettings and retail rental income is somewhat uncertain. While the trends have been weak, our business has been stable, mainly due to the steady returns of our property leasing business, with our residential apartments and commercial arcades holding up well.

We believe that the smaller, exclusive and high-end nature of the retail outlets at The Peninsula Hong Kong, as well as our luxury residential product at The Repulse Bay Complex, especially our recently fully renovated and enlarged apartments at the de Ricou tower, have been key to maintaining demand for those properties.

Elsewhere in Asia, we continue to see strong and increasing demand in Shanghai, Tokyo, and Bangkok continues to recover. In the US, the economic outlook is positive and our US operations are well-positioned to benefit from the projected growth in consumer spending. Growth in the US domestic and corporate market will be especially beneficial for The Peninsula Chicago with its full renovation completed in April 2016. The Peninsula Beverly Hills is experiencing strong demand following the opening of its fully renovated restaurant The Belvedere in January 2016.

In Paris, business has been affected by the terrorist attacks of 2015. However, we have been seeing some pickup since the beginning of 2016 although the first quarter of the year is in the winter low season and we are hopeful for a stronger recovery in the leisure market from spring onwards.

We are pleased to have made good progress with our partners in the ongoing development of our three projects in London, Istanbul and Yangon. We remain confident that our long-term growth is underpinned by a strong balance sheet comprising valuable high quality assets coupled with a low level of gearing.”

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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 Bangkok, The Peninsula Manila, The Peninsula New York, The Peninsula Chicago, The Peninsula Beverly Hills, and The Peninsula Paris. Projects under development include The Peninsula London, The Peninsula Yangon and The Peninsula Istanbul. The property portfolio of the Group includes The Repulse Bay Complex, The Peak Tower and St. John's Building in Hong Kong; The Landmark in Ho Chi Minh City, Vietnam; 1-5 Grosvenor Place in London, UK, and 21 avenue Kléber in Paris, France. The clubs and services portfolio of the Group includes The Peak Tram in Hong Kong; Thai

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Country Club in Bangkok, Thailand; Quail Lodge & Golf Club in Carmel, California; Peninsula Clubs and Consultancy Services, Peninsula Merchandising, and Tai Pan Laundry in Hong Kong.

For further information on this release, please contact:

The Hongkong and Shanghai Hotels, Limited

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THE HONGKONG AND SHANGHAI HOTELS, LIMITED
香港上海大酒店有限公司
(Incorporated in Hong Kong with limited liability)
 (Stock Code: 00045)

Unaudited Operating Statistics – First Quarter of 2016

The unaudited quarterly operating statistics of The Hongkong and Shanghai Hotels, Limited (the “Company”) for the first quarter of 2016 are as follows:

THE PENINSULA HOTELS

Occupancy Rate (%)	Number of rooms	Q1 2016	Q1 2015	Change (pp)
Hong Kong	300	71	75	(4)
Other Asia (note 10)	1,913	67	68	(1)
USA and Europe	969	57	56	1

Average Room Rate (HK\$)	Number of rooms	Q1 2016	Q1 2015	Change (%)
Hong Kong	300	5,017	5,123	(2)
Other Asia (note 10)	1,913	2,444	2,181	12
USA and Europe	969	5,142	5,282	(3)

RevPAR (HK\$)	Number of rooms	Q1 2016	Q1 2015	Change (%)
Hong Kong	300	3,568	3,832	(7)
Other Asia (note 10)	1,913	1,631	1,486	10
USA and Europe	969	2,933	2,980	(2)

LEASING

Occupancy Rate (%)	Q1 2016	Q1 2015	Change (pp)
Residential	94	92	2
Shopping Arcades	93	95	(2)
Office	100	99	1

Average Monthly Yield per available square foot (HK\$)	Q1 2016	Q1 2015	Change (%)
Residential	46	45	2
Shopping Arcades	188	202	(7)
Office	56	54	4

The unaudited quarterly operating statistics of the Company for 2016 and 2015 are as follows:

THE PENINSULA HOTELS

Occupancy Rate (%)	Number of Rooms	2016				2015			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Hong Kong	300	71				75	69	71	78
Other Asia (note 10)	1,913	67				68	71	67	72
USA and Europe	969	57				56	74	75	67

Average Room Rate (HK\$)	2016				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Hong Kong	5,017				5,123	4,436	4,334	5,088
Other Asia (note 10)	2,444				2,181	2,283	2,120	2,481
USA and Europe	5,142				5,282	6,052	5,876	5,942

RevPAR (HK\$)	2016				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Hong Kong	3,568				3,832	3,051	3,062	3,963
Other Asia (note 10)	1,631				1,486	1,630	1,430	1,796
USA and Europe	2,933				2,980	4,487	4,422	3,971

LEASING

Occupancy Rate (%)	2016				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Residential	94				92	94	92	95
Shopping Arcades	93				95	95	94	95
Office	100				99	98	100	100

Average Monthly Yield per available square foot (HK\$)	2016				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Residential	46				45	46	44	46
Shopping Arcades	188				202	203	204	200
Office	56				54	53	55	55

Notes for All Operations:

1. pp = percentage points
2. () = the change is a decrease compared with last year
3. All amounts are expressed in HK\$

Notes for The Peninsula Hotels:

4. Number of rooms is the total number of guestrooms in a hotel, whether available for sale or not. Rooms available, or saleable inventory, is the total room inventory less rooms unavailable for an extended period of time and / or permanent house use rooms.
5. Occupancy Rate is the number of rooms sold / rooms available for sale.
6. Average Room Rate is the total rooms revenue / number of rooms sold.
7. RevPAR is the total rooms revenue / rooms available for sale.
8. Occupancy rates, average room rates and RevPAR are weighted averages for the hotels in each grouping.
9. The average room rates and RevPAR include undistributed service charge, which is levied at 10% in Hong Kong and at 15% in China and Japan.
10. The saleable inventory in The Peninsula Beijing was reduced from Q1 of 2015 as preparations were made for renovation, impacting on Occupancy Rate and RevPAR.
11. The Peninsula Hotels are located in:

Hong Kong:	Hong Kong
Other Asia:	Shanghai, Beijing, Tokyo, Bangkok and Manila
USA and Europe:	New York, Chicago, Beverly Hills and Paris

Notes for Leasing:

12. Occupancy Rate is the occupied area leased / area available for lease.
13. Average Monthly Yield per available square foot is the total rental income / area available for lease.
14. Occupancy rates are weighted averages based on the area available in each grouping.
15. The Group's most significant shopping arcades are located in The Peninsula Hotels in Hong Kong, Shanghai, Beijing, New York, as well as The Repulse Bay Complex and The Peak Tower.
16. The operating statistics do not include information for operations that are not consolidated or whose results are not material in the Group context: The Landmark, Vietnam; The Peninsula Residences, Shanghai; and 21 avenue Kléber, Paris. The operating statistics also do not include information for 1-5 Grosvenor Place, London because of the proposed redevelopment.

Shareholders and potential investors of the Company are reminded that the above operating information has not been reviewed or audited by the Company's independent auditor. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company.

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Unaudited Operating Statistics – First Quarter of 2016

The appended unaudited operating statistics and press release contain the first quarter operating information of The Hongkong and Shanghai Hotels, Limited (the “Company”). This announcement is made pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong). The same information is dispatched to shareholders and members of the press at the Annual General Meeting of the Company held on 11 May 2016.

Shareholders and potential investors of the Company are reminded that the operating information has not been reviewed or audited by the Company’s independent auditor. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company.

For and on behalf of the Board
The Hongkong and Shanghai Hotels, Limited
Christobelle Liao
Company Secretary

Hong Kong, 11 May 2016

As at the date of this announcement, the Board of Directors of the Company comprises the following Directors:

Non-Executive Chairman
The Hon. Sir Michael Kadoorie

Non-Executive Deputy Chairman
Andrew Clifford Winawer Brandler

Executive Directors
Managing Director and Chief Executive Officer
Clement King Man Kwok

Chief Operating Officer
Peter Camille Borer

Chief Financial Officer
Matthew James Lawson

Non-Executive Directors
Ronald James McAulay
William Elkin Mocatta
John Andrew Harry Leigh
Nicholas Timothy James Colfer

Independent Non-Executive Directors
Dr the Hon. Sir David Kwok Po Li
Patrick Blackwell Paul
Pierre Roger Boppe
Dr William Kwok Lun Fung
Dr Rosanna Yick Ming Wong
Dr Kim Lesley Winsler