



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

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For Immediate Release

STRONG PERFORMANCE FOR HSH IN FIRST QUARTER 2007

Hong Kong, 11 May 2007 – The hotel and property divisions of The Hongkong and Shanghai Hotels, Limited (HSH), which owns and operates The Peninsula Hotels as well as prestigious commercial and residential properties around the world, performed well during the first quarter of 2007.

At the HSH Annual General Meeting held today, HSH's Chairman, The Hon. Sir Michael Kadoorie, reflected on 2006: "Looking back, 2006 has been a significant year for the Group, not only in terms of business results, but also in terms of how we have improved some of our important assets. Whilst global economic conditions improved and international travel increased, our hotels and other properties and businesses benefited from their strong market conditions and the strength of the brand, to achieve significant improvement in earnings. Completion of the renovation of The Peak Tower and the development of new spas at three of our hotels are among the improvements which reflect our Group's continual commitment to providing excellent value in terms of products and services for our guests."

HSH's Chief Executive Officer, Mr. Clement K.M. Kwok, commented on the Group's first quarter statistics: "Following our good results in 2006, we have seen a continued positive trend in occupancies, average room rates and yields across our businesses in 2007, although the first quarter tends to be a low business season for some of our properties. At the same time, we are looking forward to expanding our hotel portfolio with the opening of the new Peninsula Tokyo later this year."

Hotels

In Asia, *The Peninsula Hong Kong*, the Group's flagship property, benefited from several key, citywide trade, sports and cultural events, which coincided with the peak season for long haul arrivals. The hotel set a new rate record for Hong Kong, with its ARR (average room rate) increasing by 17% to HK\$3,601. At *The Peninsula Beijing*, occupancy improved slightly to 52% in the winter low season. Following the re-opening of its renovated guestrooms in the Makati Tower in December 2006, *The Peninsula Manila's* ARR has improved by 45% from last year to HK\$982. Political disturbances in Thailand, coupled with a stronger Baht led to a lower occupancy of 72% and ARR of HK\$1,778 in *The Peninsula Bangkok*.

In the USA, all The Peninsulas performed well. Occupancy in *The Peninsula New York* rose to 68% compared to 61% in 2006, and the ARR increased to HK\$5,327, an increase of 8%. At *The Peninsula Chicago*, occupancy rose slightly to 60% while the ARR also posed a marginal increase to HK\$2,980 during its low season. In California, *The Peninsula Beverly Hills* maintained its occupancy while recording a healthy 9% growth in ARR to HK\$5,039. *Quail Lodge Resort*, which marked its first full year since HSH resumed direct management, saw its occupancy rising from 45% to 61%.

Commercial, Residential & Office

The Group's holdings in the commercial, residential and office sectors all showed improvements.

In the **commercial sector**, the *shopping arcades* at *The Peninsula Hong Kong* and *The Peninsula Beijing* both reflect the healthy retail sector and demand for space from premium brands. Occupancy stands at 97% in Hong Kong with the average yield up 8% to HK\$285 per net available square foot. In Beijing, occupancy stands at 97.6% with an average yield of HK\$90 per net available square foot.

The Peak Tower, which was completely re-opened by November 2006, remains fully let with an average yield of \$70. Peak Tram's patronage rose by 18% to 1.16 million passengers for the first quarter, reflecting an increased number of tourists visiting Hong Kong.

In the **residential and office sector**, most of the Group's holdings showed improvement. The serviced apartments at *The Repulse Bay* have improved occupancy by eight percentage points to 70%, whilst the unfurnished apartments experienced a very slight drop in occupancy due to the timing of lease expiries. Yields have also kept pace, increasing by 9% and 17% for the unfurnished and serviced apartments respectively. The commercial segment at *The Repulse Bay* is 100% tenanted and has improved yield by 1%.

Occupancy at *St. John's Building* is at 99%, up 2% compared to 2006, with average yield increasing by 22%. The *office tower at The Peninsula Hong Kong* is fully let at the same yield as 2006. In Ho Chi Minh City, *The Landmark* office and residential complex is fully let with the yield up by 12%, as Vietnam enjoys an economic boom following entry into the WTO.

Outlook

HSH will unveil its eighth Peninsula hotel in Tokyo in the autumn of 2007. The building will be handed over by the end of May whereupon management and the operations team will begin to move in and other final installations will be completed. The Peninsula Tokyo is situated in the prime business district, Marunouchi, adjacent to Ginza and overlooks The Imperial Palace and Hibiya Park. The 24-storey hotel will feature 314 guest rooms and suites.

Another important initiative which the Group is undertaking is the development of *The Peninsula Shanghai*, which is planning to open its doors in 2009, in time for the World Expo. The hotel, when finished, will be the only new-build structure along the famous Bund. Construction has begun in October 2006.

About HSH

Incorporated in 1866 and listed on the Hong Kong Stock Exchange (0045), The Hongkong and Shanghai Hotels, Limited and its subsidiaries' principal business comprise the ownership and management of prestigious hotel, commercial and residential properties in key destinations in Asia and the USA. The hotel portfolio of the Group comprises *The Peninsula Hong Kong*, *The Peninsula New York*, *The Peninsula Chicago*, *The Peninsula Beverly Hills*, *The Peninsula Bangkok*, *The Peninsula Beijing*, *The Peninsula Manila*, *The Peninsula Tokyo* (opening autumn 2007), *The Peninsula Shanghai* (2009), and *Quail Lodge Resort and Golf Club* in Carmel, California. The property portfolio of the Group includes *The Repulse Bay* complex, *the Peak Tower* and *Peak Tram*, *St. John's Building* and *The Landmark* in Ho Chi

Minh City, Vietnam.

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