The Hongkong and Shanghai Hotels, Limited
2009 Interim Results

Forward-looking statements

The presentation may contain certain forward-looking statements with respect to the financial condition, results of operations and business of HSH. These forward-looking statements which include, without limitation, statements regarding future results of operations, financial condition or business prospects are based on current beliefs, assumptions, expectations, estimates or projections of Directors which are subject to known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expectations expressed or implied in such statements.

Past performance cannot be relied on as a guide to future performance.

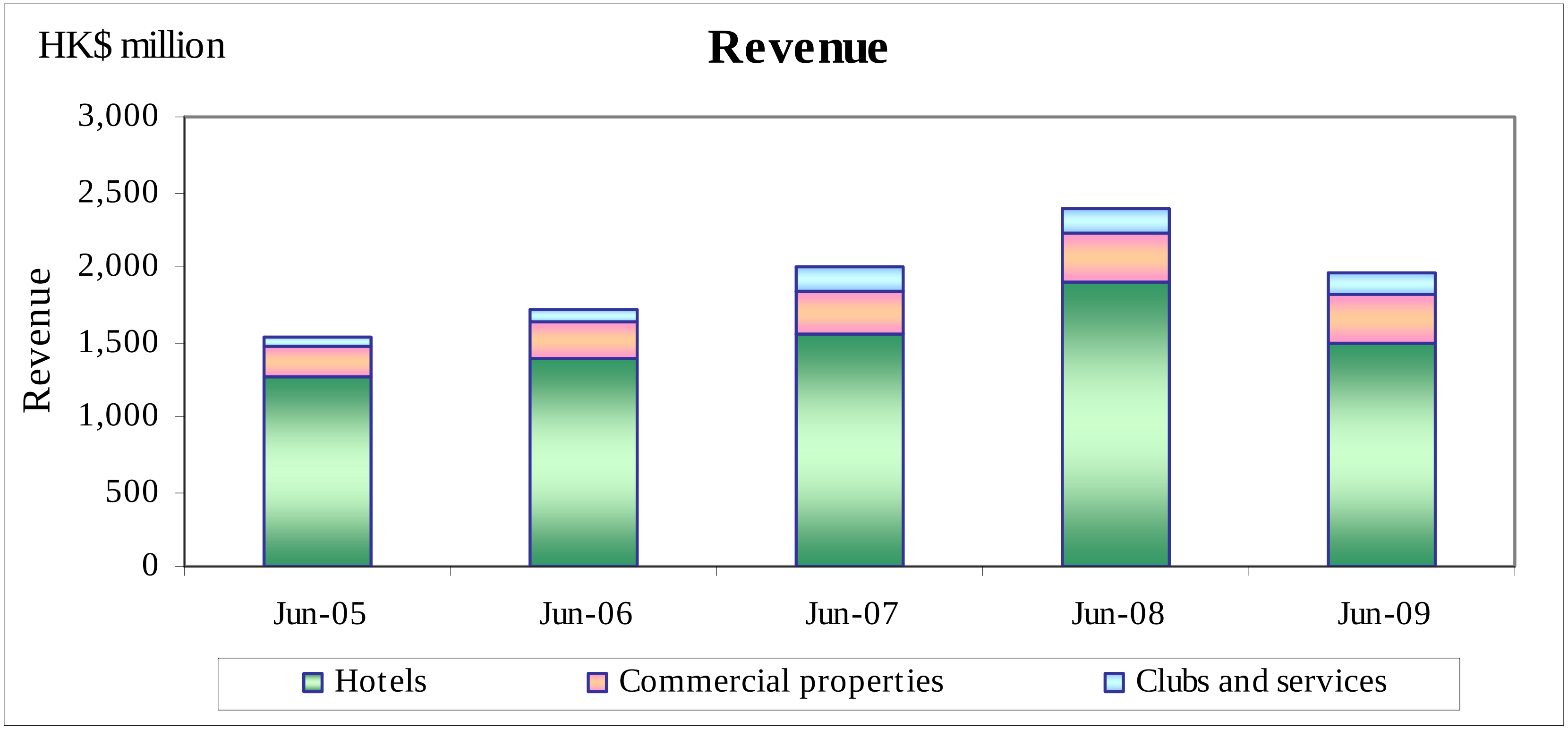
Half year operating results reflect a difficult business environment

	For the 6 months ended		
	30 June 2009 (HK$'m)	30 June 2008 (HK$'m)	Increase/ (decrease)
Turnover	1,962	2,395	(18.1%)
EBITDA	411	699	(41.2%)
EBITDA Margin	21%	29%	(8pp)
Profit before non-operating items and taxation	182	478	(61.9%)
Non-operating items	398	1,267	(68.6%)
Taxation	(116)	(112)	3.6%
Profit attributable to shareholders	462	1,619	(71.5%)
EPS (HK cents)	32	112	(71.4%)
EPS excluding non-operating items (HK cents)	8	37	(78.4%)

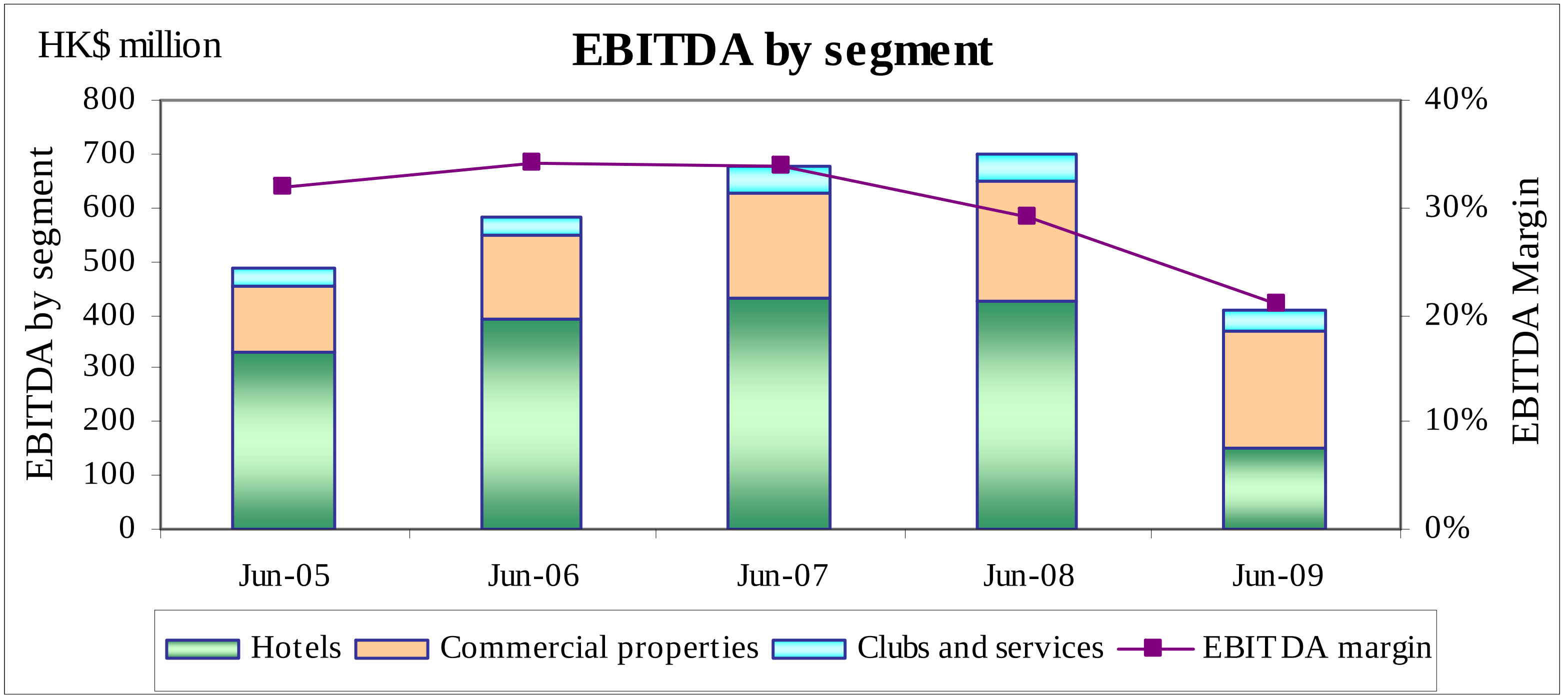
Cash flow

(HK$'m)	For the 6 months ended 30 June 2009	For the 6 months ended 30 June 2008
Net cash generated from operating activities	258	615
Purchase of fixed assets	(106)	(185)
Net financing charges and dividends	(86)	(94)
Recurring cash inflow after normal CAPEX, financing charges and dividends	66	336
Opening cash	1,995	1,414
	2,061	1,750
Less: Investment in the Paris project	(1,044)	-
Repayment of borrowings and exchange adjustment	(13)	(19)
Closing cash	1,004	1,731

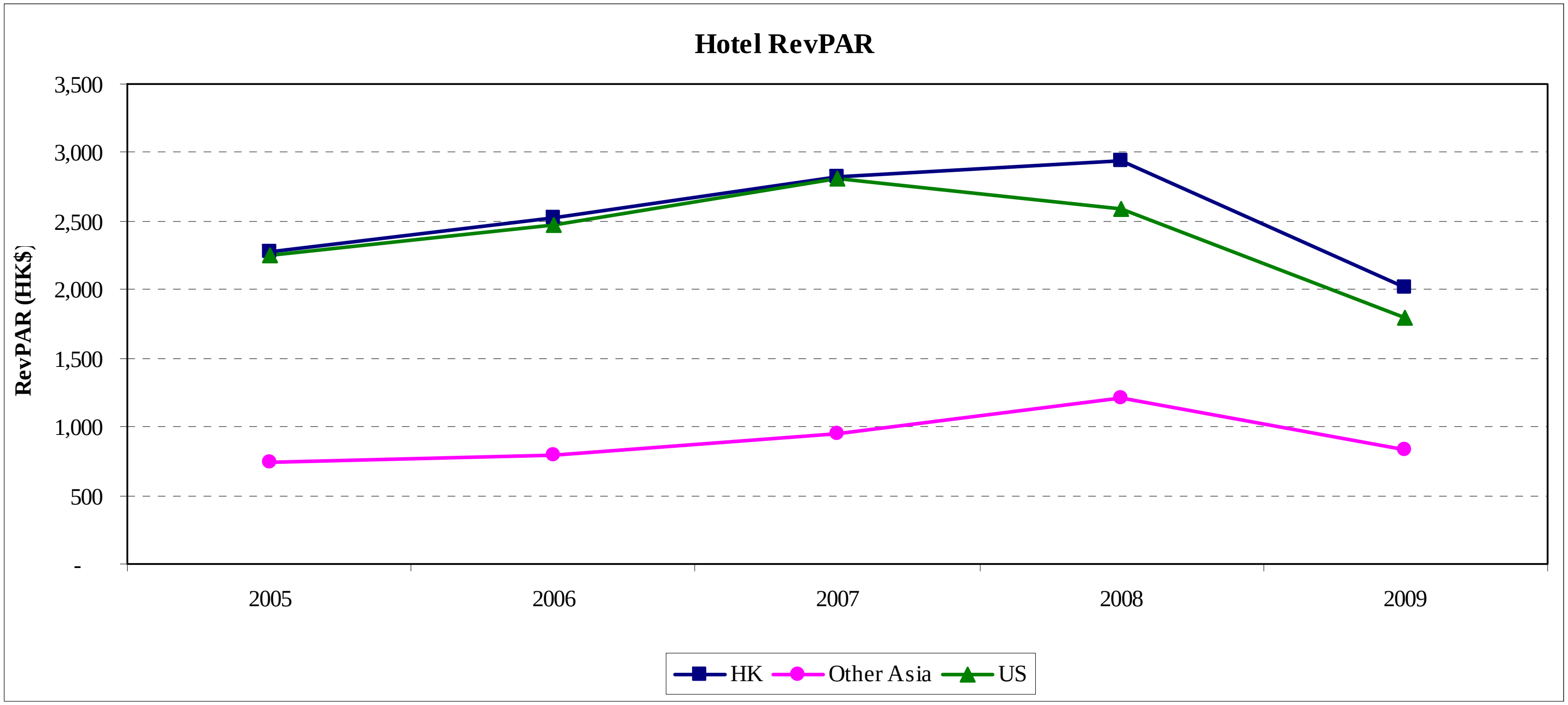
Revenue


HK$ million
Revenue
3,000
2,500
2,000
1,500
1,000
500
0
Revenue
Jun-05
Jun-06
Jun-07
Jun-08
Jun-09
Hotels
Commercial properties
Clubs and services

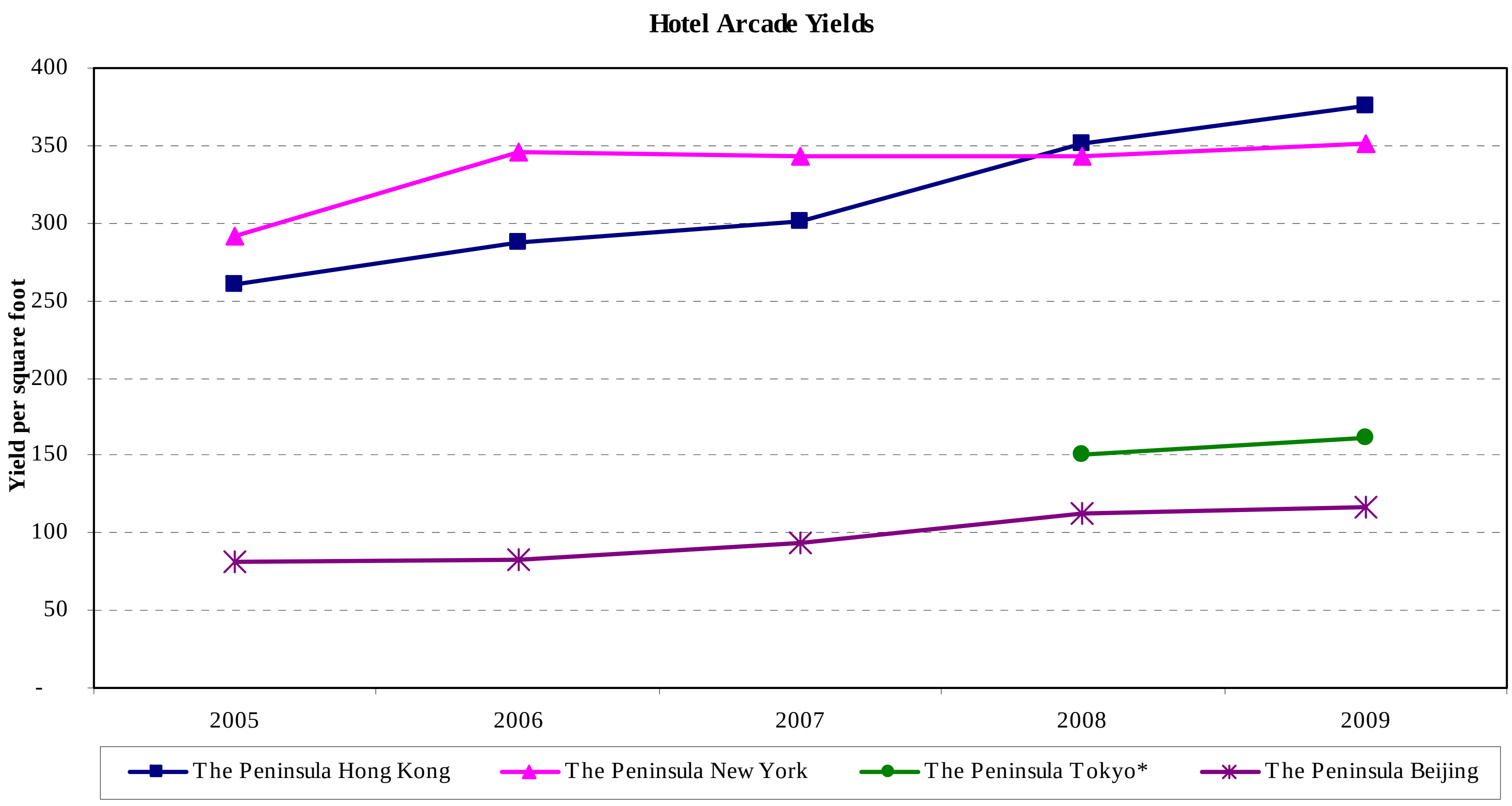
EBITDA by segment



Hotel RevPAR

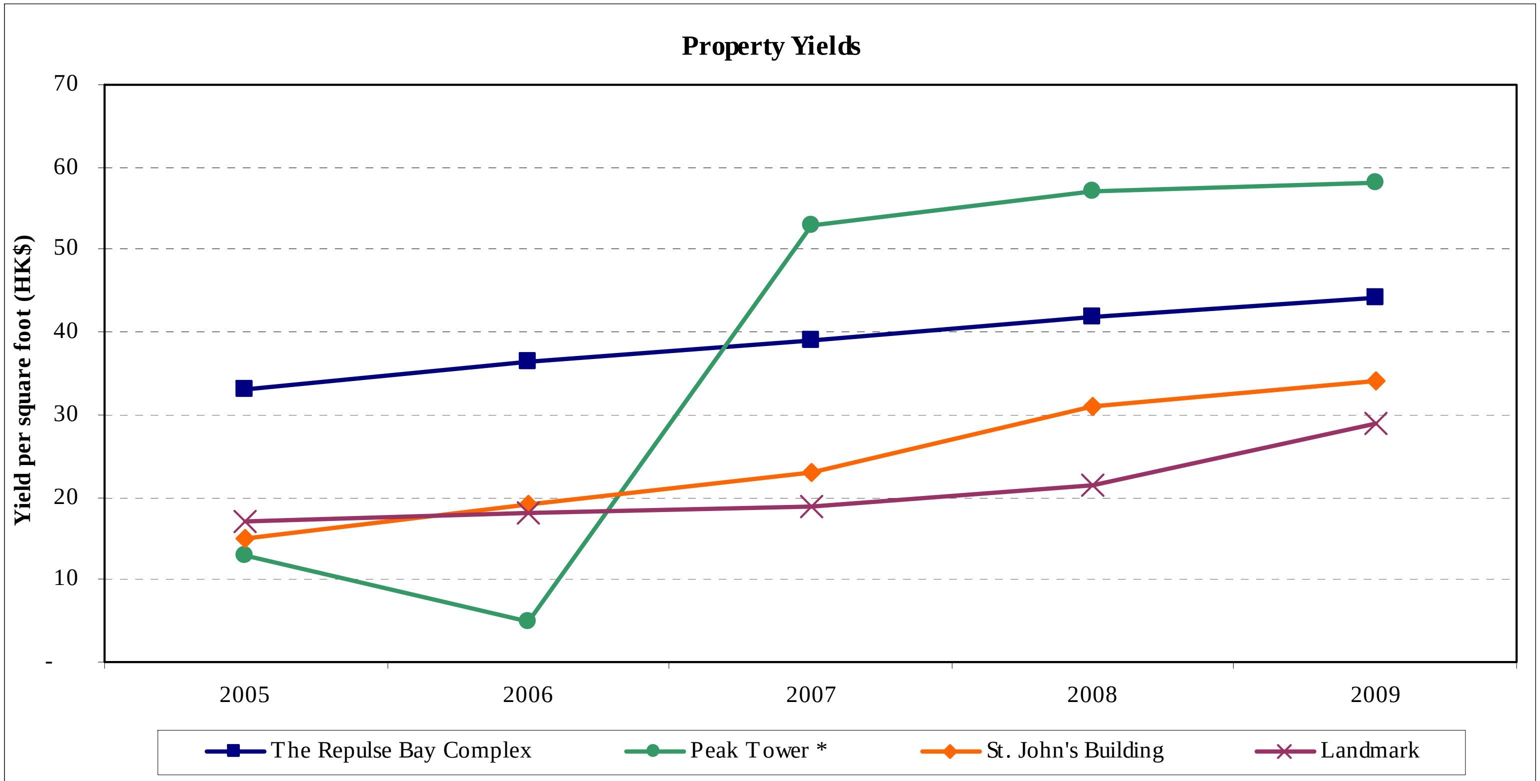


Hotel Arcade Yields



** The Peninsula Tokyo was soft opened in September 2007.*

Property yields



* *Renovation of premises at The Peak Tower commenced in April 2005 and finished in phases from July 2006.*

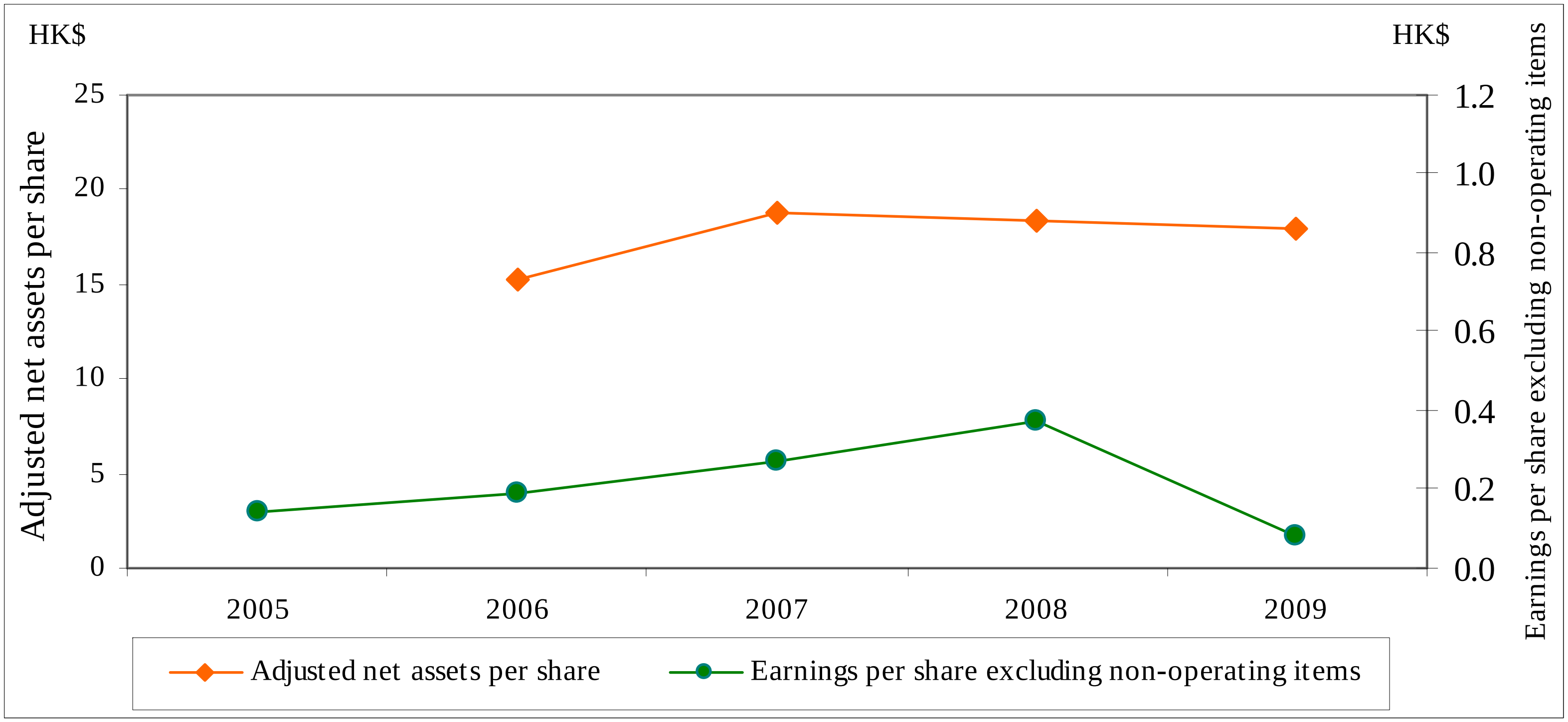
Operating performance – Other businesses

- The Peak Tram: . Revenue was consistent with the same period in 2008, with 2.3 million passengers in each period
- Cathay Pacific Lounges: 6 months patronage reduced by 12%, revenue decreased by 6%
- Peninsula Merchandising: revenue reduced by 13% to HK$27 million
- Tai Pan Laundry: revenue reduced by 12% to HK$ 14 million
- Thai Country Club: revenue decreased by 22% to HK$25 million

Net Asset Value

	As at 30/6/2009		As at 31/12/2008	
	HK$'m	Per share value (HK$)	HK$'m	Per share value (HK$)
Net assets	21,256	14.49	20,712	14.28
Deferred tax provision in respect of revaluation surplus on Hong Kong investment properties	2,806	1.91	2,723	1.88
Fair market value of hotels and golf courses, net of related deferred tax and minority interests	2,285	1.56	3,154	2.18
Adjusted net assets attributable to shareholders	26,347	17.96	26,589	18.34

Adjusted net assets per share and earnings per share excluding non-operating items

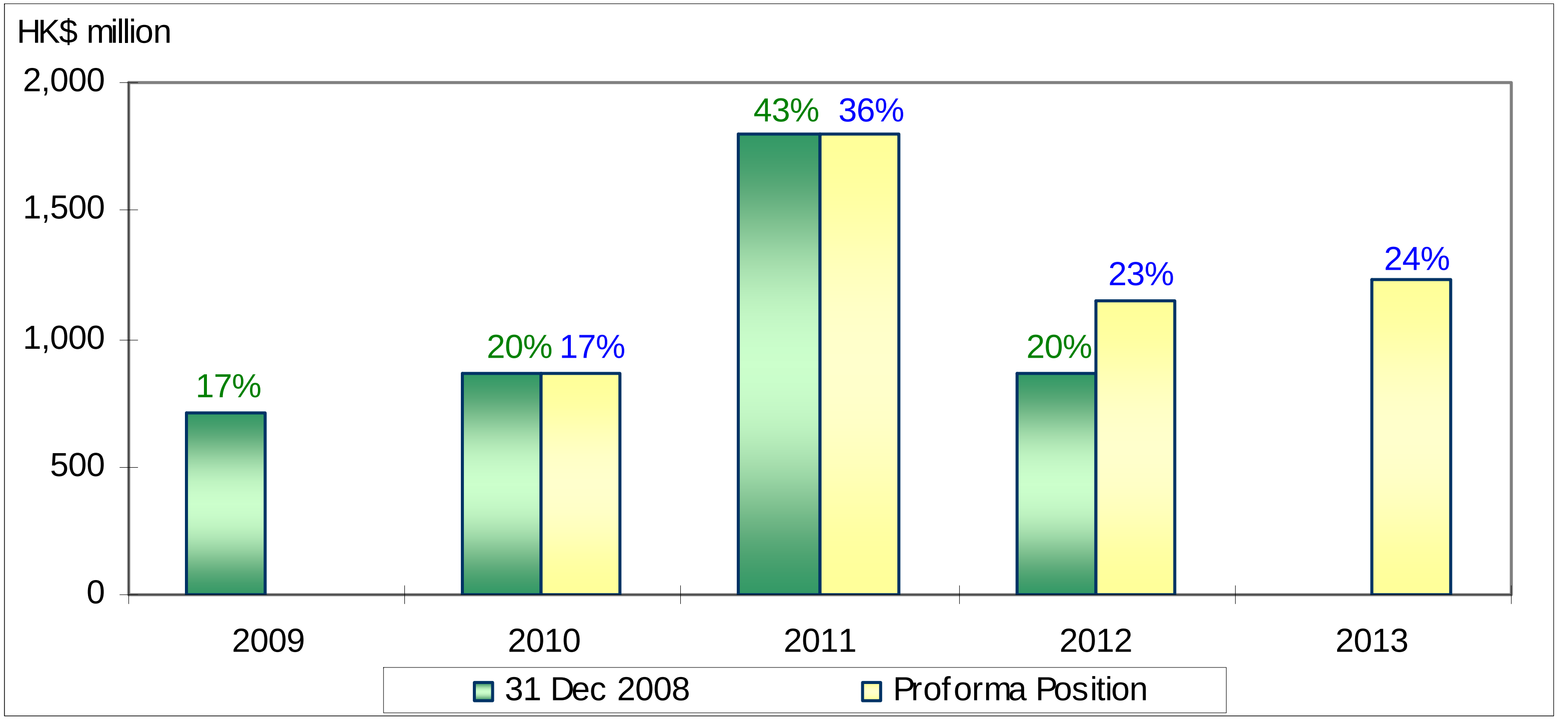


Financing

	30 Jun 2009 (HK$'m)	31 Dec 2008 (HK$'m)
Total committed bank facilities[1]	5,524	4,225
Utilised	(3,072)	(3,177)
Available bank facilities	2,452	1,048
Cash at bank and in hand, net of bank overdrafts	987	1,979
Funds available	3,439	3,027

(1) Excluding debts for The Peninsula Shanghai and The Peninsula Beverly Hills which are not subsidiaries of the Group

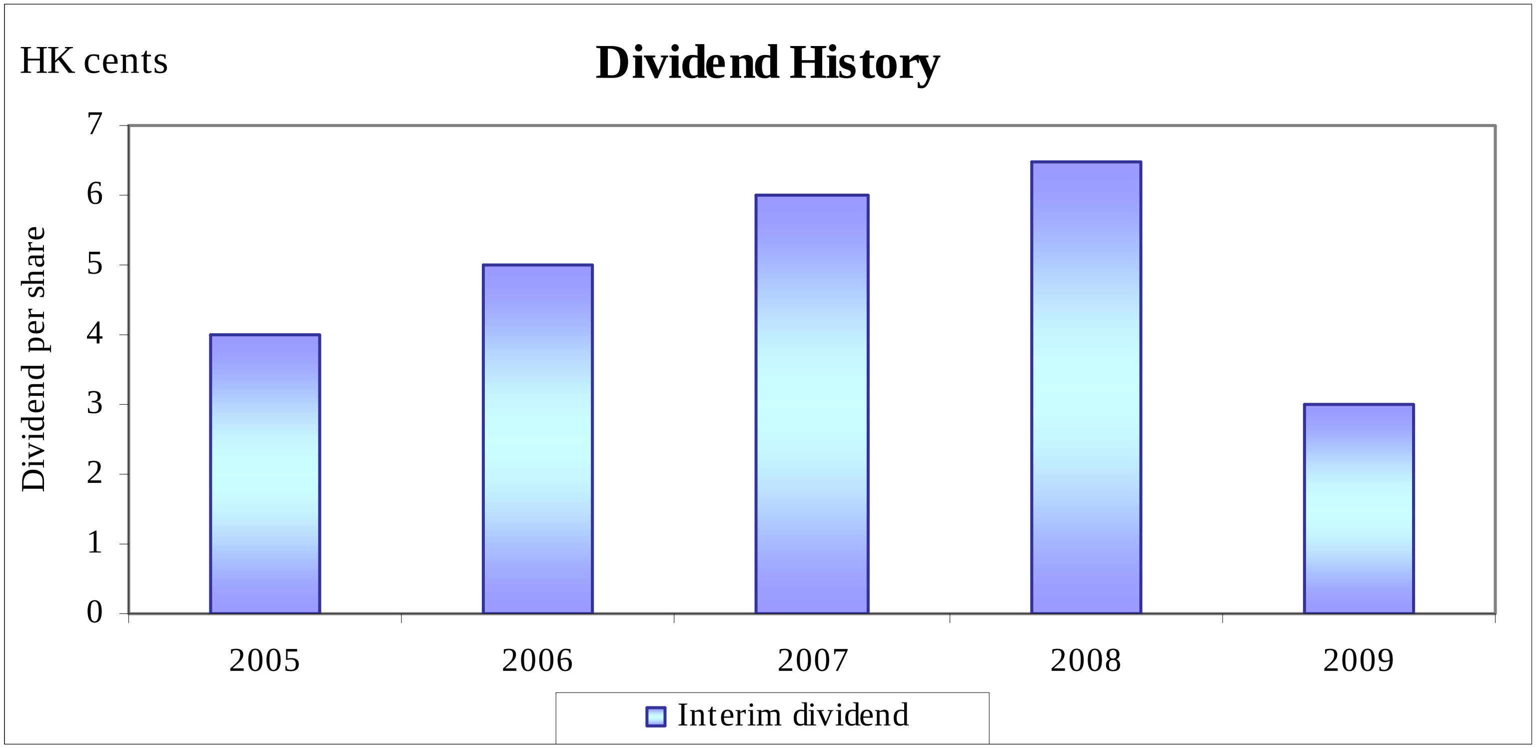
Committed facilities – maturing profile



Financing ratios

	At 30 Jun 2009 (HK$'m)	At 31 Dec 2008 (HK$'m)	Increase / (Decrease)
Gross borrowing	3,092	3,193	(3.2%)
Net borrowing	2,088	1,198	74.3%
Gearing	9%	5%	4 pp
Interest cover			
- Gross	5.1 times	9.3 times	
- Net	6.2 times	14.7 times	

Dividend history



Development – existing assets

- Guestroom renovations at The Peninsula New York and The Peninsula Chicago
- Renovation of Nielsen's restaurant at The Peninsula Manila
- Revitalisation of the commercial arcade at The Repulse Bay

The Peninsula Shanghai (50% owned)

- Soft opening in the last quarter of 2009, ahead of Expo 2010
- Guestroom floors handed over in phases
- Operations management team has begun pre-opening preparations
- Hotel has started accepting reservations

The Peninsula Paris (20% owned)

- ❖ Partnership with Qatari Diar
- ❖ Definitive agreements signed in January 2009 and consideration of €102 million was paid out of the Group’s surplus cash
- ❖ Estimated cost of redevelopment at around €250 million

- ❖ HSH’s maximum commitment is €50 million
- ❖ Redevelopment expected to start in 2010
- ❖ The Peninsula Paris will be managed by the Group under a management contract of 50 years

Outlook and focus for 2009

- Economic conditions remain uncertain posing continuous pressure for our hotels business
- Business remains soft in Beijing, Bangkok and Tokyo, though Hong Kong has seen some initial signs of a moderate pick-up
- Our non-hotel businesses have held up reasonably well and are expected to remain steady
- Cost control remains our top priority to mitigate the impact of revenue shortfall on gross operating profit
- Our Group remains conservatively geared
- The Group’s operational cash flows continue to be sufficient to cover its capital expenditure programme, financing charges and dividends
- Highlight for the second half of 2009 will be the soft opening of The Peninsula Shanghai
- HSH looks to the long-term and reflects this in its loyalty and consideration to staff

Thank you