



Annual Results 2007

Strong Financial Performance

- ❖ Turnover up 22% to HK\$4,542 million
- ❖ Profit before non-operating items: up 20% to HK\$1,088 million
- ❖ EBITDA: up 18% to HK\$1,510 million, margin of 33%
- ❖ Excluding The Peninsula Tokyo, overall EBITDA margin rose from 34% to 37%
- ❖ Total dividends up 13% to 18 cents per share



Strong Financial Performance

- ❖ Attributable profit of HK\$3,437 million after including revaluation surpluses
- ❖ Earnings excluding non-operating items: up 18% to HK\$901 million
- ❖ Earnings per share excluding non-operating items: up 17% to HK\$0.63



Healthy Financial Position

- ❖ NAV increased by 22% to HK\$20,726 million (HK\$14.37 per share)
- ❖ Gearing down to 7%
- ❖ Net financing charges reduced by 27% to HK\$87 million
- ❖ Interest cover improved to 14 times

Adjusted Net Assets

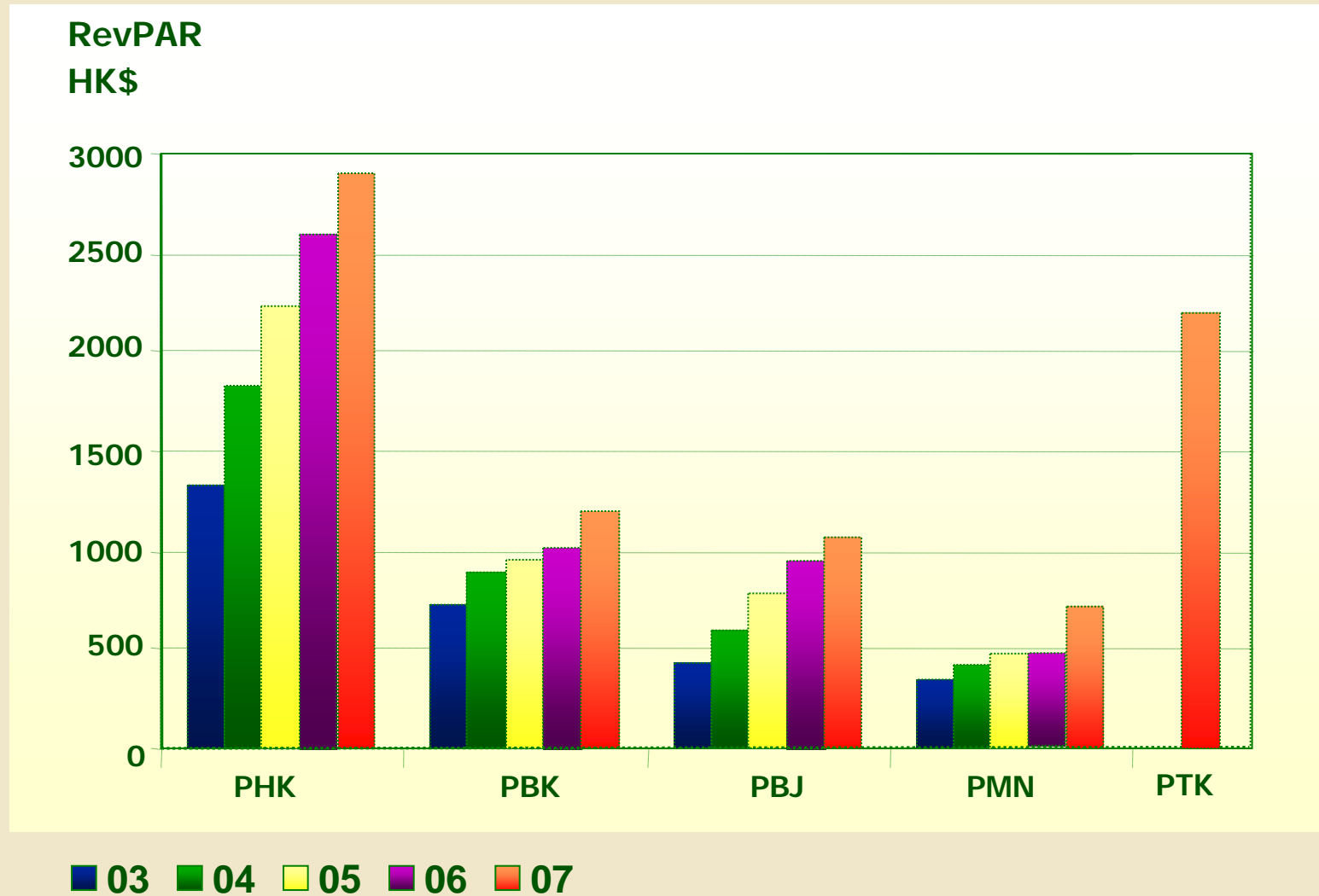
	Total (HK\$m)	Per share (HK\$)
Audited net assets	20,726	14.37
Deferred taxation in respect of revaluation surpluses on HK investment properties	2,967	2.06
Market value adjustments for hotels & golf courses	3,339	2.32
Adjusted Net Assets	<u>27,032</u>	<u>18.75</u>

Hotel Results

- ❖ Excluding the initial results and pre-opening expenses of The Peninsula Tokyo which opened in September 2007, hotel EBITDA margin rose to 32%
- ❖ RevPAR increase of 16% in the Peninsula Hotels
- ❖ Peninsula Hotels remained at the top of their markets in room rate and RevPAR

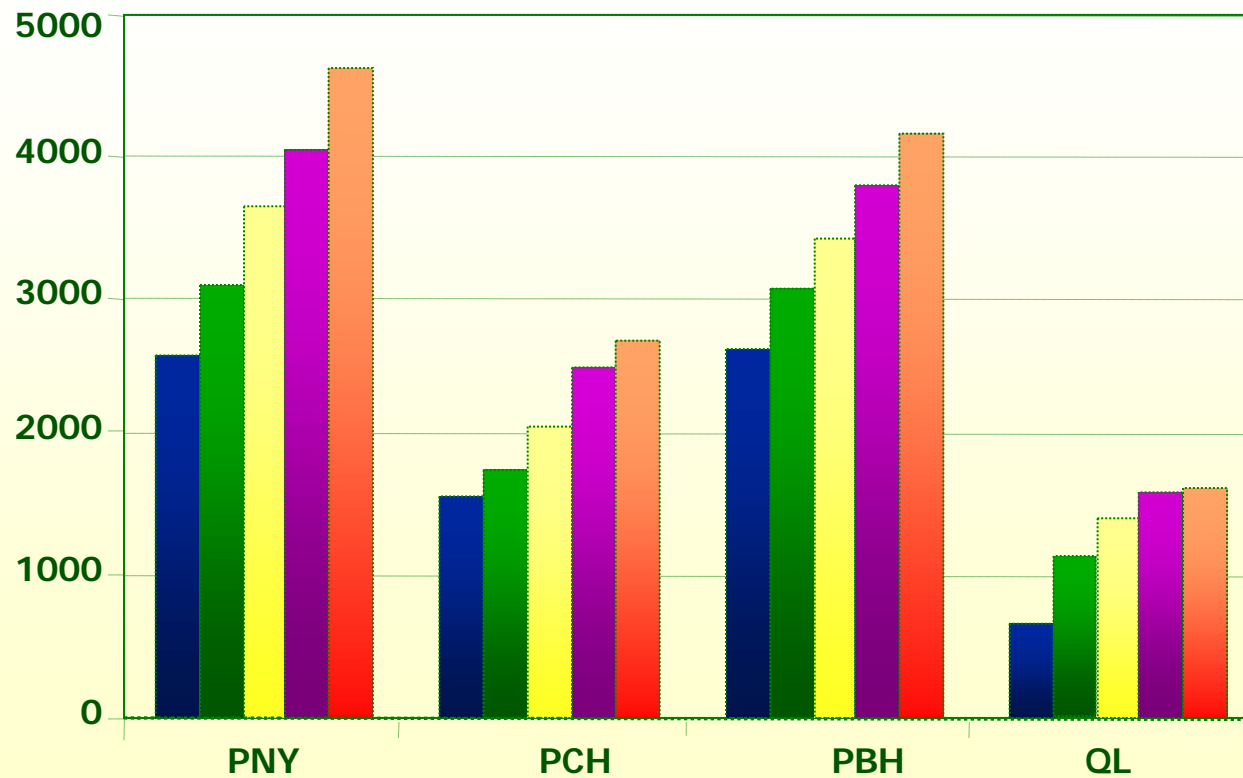


Hotel RevPARs - Asia



Hotel RevPARs - USA

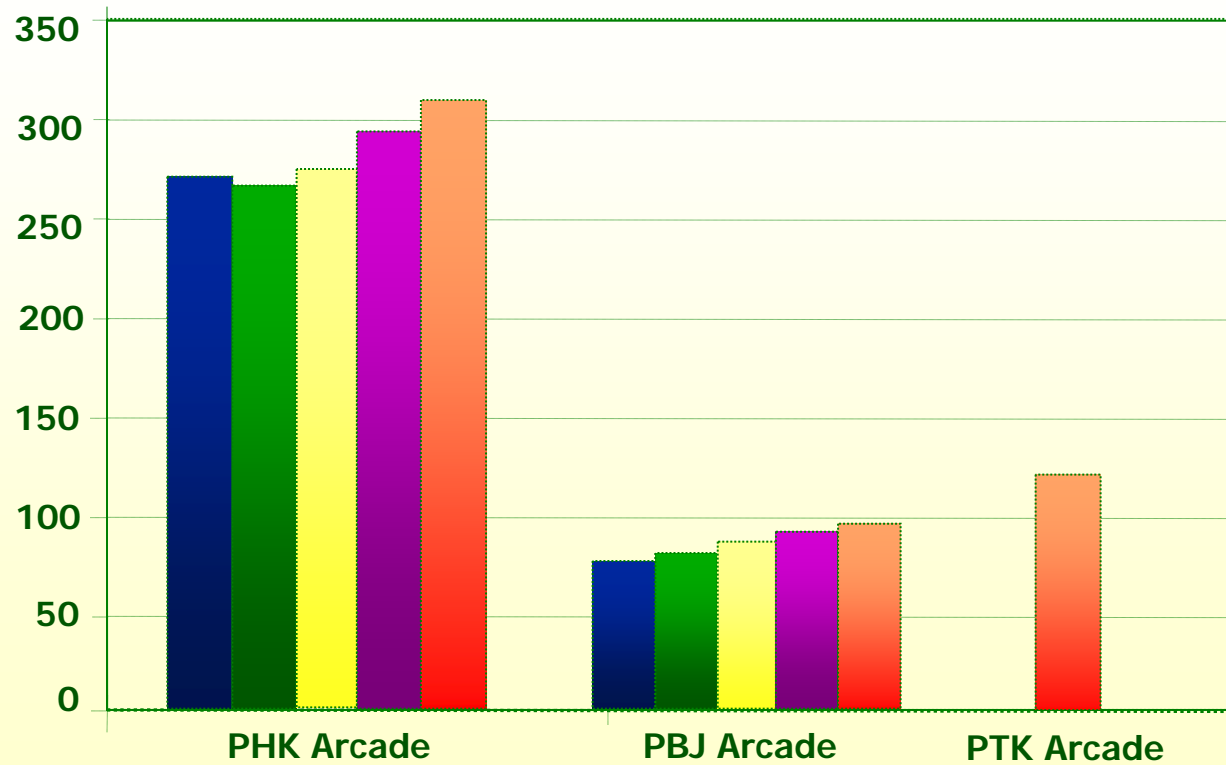
RevPAR
HK\$



■ 03 ■ 04 ■ 05 ■ 06 ■ 07

Hotel Arcade Yields

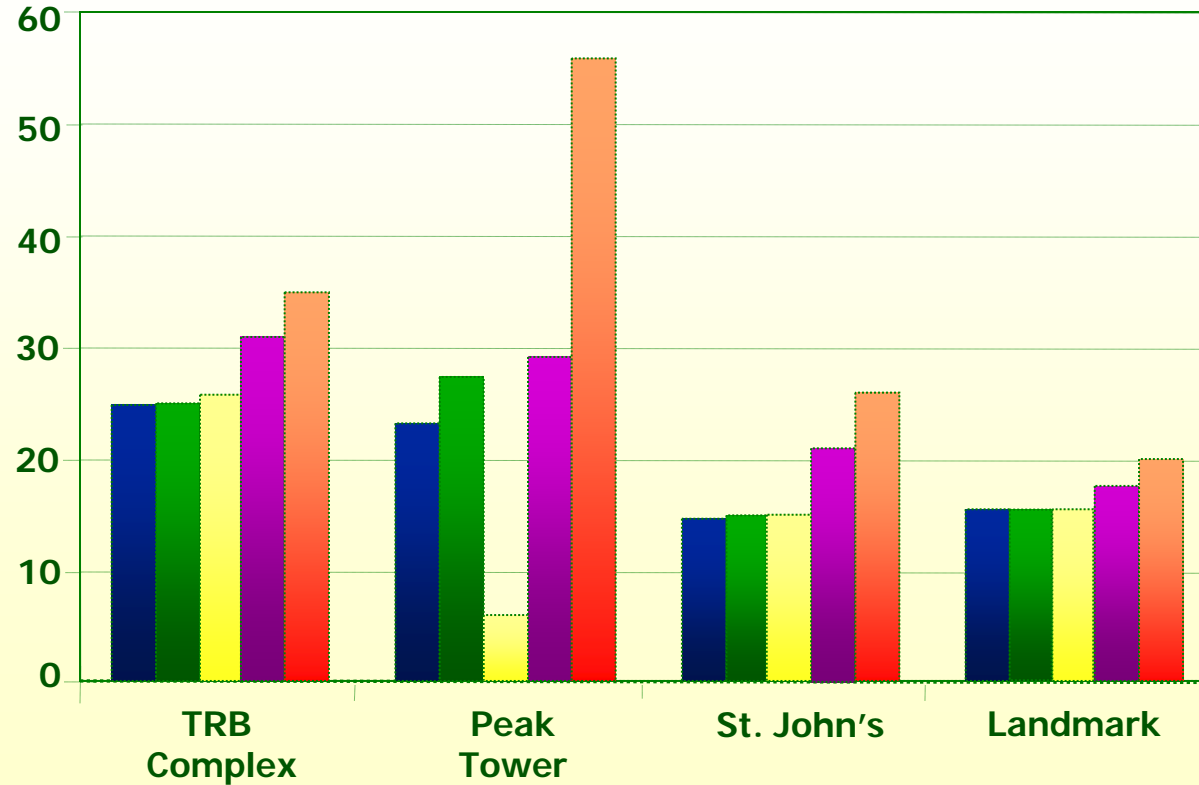
Yield per sqf
HK\$



■ 03 ■ 04 ■ 05 ■ 06 ■ 07

Non-hotel Properties

Yield per sqf
HK\$



■ 03 ■ 04 ■ 05 ■ 06 ■ 07

Performance from Other Operations

- ❖ The Peak Tram: annual patronage up 11%, revenue up 18%
- ❖ Cathay Pacific Lounges: annual patronage up 12%, revenue up 89%
- ❖ Thai Country Club: revenue up 13%
- ❖ Peninsula Merchandising: revenue up 23%
- ❖ Tai Pan Laundry: revenue up 43%

Key Developments

- ❖ Opening of the 314-room Peninsula Tokyo
- ❖ Approval received for revitalising The Repulse Bay



Key Developments

- ❖ Approval given for Phase two renovation of The Peninsula Manila
- ❖ Construction commenced for new Peninsula Spa in The Peninsula Beijing
- ❖ Construction commenced for renovation of the Peninsula Spa and Pen-Top Bar in The Peninsula New York

The Peninsula Shanghai Project

- ❖ Hotel tower reached structural top-out in mid January 2008
- ❖ Construction of the hotel apartment tower progressing well
- ❖ Target for opening in late 2009
- ❖ Total GFA of 92,160 square metres

Strategy

- ❖ Long-term ownership and management of top quality hotels and properties
- ❖ Seek prime locations and commit significant resources to create exceptional hotels and properties
- ❖ Selective in choice of new hotel projects
- ❖ Focus on improving operating margins and service quality
- ❖ Enhancement of existing assets

Outlook

- ❖ New hotel projects will enhance the Group's value in the long run
- ❖ Ongoing renovation programmes continue to enhance our assets' value
- ❖ Continual inflation in wage and energy cost is our biggest operating challenge
- ❖ Revenue outlook affected by current uncertainties in world economies and financial markets



Thank you