

MILESTONES 2005

LAUNCH OF PRIVATE LABEL GDS SYSTEM

The Peninsula Hotels has launched its own global distribution system under the reservation code “PN” for global hotel bookings. This allows the group to manage its own reservations, a function formerly provided by external hospitality booking engines, which we expect will increase booking efficiency and volume, and reduce booking costs.

SALE OF THE KOWLOON HOTEL, HONG KONG

The sale of The Kowloon Hotel for a total consideration of HK\$1.9 billion was completed on 1 February, 2005, giving rise to a gain on disposal of HK\$1.2 billion.

PENINSULA BOUTIQUES EXPANSION

New Peninsula Boutiques were opened in The Peninsula Palace Beijing, in department stores in Osaka and Hiroshima in Japan, and in Taipei, Taiwan. In addition, a Peninsula Boutique and Café is due to be opened in the Siam Paragon Mall in Bangkok, Thailand.



SALE OF PHUKET LAND

In October 2005, a parcel of land at Bang Tao Bay, Phuket, Thailand was sold for a consideration of approximately HK\$163 million, giving rise to a gain on disposal of HK\$60 million.

REPULSE BAY RENOVATIONS COMPLETED

The latest phase of renovations of the unfurnished apartments at The Repulse Bay complex was completed during the year. We have now renovated 99 out of the 141 unfurnished apartments at 109 Repulse Bay Road.



CONSTRUCTION PROGRESSING AND FINANCING COMPLETED FOR THE PENINSULA TOKYO

Peninsula of Tokyo Limited signed a JPY 14.2 billion term loan facility, maturing in 2010, with a syndicate of six local and international banks in respect of the financing of the new Peninsula Tokyo. Construction of the hotel is progressing well with topping out expected in mid-2006, and an expected scheduled opening in late 2007.



EXTENSION OF SHANGHAI TERRACE COMPLETED

The Peninsula Chicago completed a substantial renovation and extension of *Shanghai Terrace*, the hotel's popular Asian restaurant, adding a new kitchen, a reception area, a private room and additional seating to its facilities. The restaurant re-opened in April.

CORPORATE AWARDS

HSH took the Silver Award for its 2004 annual report, one of the top three awards in the Hong Kong Management Association's annual competition. The company was also named one of the Outstanding Enterprises of 2005 by the financial weekly, *Economic Digest*, for its corporate governance, shareholder value and excellent management. At the Chicago Film Festival, the company again took silver for its "Portraits of Hongkong and Shanghai Hotels" orientation video, produced by the group's human resources department.



INCREASE OF SHAREHOLDING IN THE PENINSULA MANILA

The company successfully completed its partial general offer to purchase further shares of Manila Peninsula Hotel, Inc. in 2005, following which it has increased its shareholding from 40% to 76%.

THE PENINSULA SHANGHAI

We concluded the purchase of land for the development of The Peninsula Shanghai in August 2005. The site has now been cleared and preliminary planning approval has been received from the Shanghai authorities. The schematic designs are under development. Groundbreaking for the hotel is expected to take place in the second half of 2006.



THE PEAK TOWER

The Peak Tower was closed in April 2005, and work began on the extensive revitalisation of the property which will introduce innovative dining concepts and a range of retail options when it re-opens in mid-2006.