

GENERAL MANAGERS' REPORTS

HOTELS



THE PENINSULA HONG KONG



THE PENINSULA SHANGHAI



THE PENINSULA BEIJING



THE PENINSULA NEW YORK



THE PENINSULA CHICAGO



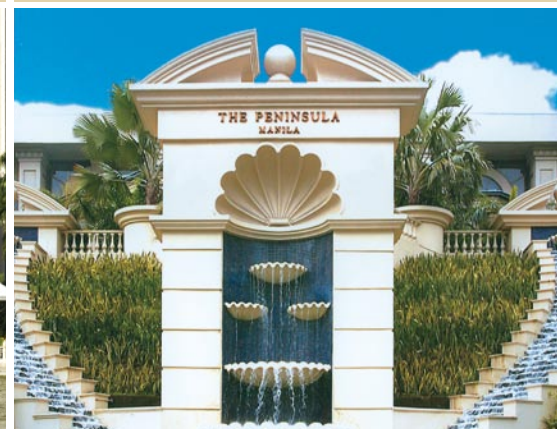
THE PENINSULA BEVERLY HILLS



THE PENINSULA TOKYO



THE PENINSULA BANGKOK



THE PENINSULA MANILA

COMMERCIAL PROPERTIES



THE REPULSE BAY COMPLEX



THE PEAK TOWER



THE LANDMARK (VIETNAM)

CLUBS & SERVICES



THE PEAK TRAM



THAI COUNTRY CLUB



QUAIL GOLF AND COUNTRY CLUB



PENINSULA MERCHANDISING

HOTEL PERFORMANCE CHARTS

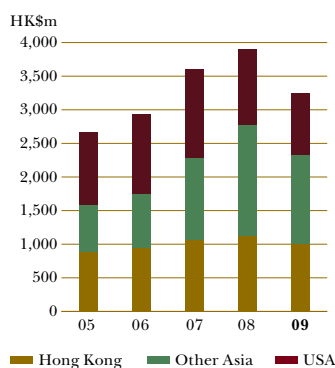
	ATTRIBUTABLE INTEREST %	REVENUE (HK\$m)		AVAILABLE ROOMS		OCCUPANCY %		ARR (HK\$)		REVPAR (HK\$)	
		2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
The Peninsula Hong Kong	100	967	1,093	300	300	57	71	3,796	4,095	2,182	2,927
The Peninsula Shanghai*	50	50	n/a	235	n/a	42	n/a	2,209	n/a	926	n/a
The Peninsula Beijing	42	295	485	525	525	34	50	1,354	2,116	457	1,065
The Peninsula New York	100	441	486	239	239	62	64	5,317	6,338	3,317	4,048
The Peninsula Chicago	100	379	523	339	339	54	65	2,987	3,670	1,623	2,395
The Peninsula Beverly Hills	20	332	444	193	193	61	80	5,032	5,364	3,072	4,275
The Peninsula Tokyo	100	661	677	314	314	60	63	3,584	3,759	2,148	2,380
The Peninsula Bangkok	75	182	269	370	370	48	65	1,502	1,714	725	1,119
The Peninsula Manila**	77	190	210	497	497	57	55	974	1,133	555	626
Quail Lodge Resort***	100	99	133	97	97	56	64	1,787	2,014	1,006	1,298
Total		3,596	4,320	3,109	2,874						
Average						52%	62%	2,752	3,162	1,436	1,962

* The Peninsula Shanghai soft opened in October 2009.

** The Ayala Tower's guestrooms were closed for renovation from May to October 2008.

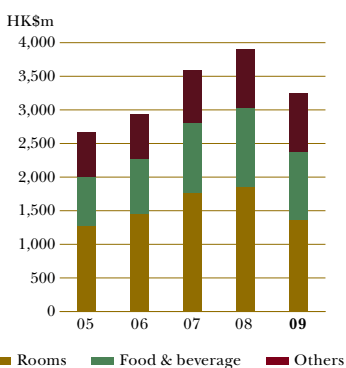
*** The Quail Lodge Resort was closed on 16 November 2009.

Hotels' revenue by geographical segment



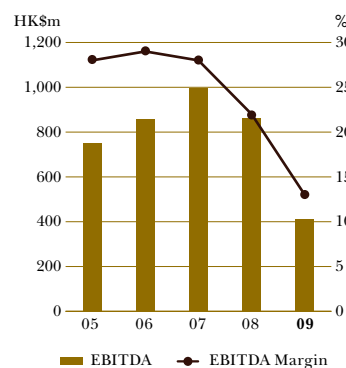
HK\$m	2005	2006	2007	2008	2009
Hong Kong	877	939	1,061	1,122	997
Other Asia	707	803	1,220	1,641	1,328
USA	1,085	1,195	1,318	1,142	919
	2,669	2,937	3,599	3,905	3,244

Hotels' revenue by nature



HK\$m	2005	2006	2007	2008	2009
Rooms	1,279	1,455	1,768	1,856	1,355
Food & beverage	728	813	1,031	1,166	1,012
Others	662	669	800	883	877
	2,669	2,937	3,599	3,905	3,244

Hotels' EBITDA



	2005	2006	2007	2008	2009
EBITDA (HK\$m)	751	857	997	863	410
EBITDA Margin (%)	28	29	28	22	13



THE PENINSULA HONG KONG

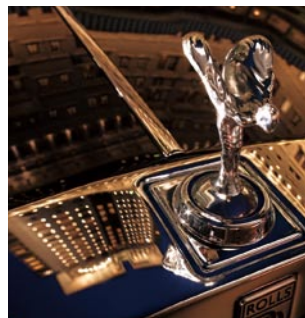
100% OWNED

The Peninsula Hong Kong was opened in 1928 and is the Group's flagship property, being the first hotel to bear the Peninsula name. Wholly-owned by HSH, the hotel has consistently been regarded as one of the top luxury hotels in the world. In 1994, its facilities were significantly extended and modernised with the addition of the Peninsula Office Tower. Today, the hotel has 300 guestrooms and suites; world renowned restaurants and bars including Gaddi's, Felix, Spring Moon, Chesa and Salon de Ning; and a spectacular Peninsula Spa which was opened in 2006.

The first half of the year saw the hotel industry in Hong Kong hit hard by both the global economic downturn and the threat of the human swine influenza, leading to fewer long haul arrivals and a reduction in conventions and exhibitions. The economy began to improve in the third quarter of the year and the recovery continued in the last quarter. Although The Peninsula Hong Kong suffered a sharp drop in business volume, the hotel focused on creating a number of innovative room programmes to offer added benefits and values, as well as expanding the hotel's reach to high potential regional markets, especially mainland China and the Middle East.

- The hotel recorded an ARR of HK\$3,796, down 7% from 2008. RevPAR was down 25% from 2008 to HK\$2,182 while occupancy dropped 14 percentage points from the year before to 57%.
- Sales, payroll and overhead costs were all strictly controlled at a level below that of 2008.

- The hotel's catering and banquet business was robust during the year. Meanwhile, enhanced marketing efforts across mainland China, the world's largest outbound travel market, led to a 5% increase in affluent mainland Chinese visitors to The Peninsula Hong Kong.
- The Peninsula Arcade and the Office Tower were able to grow their average rent by 3% and 1% respectively. The Arcade continued to maintain an average occupancy of 99% throughout the year, with a high quality tenant mix of luxury brands from around the world.
- On its 81st anniversary, the hotel launched two bespoke Mini Clubman vehicles, which are used to chauffeur guests to shopping and sightseeing excursions around town.





THE PENINSULA SHANGHAI

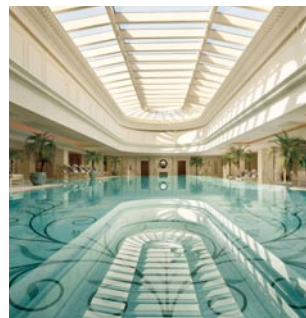
50% OWNED

HSH returned to one of its two founding roots, Shanghai, on 18 October 2009 with the soft opening of The Peninsula Shanghai. Located in a splendid location with its frontage on the historic Bund, the property is the first new build on the Bund in the last few decades. The hotel features 235 rooms and suites, five restaurants and bars, a Peninsula Spa, an indoor swimming pool and fitness centre, as well as a Peninsula Arcade featuring top luxury brands. The adjoining Peninsula Residences has 39 units.

The hotel's guestrooms and facilities were opened in phases and by 3 December 2009, all the guestrooms were put into service. Business has been robust, particularly for banqueting and the Chinese restaurant, Yi Long Court. The Peninsula Shanghai was full for the first time in early December, when Chanel opened its Peter Marino-designed flagship store in China and held the launch of its Spring fashion collection. The hotel will hold its grand opening ceremony on 18 March 2010.

- In its first ten weeks of operation, the hotel achieved an ARR of HK\$2,209. RevPAR was HK\$926 while occupancy averaged at 42%.

- A special Peninsula introduction rate was launched across major media channels to create awareness for the new hotel. The promotion was very well received, especially amongst short haul regional markets.
- Several of the retail tenants at The Peninsula Shanghai are either flagship stores in mainland China, or made their China debut.
- The Peninsula Shanghai has quickly established itself as the venue of choice in the city for prestigious events.
- The Peninsula Shanghai received several awards shortly after opening, including the 2009 Top Service in the Hotel Industry from China's *World Traveller Magazine*.



THE PENINSULA BEIJING

42% OWNED



Opened in 1989, The Peninsula Beijing is situated in the historic city centre, close to Tiananman Square and is regarded as one of Beijing's top hotels. The hotel has 525 guestrooms and suites, two restaurants, a Peninsula Spa and indoor swimming pool, a fleet of Rolls-Royces and BMWs and one of the most prestigious shopping arcades in Beijing, The Peninsula Arcade, which houses 50 exclusive designer boutiques.

2009 was a very challenging year for The Peninsula Beijing. The financial crisis which struck predominantly western developed economies led to a significant decrease in overseas arrivals, particularly from the North American and European markets. In addition, the increase in supply of five star hotels in Beijing resulting from the staging of the 2008 Summer Olympics continues to give rise to a very competitive market.

- The hotel recorded an ARR of HK\$1,354, down 36% from 2008. RevPAR was down 57% from 2008 to HK\$457 while occupancy dropped 16 percentage points from the year before to 34%.

- The hotel shifted its marketing focus to attract business from new potential sectors, particularly the regional market.
- The Peninsula Arcade was 97% let during 2009 and maintained its position as the pre-eminent venue in Beijing for luxury goods.
- To take advantage of the lucrative wedding market, the hotel introduced three exclusive wedding packages and collaborated with a major national publication to organise a wedding fair. The results were successful and the event will be repeated on an annual basis.





THE PENINSULA NEW YORK

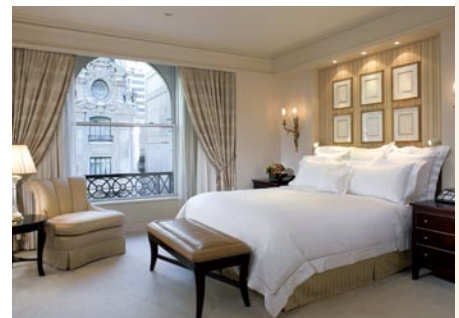
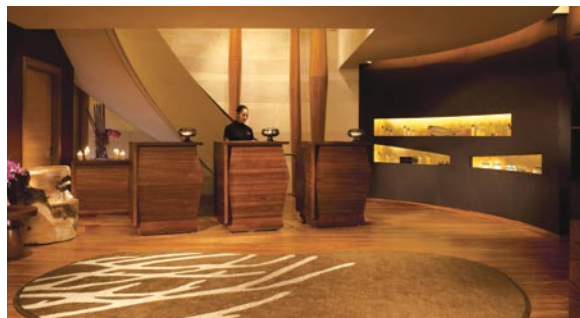
100% OWNED

The Peninsula New York is housed in a 23-storey, 1905 landmark building on Fifth Avenue and 55th Street in mid-town Manhattan. The hotel, acquired by the Group in 1988, has modern interiors yet carries an old world elegance. There are 185 guestrooms and 54 suites, one restaurant and three lounges including Salon de Ning, which is a rooftop lounge and terrace, a Peninsula Spa, a fitness centre and an indoor swimming pool.

The economic recession continued to affect New York City with room rates in the luxury hotel segment falling 20% below the previous year. Although The Peninsula New York saw declines in both leisure and business travel, the hotel was able to gain over 15% market share through aggressive sales and marketing initiatives.

- The hotel recorded an ARR of HK\$5,317, down 16% from 2008. RevPAR was down 18% from 2008 to HK\$3,317 while occupancy dropped 2 percentage points from the year before to 62%.
- Although international arrivals fell 10%, there was a slight increase in domestic travellers to New York City as they were attracted by the lower room rates offered by various hotels.

- Efforts were stepped up to bring in new business: the hotel was successful in soliciting several key high volume corporate accounts from the banking industry, while the re-launch of The Peninsula Spa membership also elicited a strong response.
- The Peninsula New York commenced its first phase of room renovation in January, and by May eight floors were completed. In the public areas, a soft renovation of the Lobby and Gotham Lounge were completed in May, while the hotel's meeting space and Fives restaurant were renovated during the summer months and the new look was presented to clients in September.
- All of the five commercial spaces in the hotel were leased for the entire year with increased commercial revenue.





THE PENINSULA CHICAGO

100% OWNED

Since its opening in 2001, The Peninsula Chicago has consistently been recognised as one of the finest hotels in North America. The 339 guestrooms and suites are among the largest in the city, supported by a Peninsula Spa and fitness centre, four restaurants and bar and extensive meeting facilities. The hotel occupies a prime location next to the Water Tower in the heart of Chicago's 'Magnificent Mile' on North Michigan Avenue.

A thriving metropolis in Midwest United States, Chicago has been deeply affected by the US economic downturn. The jobless figure in the State of Illinois was 11%, one of the highest rates in America. In addition, Chicago lost its bid to host the 2016 Olympic Games as well as two major citywide conventions in 2012.

- The hotel recorded an ARR of HK\$2,987, down 19% from 2008. RevPAR was down 32% from 2008 to HK\$1,623 while occupancy fell 11 percentage points from the year before to 54%.
- On 10 September, HSH purchased the remaining 7.5% of the ownership interest in Peninsula Chicago LLC from Tower Summit LLC, which it did not previously hold, for HK\$91.3 million (US\$11.7 million).

- Despite the prevailing macro economic difficulties, The Peninsula Chicago was able to maintain its position as the market leader in 2009 and was named by Andrew Harper's Hideaway Report as the No. 1 City Hotel in the World.
- Major facility enhancements during the year were kept to a minimum and included renovation of the Spa locker room facilities and replacement of old drycleaning machines with new, eco-friendly models in the laundry operation.
- The hotel's guest mix is 65% transient and 35% group. Despite the economic difficulties, the one segment that grew in 2009 was local visitors. Enhanced marketing efforts within a 500 to 700 mile radius of Chicago, led to a 38% increase in revenue from this segment.





THE PENINSULA BEVERLY HILLS

20% OWNED

The Peninsula Beverly Hills is located in one of the most prestigious areas of Los Angeles, at the intersection of Wilshire and Santa Monica Boulevards. Designed to resemble a gracious private residence, the hotel features 193 guestrooms including 36 suites and 16 private villas which are nestled amid lush, tropical gardens. There are four restaurants and bars, a Spa and fitness centre and a large outdoor pool bordered by private cabanas.

The Peninsula Beverly Hills continued to perform well in a year of soft worldwide economic conditions and was even able to grow its market share. The hotel maintained its premier position in the Los Angeles market.

- The hotel recorded an ARR of HK\$5,032, down 6% from 2008. Occupancy fell 19 percentage points to 61% and RevPAR was 28% below 2008. The hotel was, however, able to increase its market share by 12% as compared to 2008, with RevPAR of HK\$3,072.
- A second retail store was constructed and leased in 2009 to Henri J. Sillam, which provided additional retail revenue.
- The hotel adopted a sales and marketing strategy whereby a strong rate was maintained while advertisements were directed to focus on packages and promotions. A complimentary extra night's stay, as well as mid-week and weekend promotions were launched to target the regional drive market.
- Plans were put in place for renovation of guestrooms to commence in 2010.



THE PENINSULA TOKYO

100% OWNED



The Peninsula Tokyo is superbly located in the prestigious business district of Marunouchi, opposite the Imperial Palace and Hibiya Park and adjacent to Ginza. It has 314 guestrooms including 47 suites, four restaurants, two ballrooms, six function rooms, a wedding chapel, a Japanese ceremony room, a Peninsula Spa, an indoor swimming pool and a fitness centre. The hotel is an important component in the revitalisation of the prestigious Marunouchi district, which is the centre of Japan's banking and finance community.

A strong yen throughout 2009, coupled with a significant drop in foreign visitors to Japan and a competitive business environment, put pressure on luxury hotels' room rates in Tokyo. However, as The Peninsula Tokyo celebrated its second full year of operation, it was able to maintain average rates and RevPAR ahead of the competition.

- The hotel recorded an ARR of HK\$3,584, down 5% from 2008. RevPAR was down 10% from 2008 to HK\$2,148 while occupancy fell 3 percentage points from the year before to 60%.
- Japan's luxury market has been hit hard by the financial downturn and there was an evident shift in consumer attitude away from the luxury segment. Henceforth, the hotel placed a greater emphasis in offering and promoting value-added incentives to guests, such as through the 'Year of Giving' marketing campaign.

- Whilst there was a significant drop in North American guests, the Hong Kong market continued to grow to a significant level. The wedding market remained prosperous with a 25% increase in the number of wedding receptions held at the hotel.
- All the retail spaces in the hotel remained fully leased throughout the year.





THE PENINSULA BANGKOK

75% OWNED

The luxurious riverside Peninsula Bangkok was opened in 1998. The 37-storey property features 370 guestrooms and suites, three restaurants, a Peninsula Spa that is housed in a three-storey Thai style villa; and partners with the Group owned Thai Country Club to offer golf course access to its guests. The Peninsula Bangkok is consistently recognised as one of the best hotels in Asia.

The first nine months of 2009 was a challenging period for Thailand's tourism industry, immediately following the temporary closure of Bangkok's airports in late 2008, as well as continuing political instability in the country. There was a significant decline of international corporate and leisure visitors to Bangkok. The situation improved slightly in the final quarter of the year and despite heavy competition, The Peninsula Bangkok was able to maintain its status as one of the top three hotels in Bangkok.

- The hotel recorded an ARR of HK\$1,502, down 12% from 2008. RevPAR was down 35% from 2008 to HK\$725 while occupancy dropped 17 percentage points from the year before to 48%.

- The considerable decline in occupancy was partly due to a significant reduction in the number of corporate meetings and tourists visiting Thailand.
- During the year, The Peninsula Bangkok completed the soft refurbishment of 30 Grand Deluxe Suites and installed flat screen LCD television sets in 60 Grand Deluxe Suites and 100 guestrooms. Jesters restaurant was also renovated and turned into a banquet venue in the last quarter.
- The retail arcade remained fully leased throughout the year.



THE PENINSULA MANILA

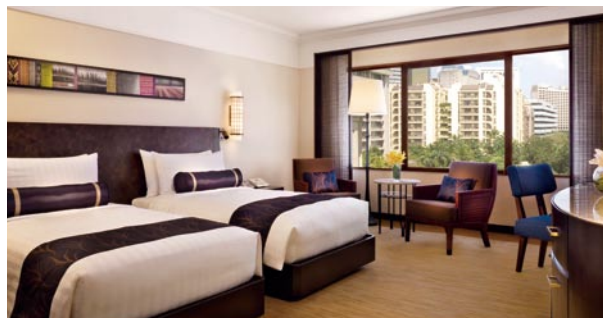
77% OWNED



The Peninsula Manila is located in the heart of Makati, Manila's business and financial district, at the corner of Ayala and Makati Avenues. Opened in 1976, the 497-room hotel has seven restaurants and bars, a Peninsula Spa and fitness centre and a shopping arcade.

Business at The Peninsula Manila was consistently weak during the year, which was further aggravated by the Human Swine Influenza and the strong typhoons which hit the country in late September. However, the newly renovated guestrooms at the Ayala Tower were well received by visitors.

- The hotel recorded an ARR of HK\$974, down 14% from 2008. RevPAR was down 11% from 2008 to HK\$555 while occupancy up 2 percentage points from the year before to 57%.
- Significant capital expenditure projects included: a six month renovation of Nielsen's restaurant, which resulted in a new concept, all-day buffet dining, 200 seat restaurant called Escolta, featuring an aviation themed private dining room. All the guestrooms were fitted with WiFi capabilities, enabling The Peninsula Manila to become the first hotel in Makati to have free WiFi connectivity.
- Following the occurrence of Typhoon Ketsana which flooded most of Manila, the Company set up an emergency Calamity Assistance fund to offer immediate relief and support for hotel employees. HK\$552,000 was extended to 140 employees (22% of the total number of staff) who were adversely affected.

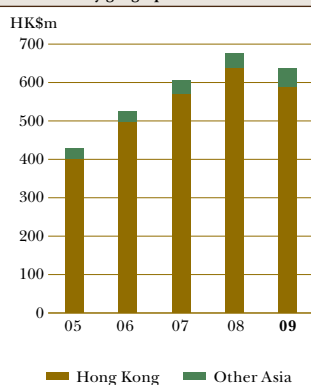


COMMERCIAL PROPERTIES AND CLUBS & SERVICES PERFORMANCE CHARTS

	ATTRIBUTABLE INTEREST %	REVENUE (HK\$m)		NET LETTABLE AREA (SF)		OCCUPANCY %		YIELD (HK\$)	
		2009	2008	2009	2008	2009	2008	2009	2008
The Repulse Bay Complex*	100	469	520	842,549	840,575	88	94	37	39
The Peak Tower	100	83	82	67,254	67,254	99	100	60	60
St. John's Building	100	36	34	61,102	61,102	93	99	35	33
The Landmark, Vietnam	70	49	41	134,409	134,409	96	100	29	24
Total		637	677	1,105,314	1,103,340				
Average						90%	95%	37	38

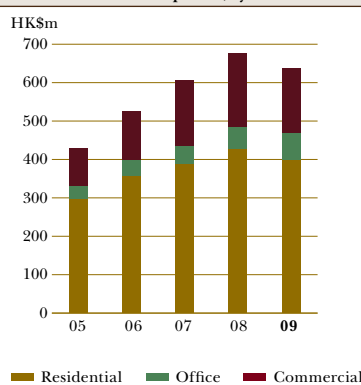
* Part of the Repulse Bay Arcade was closed for revitalisation from March to July 2008, and again from February to August 2009.

Rental revenue from Commercial Properties, by geographical location



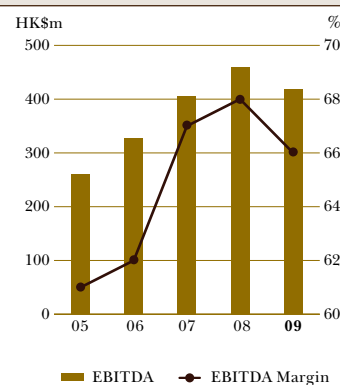
HK\$m	2005	2006	2007	2008	2009
Hong Kong	400	495	570	636	588
Other Asia	29	31	35	41	49
	429	526	605	677	637

Rental revenue from Commercial Properties, by nature



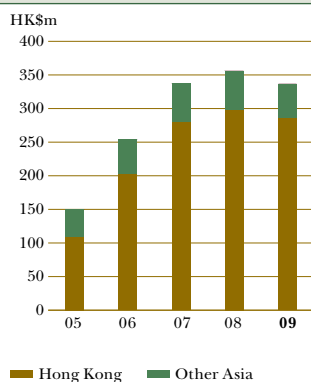
HK\$m	2005	2006	2007	2008	2009
Residential	295	355	386	425	398
Office	36	42	49	59	70
Commercial	98	129	170	193	169
	429	526	605	677	637

Commercial Properties' EBITDA



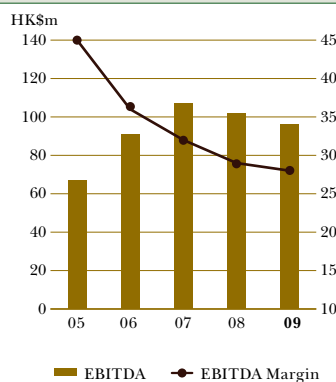
	2005	2006	2007	2008	2009
EBITDA (HK\$m)	260	327	406	460	418
EBITDA Margin (%)	61	62	67	68	66

Revenue from Clubs & Services, by geographical location



HK\$m	2005	2006	2007	2008	2009
Hong Kong	109	202	279	298	285
Other Asia	41	52	59	58	52
	150	254	338	356	337

Clubs & Services' EBITDA



	2005	2006	2007	2008	2009
EBITDA (HK\$m)	67	91	107	102	96
EBITDA Margin (%)	45	36	32	29	28



THE REPULSE BAY COMPLEX

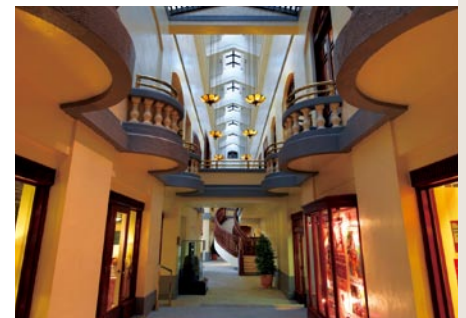
100% OWNED

The Repulse Bay Complex is comprised of eight apartment towers and a commercial arcade with restaurants and a health wing, built on the site of the famous, former Repulse Bay Hotel. It is located on the scenic south side of Hong Kong Island, overlooking the Repulse Bay beach and South China Sea. The Complex has 795,585 square feet of residential area and 46,964 square feet of commercial area which are held for leasing to tenants.

The Repulse Bay's position as a premier shopping and dining destination in Island South was further strengthened by extensive enhancements of the Arcade. In early 2009, the Company embarked upon an extensive revitalisation programme for the Repulse Bay Arcade with a view to creating long term value for this asset. The result was a much enhanced Arcade with a tenant mix featuring a more complementary and dynamic assortment of stores and services. The two signature restaurants, The Verandah and Spices, were extensively enhanced, in addition to the creation of a Historical Gallery to preserve the unique history of The Repulse Bay.

- Leasing activities for both the unfurnished and serviced apartments remained strong throughout 2009, despite the general fall in market demand for luxury residential accommodation.

- Usage of the Club facilities remained high as a result of the occupancy levels in the Complex.
- Turnover for the Repulse Bay Complex decreased by 10% compared to 2008, owing to a general drop in rental levels. Turnover was also affected by the temporary closure of the restaurants and some shops during the Arcade revitalisation project.
- The Arcade was re-opened in phases from September onwards and was fully leased by the end of 2009, with a wider range of lifestyle and speciality retailers.
- Both the renovated Verandah and Spices restaurants received wide acclaim from guests, resulting in a positive increase in patronage for a la carte dining and banqueting.





THE PEAK TOWER

100% OWNED

The Peak Tower is an entertainment, retail and dining complex which offers visitors spectacular 360 degree views of Hong Kong from its rooftop Sky Terrace.

- The Peak Tower enjoyed a 99% occupancy throughout 2009 and recorded a slight increase of 1% in year-on-year revenue.
- A large number of tenancy renewals were successfully completed amid the economic downturn.
- Patronage and revenue for the Peak Tower Sky Terrace were consistent with 2008.
- Key marketing initiatives undertaken included an alliance with Hong Kong Disneyland and the launch of a new website.

ST. JOHN'S BUILDING 100% OWNED

St. John's Building, an office complex, is situated in Hong Kong's central business district and houses the lower Peak Tram terminus.

- St. John's Building had a 93% occupancy in 2009. Revenue increased by 6% as a number of leases were renewed during the year.

THE LANDMARK (VIETNAM) 70% OWNED

- The office tower achieved an average occupancy of 98% for the year, with higher rentals and revenue yields compared to 2008.
- The residential tower achieved an average occupancy of 93% for the year, also achieving higher revenues than in 2008.
- Continuous upgrading work in the residential units and health club were carried out.

CLUBS & SERVICES



The Group owns and operates the 121-year-old Peak Tram, a major tourist attraction for visitors to Hong Kong's famous Victoria Peak. The Group also owns and manages the Thai Country Club near Bangkok, one of the finest golf clubs in Asia; Quail Golf & Country Club in Carmel, California, USA; Peninsula Merchandising, which operates the Peninsula Boutiques around the world; and Tai Pan Laundry Services in Hong Kong. Under Clubs & Consultancy Services, HSH manages The Hong Kong Club, The Hong Kong Bankers Club and Butterfield's Club in Hong Kong and operates the Cathay Pacific Airways' first and business class lounges in the Hong Kong International Airport.

THE PEAK TRAM 100% OWNED

- Visitor arrivals to Hong Kong recorded a negative growth in 2009, which resulted in the Peak Tram's revenue and patronage both dropping by 3%.
- Key marketing initiatives undertaken included the offer of a HK\$1-ride for children, and aggressive campaigns targeting the tour business from mainland China, Taiwan and India.

THAI COUNTRY CLUB (THAILAND) 75% OWNED

- The Thai Country Club had a decrease of 6% in the number of golfers as compared to 2008 with revenues falling by 10%.
- The Club was voted the "Best Clubhouse in Asia" and the "Best Course in Thailand" by readers of the *Asian Golf Monthly Magazine*.



QUAIL GOLF & COUNTRY CLUB (USA) 100% OWNED

- The Group decided to close the hotel portion of Quail Lodge on 16 November 2009, after the Resort continued to suffer losses every year in the previous eight years of operations.
- The Golf Course and Clubhouse remain open to service the 300 plus members, as well as catering clientele.
- The 7th Annual Quail Motorsports Gathering in August was a success. The event was launched in 1997 and raises funds for local and national charities.



PENINSULA MERCHANDISING 100% OWNED

- In 2009, Peninsula Merchandising achieved record sales for its signature mooncakes and related products during the Mid Autumn Festival period.
- The Peninsula Boutique at the Hong Kong International Airport was renovated and re-opened in July.
- In a difficult operating environment in 2009, Peninsula Merchandising achieved revenue and profits that exceeded expectations.

