



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

21 November 2008

TRADITION WELL SERVED AND HERITAGE REVISITED -

*The Hongkong and Shanghai Hotels, Limited
returns to its roots in China with the opening of The Peninsula Shanghai in 2009*

With a distinguished heritage as Asia's oldest hotel company and former owner of four of Shanghai's leading hotels in the early part of the last century, The Hongkong and Shanghai Hotels, Limited (HSH), whose subsidiary owns and operates The Peninsula Hotels, is proud that its newest hotel returns to its roots, Shanghai.

There are few cities in the world whose name conjures up such evocative images as Shanghai. As Lord Lawrence Kadoorie, father of the current HSH Chairman, The Honourable Sir Michael Kadoorie, remarked in 1979, "there never was and never will be another city like Shanghai between the two (world) wars – a city of extreme contrasts combining the attributes of both East and West. The Paris of the Orient, with its good and its bad, offering a paradise for adventurers."

The Kadoorie Family and the city of Shanghai

The Kadoorie family name has long been synonymous with HSH, Asia's oldest hotel company and of which Sir Michael Kadoorie has been Chairman since 1985.

Sir Michael's grandfather, Sir Elly Kadoorie, first set foot in Hong Kong in 1880 to join the firm of E. D. Sassoon and Co. and was accompanied by his younger brother, Sir Ellis Kadoorie, in 1883. Sir Elly subsequently worked in a number of Chinese treaty ports, including Shanghai, before establishing a brokerage business in Hong Kong.

- more -

TRADITION WELL SERVED AND HERITAGE REVISITED – 2

HSH's story began when Sir Elly purchased shares in The Hongkong Hotel Company, Limited in 1890. That company was founded in 1866 and opened the Hongkong Hotel in Hong Kong in 1868.

Shortly before the First World War, Sir Elly moved his business and his family – wife Laura and sons Lawrence and Horace - to Shanghai. Lady Laura Kadoorie tragically died in a fire that destroyed their first home in 1919 and the family built a second home, the Marble Hall. This palatial residence still stands today as a monument to the Kadoories and to their great philanthropy. Since 1949, the building has been used by the Shanghai government as a 'Children's Palace' cultivating the artistic, intellectual and creative skills of Shanghai's young people.

The Kadoories were important figures in the Jewish and Shanghai communities. Amongst numerous acts of public benevolence, Sir Ellis Kadoorie founded a Public School for Chinese children in Shanghai in 1911, while Sir Horace Kadoorie funded the construction of the Shanghai Jewish School in 1932 and established the Shanghai Jewish Youth Association.

The Company's Development in Shanghai

HSH's history in Shanghai can be traced back to 1896 when the newly formed Central Stores Limited (renamed in 1917 as The Shanghai Hotels Limited) purchased the Central Hotel (built in 1875) on the southern corner of today's East Nanjing Road, the Bund's primary intersection.

Around the turn of the 20th century, Shanghai was booming to such an extent that its hotels could not keep up with the rapidly rising demand from the city's new arrivals. In response, Central Stores Ltd. embarked on an ambitious scheme, announced in 1904, to rebuild the Central Hotel with the aim of making it the largest and most modern hotel in China. It would be renamed the Palace Hotel.

TRADITION WELL SERVED AND HERITAGE REVISITED - 3

Aiming to compare with the modern hotels of Europe and America, the six-storey Palace Hotel opened for business in 1909. It accommodated 110 en-suite guestrooms and featured a 300-seat dining room and 200-seat banqueting hall with a magnificent roof garden above.

In 1907, the Astor House Hotel, Shanghai's oldest hotel company, set out to usurp the Central Stores Ltd. with an announcement that it was to build the finest hotel in the Far East.

The buildings of the Astor House Hotel occupied an entire city block just across the Garden Bridge to the north of the Bund, in an area now known as the North Bund. Advertising itself as the 'Waldorf Astoria of the Orient', its new 211-room building, with a 500-seat dining room, opened in 1911.

However, despite their architectural bravura and decorative grandeur, the formative years of both the Palace and Astor House Hotels were overshadowed by an inability to cater for the fast changing tastes of Shanghai society and her visitors. Things began to turn around when Central Stores Ltd. purchased the Astor House Hotel in 1915 and the company was renamed The Shanghai Hotels Limited in 1917. By 1920 both hotels were making handsome profits.

So rife were the conditions for hotel development that The Shanghai Hotels Ltd. set upon an ambitious expansion programme in 1920 with the purchase of majority shares in Beijing's premier hostelry, the Grand Hôtel des Wagons-Lits.

The company assumed control over all of Shanghai's leading hotels with the acquisition of the Kalee Hotel in the same year. The Kalee Hotel, situated two blocks away from the Bund, featured 150 en-suite rooms fitted in a contemporary English style.

TRADITION WELL SERVED AND HERITAGE REVISITED - 4

The “Roaring Twenties” saw Shanghai entering a period of frenetic growth, only tamed in the late 1930s, with the old fabric of the city being torn apart in a rapacious drive towards modernisation. The city was staking its claim as a great international city, with a modern skyline and manners to match. Apart from its rapidly growing foreign population with their ever-increasing demands for sophisticated entertainment, the number of foreign visitors began to boom in the early 1920s. The first of a long stream of round-the-world cruise-liners began to call on the city in 1921 and by the early 1930s, Shanghai was playing host to around 40,000 globetrotters each year.

The Shanghai Hotels Ltd’s expansion plans were curtailed by the death of Edward Ezra, its managing director and major financier, in 1921.

In 1922, Sir Ellis Kadoorie, one of the pillars of the board of directors of The Hongkong Hotel Company, Ltd. passed away. James Taggart, former manager of the Hongkong Hotel, became managing director of the Company which by then also owned and operated the Peak and Repulse Bay Hotels in Hong Kong. Under Taggart’s stewardship, The Hongkong Hotel Company, Ltd. acquired a controlling interest in The Shanghai Hotels Ltd. in May 1922, and the two companies amalgamated in October 1923, forming The Hongkong and Shanghai Hotels, Limited (HSH).

Taggart played a leading role in revolutionising the modern hotel business in Shanghai by introducing novel concepts, such as dinner dances and European-style grill rooms. In his tenure, HSH purchased a ten-acre private estate on Bubbling Well Road and converted it into the Majestic Hotel. Opened in 1924, the 32-suite Majestic Hotel soon found worldwide fame. It was there that Generalissimo Chiang Kai-shek and Madame Soong May-ling celebrated their marriage in 1927, and where American actor Douglas Fairbanks and actress Mary Pickford chose to stay in 1929.

HSH relinquished control of the Majestic Hotel in 1930. In 1933, the hotel was razed and today most of its former site is occupied by the West Gate Mall, a modern shopping and commercial tower, as well as the Majestic Theatre dating from 1941.

TRADITION WELL SERVED AND HERITAGE REVISITED – 5

HSH turned its focus to the other Shanghai hotels under the Company's control. By the early 1920s, the Astor House Hotel had become an international institution in fame and reputation. The Company began remodelling the hotel in 1923, making it even more popular, until the Japanese occupation of China. The hotel remained under Japanese control until the end of the Second World War and soon after was requisitioned by the US Army before being leased to a Chinese investment company. The building has been operating as the Pujiang Hotel since 1959 and is still proud of its magnificent heritage, having even re-adopted the Astor House as its English name in recent times.

As for the Palace Hotel, the building has survived to this day. HSH had embarked upon a major remodelling of the hotel between 1925 and 1927, and by the mid-1930s, the Company had plans for the construction of a new Palace Hotel. Unfortunately the plan was suspended when Shanghai suffered from the outbreak of the Sino-Japanese War in 1937. The Palace Hotel was sold in 1948 and converted into the southern wing of the Peace Hotel in 1954.

The Peninsula Shanghai

The history of HSH will turn a new page when The Peninsula Shanghai opens its doors in late 2009.

The site of The Peninsula Shanghai at No. 32 the Bund was originally part of the grounds of the British Consulate, established in 1849. Two former buildings, those of the Consular Offices and the Consul General, built in 1873 and 1882 respectively, survive to this day just to the north of the hotel. In the early 20th Century, the premises of the Japanese shipping line

Nippon Yusen Kaisha and the Masonic Lodge and Hall occupied the front part of the site, while the former buildings of Banque de L'Indo-Chine and the Glen Line Shipping Company still remain on the Bund corner adjacent to the hotel.

TRADITION WELL SERVED AND HERITAGE REVISITED - 6

A homage to Shanghai in the 1920s and 1930s, The Peninsula Shanghai recreates the look and feel of this glamorous era when Shanghai was feted as “The Paris of the East”. The hotel also offers the latest in state-of-the-art technology, services and amenities, together with commanding city and garden views, luxurious comfort, sophisticated facilities, extraordinary dining options and the legendary Peninsula service, honed to perfection through the decades of tradition and heritage of The Peninsula Hotels and its parent company, The Hongkong and Shanghai Hotels, Limited.

Edited from an essay by Peter Hibbard, September 2008

###

Incorporated in 1866 and listed on the Hong Kong Stock Exchange, The Hongkong and Shanghai Hotels, Limited is a holding company whose subsidiaries are engaged in the ownership and management of prestigious hotels, and 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 Tokyo, The Peninsula Bangkok, The Peninsula Beijing, The Peninsula Manila, The Peninsula Shanghai (opening 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 The Peak Tramways, St. John's Building and The Landmark in Ho Chi Minh City, Vietnam.

For further information on this release, please contact:

Irene Lau

Manager, Corporate Affairs

The Hongkong and Shanghai Hotels, Limited

Tel: (852) 2840 7152

Fax: (852) 2840 7567

E-mail: irenelau@peninsula.com