



THE HONGKONG AND SHANGHAI HOTELS, LIMITED

香港上海大酒店有限公司

(Incorporated in Hong Kong with limited liability)

CONNECTED TRANSACTIONS

PROVISION OF LOAN AND GUARANTEE

- The Directors announce that on 24 November 2003, HSHF agrees to make available a loan denominated in JPY of up to an equivalent of THB 1 billion (approximately HK\$195 million) to HSH-SCH. In this connection, HSH-SCH would enter into a currency swap transaction with an independent financial institution for the same amount whereby HSH-SCH would agree to swap the JPY loan into a THB loan with the financial institution. In consideration for such swap transaction, the Company has agreed to guarantee to the financial institution the due and punctual payment by HSH-SCH of all monies payable under the swap transaction.
- HSH-SCH, the borrower, is an indirect non-wholly owned subsidiary of the Company in which the Company owns 75% interest and Phatra owns the remaining 25%. Some of Phatra's directors are also directors of HSH-SCH.
- Phatra and its directors are connected persons of the Company by virtue of its substantial shareholdings and their directorships in HSH-SCH. Accordingly, the provision of the loan by HSHF to HSH-SCH and the guarantee by the Company in relation to the swap transaction entered into by HSH-SCH constitute connected transactions of the Company. As the aggregate of the loan amount and the guarantee amount is within the de-minimis exemption in respect of connected transactions under Rule 14.25(1) of the Listing Rules, details of the loan and the guarantee are disclosed in this announcement and will be disclosed in the Company's next published annual report and accounts in accordance with Rule 14.25(1)(A) to (D).

THE LOAN

Parties:

- Borrower: HSH-SCH
- Lender: HSHF

Loan Amount: Up to THB 1 billion, equivalent to approximately HK\$195 million and repayable in 5 years

Loan Denomination: JPY

Purpose: To refinance an outstanding loan amount of THB 1 billion borrowed by T&CS for the benefits of HSH-SCH

Nature: The loan is an unsecured medium term facility, which bears interest at commercial rates of LIBOR plus a margin

THE GUARANTEE

Date: 24 November 2003

Parties:

- Guarantor: the Company
- Beneficiary: financial institution which is not a connected person to the Company (as defined in the Listing Rules)
- HSH-SCH: swapping the JPY loan from HSHF into a THB loan with the financial institution

Guarantee Amount: Up to THB 600 million, equivalent to approximately HK\$117 million

Purpose: To enable HSH-SCH to hedge currency risk

Nature: To fully and unconditionally guarantee to the financial institution the due and punctual payment of all monies which HSH-SCH is liable to pay under the facility

REASONS FOR THE TRANSACTIONS

The Directors consider that the provision of the loan and the guarantee are in the interests of the Company in that they enable HSH-SCH to obtain cheaper Thai baht funding. A domestic THB loan demands a higher interest rate than an offshore JPY loan swapped into THB. Therefore the cost of funding of HSH-SCH will be reduced.

The Directors, including the independent non-executive Directors, also consider that the loan and the guarantee are granted upon normal commercial terms which have been reached after arm's length negotiations between parties, and are fair and reasonable insofar as the shareholders of the Company are concerned.

CONNECTED TRANSACTIONS

Phatra and its directors are connected persons of the Company by virtue of its 25% interest and their directorships in HSH-SCH. Accordingly, the provision of the loan by HSHF to HSH-SCH and the guarantee by the Company in relation to the swap transaction entered into by HSH-SCH constitute connected transactions of the Company. As the aggregate of the loan amount and the guarantee amount are within the de-minimis exemption in respect of connected transactions under Rule 14.25(1) of the Listing Rules, details of the loan and the guarantee are disclosed in this announcement and will be disclosed in the Company's next published annual report and accounts in accordance with Rule 14.25(1)(A) to (D).

GENERAL

The Company through its subsidiaries and its associated companies are principally engaged in the ownership and management of hotel, commercial and residential properties in Asia and the USA. HSH-SCH through its subsidiaries is involved in the ownership and operation of a hotel and other properties in Thailand.

DEFINITIONS

- "Company" The Hongkong and Shanghai Hotels, Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
- "Directors" the directors of the Company
- "HSHF" HSH Finance Limited, a wholly owned subsidiary of the Company
- "HSH-SCH" HSH Siam Chaophraya Holdings Company Limited, a company incorporated in Thailand with limited liability, a 75% indirect subsidiary of the Company
- "LIBOR" London Interbank Offered Rate
- "Listing Rules" the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
- "Phatra" Phatra Asset Company Limited, a company incorporated in Thailand with limited liability and a substantial shareholder of HSH-SCH and T&CS
- "T&CS" Town and Country Sport Club Company Limited, a company incorporated in Thailand with limited liability, a 75% indirect subsidiary of the Company

Exchange rate of HK\$/THB: 5.1396

By order of the Board
Christobelle Liao
Company Secretary