



THE HONGKONG AND SHANGHAI HOTELS, LIMITED

香港上海大酒店有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 45)

SALE OF PHUKET LAND

The Directors are pleased to announce that on 31 October 2005, SCL, a subsidiary of the Company, and the Purchaser entered into an unconditional Agreement whereby SCL has agreed to sell and the Purchaser has agreed to purchase the Phuket Land at the Purchase Price of Baht 864,836,000 (approximately HK\$162,673,000).

The Directors consider the terms and conditions of the Agreement to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

The proceeds from the disposal will be applied towards reducing bank borrowings and as general working capital.

The Agreement does not constitute a notifiable transaction of the Company under the Listing Rules and this announcement is for information only.

The Agreement

Vendor:	Siam Chaophraya Land Co., Ltd.
Purchaser:	Durham Holdings Limited
Date:	31 October 2005
Assets to be sold:	Phuket Land
Purchase Price:	Baht 864,836,000 (approximately HK\$162,673,000) The consideration was arrived at after arm's length negotiations.
Payment terms:	Upon signing of the Agreement, Purchaser has paid a cash deposit of Baht 86,483,600 (approximately HK\$16,267,300), being part payment of the Purchase Price. The Purchaser shall pay the balance of the Purchase Price in cash to SCL at the Completion of the sale and purchase of the Phuket Land.
Completion:	Completion shall take place on the earlier of 10 days following the Purchaser obtaining BOI Approval or 30 November 2005, or such other day as SCL and the Purchaser shall agree in writing.

Definitions

In this announcement, the following terms have the following meanings:-

"Agreement"	the unconditional Agreement relating to the sale and purchase of the Phuket Land dated 31 October 2005 between SCL and the Purchaser;
"BOI Approval"	approval from Board of Investment of Thailand;
"Company"	The Hongkong and Shanghai Hotels, Limited;
"Completion"	the completion of the sale and purchase of the Phuket Land pursuant to the Agreement;
"Directors"	the directors of the Company;
"JSI"	PT Jakarta Setiabudi Internasional Tbk;
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Phuket Land"	Title Deed No. 11836 Lot 29 and Title Deed No. 31311 Lot 30, Bang Tao Bay, Phuket, Thailand covering a total area of approximately 123 rai (one rai is equal to 1,600 square metres);
"Purchaser"	Durham Holdings Limited, a company incorporated in Cayman Islands, which is a wholly-owned subsidiary of JSI;
"Purchase Price"	Baht 864,836,000 (approximately HK\$162,673,000); and
"SCL"	Siam Chaophraya Land Co., Ltd., a company incorporated in Thailand with limited liability, a 75% indirect subsidiary of the Company.

Exchange rate of HK\$/THB: 5.316407

By order of the Board
Christobelle Liao
Company Secretary

Dated: 31 October 2005

As at the date hereof, the board of directors of the Company comprises the following directors:

The Hon. Sir Michael Kadoorie (Chairman)	Robert C S Ng*
Ian D Boyce (Deputy Chairman)	James S Dickson Leach
Clement K M Kwok (Managing Director and Chief Executive Officer)	Pierre R Boppe
Sir Sidney Gordon	Robert W Miller*
Ronald J McAulay	C Mark Broadley (Chief Financial Officer)
William E Mccatta	Patrick B Paul*
Dr. The Hon. David K P Li*	Peter C Borer (Chief Operating Officer)

* Independent non-executive director

The Directors consider the terms and conditions of the Agreement to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

Information on SCL

SCL has been the owner of the Phuket Land since 1990. The land was never developed and had been vacant.

Reasons for the disposal of the Phuket Land and use of proceeds

The sale of the Phuket Land is a further step taken by the Company to dispose of non-core assets and to focus its resources on developing and marketing its principal businesses (ownership and management of prestigious hotels, commercial and residential properties in key destinations in Asia and the USA) and the Peninsula brand.

The proceeds from the disposal will be applied towards reducing bank borrowings and as general working capital.

Information on the Purchaser

The Purchaser is associated with JSI. JSI is listed on the Jakarta stock exchange and is one of the leading property developers in Indonesia. JSI has developed and owns a number of hotels and resorts in Indonesia, including the Grand Hyatt Bali and the Hyatt Regency Yogyakarta.

The Purchaser is independent of the Company and any of its subsidiaries, and the directors, chief executive and substantial shareholders of the Company and their respective associates.