



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

NOTICE OF ANNUAL GENERAL MEETING AND
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

股東週年大會通告及發行與購回股份之一般性授權

**This document is important and
requires your immediate attention**

If you are in any doubt about this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in The Hongkong and Shanghai Hotels, Limited (the "Company"), you should at once hand this document and the enclosed form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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此乃重要文件 請即處理

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The notice convening the Annual General Meeting of the Company to be held in the Salisbury Room, The Peninsula, Salisbury Road, Kowloon, Hong Kong on Monday, 19 May 2003 at 12:00 noon is set out on pages 4 to 5 of this document. Shareholders are advised to read the notice and to complete and return the attached form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time for holding the meeting.

本公司將於二零零三年五月十九日（星期一）正午十二時假座香港九龍梳士巴利道半島酒店利士廳舉行股東週年大會，召開大會之通告詳載於本文件第十頁至第十一頁。務請各股東細閱通告並盡速按照所列印之指示填妥及交回隨附之代表委任表格，惟無論如何不得遲於大會指定舉行時間前二十四小時交回。

21 March 2003

二零零三年三月二十一日

Directors

The Hon. Michael D Kadoorie
Chairman

Ian D Boyce
Deputy Chairman

Clement K M Kwok
*Managing Director
and Chief Executive Officer*

Sir Sidney Gordon

Ronald J McAulay

William E Mocatta

Dr The Hon. David K P Li*

Robert C S Ng*

James S Dickson Leach

Pierre R Boppe

Robert W Miller*

O Mark L Rhys
Chief Financial Officer

* Independent non-executive director

Registered Office

8th Floor, St. George's Building
2 Ice House Street
Central, Hong Kong

To the Shareholders

Dear Sir or Madam,

At the Annual General Meeting of the Company held on 6 May 2002, ordinary resolutions were passed giving general mandates to directors (i) to allot, issue and otherwise deal with shares equal to 20 per cent. of the shares of the Company in issue at 6 May 2002, plus the aggregate number of shares repurchased by the Company; and (ii) to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") up to 10 per cent. of the issued share capital of the Company as at 6 May 2002. No shares have been purchased, allotted, issued or otherwise dealt with pursuant to these mandates.

Under the terms of the Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), these general mandates will lapse at the conclusion of the Annual General Meeting for 2003, unless renewed at that meeting. Resolutions will be proposed to renew the mandates to allot or issue new shares and repurchase shares. The Explanatory Statement required by the Listing Rules to be sent to shareholders in connection with the proposed general mandates for the repurchase of shares is set out in the Appendix to this document.

The directors consider that the proposed general mandates are in the best interests of the Company and its shareholders and recommend that shareholders vote in favour of the resolutions.

Notice of the Annual General Meeting to be held on 19 May 2003 is set out in this document. A form of proxy for use at the Annual General Meeting is attached. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company's registrars, Computershare Hong Kong Investor Services Limited, Rooms 1901-1905, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any case so as to arrive no later than 24 hours before the time of the meeting. Completion and return of the form of proxy will not preclude a shareholder from attending and voting in person at the Annual General Meeting and at any adjournment thereof, should he or she so wish.

Yours faithfully,



The Hon. Michael D Kadoorie
Chairman
21 March 2003

The following is the Explanatory Statement required to be sent to shareholders under the Listing Rules in connection with the proposed general mandate for repurchase of shares and also constitutes the Memorandum required under Section 49BA of the Companies Ordinance. References in this Appendix to “Shares” mean ordinary share(s) of HK\$0.50 each in the capital of the Company:

- (a) It is proposed that up to 10 per cent. of the Shares of HK\$0.50 each of the Company in issue at the date of passing of the resolution to approve the general mandate may be repurchased. As at 14 March 2003, the latest practicable date for determining such figures, the number of Shares of the Company in issue was 1,168,542,077. On the basis of such figures (and assuming no further Shares are repurchased and issued after 14 March 2003 and up to the date of passing such resolution) the directors would be authorised to repurchase Shares of the Company up to a limit of 116,854,207 Shares.
- (b) The directors believe that the ability to repurchase Shares is in the interests of the Company and its shareholders. Repurchases may, depending on the circumstances, result in an increase of net assets and/or earnings per share. The directors are seeking the grant of a general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate. The timing and the number(s), the price and other terms upon which the same are repurchased will be decided by the directors at the relevant time having regard to the circumstances then pertaining.
- (c) It is envisaged that the funds required for any repurchase would be derived from the distributable profits of the Company being funds legally available for such repurchase in accordance with the Company’s Articles of Association and the laws of Hong Kong.
- (d) There could be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its most recent published audited accounts) in the event that the proposed Share repurchases were to be carried out in full at any time during the proposed repurchase period. However, the directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the directors are from time to time appropriate for the Company.
- (e) There are no directors or (to the best of the knowledge of the directors, having made all reasonable enquiries) any associates (as defined in the Listing Rules) of directors of the Company who have a present intention, in the event that the general mandate is granted by shareholders, to sell Shares to the Company.
- (f) The directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the general mandate in accordance with the Listing Rules and the laws of Hong Kong.

- (g) The directors are not aware of any consequences which would arise under the Hong Kong Code on Takeovers and Mergers as a consequence of any purchases pursuant to the general mandate. As at 14 March 2003, 59.52 per cent. of the issued share capital of the Company was held by controlling shareholders and, assuming full exercise of the repurchase mandate given to the directors, 66.13 per cent. will be held by such shareholders.
- (h) No connected persons (as defined in the Listing Rules) of the Company have notified it of a present intention to sell Shares of the Company to the Company and no such persons have undertaken not to sell any such Shares to the Company in the event that the general mandate is granted by shareholders.
- (i) The highest and lowest prices at which Shares of the Company have traded on the Stock Exchange in each of the previous twelve months are as follows:

	Highest HK\$	Lowest HK\$
March 2002	3.650	3.175
April 2002	3.925	3.225
May 2002	4.350	3.800
June 2002	4.050	3.575
July 2002	3.800	3.100
August 2002	3.400	3.100
September 2002	3.575	3.125
October 2002	3.200	2.625
November 2002	3.450	3.000
December 2002	3.500	3.175
January 2003	3.900	3.200
February 2003	3.800	3.500

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held in the Salisbury Room, The Peninsula, Salisbury Road, Kowloon, Hong Kong, on Monday, 19 May 2003 at 12:00 noon for the following purposes:

1. To receive and consider the statement of accounts and the reports of the directors and auditors for the year ended 31 December 2002.
2. To declare a final dividend.
3. To re-elect retiring directors.
4. To reappoint the auditors and authorise the directors to fix their remuneration.

As special business, to consider and, if thought fit, to pass with or without modification the following Resolutions as ordinary resolutions:

5. **“THAT:**
 - (a) subject to paragraph (c), a general mandate be unconditionally granted to the directors of the Company to exercise during the Relevant Period all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements, options or warrants which would or might require the exercise of such powers;
 - (b) the mandate in paragraph (a) shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;
 - (c) the aggregate number of shares in the capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the mandate in paragraph (a), otherwise than pursuant to (i) a Rights Issue, or (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, or (iii) any scrip dividend or similar arrangement pursuant to the Articles of Association of the Company from time to time, shall not exceed 20 per cent. of the aggregate number of shares in the capital of the Company in issue at the date of this Resolution and the said mandate shall be limited accordingly; and
 - (d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

 - (i) the conclusion of the next Annual General Meeting of the Company;
 - (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; and
 - (iii) the date on which the authority given under this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares in the capital of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

6. “**THAT**:

(a) a general mandate be unconditionally granted to the directors of the Company to exercise during the Relevant Period all the powers of the Company to repurchase or otherwise acquire shares of HK\$0.50 each in the capital of the Company in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, provided that the aggregate number of shares in the capital of the Company so repurchased or otherwise acquired shall not exceed 10 per cent. of the aggregate number of the shares in the capital of the Company in issue at the date of this Resolution; and

(b) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; and
- (iii) the date on which the authority given under this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

7. “**THAT**, subject to the passing of Resolutions 5 and 6 set out in the notice of this meeting, the aggregate number of the shares in the capital of the Company which are repurchased or otherwise acquired by the Company pursuant to Resolution 6 shall be added to the aggregate number of the shares in the capital of the Company which may be issued pursuant to Resolution 5.”

By Order of the Board



Christobelle Liao
Company Secretary
Hong Kong, 27 February 2003

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint not more than two proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company.
2. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the share.
3. The register of members will be closed from 15 May to 19 May 2003, both days inclusive, during which period no transfer of shares can be registered.
4. To be entitled to receive the final dividend, shareholders must ensure that all transfer documents accompanied by the relevant share certificates are lodged with the Company's registrars, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:00 p.m. on Wednesday, 14 May 2003.
5. Subject to the passing of the necessary resolution at the forthcoming Annual General Meeting, the final dividend will be payable on 23 May 2003, to shareholders whose names appear on the register of members on 19 May 2003.