



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)

**HEADS OF AGREEMENT FOR
A PROPOSED HOTEL DEVELOPMENT IN PARIS**

The Board of Directors wishes to announce that on 15 July 2008, the Company entered into a heads of agreement with Qatari Diar Real Estate Investment Company for a proposed hotel development in Paris, France.

Shareholders of the Company and potential investors are reminded that the Company and Qatari Diar Real Estate Investment Company may or may not enter into a formal binding agreement and are advised to exercise caution when dealing in the securities of the Company.

This announcement is made pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Board of Directors (the "Board") of The Hongkong and Shanghai Hotels, Limited (the "Company") wishes to announce that on 15 July 2008, the Company entered into a non-legally binding heads of agreement (the "HOA") with Qatari Diar Real Estate Investment Company ("Qatari Diar") for a proposed hotel development on the site of the existing "Centre International de Conférences" on Avenue Kleber, Paris, France (the "Proposed Hotel Development"). Qatari Diar, an investment company of the Qatari government, is wholly owned by the Qatar Investment Authority.

Under the HOA, the Company has agreed to purchase a 20% minority interest in the asset from Qatari Diar and to subsequently jointly re-develop the building into a Peninsula hotel. The financial commitment of the Company in respect of the purchase of the minority interest in the asset, together with its share of the re-development costs, is expected to be in the region of approximately Euros 140 million. The expected date of opening is mid 2012. The parties also agreed that a subsidiary of the Company would enter into a management agreement to manage the Proposed Hotel Development.

Shareholders of the Company and potential investors should note that the HOA is a non-legally binding agreement and the Proposed Hotel Development will be subject to binding agreements being signed and the fulfilment of a number of conditions. In addition, the current plan of the Proposed Hotel Development including the gross floor area and the total investment amount are yet to be finalised and are subject to change. In this connection, the Proposed Hotel Development may or may not proceed.

Shareholders of the Company and potential investors should therefore exercise caution when dealing in the securities of the Company. If the transaction contemplated under the HOA materialises, it will constitute a notifiable transaction on the part of the Company under Chapter 14 of the Listing Rules and a further announcement will be made by the Company in compliance with the Listing Rules accordingly.

By order of the Board
Christobelle Liao
Company Secretary

Hong Kong, 15 July 2008

As at the date of this announcement, the Board of Directors of the Company comprises the following Directors:

Chairman

The Hon. Sir Michael Kadoorie

Deputy Chairman

Ian Duncan Boyce

Executive Directors

Managing Director and Chief Executive Officer
Clement King Man Kwok

Chief Operating Officer
Peter Camille Borer

Non-Executive Directors

Ronald James McAulay

William Elkin Mocatta

Pierre Roger Boppe

John Andrew Harry Leigh

Nicholas Timothy James Colfer

Independent Non-Executive Directors

Dr. The Hon. Sir David Kwok Po Li

Robert Chee Siong Ng

Robert Warren Miller

Patrick Blackwell Paul