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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)

**Application of Exemption under Rule 14A.33 (4) of the Listing Rules
in respect of Continuing Connected Transaction with Ayala Hotels, Inc.**

The Hongkong and Shanghai Hotels, Limited (the “Company”) announced on 8 July 2005 that the land lease for The Peninsula Manila with Ayala Hotels, Inc. (“Lease”) constituted a continuing connected transaction and the related information on the Lease was disclosed in its Annual Report every year, with annual review in accordance with Rule 14A.45 of the Listing Rules.

The Peninsula Manila, a hotel owned by Manila Peninsula Hotel, Inc. (“MPHI”) which is a 77.36% subsidiary of Company, is situated on a piece of land owned by Ayala Hotels, Inc. (“Ayala”) which is an associate of a director of MPHI.

On the basis that:

- (1) the Lease is on normal commercial terms;
- (2) Ayala is a connected person of the Company by virtue only of its relationship with MPHI; and
- (3) the value of MPHI's total assets, profits and revenues and the consideration ratio of the annual lease payment satisfy the requirements under Rule 14A.31(9)(b) and (c) of the Listing Rules,

the Company will apply with immediate effect the exemption under Rule 14A.33(4) of the Listing Rules. Following the application, the Lease will be exempted from the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules as long as the Lease satisfies the requirements in Rule 14A.31(9) of the Listing Rules.

By order of the Board
Christobelle Liao
Company Secretary

Hong Kong, 15 December 2010

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

Non-Executive Chairman

The Hon. Sir Michael Kadoorie

Non-Executive Deputy Chairman

Ian Duncan Boyce

Executive Directors

Managing Director and Chief Executive Officer

Clement King Man Kwok

Chief Financial Officer

Neil John Galloway

Chief Operating Officer

Peter Camille Borer

Non-Executive Directors

Ronald James McAulay

William Elkin Mocatta

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

Pierre Roger Boppe