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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)

**Heads of Agreement for
a Proposed Hotel Development in Yangon, Myanmar**

The Board of Directors wishes to announce that on 18 April 2013, the Company entered into a non-binding heads of agreement with Yoma Strategic Holdings Ltd. for a proposed hotel development in Yangon, Myanmar.

Shareholders and potential investors of the Company are reminded that the Company and Yoma Strategic Holdings Ltd. 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(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The Board of Directors (the “Board”) of The Hongkong and Shanghai Hotels, Limited (the “Company”) wishes to announce that on 18 April 2013, the Company entered into a non-binding heads of agreement (the “HOA”) with Yoma Strategic Holdings Ltd. (“Yoma”) for a proposed hotel development on the site of the former headquarters of the Burma Railway Company (“Building”) on Bogyoke Aung San Road, Yangon, Myanmar (the “Proposed Hotel Development”). The Proposed Hotel Development will be at the heart of an exciting mixed-use development previously announced by Yoma. Binding agreements are subject to, amongst other conditions, Yoma acquiring an 80% interest in the land development rights of the entire site which houses the Proposed Hotel Development and an application has been submitted to the relevant authorities for the issue of a new leasehold title which would include the land where the Proposed Hotel Development is situated.

Yoma is listed on the main board of the Singapore Securities Exchange Trading Limited (SGX-ST). It is a leading corporation with interests in real estate, agriculture and automotive dealership primarily in Myanmar. It has also recently announced its intention to enter into the luxury travel and tourism business in Myanmar through a proposed acquisition. Together with its partner, Serge Pun & Associates (Myanmar) Limited, they are building a diversified portfolio of businesses in Myanmar.

Under the HOA, the Company has agreed to subscribe for a 70% majority interest in the joint venture to be set up with Yoma and its other designated affiliate(s) to jointly re-develop the Building into a Peninsula hotel. The parties are still working on the financial commitment of each party in respect of the purchase of the land development rights of the Building and re-development costs prior to the signing of the binding agreements. The parties also agreed that a subsidiary of the Company would enter into a management agreement to manage the Proposed Hotel Development.

Shareholders and potential investors of the Company should note that the HOA is a non-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 have yet to be finalised and are subject to change. In this connection, the Proposed Hotel Development may or may not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. If the transaction contemplated under the HOA materialises, a further announcement will be made by the Company in compliance with the Listing Rules.

By order of the Board
Christobelle Liao
Company Secretary

Hong Kong, 18 April 2013

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 Warren Miller

Patrick Blackwell Paul

Pierre Roger Boppe

Dr. William Kwok Lun Fung

Dr. Rosanna Yick Ming Wong