THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

If you have sold or transferred all your shares in Great Eagle Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or transferee(s).

Great Eagle Holdings Limited
鷹君集團有限公司

Incorporated in Bermuda with limited liability
於百慕達註冊成立之有限公司

(Stock Code: 41)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF CERTAIN INTEREST IN A HOTEL IN LUWAN DISTRICT, SHANGHAI, THE PRC, THE FORMATION OF A RELATED JOINT VENTURE, FINANCIAL ASSISTANCE, INDEMNITY IN RELATION TO A THIRD PARTY OPERATOR CONTRACT AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE RELATED HOTEL AGREEMENTS AND NOTICE OF SPECIAL GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

KBC

KBC BANK N.V. HONG KONG BRANCH

A letter from the Board is set out on pages 7 to 24 of this circular. A letter from the Independent Board Committee containing its recommendation is set out on pages 25 to 26 of this circular. A letter from the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 27 to 44 of this circular.

A notice convening the SGM to be held at Penthouse, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong, on Friday, 7 May 2010 at 3:00 p.m. is set out on pages 58 to 59 of this circular. Form of proxy for use in the SGM is enclosed. Whether or not you propose to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's principal office at 33rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM and any adjournment thereof, should you so wish.

21 April 2010

CONTENTS

In this circular, the following expressions shall have the meanings respectively set out below unless the context otherwise requires:

"Acquisition"	the acquisition of the Sale Share by and the assignment of the Shareholder's Loan to the Purchaser from the Seller pursuant to the Sale and Purchase Agreement and the transactions contemplated thereunder;
"Annual Cap"	the maximum annual aggregate fee receivable under the Hotel Management Agreement and the Licence Agreement as described in the section headed "The agreements relating to Hotel 108 - Annual fees under the Hotel Management Agreement and the Licence Agreement" in the letter from the Board as set out in this circular;
"associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Banking Ordinance"	the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
"Board"	the board of Directors;
"Business Day"	a day other than a Saturday or Sunday, on which banks are open in Hong Kong to the general public for business;
"CGSL"	Champion Global Services Limited (卓越環球服務有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company;
"Co-owner"	third party owner of 50% of the issued share capital of VRL;
"Company"	Great Eagle Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange;
"Completion"	completion of the sale and purchase of the Sale Share and the assignment of the Shareholder's Loan pursuant to the Sale and Purchase Agreement;
"Conditions"	the conditions set out in the section headed "The Acquisition and the financial assistance under the Share Mortgage and the Corporate Guarantee - The Sale and Purchase Agreement - Conditions" in the letter from the Board as set out in this circular;
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;

"Consideration"	the consideration to be paid by the Purchaser to the Seller for the Sale Share and the assignment of the Shareholder's Loan pursuant to the Sale and Purchase Agreement;
"Corporate Guarantee"	the corporate guarantee to be provided by the Group to secure the Purchaser's proportional share of the US$117 million (equivalent to approximately HK$912.6 million) existing bank facilities made available to the Project Company, i.e. up to US$19.5 million (equivalent to approximately HK$152.1 million). These banking facilities are currently secured by, among other things, a share mortgage over the Seller's entire interest in the share capital of MGIL and a corporate guarantee from Shui On Company Limited, the indirect holding company of the Seller, in favour of the relevant banks;
"Director(s)"	the director(s) of the Company;
"Division of Ownership"	the division of ownership whereby MGIL through Landton, VRL and the Project Company will become the owner of Lot 108 and Hotel 108 only and the Co-owner will become the owner of Lot 107 and Hotel 107 separately;
"Dr. Lo"	Dr. Lo Ka Shui, chairman and managing director of the Company;
"DTZ"	DTZ Debenham Tie Leung Limited, the independent valuer to produce and assess the valuation of Hotel 108;
"Group"	the Company and its subsidiaries;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Hotel Management Agreement"	the agreement dated 1 April 2010 entered into between LHS and the Project Company whereby LHS will provide hotel management service in the operation of Hotel 108;
"Hotel 107"	the hotel development on Lot 107;
"Hotel 108"	the hotel development on Lot 108;
"HK$"	Hong Kong Dollars, the lawful currency of Hong Kong;

"Indemnity"	the indemnity dated 1 April 2010 given by LHS in favour of the Project Company whereby LHS will, and procure its affiliates to, indemnify the Project Company for all claims that the Third Party Operator may make against the Project Company arising from the termination of the Third Party Operator Contract before the expiry of its term as a result of the Hotel Management Agreement;
"Indemnity Cap"	the maximum liability of LHS and/or its affiliates under the Indemnity;
"Independent Board Committee"	the independent committee of the Board advising the Independent Shareholders on the terms of the Acquisition (including the Sale and Purchase Agreement and the payment of the Procurement Fee thereunder, the Shareholders' Agreement, the Corporate Guarantee and the Share Mortgage), and the Indemnity, and the transactions contemplated thereunder, comprising all the independent non-executive Directors namely, Mr. Cheng Hoi Chuen, Vincent, Professor Wong Yue Chim, Richard, Mrs. Lee Pui Ling, Angelina and Mr. Zhu Qi;
"Independent Financial Adviser" or "KBC Bank"	KBC Bank N.V., acting through its Hong Kong branch, a licensed bank under the Banking Ordinance and a registered institution registered for Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders;
"Independent Shareholders"	the Shareholders other than Dr. Lo, Mr. Vincent Lo and their respective associates;
"Landton"	Landton Limited (禮東有限公司), a company incorporated in Hong Kong;
"Latest Practicable Date"	20 April 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
"LHI"	Langham Hotels International Limited (朗廷酒店國際有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company;
"LHS"	朗廷酒店管理(上海)有限公司 (Langham Hotels (Shanghai) Company Limited), a company established in the PRC and an indirect wholly-owned subsidiary of the Company;

"Licence Agreement"	the agreement dated 1 April 2010 entered into between LHI and the Project Company whereby LHI will grant to the Project Company a non-exclusive and non-transferable licence to use the "Langham" and other marks for the operation of Hotel 108;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Longstop Date"	30 September 2010, being the longstop date as set out in and can be extended as agreed by the parties to the Sale and Purchaser Agreement pursuant to the Sale and Purchase Agreement;
"Lot 107"	Lot 107 in the Luwan District, Shanghai, the PRC;
"Lot 108"	Lot 108 in the Luwan District, Shanghai, the PRC;
"MGIL"	Magic Garden Investments Limited (妙園投資有限公司), a company incorporated in the British Virgin Islands;
"MGIL Group"	MGIL, VRL, Landton and the Project Company;
"Mr. Vincent Lo"	Mr. Lo Hong Sui, Vincent, a non-executive Director;
"PRC"	the People's Republic of China, and for the purpose of this Agreement, excluding Hong Kong, the Macao Special Administration Region of the PRC and the territory of Taiwan;
"Procurement Fee"	being the sum equivalent to the interest on the amount paid by Dr. Lo to the Seller pursuant to the Termsheet calculated at an interest rate of 1.5% per annum from and including 21 December 2009 up to Completion;
"Project Company"	上海禮興酒店有限公司 (Shanghai Li Xing Hotel Co., Ltd.), a company established in the PRC;
"Purchaser"	G.E. Hotel (Xintiandi) Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company;
"RMB"	Renminbi, the lawful currency of the PRC;
"Sale and Purchase Agreement"	the sale and purchase agreement dated 1 April 2010 entered into between the Purchaser, the Seller and Dr. Lo in relation to, among other things, the Acquisition and the transactions contemplated thereunder;

"Sale Share"	one (1) share of US$1.00 each in the issued share capital of MGIL to be sold to the Purchaser pursuant to the Sale and Purchase Agreement, representing one-third of the entire issued shares in the capital of MGIL;
"Seller"	Shui On Investment Company Limited (瑞安投資有限公司), a company incorporated in Hong Kong;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"SGM"	the special general meeting of the Company to be held at Penthouse, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong, on Friday, 7 May 2010 at 3:00 p.m. to consider and, if thought fit, approve the Acquisition (including the Sale and Purchase Agreement and the payment of the Procurement Fee thereunder, the Shareholders' Agreement, the Corporate Guarantee and the Share Mortgage), and the Indemnity, and the transactions contemplated thereunder;
"Share Mortgage"	the charge over the Sale Share to be provided by the Purchaser to secure the Purchaser's proportional share of the US$117 million (equivalent to approximately HK$912.6 million) existing bank facilities made available to the Project Company, i.e. up to US$19.5 million (equivalent to approximately HK$152.1 million). These banking facilities are currently secured by, among other things, a share mortgage over the Seller's entire interest in the share capital of MGIL and a corporate guarantee from Shui On Company Limited, the indirect holding company of the Seller, in favour of the relevant banks;
"Share(s)"	ordinary share(s) of HK$0.50 each in the share capital of the Company;
"Shareholder(s)"	holder(s) of Share(s);
"Shareholder's Loan"	the interest-free unsecured loan in the aggregate principal sum of approximately US$24,118,000 (equivalent to approximately HK$188,120,000) representing one-third of all the interest-free unsecured shareholder's loan provided by the Seller to the MGIL Group;
"Shareholders' Agreement"	the shareholders' agreement to be entered into between the Purchaser, the Seller and MGIL upon Completion;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;

"Termsheet"	the termsheet dated 10 December 2009 entered into between Mr. Vincent Lo and Dr. Lo in relation to, among other things, the sale and purchase of one-third interest in Hotel 108;
"Third Party Operator"	a third party international hotel management group and a party to the Third Party Operator Contract;
"Third Party Operator Contract"	the management agreement entered into between the Project Company and the Third Party Operator;
"VRL"	Victorious Run Limited, a company incorporated in the British Virgin Islands;
"US$"	United States Dollar, the lawful currency of the United States of America; and
"%"	per cent.

For the purpose of illustration only, conversion of RMB and US$ into HK$ in this circular are based on the exchange rates of RMB1.00 to HK$1.136 and US$1.00 to HK$7.8. Such conversions should not be construed as representations that any amounts have been, could have been, or may be, exchanged at these or any other rates.

Great Eagle
Holdings Limited
鷹君集團有限公司
Incorporated in Bermuda with limited liability
於百慕達註冊成立之有限公司
(Stock Code: 41)

Directors:
Dr. LO Ka Shui, *Chairman and Managing Director*
Mr. LO Kai Shui, *Deputy Managing Director*
Madam LO TO Lee Kwan#
Mr. CHENG Hoi Chuen, Vincent*
Professor WONG Yue Chim, Richard*
Mrs. LEE Pui Ling, Angelina*
Mr. ZHU Qi*
Mr. LO Hong Sui, Antony
Madam LAW Wai Duen
Mr. LO Hong Sui, Vincent#
Dr. LO Ying Sui, Archie#
Mr. KAN Tak Kwong, *General Manager*

* Independent Non-executive Director
\# Non-executive Director

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Principal place of business in Hong Kong:
33rd Floor, Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

21 April 2010

To the Shareholders,

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF CERTAIN INTEREST IN A HOTEL IN LUWAN DISTRICT, SHANGHAI, THE PRC, THE FORMATION OF A RELATED JOINT VENTURE, FINANCIAL ASSISTANCE, INDEMNITY IN RELATION TO A THIRD PARTY OPERATOR CONTRACT AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE RELATED HOTEL AGREEMENTS AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Pursuant to the announcement of the Company dated 1 April 2010, the Board has announced that the Group entered into, among others, the following agreements on 1 April 2010:

(1) the Sale and Purchase Agreement whereby the Purchaser shall, among other things, acquire from the Seller the Sale Share at a consideration of US$1 (equivalent to approximately HK$8) and the benefit of the Shareholder's Loan in the principal amount of approximately US$24,118,000 (equivalent to approximately HK$188,120,000) on a dollar for dollar basis, and pay the Procurement Fee to Dr. Lo, subject to the terms and conditions of the Sale and Purchase Agreement, and the Group will provide the Corporate Guarantee and the Share Mortgage to secure the Purchaser's proportional share of the US$117 million (equivalent to approximately HK$912.6 million) existing banking facilities made available to the Project Company , i.e. up to US$19.5 million (equivalent to approximately HK$152.1 million). These banking facilities are currently secured by, among other things, a share mortgage over the Seller's entire interest in the share capital of MGIL and a corporate guarantee from Shui On Company Limited, the indirect holding company of the Seller, in favour of the relevant banks;

(2) the Hotel Management Agreement whereby LHS shall have the exclusive right to manage and operate Hotel 108 for a term of 20 years from the opening of the hotel renewable by LHS for multiple 10-year periods subject to the terms therein; and

(3) the Licence Agreement whereby LHI will grant to the Project Company a non-exclusive and non-transferable licence to use the "Langham" and other marks for the operation of Hotel 108 during the term of the Hotel Management Agreement.

Each of the Hotel Management Agreement and the Licence Agreement is independent of the Sale and Purchase Agreement.

Prior to the date of this circular, the Project Company has entered into the Third Party Operator Contract with the Third Party Operator to operate Hotel 108 as hotel manager. It is anticipated that the Project Company will commence discussion with the Third Party Operator on the Third Party Operator Contract. The Hotel Management Agreement is not conditional on the outcome of such discussion but is conditional upon LHS providing the Indemnity in favour of the Project Company. Pursuant to the Indemnity dated 1 April 2010, LHS has agreed that it will, and procure its affiliates to, indemnify the Project Company for all claims that the Third Party Operator may make against the Project Company arising from the termination of the Third Party Operator Contract before the expiry of its terms as a result of the Hotel Management Agreement subject to the Indemnity Cap.

The purpose of this circular is to provide the Shareholders with, among other things, (i) further information on the Acquisition (including the Sale and Purchase Agreement and the payment of the Procurement Fee thereunder, the Shareholders' Agreement, the Corporate Guarantee and the Share Mortgage), the Indemnity, the Hotel Management Agreement and the Licence Agreement; (ii) the recommendations of the Independent Board Committee; (iii) the letter from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders; (iv) the valuation report on Hotel 108 from DTZ, the independent valuer; and (v) the notice of convening the SGM.

THE ACQUISITION AND THE FINANCIAL ASSISTANCE UNDER THE SHARE MORTGAGE AND THE CORPORATE GUARANTEE

The Sale and Purchase Agreement

Details of the Sale and Purchase Agreement are as follows:

Date

1 April 2010

Parties

(1) the Purchaser, an indirect wholly-owned subsidiary of the Company, as the purchaser;

(2) the Seller, a company privately beneficially owned by Mr. Vincent Lo, a non-executive Director, and accordingly a connected person of the Company, as the seller; and

(3) Dr. Lo, chairman and managing director of the Company.

Subject matter

Pursuant to the Sale and Purchase Agreement, the Purchaser will upon Completion acquire the Sale Share, representing one-third of the entire issued share capital of MGIL and the Shareholder's Loan, representing one-third of all the shareholder's loan provided by the Seller to the MGIL Group, and pay the Procurement Fee to Dr. Lo in return for Dr. Lo relinquishing his right to acquire the one-third interest in Hotel 108 under the Termsheet.

MGIL, VRL, Landton and the Project Company

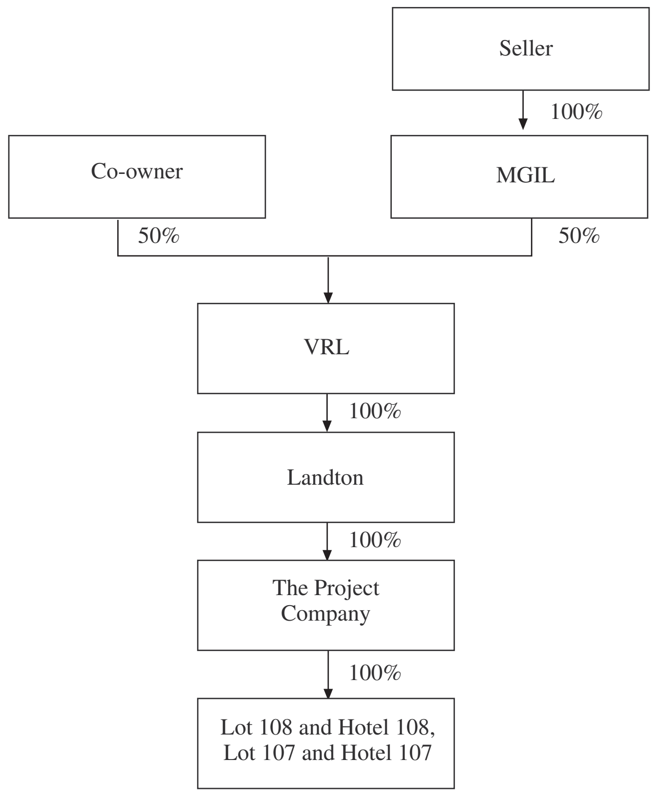
MGIL is a company wholly beneficially owned by Mr. Vincent Lo, a non-executive Director. MGIL holds 50% interest in VRL, and in turn VRL holds Landton, which in turn holds the Project Company, the holder of Lot 108, Hotel 108, Lot 107 and Hotel 107.

Prior to the setting up of the above ownership structure, VRL was formerly held as to 85% by a third party owner and 15% interest by the Seller. In late 2009 to early 2010, the Seller acquired the 85% interest from that third party owner together with the related shareholder's loan for a cash consideration of approximately US$123,000,000 (equivalent to approximately HK$959,400,000) and became the sole owner of the Project Company and the owner of both Hotel 108 and Hotel 107 with MGIL as the intermediary holding vehicle. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the aforementioned former third party owner of VRL and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

In December 2009, Mr. Vincent Lo entered into the Termsheet with Dr. Lo whereby Mr. Vincent Lo agreed to sell and Dr. Lo agreed to acquire one-third interest in Hotel 108 at a consideration of approximately US$24,118,000 (equivalent to approximately HK$188,120,000). At the same time, Dr. Lo indicated that he may, and Mr. Vincent Lo also acknowledged that Dr. Lo may, offer the opportunity to the Group to acquire this interest in his place on terms to be agreed by the Group and Mr. Vincent Lo. Under the terms of the Termsheet, Dr. Lo has paid to the Seller an amount of approximately US$24,118,000 (equivalent to approximately HK$188,120,000) on 21 December 2009 which is refundable to Dr. Lo if the acquisition pursuant to the Termsheet is not completed or the Group has subsequently taken up the aforementioned acquisition opportunity on or before 30 June 2010.

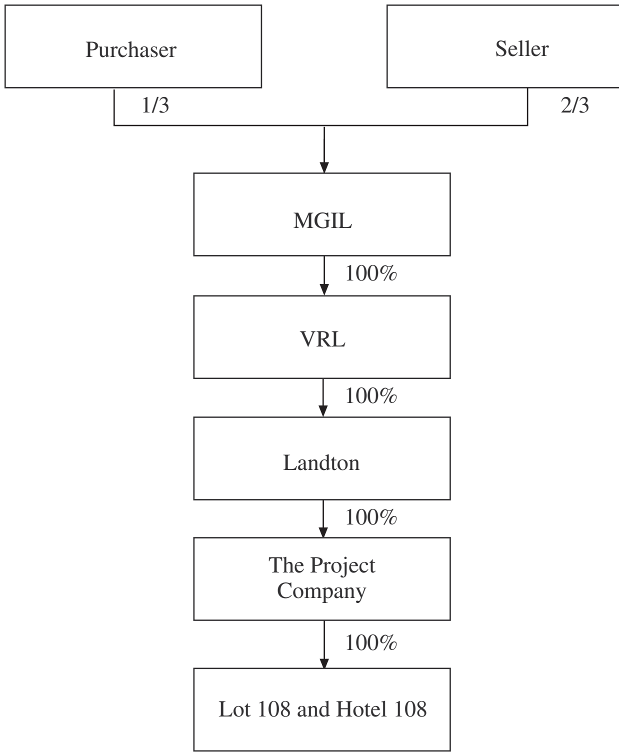
In March 2010, MGIL sold 50% of the issued share capital and the related shareholder's loan in VRL to the Co-owner such that VRL is held as to 50% by each of MGIL and the Co-owner and on the basis that there will be a Division of Ownership whereby MGIL through the Project Company shall own only Hotel 108 and the Co-owner shall own only Hotel 107 separately. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Co-owner and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Set out below is an organisational chart of the MGIL Group as at the date of this circular:



It is the intention of the Group to acquire one-third interest in Hotel 108 only under the Acquisition. Completion of the Acquisition is not conditional upon the completion of the Division of Ownership but the Directors have been informed by the Seller that the Seller intends to complete the Division of Ownership on or before 31 December 2010. In the event the Division of Ownership cannot be completed, MGIL and the Co-owner will enter into further agreement(s) to give effect to such segregation of ownership by other means.

Set out below is an organisational chart of the MGIL Group immediately after completion of the Division of Ownership:



Hotel 108

Hotel 108 is a hotel development located on Lot 108 in Luwan District, Shanghai, the PRC and is next to 新天地 (Xintiandi), a renowned destination for leisure and entertainment as well as commerce and residence in Shanghai. Hotel 108 will be developed into a luxurious hotel comprising 24 storeys and a five-level basement with a total gross floor area of approximately 51,968 square metres, providing around 357 guest rooms and various hotel and entertainment facilities. As at the date of this circular, Hotel 108 is still under construction but is set to complete in or about the third quarter of 2010.

Prior to the date of this circular, the Project Company has entered into the Third Party Operator Contract, a hotel management contract with the Third Party Operator, a third party international hotel management group, to operate Hotel 108 as hotel manager. It is anticipated that the Project Company will commence discussion with the Third Party Operator on the Third Party Operator Contract. Further details on this arrangement are set out in section headed "The Third Party Operator of Hotel 108 and the Indemnity" below.

Consideration and Procurement Fee

The total amount of the Consideration is approximately US$24,118,000 (equivalent to approximately HK$188,120,000) and was determined with reference to, among other things:

(i) the value of Lot 108 and Hotel 108 as reflected in the price paid by the Seller for the 85% interest in both Lot 107 and Lot 108 and the two hotel developments thereon at approximately US$123,000,000 (equivalent to approximately HK$959,400,000).

(ii) the consideration for the one-third interest in Hotel 108 of approximately US$24,118,000 (equivalent to approximately HK$188,120,000) which Dr. Lo has agreed to pay for under the Termsheet, which is the same as the amount of the Consideration; and

(iii) the indicative value of Lot 108 and Hotel 108 (as if completed) of approximately RMB1,960 million (equivalent to approximately HK$2,227 million) provided by DTZ, an independent property valuer, as at the valuation date on 12 February 2010.

The total cost of the Group's investment in Hotel 108, taking into account, among other things, the Consideration, the Procurement Fee, the financial assistance to be provided under the Corporate Guarantee and the Share Mortgage, and the Group's share of the outstanding cost of the RMB600,000,000 (equivalent to approximately HK$681,600,000) initial additional working capital and funding required as set out in the Shareholders' Agreement, i.e. RMB200,000,000 (equivalent to approximately HK$227,200,000) would represent a discount of approximately 23.2% to the Group's share in the aforementioned indicative value of Hotel 108.

The Consideration will be paid to the Seller in cash on Completion. Payment of the Consideration will be funded by internal resources of the Group.

The Procurement Fee was determined based on the amount of interest that would have had accrued on the amount paid by Dr. Lo under the Termsheet on 21 December 2009 under normal market terms. Assuming that Completion will take place on the fifth Business Days following the Longstop Date, the amount of the Procurement Fee will be approximately US$286,000 (equivalent to approximately HK$2,231,000).

The Procurement Fee will be paid to Dr. Lo in cash on Completion. Payment of the Procurement Fee will be funded by internal resources of the Group.

Conditions

Completion is conditional upon, among other things, the following Conditions being satisfied on or before the Longstop Date of 30 September 2010:

(a) the Independent Shareholders approving the Sale and Purchase Agreement and the transactions contemplated thereunder in such manner as required under the Listing Rules;

(b) the MGIL Group receiving all relevant consents and approvals from third parties as may be necessary in connection with the proposed change in shareholding of MGIL so as to ensure that the MGIL Group maintains all its existing contractual and other rights following the transfer of the Sale Share and the assignment of the Shareholder's Loan (other than the Third Party Operator Agreement);

(c) the completion of a bank loan restructuring whereby, among other things, the Group will provide the Corporate Guarantee and the Share Mortgage to secure the Purchaser's proportional share of the US$117 million (equivalent to approximately HK$912.6 million) existing banking facilities made available to the Project Company, i.e. up to US$19.5 million (equivalent to approximately HK$152.1 million). These banking facilities are currently secured by, among other things, a share mortgage over the Seller's entire interest in the share capital of MGIL and a corporate guarantee from Shui On Company Limited, the indirect holding company of the Seller, in favour of the relevant banks;

(d) the Purchaser undertaking a due diligence review of the MGIL Group and being satisfied with such review in all aspects; and

(e) no material adverse change in the financial or trading position or prospect of the business or assets of any of the members of the MGIL Group during the period from the date of the Sale and Purchase Agreement to Completion.

Completion

Completion will take place within five Business Days following satisfaction or waiver (as the case may be) of the Conditions (except for the Condition relating to Independent Shareholders approval which cannot be waived), or such other date as the Seller and the Purchaser may agree in writing whereupon the Seller and the Purchaser will also enter into the Shareholders' Agreement. After Completion, it is expected that the Group will adopt equity accounting for its interest in the MGIL Group.

The Shareholders' Agreement

Upon Completion, the Purchaser, the Seller and MGIL will enter into the Shareholders' Agreement. Details of the Shareholders' Agreement are as follows:

Business

The business of MGIL shall ultimately be to develop Lot 108 and to operate and manage Hotel 108 to be erected thereon.

Board representation

The number of directors of MGIL shall not be more than three and one of them will be appointed by the Purchaser. This would apply also to other members of the MGIL Group after the Division of

Ownership has been completed and if such Division of Ownership cannot be completed by 31 December 2010, the Seller shall procure that the Purchaser shall have at least a board seat in the Project Company for so long as the Purchaser is entitled to appoint one member to the board of MGIL.

Funding

Further working capital or funding requirements shall be met initially by commercial borrowings from third parties. The shareholders of MGIL shall provide further funding where required but only severally (and not jointly and severally) in proportion to their respective shareholdings in MGIL. The initial additional working capital and funding required from the shareholders shall not exceed RMB600,000,000 (equivalent to approximately HK$681,600,000) and one-third of which (i.e. RMB200,000,000 (equivalent to approximately HK$227,200,000) will be borne by the Group.

Distribution of profits

All distributions shall be made to the shareholders in proportion to their respective shareholding interests in MGIL.

THE AGREEMENTS RELATING TO HOTEL 108

Hotel Management Agreement

Date

1 April 2010

Parties

(1) LHS, an indirect wholly-owned subsidiary of the Company, as the hotel manager; and

(2) the Project Company.

Subject

The Project Company shall appoint LHS as hotel manager to provide hotel management service in the operation of Hotel 108.

Condition

The Indemnity becoming unconditional save in relation to any condition relating to the Hotel Management Agreement becoming unconditional in all respects on or before 30 September 2010.

Term

20 years from the opening of the hotel, and renewable by LHS for multiple 10-year periods provided that the Group shall remain interested in not less than one-third interest in MGIL. The Hotel

Management Agreement is not renewable automatically but renewable on the same terms at the sole option of the Group or on different terms subject to be renegotiated between the parties. When the Hotel Management Agreement is renewed, the Company will re-comply with the prevailing applicable requirements of the Listing Rules as and where required.

If the Group holds less than one-third interest in MGIL and LHS fails to achieve 70% of the budgeted gross operating profit for three (3) consecutive years after the third anniversary of the opening of the hotel, the Project Company may terminate the Hotel Management Agreement unless LHS shall pay to the Project Company the shortfall between 70% of the budgeted gross operating profit and the actual gross operating profit, on a dollar-to-dollar basis.

Fee and other payments

A base fee of 0.5% of the total revenue and an incentive fee at 6.75% over the gross operating profit and a payment to LHS for global marketing and advertising services at 2% over the total room revenue of Hotel 108 payable on a monthly basis.

Licence Agreement

Date

1 April 2010

Parties

(1) LHI, an indirect wholly-owned subsidiary of the Company, as the licensor; and

(2) The Project Company as the licensee.

Subject

LHI shall grant a non-exclusive and non-transferable licence to the Project Company to use the "Langham" and other marks for the operation of Hotel 108.

Condition

The Hotel Management Agreement becoming unconditional on or before 30 September 2010.

Term

Until the termination or expiration of the Hotel Management Agreement. When the Licence Agreement is renewed, the Company will re-comply with the prevailing applicable requirements of the Listing Rules as and where required.

Fee

1% over the total revenue of Hotel 108 payable on a monthly basis.

Relationship between the agreements relating to Hotel 108 and the Sale and Purchase Agreement

Each of the Hotel Management Agreement and the Licence Agreement is independent of the Sale and Purchase Agreement. Any or both of the Hotel Management Agreement and the Licence Agreement may or may not become unconditional irrespective of whether or not the Acquisition will be completed at the same time.

Annual fees under the Hotel Management Agreement and the Licence Agreement

The Directors believe that it is difficult to produce a fair estimate of the annual fees receivable under the Hotel Management Agreement and the Licence Agreement where the hotel has not yet commenced operation. The fixing of an annual cap in monetary terms at this early stage of the development of the hotel will only limit the fees which LHS and LHI may otherwise earn under the Hotel Management Agreement and the Licence Agreement. Under Rule 14A.35(2) of the Listing Rules however, the Company is required to set an annual cap to the amount receivable under the Hotel Management Agreement and the Licence Agreement for three years, subject to be reviewed at the expiry of the three year period.

The Directors believe that the applicable percentage ratios as defined under the Listing Rules in relation to the annual fees payable under the Hotel Management Agreement and the Licence Agreement in aggregate would be less than 2.5%. Accordingly, in compliance with the Listing Rules and to give maximum room to the Group to maximise its earning potentials under both of these agreements, the Directors would set the Annual Cap in relation to the annual aggregate fee receivable under both agreements to the maximum sum where the applicable percentage ratios as defined under the Listing Rules would remain at below 2.5% i.e. HK$98,959,000 for each of the financial years ending 31 December 2011, 2012 and 2013.

The Directors believe that the terms of the Hotel Management Agreement and the Licence Agreement are on normal commercial terms, and together with the Annual Cap are fair and reasonable so far as the Independent Shareholders are concerned, and the transactions contemplated thereunder are in the ordinary and usual course of the Group's business and in the interest of the Company and the Shareholders as a whole.

THE THIRD PARTY OPERATOR OF HOTEL 108 AND THE INDEMNITY

Third Party Operator Contract

As mentioned, prior to the date of this circular, the Project Company has entered into the Third Party Operator Contract with the Third Party Operator, a third party international hotel management group to operate Hotel 108 as hotel manager and it is the intention of the Project Company that the Group shall act as hotel manager of Hotel 108. It is anticipated that the Project Company will commence discussion with the Third Party Operator on the Third Party Operator Contract. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Third Party Operator and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

The Hotel Management Agreement is not conditional on the outcome of such discussion but is conditional upon LHS providing the Indemnity in favour of the Project Company.

Indemnity

Pursuant to the Indemnity dated 1 April 2010, LHS has agreed that it will, and procure its affiliates to, indemnify the Project Company for all claims that the Third Party Operator may make against the Project Company arising from the termination of the Third Party Operator Contract before the expiry of its terms as a result of the Hotel Management Agreement subject to the Indemnity Cap.

The Indemnity is independent of the Acquisition but is conditional upon, among other things:

(1) the approval from the Independent Shareholders;

(2) the Hotel Management Agreement becoming unconditional save in relation to any condition relating to the Indemnity becoming unconditional in all respects; and

(3) the Hotel Management Agreement remaining in force and not being terminated.

The amount payable under the Indemnity is given subject to the Indemnity Cap, being the maximum liability of the Group under the Indemnity. It was determined based on arm's length negotiations between the parties with reference to among other things, the advice of a senior counsel in relation to the Third Party Operator Contract. Payment, if any, under the Indemnity will be funded by internal resources of the Group.

FURTHER INFORMATION RELATING TO MGIL, VRL AND THE DIVISION OF OWNERSHIP

As mentioned above, MGIL holds only 50% interest in the issued share capital of VRL. In March 2010, MGIL sold 50% of the issued share capital and the related shareholder's loan in VRL to the Co-owner such that VRL is held as to 50% by each of MGIL and the Co-owner, but on the basis that MGIL through the Project Company shall own only Lot 108 and Hotel 108 and the Co-owner shall own only Lot 107 and Hotel 107 separately. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Co-owner and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Pursuant to the Shareholders' Agreement, the Seller will procure each of MGIL, VRL, Landton and the Project Company to assist and co-operate with the Co-owner to complete the Division of Ownership and prior to such completion:

(a) the Co-owner will have the right over the development and operation of Hotel 107 and will be entitled to all benefits arising from Hotel 107;

(b) MGIL will have the right over the development and operation of Hotel 108 and will be entitled to all the benefits arising from Hotel 108;

(c) all cost accruing to or which has arisen but not yet paid on 24 December 2009 relating to the development of Hotel 107 shall be borne by the Co-owner, and for those relating to Hotel 108 shall be borne by MGIL; and

(d) any cost not attributable exclusively to either Hotel 107 or Hotel 108 shall be borne by MGIL and the Co-owner in equal shares.

Completion of the Acquisition is not conditional upon the completion of the Division of Ownership but the Directors have been informed by the Seller that the Seller intends to complete the Division of Ownership on or before 31 December 2010. See the section headed "The Acquisition and the financial assistance under the Share Mortgage and the Corporate Guarantee - The Sale and Purchase Agreement - MGIL, VRL, Landton and the Project Company" for the organisational charts of the MGIL Group as at the date of this circular and immediately after completion of the Division of Ownership.

There is no assurance as to when and whether the Division of Ownership can be satisfactorily completed. In the event the Division of Ownership cannot be completed, the Project Company will need to enter into further agreements with the Co-owner to give effect to the segregation of the ownership in Lot 107, Hotel 107, Lot 108 and Hotel 108 by other means.

FINANCIAL INFORMATION

Hotel 108 has not yet been completed. The MGIL Group has not commenced operation and no operating profit nor loss has been recorded. Based on the unaudited management accounts of the Project Company for the year ended 31 December 2009, (i) the unaudited book value of the entire assets of the Project Company covering both its interests held in Hotel 107 and Hotel 108 was approximately RMB1,641 million (equivalent to approximately HK$1,864 million); and (ii) the unaudited book value attributable to Hotel 108 assuming that the Division of Ownership has been completed was approximately RMB780 million (equivalent to approximately HK$886 million).

REASONS FOR AND BENEFITS OF THE ACQUISITION

As mentioned above, the total investment cost of the Group for its interest in Hotel 108 represents a discount of approximately 23.2% to the Group's share of the indicative value of Hotel 108 (as if completed) of RMB1,960 million (equivalent to approximately HK$2,227 million). The Directors believe that the Acquisition represents an attractive opportunity to the Group to own an interest in a luxurious hotel in Shanghai, a prime business and tourist city in the PRC.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE VARIOUS AGREEMENTS RELATING TO HOTEL 108 AND THE INDEMNITY

In view of the PRC's rapid economic growth during the past decades and the slowing down of business activities in developed countries since the second half of 2008, the Group intends to extend its geographical presence of its "Langham" branded hotels to key cities in the PRC, including Shanghai, Southeast Asia and the Middle East. The Group currently managed eleven (11) prestigious hotels under the "***Langham***", "***Langham Place***" and "***Eaton***" brands located in Hong Kong and the prime cities of developed countries. The entering into of the Hotel Management Agreement and the Licence Agreement not only allows the Group's hotel business to extend the "Langham" branded hotel portfolio which conforms with the Group's strategy in its hotel business, it will also bring about potential synergy with other "Langham" branded hotels in other regions of the PRC, including The Langham Yangtze Boutique Hotel in Shanghai, and strengthen the Group's presence in the PRC.

LISTING RULES IMPLICATIONS

General

Mr. Vincent Lo is a non-executive Director and the Seller is privately owned by Mr. Vincent Lo. Accordingly, the Seller is a connected person of the Company. Dr. Lo is the chairman and managing director of the Company. Accordingly, the Acquisition and the Shareholders' Agreement constitute connected transactions for the Company under the Listing Rules. As Mr. Vincent Lo is, and will remain to be indirectly interested in more than 30% interest in the registered capital of the Project Company following the Acquisition, the Project Company is an associate of Mr. Vincent Lo and a connected person of the Company. Accordingly, the Corporate Guarantee, the Share Mortgage and the Indemnity constitute connected transactions for the Company and the transactions contemplated under each of the Hotel Management Agreement and the Licence Agreement also constitute continuing connected transactions for the Company under the Listing Rules.

The Acquisition (including the Sale and Purchase Agreement and the payment of the Procurement Fee thereunder, the Shareholders' Agreement, the related financial assistance under the Share Mortgage and the Corporate Guarantee) and the Indemnity

One or more of the applicable percentage ratios as defined under the Listing Rules in relation to the Acquisition and the Indemnity (taking into account the Consideration, the financial assistance to be provided under the Corporate Guarantee and the Share Mortgage, and the initial additional working capital and funding required by the Project Company to bring Hotel 108 into operation and shared by the Purchaser under the Shareholders' Agreement, the Indemnity, and the Procurement Fee on the assumption that Completion will occur within five Business Days following the Longstop Date) is more than 5% but less than 25%. Accordingly, the Acquisition (including the Sale and Purchase Agreement and the payment of the Procurement Fee thereunder, the Shareholders' Agreement, Corporate Guarantee and Share Mortgage) and the Indemnity when taken together constitute discloseable and connected transactions for the Company subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. KBC Bank has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on whether the Acquisition and the Indemnity are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The total amount payable under the Acquisition (taking into account the Consideration, the financial assistance to be provided under the Corporate Guarantee and the Share Mortgage, and the initial additional working capital and funding required by the Project Company to bring Hotel 108 into operation and shared by the Purchaser under the Shareholders' Agreement and the Procurement Fee on the assumption that Completion will occur within five Business Days following 30 September 2010) is approximately HK$569,652,000. No monetary cap is set for the Procurement Fee, the final amount of which will depend on the date of Completion. The Directors do not expect that the final amount of the Procurement Fee would bring the applicable percentage ratios of the amount payable under the Acquisition and the Indemnity to exceed 25%. In the event where the final amount of the Procurement Fee would bring any applicable percentage ratios to exceed 25%, the Company will comply with the applicable Listing Rules as and where required.

The amount payable under the Indemnity is subject to the Indemnity Cap which only represents the maximum liability of the Group under the Indemnity. The applicable percentage ratios as defined under the Listing Rules in relation to the Indemnity are well-below 2.5%. The Indemnity Cap is only indicative of the maximum liability of the Group under the Indemnity and not the outcome of the discussion between the Project Company and the Third Party Operator in relation to the Third Party Operator Contract. However, to avoid any misunderstanding on the implications of the Indemnity Cap, and given the sensitivity of amount of the Indemnity Cap to the discussion between the Project Company and the Third Party Operator in relation to the Third Party Operator Contract, the Company has applied for and has obtained from the Stock Exchange a waiver from full compliance with Rule 14A.59(3) of and paragraph 43(2)(c) of Appendix 1B to the Listing Rules by omitting the figure of the Indemnity Cap from the Indemnity to be put on display as referred to in paragraph 10 of Appendix II to this circular.

The Hotel Management Agreement and the Licence Agreement

As the term for both the Hotel Management Agreement and the Licence Agreement exceed three years, KBC Bank will advise the Independent Board Committee and the Independent Shareholders as to whether it is normal business practice for contracts of this type to be of such duration.

The applicable percentage ratios as defined under the Listing Rules in relation to the Annual Cap are less than 2.5%. The agreements are subject to announcement and reporting requirements but exempt from and independent shareholders' approval requirements under the Listing Rules.

Shareholders should note that:

1. **Completion of the Acquisition is subject to the fulfillment of various Conditions (including the approval of the Independent Shareholders) under the Sale and Purchase Agreement. Accordingly, the Acquisition may or may not be completed. The Hotel Management Agreement and the Licence Agreement are conditional upon the Indemnity becoming unconditional (which in turn is subject to the approval of the Independent Shareholders). Both Agreements are however independent of the Acquisition and accordingly may or may not become unconditional, irrespective of whether or not the Acquisition will be completed.**

2. **It is the intention of the Group to acquire one-third interest in Hotel 108 only but completion of the Acquisition is not conditional upon the completion of the Division of Ownership. There is no assurance as to when and whether the Division of Ownership can be satisfactorily completed. In the event that the Division of Ownership cannot be completed, the Project Company will need to enter into further agreements with the Co-owner to give effect to the segregation of the ownership in Lot 107, Hotel 107, Lot 108 and Hotel 108 by other means. Failure to fully and effectively segregate the ownership in the two hotel developments may have an adverse impact on the operation and financial position of the Project Company. In particular, at any time when the Division of Ownership cannot be fully and effectively segregated, any failure of the Co-owner to make its share of the contributions or bear the cost and liability in relation to the development and operation of Hotel 107 can also have an adverse impact on the operation and financial position of the Project Company.**

   Shareholders and potential investors should exercise caution when dealing in the Shares.

GENERAL INFORMATION

The principal activities of the Group include property investment, hotel and restaurant operations, management of real estate investment trust, trading of building materials, share investment, provision of management and maintenance services, property management, insurance agency and fitness centre operation. The Group's investment in office properties extends to the U.S.A. and its hotel portfolio covers Hong Kong, North America, Europe, Australia and New Zealand.

The principal activity of the Seller is investment holding.

The principal activity of the MGIL Group is the development of Hotel 107 and Hotel 108.

SPECIAL GENERAL MEETING

Set out on pages 58 to 59 of this circular is a notice convening the SGM to be held at Penthouse, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong, on Friday, 7 May 2010 at 3:00 p.m. at which ordinary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Acquisition (including the Sale and Purchase Agreement and the payment of the Procurement Fee thereunder, the Shareholders' Agreement, the Corporate Guarantee and the Share Mortgage) and the Indemnity, and the transactions contemplated thereunder.

In accordance with Rule 13.39(4) of the Listing Rules, voting of the shareholders at the SGM will be conducted by poll. The chairman of the SGM will demand a poll for the resolutions to be proposed at the SGM in accordance with the articles of association of the Company. In view of Dr. Lo's and Mr. Vincent Lo's interests in the Acquisition (including the Sale and Purchase Agreement and the payment of the Procurement Fee thereunder, the Shareholders' Agreement, the Corporate Guarantee and the Share Mortgage) and the Indemnity, Dr. Lo, together with Mr. Vincent Lo and their respective associates, in aggregate holding 353,234,366 Shares as at the Latest Practicable Date, will abstain from voting at the SGM. The results of the poll will be published on the websites of the Company and the Stock Exchange on the day of the above meeting.

A form of proxy for use at the SGM is enclosed. Whether or not you propose to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's principal office at 33rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM and any adjournment thereof, should you so wish.

RECOMMENDATIONS

The Independent Board Committee, comprising all of the four independent non-executive Directors, has been established to advise the Independent Shareholders on the terms of the Acquisition (including the Sale and Purchase Agreement and the payment of the Procurement Fee thereunder, the Shareholders' Agreement, the Corporate Guarantee and the Share Mortgage) and the Indemnity, and the transactions contemplated thereunder. Your attention is drawn to its letter of recommendation set out on pages 25 to 26 of this circular.

KBC Bank has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on (i) the terms of the Acquisition (including the Sale and Purchase Agreement and the payment of the Procurement Fee thereunder, the Shareholders' Agreement, the Corporate Guarantee and the Share Mortgage) and the Indemnity, and the transactions contemplated thereunder; and (ii) whether it is normal business practice for contracts of the type of the Hotel Management Agreement and the Licence Agreement to be of such duration. Your attention is drawn to their letter of recommendation set out on pages 27 to 44 of this circular.

The Board considers that:

(i) the terms of the Acquisition (including the Sale and Purchase Agreement and the payment of the Procurement Fee thereunder, the Shareholders' Agreement, the Corporate Guarantee and the Share Mortgage) are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned, and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole, and

(ii) the giving of the Indemnity and the terms of the Indemnity are fair and reasonable so far as the Independent Shareholders are concerned, and the transactions contemplated thereunder are in the interest of the Company and the Shareholders as a whole.

Accordingly, the Board recommends that you vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Acquisition, the entering into of the Sale and Purchase Agreement, the Shareholders' Agreement, the Corporate Guarantee and the Share Mortgage, the payment of the Procurement Fee and the giving of the Indemnity, as well as the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the property valuation in relation to Hotel 108 in Appendix I to this circular and the additional information set out in Appendix II to this circular.

Yours faithfully,
By Order of the Board
Great Eagle Holdings Limited
LO Ka Shui
Chairman and Managing Director

The following is the text of the letter of recommendation from the Independent Board Committee which has been prepared for the purpose of inclusion in this circular:

Great Eagle Holdings Limited
鷹君集團有限公司
Incorporated in Bermuda with limited liability
於百慕達註冊成立之有限公司
(Stock Code: 41)

21 April 2010

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF CERTAIN INTEREST IN A HOTEL IN LUWAN DISTRICT, SHANGHAI, THE PRC, THE FORMATION OF A RELATED JOINT VENTURE, FINANCIAL ASSISTANCE, INDEMNITY IN RELATION TO A THIRD PARTY OPERATOR CONTRACT AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE RELATED HOTEL AGREEMENTS AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

We refer to the circular of the Company dated 21 April 2010 (the "**Circular**"), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board to advise you on the terms of the Acquisition, (including the Sale and Purchase Agreement and the payment of the Procurement Fee thereunder, the Shareholders' Agreement, the Corporate Guarantee and the Share Mortgage) and the Indemnity as well as the transactions contemplated thereunder. KBC Bank has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 27 to 44 of this Circular. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendices thereto.

RECOMMENDATIONS

Having considered the terms of the Acquisition (including the Sale and Purchase Agreement and the payment of the Procurement Fee thereunder, the Shareholders' Agreement, the Corporate Guarantee and the Share Mortgage) and the Indemnity as well as the transactions contemplated thereunder, and taking into account the advice and recommendation of the Independent Financial Adviser and the relevant information contained in the letter from the Board and the letter from KBC Bank, we are of the opinion that:

(1) the terms of the Acquisition (including the Sale and Purchase Agreement and the payment of the Procurement Fee thereunder, the Shareholders' Agreement, the Corporate Guarantee and the Share Mortgage) are fair and reasonable so far as the Independent Shareholders are concerned, and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole; and

(2) the giving of the Indemnity and the terms of the Indemnity is fair and reasonable so far as the Independent Shareholders are concerned, and the transactions contemplated thereunder are in the interest of the Company and the Shareholders as a whole.

Accordingly, we recommend that you vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Acquisition, the entering into of the Sale and Purchase Agreement, the Shareholders' Agreement, the Corporate Guarantee and the Share Mortgage, the payment of the Procurement Fee and the giving of the Indemnity, as well as the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Independent Board Committee

Cheng Hoi Chuen, Vincent	**Wong Yue Chim, Richard**	**Lee Pui Ling, Angelina**	**Zhu Qi**
Independent Non-executive Director	*Independent Non-executive Director*	*Independent Non-executive Director*	*Independent Non-executive Director*

The following is the text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this circular.

KBC

39th Floor
Central Plaza
10 Harbour Road
Wanchai
Hong Kong

21 April 2010

The Independent Board Committee and the Independent Shareholders
Great Eagle Holdings Limited
33rd Floor, Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF CERTAIN INTEREST IN A HOTEL IN LUWAN DISTRICT, SHANGHAI, THE PRC, THE FORMATION OF A RELATED JOINT VENTURE, FINANCIAL ASSISTANCE, INDEMNITY IN RELATION TO A THIRD PARTY OPERATOR CONTRACT AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE RELATED HOTEL AGREEMENTS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Indemnity, details of which are set out in the section headed "Letter from the Board" of the circular dated 21 April 2010 (the "Circular"), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context requires otherwise.

In December 2009, Mr. Vincent Lo entered into the Termsheet with Dr. Lo whereby Mr. Vincent Lo agreed to sell and Dr. Lo agreed to acquire one-third interest in Hotel 108 at a consideration of US$24,117,647. At the same time, Dr. Lo indicated that he might, and Mr. Vincent Lo was also acknowledged that Dr. Lo might, offer the opportunity to the Group to acquire this interest in his place on terms to be agreed by the Group and Mr. Vincent Lo. Under the terms of the Termsheet, Dr. Lo has paid to the Seller an amount of US$24,117,647 on 21 December 2009 which is refundable to Dr. Lo if the Group has subsequently taken up the aforementioned acquisition opportunity on or before 30 June 2010.

On 1 April 2010, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Seller, a company beneficially wholly-owned by Mr. Vincent Lo, pursuant to which, Dr. Lo would relinquish his right to acquire the said interest i.e. one-third interest of Hotel 108 and the Purchaser would (i) acquire such interest from the Seller at the Consideration of US$24,117,647 (i.e. the same monetary amount as that Dr. Lo has agreed to pay under the Termsheet) and (ii) pay the Procurement Fee to Dr. Lo. On the same date, LHS and LHI, wholly-owned subsidiaries of the Company, entered into the Hotel Management Agreement and the Licence Agreement with the Project Company, respectively, pursuant to which, the Group will provide the hotel management services to Hotel 108, and grant the Project Company the non-exclusive and non-transferrable licence to use the "Langham" and other marks for the operation of Hotel 108 during the term of the Hotel Management Agreement.

Since Mr. Vincent Lo is a non-executive Director and the sole beneficial owner of the Seller and remaining to be interested in more than 30% of the issued share capital of the Project Company following the Acquisition, the Project Company is an associate of Mr. Vincent Lo and a connected person of the Company. In addition, Dr. Lo is the chairman and the managing director of the Company. Accordingly, the Acquisition (including the Sale and Purchase Agreement, the payment of the Procurement Fee thereunder, the Shareholders' Agreement, the Corporate Guarantee and the Share Mortgage) and the Indemnity will constitute connected transactions of the Company under the Listing Rules. In addition, the transactions contemplated under each of the Hotel Management Agreement and the Licence Agreement will constitute continuing connected transactions of the Company. Given that one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition and the Indemnity is more than 5% but less than 25%, the Acquisition and the Indemnity, when taken together, constitute discloseable and connected transactions for the Company under the Listing Rules and are subject to the reporting, announcement and the independent shareholders' approval requirements. Since the applicable ratios in relation to the Annual Cap are less than 2.5%, the Hotel Management Agreement and the Licence Agreement are only subject to the announcement and reporting requirements and are exempted from independent shareholders' approval requirement under the Listing Rules.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Cheng Hoi Chuen, Vincent, Professor Wong Yue Chim, Richard, Mrs. Lee Pui Ling, Angelina and Mr. Zhu Qi, has been formed to advise the Independent Shareholders in respect of the Acquisition and the Indemnity. We, KBC Bank N.V. Hong Kong Branch, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Acquisition and the Indemnity as to (i) whether the Acquisition and the giving of the Indemnity are conducted in the Group's ordinary and usual course of business and on normal commercial terms; (ii) whether the terms of the Acquisition (including the Sale and Purchase Agreement and the payment of the Procurement Fee thereunder, the Shareholders' Agreement, the Corporate Guarantee and the Share Mortgage) and the giving of the Indemnity are fair and reasonable in so far as the Independent Shareholders are concerned; and (iii) whether the Acquisition and the giving of the Indemnity and the respective transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Since the term of each of the Hotel Management Agreement and the Licence Agreement is more than three years, we are also required under Rule 14A.35(1) of the Listing Rules to explain why a longer period of more than 3 years is required for the Hotel Management Agreement and the Licence Agreement and to opine on whether it is a normal business practice for contracts of similar nature to have duration of more than 3 years.

In formulating our recommendation, we have relied on the information and facts supplied to us by the Company or from other sources. We have reviewed, among other things, (i) the Circular; (ii) the Sale and Purchase Agreement and the draft Shareholders' Agreement; (iii) the Hotel Management Agreement, the Licence Agreement and the Indemnity; (iv) the valuation report (the "Valuation Report") on the valuation of Hotel 108 prepared by DTZ Debenham Tie Leung Limited (the "Valuer"); and (v) the Company's annual reports covering the three years ended 31 December 2009 and interim report for the six months ended 30 June 2009 (collectively, the "Financial Reports"). We have assumed that all information, opinions and representations contained or referred to in the Circular are true, complete and accurate in all material respects and we have relied on the same. Also, we have relied on the representations made by the Company that having made all reasonable enquiries and careful decisions, and to the best of the Company's information, knowledge and belief, there is no other material fact or representation or the omission of which would make any statement contained in the Circular, including this letter, misleading. We have also assumed that all information, statements and representations made or referred to in the Circular, which have been provided to us by the Company, and for which it is wholly responsible, are true, complete and accurate in all material respects at the time they were made and continue to be so up to the date of despatch of the Circular.

We consider that we have reviewed sufficient information to enable us to reach an informed view regarding the Acquisition and the Indemnity and to provide us with a reasonable basis for our recommendation. We have no reason to suspect that any material facts have been omitted or withheld, nor are we aware of any facts or circumstances, which would render the information and the representations made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Company; nor have we conducted any independent in-depth investigation into the business and affairs of the Company and its associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

1. Principal businesses of the Group

The Group is one of the leading property and hotel companies in Hong Kong and its principal businesses comprise property investment, hotel and restaurant management and operations, management of real estate investment trust as well as trading of building materials, share investment, provision of management and maintenance services, property management, insurance agency and fitness centre operation. The Group owns, operates and/or manages a hotel portfolio comprising of 11 luxurious hotels branded under "Langham" or "Langham Place" or "Eaton" located in 8 major cities, namely Hong Kong, Shanghai in the PRC, Samui in the Kingdom of Thailand, London in the United Kingdom, Boston and Pasadena in the United States of America (the "U.S."), Melbourne in Australia and Auckland in New Zealand. The Langham brand draws its heritage from The Langham Hotel in London, which was opened as Europe's first Grand Hotel in 1865 and has been at the forefront of sophisticated and gracious hospitality and provides guests enchanting hospitality with hotels located on four continents of the world.

The number of rooms of the hotels under the Group's management mainly ranged from more than 300 to over 600. During the three years ended 31 December 2007, the average occupancy rate of the hotels under the Group's management increased from approximately 74.8% to 82.0%, however, for the two years ended 31 December 2009, due to the diminished global hotel demand resulted from the financial turmoil, the average occupancy rate inevitably dropped to approximately 75.2% and 66.9%, respectively.

The Group's hotel business has been its key growth driver and consistently accounted for over 60% of its consolidated revenue in the past three years. Revenue derived from hotel operations grew significantly at a compounded annual growth rate ("CAGR") of approximately 8.7% from the year ended 31 December 2006 to 2008. However, due to the financial turmoil since the second half of 2008, substantial contraction of the global economic/business activities has resulted in reduced demand for hotel accommodation from both corporate and leisure travellers as well as the curtailing of meetings and conference events by its corporate clients in many developed countries (such as the U.S. and the United Kingdom) where most of the Group's hotels are situated. As a result, the Group's plan to expand presence of the hotel brand in key cities around the world was slowed down in 2009. As disclosed in the Financial Reports, despite the many challenges faced by the Group in the past year, the longer-term fundamentals of its business have been continuously improving. With its strong balance sheet and low financial gearing, the Group is ready to proactively expand its investments in a prudent manner. We also noted that it has been the intention of the Group to look for suitable locations with focus on the PRC, Southeast Asia and the Middle East to strengthen the global presence of its hotel business.

2. The Acquisition

2.1 Hotel 108

Hotel 108 is situated in Luwan District, Shanghai, the PRC and will be developed into a luxurious hotel comprising 24 storeys and a five-level basement with a total gross floor area of approximately 51,968 sq.m., providing around 357 guest rooms and various hotel and entertainment facilities. The construction of Hotel 108 is expected to be completed in or about the third quarter of 2010.

2.2 The Sale and Purchase Agreement

Completion of the Sale and Purchase Agreement is subject to a number of conditions including, among other things, (i) the obtaining of the Independent Shareholders' approval on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the MGIL Group receiving all relevant consents and approvals from third parties as may be necessary in connection with the proposed change in the shareholding of MGIL so as to ensure that the MGIL Group maintains all its existing contractual and other rights following the transfer of the Sale Share and the assignment of the Shareholder's Loan (other than the Third Party Operator Agreement); (iii) the completion of a bank loan restructuring whereby, among other things, the Group will provide the Corporate Guarantee and the Share Mortgage to secure the Purchaser's proportional share of the existing banking facilities made available to the Project Company in the amount up to approximately US$19.5 million; and (iv) the satisfaction of the Purchaser's due diligence review on MGIL Group.

2.2.1 *The Corporate Guarantee and the Share Mortgage*

The major terms and conditions of the Corporate Guarantee and the Share Mortgage under the Sale and Purchase Agreement are the Group's provision of the Corporate Guarantee to secure the Purchaser's proportional share of the banking facilities available to the Project Company in the amount up to US$19.5 million (as secured by the Share Mortgage). We understand from the management of the Company that drawdowns from the banking facilities of the Project Company have been applied to the construction of both Hotel 107 and Hotel 108 and the utilisation of such drawdowns might not be in proportion to the respective shares of the banking facilities between the Co-owner and MGIL. However, as stipulated under sub-paragraph (iii) of the sub-section headed "Further cost and funding requirement of the Project Company" below, pursuant to the Shareholders' Agreement, it is anticipated that the Co-owner and MGIL will jointly appoint an independent surveyor to examine and assess the construction costs incurred for constructing each of Hotel 107 and Hotel 108, and the construction cost for each of Hotel 107 and Hotel 108 will be born by the Co-owner and MGIL, respectively, on a fair basis based on actual cost. Therefore, the utilisation of the banking facilities will be reconcilled (through the above-mentioned settlement mechanism) to the effect that the utilisation of the banking facilities will eventually be the same as the share of the guarantee to the banking facilities of the Project Company by the Co-owner and the MGIL, which is in turn in accordance with their respective shareholdings in the Project Company, i.e. the amount of banking facilities utilised under the share of the Group will not exceed the amount guaranteed by it. In addition, based on the unaudited management account of the Project Company for the year ended 31 December 2009, which includes the respective book values attributable to Hotel 107 and Hotel 108, the allocation of the drawdowns of the banking facilities to Hotel 108 was close to 50%, being the share of the guarantee of the banking facilities by MGIL. As such, we consider that the Group's provision of the Corporate Guarantee and the Share Mortgage, which are in accordance with the Group's proportional share of the Project Company's banking facilities, is on normal commercial terms.

2.2.2 *The Shareholders' Agreement*

Given the facts that (i) MGIL and the Co-owner currently together hold the entire issued share capital of VRL, which in turn indirectly holds the entire equity interest of the Project Company which, as at the Latest Practicable Date, holds the entire interest in both Hotel 107 and Hotel 108; and (ii) it is the intention of the Group to acquire only one-third interest in Hotel 108 under the Acquisition, the Seller and MGIL will, pursuant to the Sale and Purchase Agreement and upon Completion, enter into the Shareholders' Agreement to address such intention between the Group and the Seller, including:

Division of Ownership and operations of Hotel 107 and Hotel 108

(i) the Seller will procure each of MGIL, VRL, Landton and the Project Company to assist and co-operate with the Co-owner to complete the Division of Ownership to the effect that Hotel 107 and Hotel 108 will be owned by two separate legal entities and the sole MGIL Group will become the sole owner of only Hotel 108 (and the Co-owner will become the owner of only Hotel 107); and

(ii) before completion of the Division of Ownership, the Project Company will hold the entire interest in both Hotel 107 and Hotel 108 as follows:

(a) the Co-owner will have the right over the development and operation of Hotel 107 and be entitled to all benefits arising from Hotel 107;

(b) MGIL will have the right over the development and operation of Hotel 108 and will be entitled to all the benefits arising from Hotel 108;

(c) all cost accruing to or which has arisen but not yet paid on 24 December 2009 (being the date when the Seller acquired 85% equity interest in VRL from third party) relating to the development of Hotel 107 shall be borne by the Co-owner, and for those relating to Hotel 108 shall be borne by MGIL; and

(d) any cost not attributable exclusively to either Hotel 107 or Hotel 108 shall be borne by MGIL and the Co-owner in equal shares.

Completion is not conditional upon completion of the Division of Ownership; however, the Directors have been informed by the Seller that it intends to complete the Division of Ownership on or before 31 December 2010 and, in the event the Division of Ownership cannot be completed, the Project Company will enter into further agreements with the Co-owner to effect the same as described above, including the appointment by the Group of one director to the board of directors of the Project Company comprising six members. However, as stated in the section headed "Letter from the Board" of the Circular, the Independent Shareholders should note that failure to fully and effectively segregate the ownership in the hotel developments of Hotel 107 and Hotel 108 may have an adverse impact on the operation and financial position of the Project Company, and any failure of the Co-owner to make its share of the contributions or bear the cost and liability in relation to the development and operation of Hotel 107 may have an adverse impact on the operation and financial position of the Project Company. However, as advised by the legal advisers to the Company as to PRC laws, there is no material legal impediment to conduct division of ownership. Nevertheless, in any event, if the Division of Ownership cannot be completed, the Co-owner and MGIL will enter into further agreements to protect their respective interests.

Further cost and funding requirement of the Project Company

(i) the Seller and the Group shall severally provide further funding where required in proportion to their respective shareholdings in MGIL. It is estimated that the initial working capital and funding required from the shareholders of MGIL shall not exceed RMB600 million and, accordingly, one-third of which (i.e. RMB200 million) will be borne by the Group;

(ii) the cost and expenses including but not limited to taxes and duties, consultancy fee, legal fee stamp duties and all incidental charges and expenses and all liabilities and obligation relating to and arising from the Division of Ownership will be borne by MGIL and the Co-owner on equal shares;

(iii) upon division of Ownership, any cost difference payable by one party to the other to effect the Division of Ownership shall be negotiated between the Co-owner and MGIL by making reference to the respective valuation of Hotel 107 and Hotel 108 after their completion prepared by an independent surveyor jointly appointed by the Co-owner and MGIL; and

(iv) it is acknowledged that amongst the Seller, the Group and MGIL that any funding contributed by the shareholders of MGIL may arise as a result of a call for funding by the Project Company for the development of Hotel 107 and Hotel 108. However, it is the intention among the Group, the Seller and MGIL that any funding contributed by the Seller and/or the Group should be utilised exclusively for and in relation to the development and operation of Hotel 108 (and the common areas on basis to be mutually agreed by MGIL and the Co-owner before completion of the Division of Ownership). In the event that any funding used by the Project Company is not used exclusively for and in relation to the development and operation of Hotel 108, an adjustment will be made to reinstate the position of the Seller and the Group as if all funding provided have been used exclusively for Hotel 108 (and the common area mutually enjoyed by Hotel 107 and Hotel 108) when determining the cost difference as set out in (iii) above.

Having taken into account the drafting of the Shareholders' Agreement being to effect the Group's intention to acquire one-third interest of Hotel 108 and to put in place a mechanism to segregate the relevant costs and liabilities which arise from the development and operation of Hotel 107 and Hotel 108 to accommodate the fact that the Project Company will continue to hold both Hotel 107 and Hotel 108 after Completion but before the Division of Ownership, we consider the entering into of the Shareholders' Agreement is on normal commercial terms.

Given the above, we are of the view that the terms of the Sales and Purchase Agreement (including the Corporate Guarantee, the Share Mortgage and the Shareholders' Agreement), when taken as a whole, are on normal commercial terms.

3. Reasons for and benefits of the Acquisition

3.1 Advantageous location of Hotel 108

Hotel 108 is situated in Luwan District, Shanghai and next to Xintiandi, a renowned destination for leisure and entertainment as well as commerce and residence in Shanghai. Luwan District, a central business district of Shanghai, is located directly south of the Shanghai People's Square, where the offices of many Shanghai government/departments are situated. Given its advantageous location, Luwan District has been the key economic development area of Shanghai accommodating many multinational enterprises and renowned chain department stores and a centre of attraction to leisure/business travellers, expatriates and the upper-income class of Shanghai. Huaihai Road, located in the northern part of Luwan District, is one of the four major central business areas of Shanghai and is famous for its international fashion shops and high-class restaurants. Xintiandi, located on Huaihai Road, is a newly developed cultural and tourist destination of Shanghai and, according to the official website of Shanghai municipal government, Xintiandi, uniquely combining the history, cultural, tourist, catering, commercial, entertainment and residential elements of Shanghai, is recommended as one of the best places to experience the cultural and modern lifestyle of Shanghai.

3.2 Opportunity to own a luxurious hotel in a prime business and tourist city in the PRC

The majority of the Group's hotel portfolio under the "Langham", "Langham Place" and "Eaton" brands located in Hong Kong and the prime cities of developed countries are owned by the Group. In view of the PRC's rapid economic growth during the past decades and the slowing down of business activities in developed countries since the second half of 2008, the Group, as disclosed in the Circular, intends to extend its geographical presence of its "Langham" branded hotels to key cities in the PRC, Southeast Asia and the Middle East. As such, we concur with the management of the Company that the Acquisition is a rare and good investment opportunity for the Group to own a hotel located at the prime tourist and business district of Shanghai, the leading tourist city in the PRC in terms of the number of nights of visitors' stay in the past five consecutive years.

3.3 Positive outlook of the Shanghai tourist industry

Shanghai is one of the most important tourist, cultural and economic centres in the PRC and attracts millions of domestic and overseas business/leisure travellers each year. According to the National Tourism Administration of the PRC, the number of visitor arrivals, and both the average and aggregate numbers of nights of visitors' stay in Shanghai have been on an increasing trend from 2005 to 2008. During the same period, Shanghai's foreign exchange earnings from international tourism has increased even at a faster rate than the growth in the aggregate number of nights of visitors' stay, indicating an increase in expenditure per visitor to Shanghai. And even for 2009, during which international travelling was adversely affected by the financial turmoil, the number of visitor arrivals at Shanghai still managed to grow year-on-year while the aggregate number of nights of visitors' stay in Shanghai and Shanghai's foreign exchange earnings from international tourism were only slightly affected.

		2005	**2006**	**2007**	**2008**	**2009**
Number of visitor arrivals at Shanghai	*(million)*	4.45	4.65	5.20	5.26	5.33
Average number of days spent in Shanghai	*(days)*	3.50	3.60	3.69	3.72	N/A
Aggregate number of nights stayed in Shanghai	*(million days)*	15.55	16.74	19.18	19.56	19.08
Foreign exchange earnings from international tourism	*(US$' million)*	3,556	3,904	4,673	4,972	4,744

Source: website of the National Tourism Administration of the PRC

In the past five years, Shanghai has consistently outperformed the other cities in the PRC in terms of number of nights of visitors' stay:

Top 5 cities in the PRC in terms of number of nights of visitors' stay

	2005	**2006**	**2007**	**2008**	**2009**	
	Million Days	*Million Days*	*Million Days*	*Million Days*	*Million Days*	
Shanghai	15.55	16.74	19.18	19.56	19.08	
Beijing	15.00	16.33	18.18	17.44	17.30	
Shenzhen	12.51	14.24	16.70	16.34	18.00	
Guangzhou	10.90	13.96	13.72	13.42	15.48	
Zhuhai (Hangzhou)*	4.10	4.99	6.95	5.65	6.21	(6.62)

Source: website of the National Tourism Administration of the PRC

* *Zhuhai's was ranked as the sixth for 2009 as the number of days spent by tourists in Hangzhou, a neighbouring city to Shanghai, of approximately 6.62 million overtook Zhuhai*

Given the favourable government policies and the events which promote Shanghai as an international city, the tourist industry of Shanghai is expected to continue to grow tremendously in the foreseeable future:

— *Tourism becomes a pillar industry of the PRC*

In order to stimulate the domestic consumption and the growth of the PRC's tourist industry, the State Council of the PRC, on 1 December 2009, issued the「國務院關於加快發展旅遊業的意見」(the "State Council Opinions on Speeding up the Development Pace of Tourism in the PRC"), pursuant to which, it is targeted that by 2015, (i) domestic travels in the PRC will reach 3.3 billion (to increase at a CAGR of 10%); and (ii) over-night arrivals will reach 90 million (to increase at a CAGR of 8%), such that the overall revenue derived from the PRC tourist industry will eventually grow at a CAGR of 12% and account for approximately 4.5% of the PRC's national gross domestic product, whilst at the same time, tourism expenditures will account for approximately 10% of the total household expenditures. Under the said opinion, financial institutions are also encouraged to provide financing to support the continuous development of the tourist industry.

— *Shanghai as the international financial centre and the international shipping hub of the PRC*

In March 2009, the State Council of the PRC passed the resolutions to speed up the promotion of Shanghai to become the financial centre of the PRC, an international financial centre and an international shipping hub by 2020. This long-term commitment of the PRC government will not only secure Shanghai as an economic driver of the PRC but also speed up its internationalisation process, which will continuously benefit the tourist industry of Shanghai.

— *Shanghai Expo 2010*

The Shanghai World Expo 2010, one of the largest global events in terms of economic and cultural impact, will be hosted in Shanghai in May 2010 and will attract 70 million of visitors from all over the world. The event is expected to continuously enhance the economic exchanges between Shanghai and the world as well as between Shanghai and other cities in the PRC, thereby increasing the visits of overseas and domestic business/leisure travellers in the long term.

— *Shanghai Disneyland*

The plan for building the Shanghai Disney theme park has obtained approval from the PRC central government. Disney theme park, as an internationally renowned theme park and based on its track records, is expected to attract many domestic and overseas tourists to Shanghai each year.

3.4 Overview of the luxurious hotel market in Shanghai

In the past few years, Shanghai's luxurious hotel market has expanded significantly and the number of four star and five star hotels had grown by approximately 48% and 31.7% from 2005 to in 2008.

Number of four star and five star hotels in Shanghai

	2004	**2005**	**2006**	**2007**	**2008**	*Increase* %
Four star hotel	37	41	43	47	54	*31.7*
Five star hotel	24	25	26	32	37	*48.0*

Source: website of the Shanghai Statistics Bureau

There was an increase in the supply of rooms of five star hotels in Shanghai and a general decline in the average occupancy rate from 2004 to 2007 and this situation in 2008 was even worse due to the occurrence of the financial turmoil. However, notwithstanding the above, the operating revenue generated from the five star hotels in Shanghai has grown rapidly at a CAGR of approximately 11.0% from 2004 to 2007 and dropped by only approximately 3.2% in 2008 even during the financial turmoil, suggesting that the overall luxurious hotel market had been expanding.

Operating statistics of five star hotels in Shanghai

	2004	**2005**	**2006**	**2007**	**2008**
Average occupancy rate *(%)*	76.0	72.3	72.6	68.2	59.9
Operating revenue *(RMB' million)*	6,010	7,006	7,539	8,219	7,959
Number of rooms provided	10,500	11,500	12,000	14,300	16,200

Source: website of the Shanghai Statistics Bureau

Having considered the above, we consider that the Acquisition represents a precious investment opportunity for the Group to obtain an equity interest in a hotel located next to Xintiandi, a prime business and tourist centre in Shanghai, and is in line with the Group's development strategy to invest in hotels in key cities. Accordingly, we are of the view that the Acquisition is in the ordinary and usual course of the Group's business.

4. Consideration

4.1 The Consideration

As disclosed in the Circular, the Consideration, comprising (i) the nominal consideration of US$1.00 for the Sale Share and (ii) one-third of the principal amount of the Shareholder's Loan of US$24,117,646 extended by the Seller to MGIL Group on a dollar-to-dollar basis, is arrived at after arm's length negotiation between the Seller and the Purchaser and with reference to the valuation (the "Valuation") of Hotel 108 of approximately RMB1.96 billion (equivalent to approximately US$285.45 million) on completion basis as stated in the Valuation Report. We have reviewed and discussed with the Valuer regarding the methodology of, and basis and assumptions adopted by the Valuation and noted that the Valuer has adopted the direct comparison approach by making reference to comparable sales evidence available in the market. As the construction of Hotel 108 is close to completion, we consider the above-mentioned methodology is a reasonable approach to the circumstances.

In assessing the fairness and reasonableness of the Consideration, we have adjusted the Consideration by (i) approximately US$19.5 million, being the amount of the banking facilities of the Project Company to be shared by the Group as at the date of the Sale and Purchase Agreement; (ii) approximately US$0.29 million, being the maximum amount of the Procurement Fee (assuming that Completion will take place the latest within five Business Days following the Longstop Date); and (iii) approximately US$29.13 million, being one-third of the outstanding cost for the construction and renovation of Hotel 108 of approximately US$87.38 million as estimated by a qualified surveyor and to be shared by the Group, to arrive at an adjusted Consideration of approximately US$73.0 million (equivalent to approximately HK$569.7 million) (the "Adjusted Consideration"). Given that (i) the Consideration is the same as the acquisition cost that Mr. Vincent Lo acquired 85% equity interest in MGIL and the price which Dr. Lo has agreed to pay for under the Termsheet; and (ii) the Adjusted

Consideration represents a significant discount of approximately 23.2% to the Valuation attributable (the "Attributable Valuation") to the Group of approximately US$95.15 million, we consider that the Adjusted Consideration is fair and reasonable in so far as the Independent Shareholders are concerned.

4.2 The Procurement Fee

The Procurement Fee is to be calculated based on the interest that would have accrued on the amount paid by Dr. Lo under the Termsheet from 21 December 2009 up to Completion at an interest rate of 1.5% per annum. Given that Dr. Lo, in order to keep the Acquisition opportunity open to the Group, has paid the consideration of US$24,117,647 at his own risk and own cost and the Procurement Fee is not meant for any financial benefits to be received by him, we, in view of such particular nature of the Procurement Fee, consider that comparison of the basis in determining the Procurement Fee with the prevailing market interest rates is not relevant in this context. In addition, since Dr. Lo's payment of the consideration under the Termsheet was for the purpose of securing the Acquisition opportunity to the Group and the Procurement Fee indeed represents a compensation of the relevant funding cost incurred by Dr. Lo, we consider that the payment of the Procurement Fee and the basis in determining the Procurement Fee are fair and reasonable in so far as the Independent Shareholders are concerned.

5. The Hotel Management Agreement and the Licence Agreement and other related agreements

5.1 The License Agreement

Under the License Agreement, LHI will grant the Project Company a non-exclusive and non-transferrable license to use the "Langham" and other marks for the operation of Hotel 108 for a term until the termination or the expiration of the Hotel Management Agreement and, in return, LHI will receive a license fee based on Hotel 108's total revenue.

5.2 The Hotel Management Agreement

Under the Hotel Management Agreement, the Project Company will appoint LHS as the hotel manager to provide hotel management services in the operation of Hotel 108, and LHS will in turn receive hotel management fees (comprising a base fee, an incentive fee and a payment of its global marketing and advertising services based on certain percentages of the total revenue, the gross operating profit and the room revenue of Hotel 108, respectively). We understand from the management of the Company that it is a common market practice for hotel owners to incentivize the hotel managers to increae their income through enhancement of the revenue and/or the operating profit of the underlying hotels because, having the charges of the hotel managers as fixed percentages to the financial performance of the underlying hotels will better align the interests of both the hotel owners and the hotel managers. In addition, we noted that the fees charged as fixed percentages and the basis of such fee percentages charged under the Hotel Management Agreement and the Licence Agreement are broadly comparable to the findings in the survey conducted by Jones Lang LaSalle Hotels in the "Global Hotel Management Agreement Trends" report (the "Report") jointly published by Jones Lang LaSalle Hotels and Baker & McKenzie in 2005 and those charged by the five-stars hotels in Shanghai, the PRC in the "China Hotel Industry Study 2009 (Financial Year 2008)" published by the China Tourist Hotels Association and Horwarth HTL.

The Hotel Management Agreement has a term of 20 years, and LHS has the right to extend the term of the Hotel Management Agreement for multiple 10-year periods so long the Group remains interested in not less than one-third interest in MGIL (hence Hotel 108). If the Group holds less than one-third interest in MGIL and LHS fails to achieve 70% of the budgeted gross operating profit (as determined by LHS) for three consecutive fiscal years after the third anniversary of the opening of Hotel 108, the Project Company may terminate the Hotel Management Agreement unless LHS pays to the Project Company the shortfall between 70% of the budgeted gross operating profit and the actual gross operating profit (on a dollar-to-dollar basis).

5.3 Other related agreements

To facilitate the management services to be provided by the Group to Hotel 108, the Group has also entered into other agreements with the Project Company relating to the provision of design and technical advice to the Project Company on the layout decoration and fitting out of Hotel 108.

5.4 Term of the Hotel Management Agreement and the Licence Agreement

As required under Rule 14A.35 of the Listing Rules, the period for non-exempt continuing connected transactions must not exceed 3 years, except in special circumstances which are limited to cases where the nature of the transactions require the contracts to be of duration longer than 3 years. According to the management of the Company and based on their industry experience, from the perspective of the hotel managers, they usually incur substantial initial outlay for the marketing and branding of new hotels and it may take several years to establish systems which fit the particular requirements of the hotels to achieve the desired results. On the other hand, from the perspective of the hotel owners, different hotel managers may have different requirements, branding and marketing strategies, and standards for the hotels under management. It is therefore neither in the interest of the hotel owners to change their hotel managers in a frequent manner nor the hotel managers to enter into short term hotel management contracts with hotel owners. In assessing the fairness and reasonableness of the term of the Hotel Management Agreement and the Licence Agreement, we have also taken into account the following factors:

(i) it will not be in the interest of the Group to enter into the Hotel Management Agreement and the Licence Agreement of term less than 3 years given the fact that the Indemnity Cap is primarily based on the arm's length negotiation between LHS and the Project Company with reference to, among other things, the estimated possible hotel management fee that may be received by the Third Party Operator for a term longer than 3 years;

(ii) the provision of the hotel management services under the Hotel Management Agreement and the Licence Agreement fall within the Group's principal business and provides a stable source of income to the Group;

(iii) having a longer term of more than 3 years for the Hotel Management Agreement and the Licence Agreement will allow the Group to formulate long term strategic plans which best fit the development of Hotel 108 under the "Langham" brand name and aim to realise the synergy effect among the Group's "Langham" branded hotels (including Hotel 108) in the PRC and other countries and thus provide a greater degree of stability and continuity to the Group's hotel business;

(iv) it is not unusual for hotel management companies in the market to enter into long term management contracts which have tenure of 20 years or more and are renewable for a period more than 3 years. According to the Report, amongst the 28 negotiated hotel management agreements reviewed by Jones Lang LaSalle, the terms of the selected hotel management agreements range from 5 years to 49 years with an initial term of a long tenure of 12 years on average. Set out below are further examples of the hotel management contracts with long term tenure of the companies listed on the Stock Exchange:

Company	Tenure	Date of Announcement	Hotel	Location	Scope of hotel management services
New World China Land Limited *(stock code: 917)*	20 years, renewal every 10 years thereafter	1 February 2010	New World Hotel Shunde	Guangdong, the PRC	(i) formulating business strategy, operational plans, pricing policy and setting guidelines on the operating standard of the hotel (ii) providing assistance in preparation of budgets and overseeing the financial accounting and treasury management function (iii) overseeing the decoration, maintenance of facilities and assistance in the procurement of furniture, equipments, groceries and other supplies (iv) supervising of hotel personnel, advising on recruitment and remuneration policies and providing staff training (v) monitoring the advertising, marketing and promotional activities of the hotel and attending to the leasing matters
	Ditto	10 January 2008	Jing Guang New World Hotel	Beijing, the PRC	*Ditto*
The Hong Kong and Shanghai Hotels, Limited *(stock code: 45)*	30 years, automatic renewal for another 20 years	20 January 2009	*Construction of the hotel not yet completed*	Paris, French Republic	Managing hotel and ancillary facilities
Regal Hotels International Holdings Limited *(stock code: 78)*	20 years	19 March 2007	5 hotels under the Regal brand name	Hong Kong	Operating and managing all of the 5 hotels
Kerry Properties Limited *(stock code: 683)*	20 years, renewable for a term of 10 years	30 May 2006	The Kerry Centre Hotel, Beijing	Beijing, the PRC	Providing hotel management, marketing, communication and reservation services

Source: website of the Stock Exchange

According to the Report, majority of the said hotel management agreements required the hotel managers to meet certain performance standards, the most common of which is the achievement of 80% of the budgeted gross operating profit by the hotel managers, failing which by the hotel managers, the hotel owners have the right to terminate the hotel management agreements in order to protect their own interest. Accordingly, we consider that it is a normal business practice in the hotel management business to contain clauses for the hotel owners to terminate the hotel management agreement if certain performance targets are not met.

Given the specific nature of the hotel industry and the reasons described above, we are of the view that it is a normal business practice that contracts relating to hotel management and operations are generally of long duration of more than 3 years.

6. The Indemnity

The Project Company has, prior to the entering into of the Hotel Management Agreement and the Licence Agreement, entered into the Third Party Operator Contract with the Third Party Operator as the hotel manager of Hotel 108 to operate Hotel 108 after commencement of Hotel 108's operations. Given the Project Company's agreement to appoint LHS as the hotel manager of Hotel 108 and incidental to the signing of the Hotel Management Agreement and the Licence Agreement, LHS has agreed that it will, and procure its affiliates to, indemnify (subject to the Indemnity Cap) the Project Company for all claims that the Third Party Operator may make against the Project Company arising from the termination of the Third Party Operator Contract before the expiry of its terms as a result of the entering into of the Hotel Management Agreement and the Licence Agreement. We noted that the Indemnity Cap is not disclosed in the section headed "Letter from the Board" of the Circular; however, after taking into consideration of the circumstances, particularly the Indemnity, we concur with the management of the Company that the current disclosure is sufficient to the public and represents an appropriate balance between the depth of knowledge of the Independent Shareholders and the interest of the Company (which ultimately represents the interest of all Shareholders including the Independent Shareholders). Nevertheless, the Indemnity Cap, the applicable ratios (as defined under the Listing Rules) of which are well below 2.5%, is arrived at after arm's length negotiation between LHS and the Project Company, with reference to, among other things, the estimated possible hotel management fees that may be receivable by the Third Party Operator after taking into account, among other things, (i) the assumed occupancy rate of Hotel 108 under the management by the Third Party Operator; (ii) the assumed financial and business performance of Hotel 108 under the management by the Third Party Operator; and (iii) the advice of a senior counsel to the Group in relation to the Third Party Operator Contract. In addition, the Adjusted Consideration would, for illustration purpose (because the Acquisition is independent of the Indemnity), still represent a discount to the Attributable Valuation, had the Indemnity Cap been taken into account.

Subject to the final conclusion and payment terms of the Indemnity, the actual payment under of the Indemnity, if any (which may be smaller than the Indemnity Cap), will inevitably have a negative impact on the financial performance of the Group. However, such payment, if any, nevertheless represents a consideration payable by the Group in exchange for a long term hotel management contract of at least 20 years. In addition, as mentioned above, the Indemnity Cap is arrived at after taking into account of, among others, the estimated possible hotel management fees that may be receivable by the Third Party Operator Contract. Since the term under the Hotel Management

Agreement is believed to be longer than the Third Party Operator Contract and is extendable for multiple 10-year periods at the Group's discretion so long as the Group fulfils the requirements as mentioned above, we concur with the management of the Company that the monetary benefit under the Hotel Management Agreement will, as a whole, outweigh the possible liability of the Group under the Indemnity, not to mention those non-monetary benefits as detailed below.

As disclosed in the Circular, the Group intends to expand its geographical presence of its "Langham" branded hotels to key cities in the PRC (including Shanghai), Southeast Asia and the Middle East. In addition to The Langham Yangtze Boutique Hotel in Shanghai and The Langham Place Samui in the Kingdom of Thailand which commenced operations during 2009, the Group has also entered into nine other hotel management contracts with hotels in the PRC, The Kingdom of Thailand and The Republic of India, which are expected to commence operations between 2010 and 2013. Given the prime location of Hotel 108 and the Group's international hotel network, the entering into of the Hotel Management Agreement and the Licence Agreement will not only allow the Group to extend the "Langham" branded hotel portfolio in the PRC which conforms with the Group's business strategy in its hotel business, but also broaden the scale and coverage of the global network of the hotels under its management and thus its overall operational (particularly marketing and branding) efficiency.

Based on the above, we consider that the Indemnity (including the Indemnity Cap) is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE ACQUISITION, THE HOTEL MANAGEMENT AGREEMENT AND THE LICENCE AGREEMENT

(i) Earnings and net asset value

Following completion of the Sale and Purchase Agreement and the Division of Ownership, the Group will be interested in one-third equity interest in MGIL. Accordingly, MGIL (hence Hotel 108) is expected to be accounted for as an associated company of the Group and its financial results will be equity accounted for in the consolidated financial statements of the Group. Accordingly, following the opening of Hotel 108, the Group's revenue will also be increased by the fees charged under the Hotel Management Agreement and the Licence Agreement and its profit will be increased by any positive contribution of Hotel 108.

Since the Adjusted Consideration represents a significant discount of approximately 23.2% to the Attributable Valuation, the Acquisition may, depending on the then financial information upon Completion of MGIL (hence Hotel 108) and the accounting treatment, result in a credit balance being recorded in the Group's reserve or in its consolidated income statement as an "one-off" gain for the year ending 31 December 2010. However, the actual payment (if any) under the Indemnity will have an adverse impact on the Group's net profit in the subsequent financial year(s), and the magnitude and timing of which will depend on the amount of the claims and the relevant payment terms.

(ii) Gearing and working capital

According to the Financial Reports, the Group had net debt of approximately HK$2,592.6 million (being the Group's total borrowings of approximately HK$4,513.7 million, less the cash and bank deposits of approximately HK$1,921 million) and total equity of approximately HK$22,317 million as at 31 December 2009. As such, the gearing ratio of the Group (expressed as a percentage of the Group's net debt over its total capital) was approximately 11.6%. Since the Group's net debt as at Completion will be increased by only approximately 7% (or approximately US$24.41 million, comprising the Consideration of US$24.1 million and the Procurement Fee of approximately US$0.29 million, respectively) to approximately HK$2,783.0 million, the overall impact on the Group's gearing ratios is not expected to be material. In addition, given that the Group has been able to consistently generate positive cash inflow in the past years and the expected increase in hotel management fee income on a recurring basis after the commencement of Hotel 108's operation, it is not expected that such increase in gearing ratio will have any material adverse impact on the Group's overall financial position.

ANALYSIS AND CONCLUSION

The Acquisition

Having considered the principal factors referred from above, in particular:

(i) the Acquisition represents a rare and attractive investment opportunity for the Group to own a luxurious hotel situated at the prime location of Shanghai, one of the most important tourist, cultural and economic centres of the PRC with much growth potential;

(ii) the favourable government policies to support the development of the tourist industry of the PRC and to promote the future development of Shanghai as well as the holding of the Shanghai World Expo 2010 and the future opening of the Shanghai Disney theme park, all of which will be beneficial to the continuous growth of the hotel industry in Shanghai;

(iii) the terms of the Sale and Purchase Agreement (including the Consideration) and the Indemnity being fair and reasonable; and

(iv) the overall positive financial impact of the Acquisition on the Group,

we are of the view that (i) the Acquisition is conducted in the ordinary and usual course of business of the Company and on normal commercial terms; (ii) the terms of the Acquisition (including the Sale and Purchase Agreement and the payment of the Procurement Fee thereunder, the Shareholders' Agreement, the Corporate Guarantee and the Share Mortgage) are fair and reasonable in so far as the Independent Shareholders are concerned; and (iii) the Acquisitions and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Our view is the same whether or not the Hotel Management Agreement and the Licence Agreement become and remain effective. Accordingly, we would advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Acquisition, the entering into of the Sale and Purchase Agreement and the payment of the Procurement Fee thereunder, the Shareholders' Agreement, the Corporate Guarantee and the Share Mortgage, as well as the transactions contemplated thereunder.

The Indemnity

After taking into consideration that:

(i) the provision of the hotel management services under the Hotel Management Agreement and the Licence Agreement fall within the Group's principal business and provides a stable source of income to the Group;

(ii) the Indemnity is subject to the Hotel Management Agreement being effective and the term of the Hotel Management Agreement is believed to be longer than that of the Third Party Operator Contract;

(iii) the potential synergy and brand building effect of Hotel 108 resulted from the entering into of the Hotel Management Agreement and the Licence Agreement for the Group's hotel business in the PRC and other countries;

(iv) the Adjusted Consideration would still represent a discount to the Attributable Valuation even if the Indemnity Cap had been taken into account; and

(v) the monetary and non-monetary benefit arising from the Hotel Management Agreement will, as a whole, outweigh the possible liability of the Group under the Indemnity,

we are also of the view that (i) the giving of the Indemnity is conducted in the ordinary and usual course of business of the Company and on normal commercial terms; (ii) the giving of and the terms of the Indemnity (including the Indemnity Cap) are fair and reasonable in so far as the Independent Shareholders are concerned; and (iii) the giving of the Indemnity and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we would advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the giving of the Indemnity as well as the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
KBC Bank N.V. Hong Kong Branch

Kenneth Chan	**Gaston Lam**
Head of Corporate Finance, Greater China	*Corporate Finance*

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of market value of the Property (as defined in this Appendix) in the PRC as at 12 February 2010.

DTZ 戴德梁行

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

21 April 2010

The Board of Directors
Great Eagle Holdings Limited
33rd Floor
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

Re: The proposed Hotel, Xingan Road / Huangpi Road / Taicang Road / Madang Road, Lot No. 108 Luwan District, Shanghai, the People's Republic of China

Instructions, Purpose & Date of Valuation

In accordance with the instruction for us to carry out the valuation of the market value of the captioned property (the "Property") held in the People's Republic of China (the "PRC"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing the Company with our opinion of the estimated Market Value as if completed of the Property as at 12 February 2010 (the "date of valuation").

Definition of Market Value

Our valuation of the Property represents its market value which in accordance with The HKIS Valuation Standards on Properties of The Hong Kong Institute of Surveyors is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion."

Valuation Basis and Assumption

Our valuation of the Property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the Property situated in the PRC, we have assumed that transferable land use rights in respect of the Property for its specific term at nominal annual land use fee have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Company, regarding the title to the Property and the interest in the Property. In valuing the Property, we have assumed that the owners have enforceable title to the Property and have free and uninterrupted rights to use, occupy or assign the Property for the whole of the unexpired term as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

Method of Valuation

The construction works of the Property has then been suspended since 2008 and is currently pending for resuming the interior fitting out works. We have valued the Property on the basis that it will be developed and completed in accordance with the latest development proposals provided to us.

In valuing the estimated Market Value as if completed of the Property, we have adopted Direct Comparison Approach by making reference to comparable sales evidence as available in the relevant market.

In valuing the Property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Valuation Standards (First Edition 2005) on Properties published by The Hong Kong Institutes of Surveyors.

Source of Information

We have relied to a very considerable extent on the information given by the Company and the opinion of the PRC legal adviser, King & Wood (北京市金杜律師事務所), as to PRC laws. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of Property, particulars of occupancy, development scheme, construction costs, site and floor areas and all other relevant matters.

Dimension, measurements and areas included in this valuation report are based on the information provided to us and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult the legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided by the Company with copies or extracts of documents. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

Site Inspection

We have inspected the exterior, and wherever possible, the interior of the Property. However, we have not carried out any soil investigations to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the copies of documents handed to us are correct.

Currency

Unless otherwise stated, all sums stated in our valuations are in Renminbi, the official currency of the PRC.

We attach herewith our valuation certificate.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
Philip C Y Tsang
Registered Professional Surveyor (GP)
China Real Estate Appraiser
MSc, MRICS, MHKIS
Director

Note: Mr. Philip C Y Tsang is a Registered Professional Surveyor who has over 17 years' experience in the valuation of properties in the PRC.

VALUATION CERTIFICATE

Property held for future development in the PRC

Property	**Description and tenure**	**Particulars of occupancy**	**Estimated Market Value as if completed as at 12 February 2010**
The proposed Hotel, Xingan Road/ Huangpi Road/ Taicang Road/ Madang Road, Lot No. 108 Luwan District, Shanghai, the PRC	The Property comprises the proposed Hotel erected on a piece of land with a site area of 5,650 sq.m. The Property is planned as 24 storey (plus a 5-level basement) 5-star hotel building. The superstructure of the Property has been erected and the works has then been suspended. The Property is scheduled to be completed in or about the third quarter of 2010 and would then be put into operation. Basement, Levels 1 to 4 of the hotel building accommodate hotel facilities like dinning, ballroom and SPA, etc. Levels 5 to 24 accommodate around 357 guest rooms. According to the Area Survey Report dated 26 October 2006:-	The Property was vacant. The superstructure of the building has been erected. The construction works has then been suspended since 2008 and was pending for resuming the interior fitting out works.	RMB1,960,000,000

Portion	**Forecasted Gross Floor Area (sq.m.)**
Levels 1-24	33,763.20
Basement	18,205.00
Total	**51,968.20**

The land use rights of the Property have been granted for a term from 25 February 2002 to 24 February 2042 for composite use.

Notes:

(1) According to Shanghai Certificate of Real Estate Ownership No. (2005) 002859 dated 28 March 2005, the land use rights of the Property, comprising a site area of 5,650 sq.m., have been vested in Shanghai Li Xing Hotel Co., Ltd. (上海禮興酒店有限公司) for a term from 25 February 2002 to 24 February 2042 for composite use.

(2) According to Grant Contract for State-owned Land Use Rights No. (1997) 56 dated 19 July 1997 and its Supplement Contract dated 15 March 2005:-

(i)	Site Area	:	5,649.60 sq.m.
(ii)	Land	:	Lot No. 108 Luwan District
(iii)	Land Use	:	Commercial, hotel
(iv)	Land Use Term	:	40 years
(v)	Land Grant Fee	:	US$3,627,936
(vi)	Plot Ratio Gross Floor Area	:	Not greater than 6 (total not exceeding 35,568 sq.m.)
(vii)	Building Covenant	:	To complete construction before 31 December 2002 and extension should be applied with reasons and should not exceed one year.

(3) According to Resettlement Contract for Lot 108 Luwan District dated 21 August 2002, the resettlement fee was RMB156,020,000.

According to Resettlement Supplement Contract for Lot 107 and Lot 108 Luwan District dated 28 October 2004, the extra resettlement fee for Lot 107 and 108 Luwan District was RMB30,000,000.

Lot 107 Luwan District (which is not our scope of valuation) is a nearby land next to Lot 108 Luwan District.

(4) According to three Planning Permits for Construction Works, the following construction works were in compliance with urban planning requirements:-

Permit No.	**Approved Construction Works**
(2005) 03051201F03026 dated 1 December 2005	Piling Works
(2005) 03051222F03293 dated 22 December 2005	Basement with a total gross floor area of 19,809 sq.m.
(2007) 03070205F00327 dated 5 February 2007	Superstructure with a total gross floor area of 34,001.10 sq.m. above ground

(5) According to three Permits for Commencement of Construction Works, the following construction works were approved to commence:-

Permit No.	Approved Construction Works
0401LW0001D02 310103200403253501 dated 13 December 2005	Piling Works
0401LW0001D04 310103200403253501 25 January 2006	Basement with a total gross floor area of 19,809 sq.m.
0401LW0001D06 310103200403253501 dated 11 March 2007	Superstructure with a total gross floor area of 34,001 sq.m. above ground

(6) According to Business Licence No. 310000400313130 dated 29 October 2009, Shanghai Li Xing Hotel Co., Ltd. (上海禮興酒店有限公司) was established as a limited liability company on 21 August 2002 with a registered capital of US$114,150,000 for a valid operation period from 21 August 2002 to 20 August 2042.

According to Enterprise Approval Certificate No. (2002) 2264 dated 15 October 2009, Shanghai Li Xing Hotel Co., Ltd. (上海禮興酒店有限公司) was approved as a foreign enterprise with a registered capital of US$159,150,000 for a valid operation period of 40 years.

(7) According to the PRC legal opinion:-

(i) Shanghai Li Xing Hotel Co., Ltd. (上海禮興酒店有限公司) has obtained valid business licence and legally established under the PRC law. However, the registered capital has been approved to increase and the related new business licence with the new registered capital is yet be obtained;

(ii) Shanghai Li Xing Hotel Co., Ltd. (上海禮興酒店有限公司) fully settled all the land grant fee and resettlement fee of the Property and obtained Shanghai Certificate of Real Estate Ownership in respect of the land use rights of the Property;

(iii) Shanghai Li Xing Hotel Co., Ltd. (上海禮興酒店有限公司) has obtained Planning Permit for Construction Use of Land, Planning Permit for Construction Works and Permit for Commencement of Construction of the Property;

(iv) The construction of piling, basement and superstructure (excluding the commercial podium) has passed the examination of quality check;

(v) The overall final completion checking and examination of the Property has not been finished yet. As per the stipulation of Grant Contract for State-owned Land Use Rights, the Property should be completed before 31 December 2002. The Shanghai Housing and Land Administration Bureau would have the rights to recover the land use rights at no consideration for delay completion over 2 years. No consent in respect of such delay in completion has been issued by Shanghai Housing and Land Administration Bureau. However, since the superstructure has been erected and portion of the construction has been checked completed; the probability that the land use rights and the superstructure recovered by Shanghai Housing and Land Administration Bureau at no consideration is relatively low**;

(vi) The land use rights of the Property is subject to a bank pledge till 1 February 2020.

** Since the probability that the land use rights and the superstructure recovered by Shanghai Housing and Land Administration Bureau at no consideration is relatively low, we have valued the Property on the basis without such recovery probability.

(8) The status of title and grant of major approvals and licence in accordance with the information provided by the Company and the PRC legal opinion:-

Shanghai Certificate of Real Estate Ownership	Yes
Grant Contract for State-owned Land Use Rights and its Supplement Contract	Yes
Resettlement Contract and its Supplement Contract	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business Licence	Yes

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular misleading.

2. DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules were as follows:

Long positions in shares and underlying shares of the Company

	Number of ordinary shares								
Name of Director	Personal interests	Family interests	Corporate interests	Other interests	Number of outstanding share options granted on 04/01/2007	Number of outstanding share options granted on 08/01/2009	Number of outstanding share options granted on 04/03/2010	Total	Percentage[6]
Lo Ka Shui	29,293,107	—	—	279,372,494[1]	600,000	609,000	620,000	310,494,601	49.86
Lo Kai Shui	200,000	—	629,785[2]	205,831,599[3]	200,000	125,000	100,000	207,086,384	33.25
Lo To Lee Kwan	984,693	—	4,525,393[4]	205,831,599[3]	—	—	—	211,341,685	33.94
Cheng Hoi Chuen, Vincent	—	10,000	—	—	—	—	—	10,000	—
Lo Hong Sui, Antony	52,984	—	—	205,831,599[3]	200,000	125,000	150,000	206,359,583	33.14
Law Wai Duen	1,047,475	—	—	205,831,599[3]	100,000	112,000	100,000	207,191,074	33.27
Lo Hong Sui, Vincent	293	—	—	205,831,599[3]	—	—	—	205,831,892	33.05
Lo Ying Sui, Archie	3,855,046	3,700	33,269,369[5]	205,831,599[3]	—	—	—	242,959,741	39.01
Kan Tak Kwong	1,003,830	—	—	—	300,000	250,000	200,000	1,753,830	0.28

Notes:

(1) These 279,372,494 shares comprise:

(i) 205,831,599 shares owned by a discretionary trust of which Dr. Lo Ka Shui, Mr. Lo Kai Shui, Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, Archie are the beneficiaries; and

(ii) 73,540,895 shares owned by another discretionary trust of which Dr. Lo Ka Shui is the Founder.

(2) These 629,785 shares comprise 527,066 shares held by certain companies wholly-owned by Mr. Lo Kai Shui and 102,719 shares held by a company controlled by him respectively. Mr. Lo Kai Shui is also a director of these companies.

(3) These shares are the same parcel of shares referred to in Note (1)(i) above.

(4) These 4,525,393 shares are held by certain companies wholly-owned by Madam Lo To Lee Kwan who is also a director of these companies.

(5) These 33,269,396 shares are held by a company wholly-owned by Dr. Lo Ying Sui, Archie who is also a director of this company.

(6) This percentage has been compiled based on the total number of shares of the Company in issue as at the Latest Practicable Date of 622,682,515 shares and rounded down to 2 decimal places.

Long positions in shares of an associated corporation of the Company

Recruit Holdings Limited ("Recruit Holdings") is an associated company of the Company. Dr. Lo Ka Shui beneficially owned 150,000 shares in Recruit Holdings, representing 0.048% of its issued share capital.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short position in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules.

As at the Latest Practicable Date, none of the Directors and the chief executive of the Company was a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SUBSTANTIAL SHAREHOLDERS' INTEREST IN SHARES

As at Latest Practicable Date, the long positions of the following persons (other than a Director or the chief executive of the Company) who had interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO as having an interest in 5% or more of the issued share capital of the Company.

Name of Shareholders	Number of shares	Percentage of issued share capital[5]
HSBC International Trustee Limited	274,494,364[1]	44.08
Powermax Agents Limited[2]	152,677,859	24.51
Surewit Finance Limited[3]	43,235,142	6.94
Adscan Holdings Limited[4]	33,269,396	5.34

Notes:

(1) The number of shares disclosed was based on the latest Disclosure of Interest Form received from HSBC International Trustee Limited ("HITL"). According to the disclosures made by the Directors of the Company:

(i) 205,831,599 shares representing 33.05% of the issued share capital of the Company were held in the name of HITL as a trustee of a discretionary trust, of which Dr. Lo Ka Shui, Mr. Lo Kai Shui, Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, Archie, all being directors of the Company, are beneficiaries.

(ii) 73,540,895 shares representing 11.81% of the issued share capital of the Company were held in the name of HITL as a trustee of another discretionary trust, of which Dr. Lo Ka Shui is the Founder.

(2) Powermax Agents Limited is a wholly-owned subsidiary of HITL in the capacity of a trustee of a discretionary trust and the said 152,677,859 shares held by it are among the shares referred to in Note (1)(i) above.

(3) Surewit Finance Limited is a wholly-owned subsidiary of HITL in the capacity of a trustee of a discretionary trust and the said 43,235,142 shares held by it are among the shares referred to in Note (1)(ii) above.

(4) Adscan Holdings Limited is a company wholly-owned by Dr. Lo Ying Sui, Archie, who is also a director of this company.

(5) This percentage has been compiled based on the total number of shares of the Company in issue as at the Latest Practicable Date of 622,682,515 shares and rounded down to 2 decimal places.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract or a proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date:

(a) save for the interests of Mr. Lo Kai Shui in the master tenancy agreement as disclosed in the announcement of the Company dated 30 March 2010 in relation to the lease of the premises situated at Suites 3201-2 and 3206-10, on 32nd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2009 being the date to which the latest published audited accounts of the Group were made up.

(b) save for the interests of Mr. Lo Ka Shui and Mr. Lo Hong Sui, Vincent (and their respective associates who are Directors) in the transactions as disclosed in the "Letter from the Board" in this circular, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

6. COMPETING INTEREST

As far as the Directors are aware:

(a) Mr. Lo Hong Sui, Vincent, apart from his interest in the Seller as disclosed in this circular, is also a director of MGIL and the Project Company.

Mr. Lo Hong Sui, Vincent is also the founder and Chairman of the Shui On Group which was established in 1971. He also leads the key positions in the following subsidiaries of the Shui On Group:

— Chairman of Shui On Land Limited (SOL), the Shui On Group's flagship property development company in the Chinese Mainland specialising in city-core large-scale re-development projects. The company was listed on the Stock Exchange in 2006.

— Chairman of Shui On Construction And Materials Limited (SOCAM), which is engaged in construction, cement production, property development and management and venture capital in Hong Kong, Macau, and the Chinese Mainland. The company was listed on the Stock Exchange in 1997.

(b) Mr. Lo Kai Shui is the ultimate controlling shareholder of Sun Fook Kong Holdings Limited, whose principal activities are investment holding and building construction. Mr. Lo Kai Shui is also the Chairman of Sun Fook Kong Group Limited, which engages in, among other things, property development in Mainland China.

(c) Mrs. Lee Pui Ling, Angelina is a non-executive director of Henderson Land Development Company Limited which engages in, among other things, property development and investment in Hong Kong and Mainland China, hotel operations, project and property management.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective associates had any interest in a business apart from the Group's business, which competes or is likely to compete directly or indirectly, with the Group's business and would require disclosure under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder.

7. QUALIFICATIONS

The following is the qualification of the expert who has given an opinion or advice on the information contained in this circular:

Name	Qualification
KBC Bank N.V. Hong Kong Branch	KBC Bank N.V., acting through its Hong Kong branch, a licensed bank under the Banking Ordinance and a registered institution registered for Type 6 (advising on corporate finance) regulated activity under the SFO
DTZ Debenham Tie Leung Limited	independent professional property valuer

As at the Latest Practicable Date, KBC Bank and DTZ had no interest in the share capital of any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and KBC Bank and DTZ had no interest, either directly or indirectly, in any assets which have been, since 31 December 2009, the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

KBC Bank and DTZ have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion of their respective letter/report and references to their names in the form and context in which they appear. Each of the letter from KBC Bank and the valuation report from DTZ is given as of the date of this circular for incorporation herein.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2009, being the date to which the latest published audited financial statements of the Group were made up.

9. GENERAL

The English texts of this circular and the accompanying form of proxy shall prevail over the Chinese texts.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the office of the Company at 33rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong from the date of this circular up to and including 7 May 2010:

(i) the Sale and Purchase Agreement;

(ii) the form of the Shareholders' Agreement;

(iii) the Hotel Management Agreement;

(iv) the Licence Agreement; and

(v) the Indemnity (the amount of the Indemnity Cap will be omitted as mentioned in the section headed "Listing Rules Implications — The Acquisition (including the Sale and Purchase Agreement and the payment of the Procurement Fee thereunder, the Shareholders' Agreement, the related financial assistance under the Share Mortgage and the Corporate Guarantee) and the Indemnity" in the letter from the Board as set out in this circular).

Great Eagle Holdings Limited
鷹君集團有限公司

Incorporated in Bermuda with limited liability
於百慕達註冊成立之有限公司

(Stock Code: 41)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of Great Eagle Holdings Limited (the "Company") will be held at Penthouse, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong, on Friday, 7 May 2010 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without modification the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. **"THAT:**

(a) the terms of the Acquisition (as defined in the circular to the shareholders of the Company dated 21 April 2010 (the "**Circular**")), the entering into of the Sale and Purchase Agreement and the Shareholders' Agreement (both as defined in the Circular), copies of which have been produced to this meeting respectively marked "A" and "B" and signed by the chairman of this meeting for identification purpose, the payment of the Procurement Fee under the Sale and Purchase Agreement, the provisions of the Corporate Guarantee and the Share Mortgage, and the transactions contemplated thereunder be and are hereby confirmed, approved, authorised and ratified; and

(b) any one of the directors of the Company be and is hereby authorised for and on behalf of the Company to execute (and any two of the directors of the Company be and are hereby authorised for and on behalf of the Company, if necessary, to sign and affix the common seal of the Company to) any such documents, instruments and agreements and to do any such acts or things as may be deemed by him/her/them in his/her/their absolute discretion as necessary or desirable, incidental to, ancillary to or in connection with or otherwise to give effect to the matters contemplated in the Acquisition (including the Sale and Purchase Agreement and the payment of the Procurement Fee thereunder, the Shareholders' Agreement, the Corporate Guarantee and the Share Mortgage) and the transactions contemplated thereunder."

2. **"THAT:**

(a) the giving of the Indemnity (as defined in the Circular), a copy of which has been produced to this meeting marked "C" and signed by the chairman of this meeting for identification purpose, and the terms of the Indemnity, and the transactions contemplated thereunder be and are hereby confirmed, approved, authorised and ratified; and

(b) any one of the directors of the Company be and is hereby authorised for and on behalf of the Company to execute (and any two of the directors of the Company be and are hereby authorised for and on behalf of the Company, if necessary, to sign and affix the common seal of the Company to) any such documents, instruments and agreements and to do any such acts or things as may be deemed by him/her/them in his/her/their absolute discretion as necessary or desirable, incidental to, ancillary to or in connection with or otherwise to give effect to the matters contemplated in the Indemnity and the transactions contemplated thereunder."

By Order of the Board
Great Eagle Holdings Limited
WONG Mei Ling, Marina
Company Secretary

Hong Kong, 21 April 2010

Notes:

1. A member entitled to attend and vote at the abovementioned meeting is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.

2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the Company's principal office at 33rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting or any adjournment thereof should they so wish.

3. The votes at the abovementioned meeting will be taken by poll.