

*This announcement is not for distribution in or into the United States of America.*

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company. This announcement does not constitute and is not an offer to sell or the solicitation of an offer to buy any securities referred to in this announcement in the United States of America or elsewhere. The Company has not and does not intend to register any of these securities under the Securities Act of 1933, as amended (the "US Securities Act") and such securities may not be offered or sold in the United States of America absent registration under the US Securities Act or an exemption from registration. There is no intention to make any public offering of any of these securities in the United States of America or in any jurisdiction other than Hong Kong.*



(Stock Code: 41)

## **ANNOUNCEMENT**

### **PROPOSED DISPOSAL AND SEPARATE LISTING OF THE HOTEL PROPERTIES IN HONG KONG ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

#### **WEB PROOF INFORMATION PACK**

The Board announces that in connection with the Proposed Spin-off, the Trustee-Manager and LHIL have submitted the WPIP to the Stock Exchange for publication on the Stock Exchange's website. It is expected that the WPIP will be available for viewing and downloading from the Stock Exchange's website at <http://www.hkexnews.hk> from 29 April 2013.

This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance and Rule 13.09(2) of the Listing Rules.

Reference is made to the Company's announcements of 24 January 2013, 11 March 2013 and 24 April 2013 (the "**Announcements**") relating to the Proposed Spin-off. Capitalised terms in this announcement have the same respective meanings given to them in the Announcements.

#### **WPIP**

The Board announces that in connection with the Proposed Spin-off, the Trustee-Manager and LHIL have submitted the WPIP to the Stock Exchange for publication on the Stock Exchange's website. It is expected that the WPIP will be available for viewing and downloading from the Stock Exchange's website at <http://www.hkexnews.hk> from 29 April 2013.

*This announcement is not for distribution in or into the United States of America.*

The WPIP contains, among other things, certain business and financial information relating to the Trust Group, including the profit forecast of Langham Hospitality Investments and LHIL.

Shareholders should note that the WPIP is in draft form and the information contained in it is incomplete and is subject to change which can be material. The Company does not have any obligation or liability whatsoever in relation to the WPIP.

## **UPDATES ON THE PROPOSED SPIN-OFF**

In relation to the Proposed Spin-off, the Board would like to draw the attention of the Shareholders to the following updates to the information contained in the Announcements:

### ***Master Lease Agreements***

Under the Master Lease Agreements, the Master Lessee will agree to pay the Hotel Companies an aggregate base rent of HK\$225 million per annum (pro rata for any period of less than one year) and a variable rent for the whole term. Until 31 December 2019, the variable rent will be calculated on the basis of 70% of the Hotel Properties' aggregate Gross Operating Profit before deduction of the Global Marketing Fees payable by each of the Hotel Companies. Thereafter, the variable rent payable will be calculated on a basis to be determined by an independent property valuer, to be appointed by LHIL, for the period from 1 January 2020 to 31 December 2023, and from 1 January 2024 for the remaining term of the Master Lease Agreements, such basis to be determined by reference to the Hotel Properties' aggregate Gross Operating Profit before deduction of the Global Marketing Fees payable by each of the Hotel Companies for the relevant period.

In the event that the independent property valuer determines that the variable rent payable under the Master Lease Agreements for such periods shall be calculated on the basis of less than 70% of the Hotel Properties' aggregate Gross Operating Profit before deduction of the Global Marketing Fees payable by each of the Hotel Companies for the relevant period, LHIL shall re-comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the Master Lease Agreements. The Master Lease Agreements will terminate if, among other things, the approval of independent holders of Share Stapled Units is not obtained if LHIL is required to re-comply with the above requirements.

### ***Hotel Management Agreements***

The service fee payable to the Hotel Manager under the Hotel Management Agreements shall be linked to the operating profit and revenue of the Hotel Properties on the following basis:

**Base fee:** a fixed percentage of 1.5% of the total revenue of the relevant Hotel Properties

**Incentive fee:** a fixed percentage of 5% of the adjusted Gross Operating Profit (being Gross Operating Profit less the base fee (as set out above) and licence fees payable under the relevant Trademark Licence Agreement).

*This announcement is not for distribution in or into the United States of America.*

For the period from and including the Listing Date to 31 December 2017, the fees will be settled by way of an issue of Share Stapled Units. From 1 January 2018 onwards, the fees will be settled by way of cash, the issue of Share Stapled Units (subject to compliance with the applicable shareholders' approval requirements under Chapter 14A of the Listing Rules), or a combination of both, at the election of the Hotel Manager. Where such fees are to be settled by way of an issue of Share Stapled Units, the number of Share Stapled Units to be issued will be calculated on the basis of their price being the higher of: (1) the market price of the Share Stapled Units on the trading day immediately before the date of issue; and (2) the average closing price of the Share Stapled Units for the ten consecutive trading days immediately before the date of issue, and will be subject to an aggregate cap of 1.5% (in respect of the financial period from the Listing Date to 31 December 2013, in respect of each financial year ending 31 December throughout the duration of the Hotel Management Agreements and the Trademark Licence Agreements and in respect of the period ending on expiry of the Hotel Management Agreements and the Trademark Licence Agreements (as renewed if applicable)) of the total number of Share Stapled Units in issue as at the last day of the immediately preceding financial year (or in the case of the financial period ending on 31 December 2013 as at close of business on the Listing Date) plus the number of Share Stapled Units (if any) issued in the relevant financial year or period (excluding those issued pursuant to the Hotel Management Agreements and the Trademark Licence Agreements). In the event that any payment of all or part of the hotel management fees and/or licence fees in the form of Share Stapled Units would exceed such 1.5% annual cap, the issue of the excess balance of the Share Stapled Units would be subject to the approval of independent holders of Share Stapled Units. If such approval is not obtained, then payment of that excess part of the hotel management fees and/or licence fees will be made by the relevant Hotel Companies in cash.

### ***Centralised Services and Marketing Agreements***

The fee and other amounts payable to Langham Hotels Services Limited under each Centralised Services and Marketing Agreement shall be determined on the following basis:

**Reimbursement of costs incurred on behalf of the Hotel Properties:** at cost.

**Global Marketing Fees:** a fixed percentage of 2% of the total room revenue of the relevant Hotel Property.

**Reservation fees:** a fixed US\$ amount and percentage of revenue for each materialised reservation, depending on the means through which each reservation is made.

Such fees will be settled in cash.

### ***Trademark Licence Agreements***

The licence fees payable to the Hotel Manager by each Hotel Company under the Trademark Licence Agreements shall be 1% of the total revenue of the relevant Hotel Property.

For the period from and including the Listing Date to 31 December 2017, the licence fees will be settled by way of an issue of Share Stapled Units. From 1 January 2018 onwards, the licence fees will be settled by way of cash, the issue of Share Stapled Units (subject to compliance with the applicable shareholders' approval requirements under Chapter 14A of the Listing Rules), or a combination of both, at the election of the Hotel Manager. Where such licence fees are to be settled by way of an issue of Share Stapled Units, the number of Share Stapled Units to be issued will be calculated on the basis of their price being the higher of: (1) the market price of the Share

*This announcement is not for distribution in or into the United States of America.*

Stapled Units on the trading day immediately before the date of issue; and (2) the average closing price of the Share Stapled Units for the ten consecutive trading days immediately before the date of issue, and will be subject to an aggregate cap of 1.5% (in respect of the financial period from the Listing Date to 31 December 2013, in respect of each financial year ending 31 December throughout the duration of the Hotel Management Agreements and the Trademark Licence Agreements and in respect of the period ending on expiry of the Hotel Management Agreements and the Trademark Licence Agreements (as renewed if applicable)) of the total number of Share Stapled Units in issue as at the last day of the immediately preceding financial year (or in the case of the financial period ending on 31 December 2013 as at close of business on the Listing Date) plus the number of Share Stapled Units (if any) issued in the relevant financial year or period (excluding those issued pursuant to the Hotel Management Agreements and the Trademark Licence Agreements). In the event that any payment of all or part of the hotel management fees and/or licence fees in the form of Share Stapled Units would exceed such 1.5% annual cap, the issue of the excess balance of the Share Stapled Units would be subject to the approval of independent holders of Share Stapled Units. If such approval is not obtained, then payment of that excess part of the hotel management fees and/or licence fees will be made by the relevant Hotel Companies in cash.

### ***Right of first refusal***

To ensure a clear delineation between the future operations of the Group and Langham Hospitality Investments Group, it is proposed that the Company will grant to LHIL a right of first refusal (the “**Great Eagle ROFR**”).

Subject to compliance with any applicable contractual, legal and regulatory restrictions, the Great Eagle ROFR will apply in the following scenarios:

- Where the Group proposes to sell any completed stand-alone hotel (i.e. not comprising part of a multi-purpose development) in Asia in which it owns an over 30% interest and which is being managed under the Langham Brands or the Other Eaton Brands, it will first offer to sell its interest in such hotel to the Langham Hospitality Investments Group at the prevailing market price of such hotel and on terms which are no less favourable than those to be offered to any third party purchaser.
- Where the Group is offered an opportunity to acquire an over 30% interest in any completed, stand-alone hotel to be operated under the Langham Brands or the Other Eaton Brands within Asia, the Group shall inform LHIL and the Trustee-Manager of such opportunity and offer the Langham Hospitality Investments Group the opportunity to acquire such opportunity.
- Where the Group has an uncompleted, stand-alone hotel development project in Asia to be operated under the Langham Brands or Other Eaton Brands which is or is to be operated under the Langham Brands or Other Eaton Brands in which the Group owns an over 30% interest, the Group shall, where such development project is completed and the relevant occupation permit is issued prior to the expiry of the Great Eagle ROFR, offer to sell its interest in such completed hotel to the Langham Hospitality Investments Group within the period commencing from the date the relevant occupation permit is issued, until (i) the expiry of two years from such commencement date or (ii) the expiry of the Great Eagle ROFR, whichever is the earlier, at the prevailing market price of such hotel

*This announcement is not for distribution in or into the United States of America.*

and, if applicable, on terms which are no less favourable than those to be offered to any third party purchaser.

- Where the Group has a completed hotel property in a multi-purpose development in Asia which is or is to be operated under the Langham Brands or Other Eaton Brands, in which the Group owns an over 30% interest, the Group shall, upon execution of a deed of mutual covenant relating to the multi-purpose development and/or (if required) documentation from the relevant governmental authorities confirming or otherwise to the effect that the hotel no longer forms part of a multi-purpose development is obtained prior to the expiry of the Great Eagle ROFR, offer to sell its interest in such hotel that has been segregated as a stand-alone hotel to the Langham Hospitality Investments Group within the period commencing from the date the relevant documentation mentioned above is obtained, until (i) the expiry of two years from such commencement date or (ii) the expiry of the Great Eagle ROFR, whichever is the earlier, at the prevailing market price of such hotel and, if applicable, on terms which are no less favourable than those to be offered to any third party purchaser.
- Where the Group brands a completed, stand-alone hotel in Asia in respect of which it owns an over 30% interest, under the Langham Brands or Other Eaton Brands, the Group shall, within two years from the date on which such hotel commences its operations under the Langham Brands or Other Eaton Brands or, until the expiry of the Great Eagle ROFR, if earlier, offer to sell its interest in such hotel to the Langham Hospitality Investments Group at the prevailing market price of such hotel and on terms which are no less favourable than those to be offered to any third party purchaser.

It is proposed that the Great Eagle ROFR will apply from the Listing Date and ending on the earliest of:

- (i) the date on which none of the hotel properties owned by the Langham Hospitality Investments Group is leased to or managed by the Group;
- (ii) the date on which the Group, directly or indirectly, ceases to be interested in at least 30% of the Share Stapled Units in issue; and
- (iii) the date on which the Share Stapled Units cease to be listed on the Stock Exchange.

The previous proposal for the Langham Hospitality Investments Group to grant a right of first refusal to the Group to appoint members of the Group as the master lessee and/or hotel manager of its hotels as detailed in the Announcements is no longer contemplated.

## **General**

In connection with the Global Offering, the price of the Share Stapled Units may be stabilised in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). Details of any intended stabilisation and how it will be regulated under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) will be contained in the Prospectus.

*This announcement is not for distribution in or into the United States of America.*

Investors are reminded that the implementation of the Proposed Spin-off and the Global Offering is subject to, among other things, the approval of the Stock Exchange and the final decision of the Board and of the boards of directors of the Trustee-Manager and LHIL as to whether or not to proceed with the Proposed Spin-off and the Global Offering (which is subject to market conditions and pricing). The Board will only proceed with the Proposed Spin-off if the Board considers that the price of the Share Stapled Units which can be obtained under a Global Offering, which is subject to market conditions, is such that proceeding with the Proposed Spin-off on those terms would be in the interests of the Company and the Shareholders as a whole.

Accordingly, Shareholders and potential investors in the Company should be aware that there is no assurance on whether and when the Proposed Spin-off and the Global Offering will take place. If the Proposed Spin-off and the Global Offering proceed, the timetable for the Global Offering, including the Preferential Offering, will be set out in the Prospectus to be jointly issued by Langham Hospitality Investments and LHIL in connection with the Global Offering and in a further announcement to be made by the Company.

**Given the uncertainty as to whether the Proposed Spin-off will take place, and if it does, when it will take place, Shareholders and potential investors in the Company should exercise caution when dealing in or investing in the securities of the Company. If in any doubt, Shareholders and other persons contemplating dealing in securities of the Company and potential investors are recommended to consult their professional advisers.**

## **DEFINITIONS**

“Global Marketing Fees”	the global marketing fees payable to Langham Hotels Services Limited pursuant to the Centralised Services and Marketing Agreements
“Gross Operating Profit”	the excess of total revenue of a Hotel Property over the operating expenses of that Hotel Property, as defined in the Hotel Management Agreements
“Other Eaton Brands”	The “Eaton Luxe” and “Eaton Smart” brand names
“WPIP”	the web proof information pack to be issued jointly by LHIL and Langham Hospitality Investments

By Order of the Board  
**Great Eagle Holdings Limited**  
**LO KA SHUI**  
*Chairman and Managing Director*

Hong Kong, 28 April 2013

*As at the date of this announcement, the Board comprises five Executive Directors, namely Dr. LO Ka Shui (Chairman and Managing Director), Mr. LO Kai Shui (Deputy Managing Director), Mr. LO Hong Sui, Antony, Madam LAW Wai Duen and Mr. KAN Tak Kwong (General Manager); three Non-executive Directors, namely Madam LO TO Lee Kwan, Mr. LO Hong Sui, Vincent and Dr. LO Ying Sui; and four Independent Non-executive Directors, namely Mr. CHENG Hoi Chuen, Vincent, Professor WONG Yue Chim, Richard, Mrs. LEE Pui Ling, Angelina and Mr. ZHU Qi.*