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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)

ANNOUNCEMENT

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE 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

The Board is pleased to announce that on 1 April 2010, the following agreements have been entered into:

- (1) the Sale and Purchase Agreement, a conditional agreement between G.E. Hotel (Xintiandi) Limited, an indirect wholly-owned subsidiary of the Company (i.e. the Purchaser), Shui On Investment Company Limited (i.e. the Seller) and Dr. Lo Ka Shui, chairman and managing director of the Company (i.e. Dr. Lo) whereby the Purchaser shall, among other things:
 - (a) acquire from the Seller one (1) share (the “**Sale Share**”) of US\$1.00 each in Magic Garden Investments Limited (“**MGIL**”) representing one-third of the entire issued share capital of MGIL at a consideration of US\$1 (equivalent to approximately HK\$8) and the benefit of the unsecured interest free loan (the “**Shareholder’s Loan**”) in the principal amount of approximately US\$24,118,000 (equivalent to approximately HK\$188,120,000) representing one-third of the entire shareholders’ loan extended by the Seller to the MGIL Group on a dollar for dollar basis; and

(b) pay to Dr. Lo a procurement fee, being a sum equivalent to the interest on approximately US\$24,118,000 (equivalent to approximately HK\$188,120,000) calculated at an interest rate of 1.5% per annum from and including 21 December 2009 up to completion of the sale and purchase of the Sale Share and Shareholder's Loan (the "**Procurement Fee**"),

and the Group will provide a corporate guarantee (the "**Corporate Guarantee**") and a charge over the Sale Share (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 上海禮興酒店有限公司 (Shanghai Li Xing Hotel Co., Ltd.) (the "**Project Company**"), i.e. US\$19.5 million (equivalent to approximately HK\$152.1 million) (the "**Acquisition**"). 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.

MGIL is a company wholly beneficially owned by Mr. Lo Hong Sui, Vincent, a non-executive Director, and the holder of 50% interest in Victorious Run Limited ("**VRL**") which in turn indirectly holds the Project Company. The remaining 50% interest in VRL is held by a third party co-owner (the "**Co-owner**").

The Project Company holds two hotel developments next to 新天地 (Xintiandi) on Lot 107 ("**Hotel 107**") and Lot 108 ("**Hotel 108**") in the Luwan District, Shanghai, the PRC. It is the intention of the Group to acquire one-third interest in Hotel 108 only under the Acquisition. The Seller has agreed to procure a division of ownership whereby MGIL through the Project Company will own only Hotel 108 and the Co-owner will own Hotel 107 separately (the "**Division of Ownership**"). 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;

- (2) the Hotel Management Agreement, a conditional agreement between Langham Hotels (Shanghai) Company Limited ("**LHS**"), an indirect wholly-owned subsidiary of the Company, and the Project Company 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;
- (3) the Licence Agreement, a conditional agreement between Langham Hotels International Limited ("**LHI**"), an indirect wholly-owned subsidiary of the Company, 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 during the term of the Hotel Management Agreement; and
- (4) the Technical Assistance Services Agreement, an unconditional agreement between LHS and the Project Company whereby the Project Company will appoint LHS exclusively to provide design and technical advice to the Project Company on the layout decoration and fitting out of Hotel 108 for a term until the opening of Hotel 108 or such other date as LHS and the Project Company may agree (but in any event no later than the day before the third anniversary of the date of the Technical Assistance Services Agreement).

Each of the Hotel Management Agreement, the Licence Agreement and the Technical Assistance Services Agreement is independent of the Sale and Purchase Agreement. On completion of the Acquisition, the Purchaser will enter into a shareholders' agreement with the Seller on, among other things, the operation of MGIL (the "**Shareholders' Agreement**").

Prior to the date of this announcement, the Project Company has entered into a hotel management contract (the "**Third Party Operator Contract**") with a third party international hotel management group (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 an indemnity in favour of the Project Company (the "**Indemnity**"). Pursuant to the Indemnity, 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 a cap as set out in the Indemnity (the "**Indemnity Cap**").

On 25 March 2010, Champion Global Services Limited ("**CGSL**"), an indirect wholly-owned subsidiary of the Company, also entered into an unconditional agreement with the Project Company pursuant to which CGSL will provide professional procurement services for furniture, fixtures and operating equipment for the operation of Hotel 108 and, at the option exercisable at the discretion of the Project Company, Hotel 107 as well (the "**Supply Procurement and Consultancy Services Agreement**"). The Supply Procurement and Consultancy Services Agreement is independent of each of the Hotel Management Agreement, the Licence Agreement, the Technical Assistance Services Agreement and the Sale and Purchase Agreement.

Mr. Vincent Lo is a non-executive Director and the Seller is privately beneficially 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. The Acquisition and the Shareholders' Agreement therefore constitute connected transactions for the Company under the Listing Rules. As Mr. Vincent Lo is, and will remain to be indirectly beneficially 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, the Licence Agreement, the Technical Assistance Services Agreement and the Supply Procurement and Consultancy Services Agreement also constitute continuing connected transactions for the Company under the Listing Rules.

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 30 September 2010 (the "**Longstop Date**")) is more than 5% but less than 25%. Accordingly, the Acquisition (including the related 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 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 N.V. Hong Kong Branch 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 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 less than 2.5%.

In relation to the Hotel Management Agreement and the Licence Agreement, as the term for both of these agreements will exceed three years, KBC Bank N.V. Hong Kong Branch will also advise the Independent Board Committee and the Independent Shareholders on whether it is normal business practice for contracts of this type to be of such duration.

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%. To comply with the requirements of the Listing Rules in setting a monetary cap and to give maximum room to the Group to maximise its earning potentials under the two agreements, the Directors intend to set the annual cap ("**Annual Cap**") to the maximum sum where the applicable percentage ratios as defined under the Listing Rules would remain at below 2.5% for the initial three (3) years subject to be reviewed at the expiry of the three (3) year period. The agreements are subject to announcement and reporting requirements but exempt from independent shareholders' approval requirements under the Listing Rules.

No fee will be charged under the Technical Assistance Services Agreement. None of the applicable percentage ratios as defined under the Listing Rules in respect of the transactions contemplated under the Supply Procurement and Consultancy Services Agreement exceeds 0.1%. Both the Technical Assistance Services Agreement and the Supply Procurement and Consultancy Services Agreement constitute continuing connected transactions for the Company but are exempt from announcement, reporting and independent shareholders' approval requirements under the Listing Rules.

Voting will be conducted by poll, and Dr. Lo together with Mr. Vincent Lo and their respective associates will abstain from voting at the SGM to be held to consider the Acquisition (including the related 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.

The Independent Board Committee has been established to advise the Independent Shareholders, and KBC Bank N.V. Hong Kong Branch has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition (including the related 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.

A circular containing, among other things, further particulars of the Acquisition, the Sale and Purchase Agreement and the payment of the Procurement Fee thereunder, the Shareholders' Agreement, the Corporate Guarantee, the Share Mortgage, the Indemnity, the Hotel Management Agreement and the Licence Agreement, the recommendations of the Independent Board Committee, a letter of advice from KBC Bank N.V. Hong Kong Branch to advise the Independent Board Committee and the Independent Shareholders and a notice convening the SGM will be despatched to the Shareholders as soon as practicable in accordance with 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 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 of the Project Company.**

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

INTRODUCTION

In December 2009, the Board was informed by Dr. Lo of a possible co-investment opportunity with Mr. Vincent Lo in acquiring a one-third interest in Hotel 108, i.e. the hotel development on Lot 108 in Luwan District, Shanghai, the PRC and that Dr. Lo has on 10 December 2009 entered into the Termsheet with Mr. Vincent Lo whereby Mr. Vincent Lo has agreed to sell and Dr. Lo has agreed to acquire this interest. At the same time, Dr. Lo has also indicated that he may, and Mr. Vincent Lo has acknowledged that Dr. Lo may, offer to the Group the opportunity to acquire this interest in his place on terms to be agreed by the Group and Mr. Vincent Lo.

The Board is pleased to announce that on 1 April 2010, the following agreements have been entered into:

- (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;
- (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;
- (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; and
- (4) the Technical Assistance Services Agreement whereby the Project Company will appoint LHS exclusively to provide design and technical advice to the Project Company on the layout decoration and fitting out of Hotel 108 for a term until the opening of Hotel 108 or such other date as LHS and the Project Company may agree (but in any event no later than the day before the third anniversary of the date of the Technical Assistance Services Agreement).

Each of the Hotel Management Agreement, the Licence Agreement and the Technical Assistance Services Agreement is independent of the Sale and Purchase Agreement.

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.

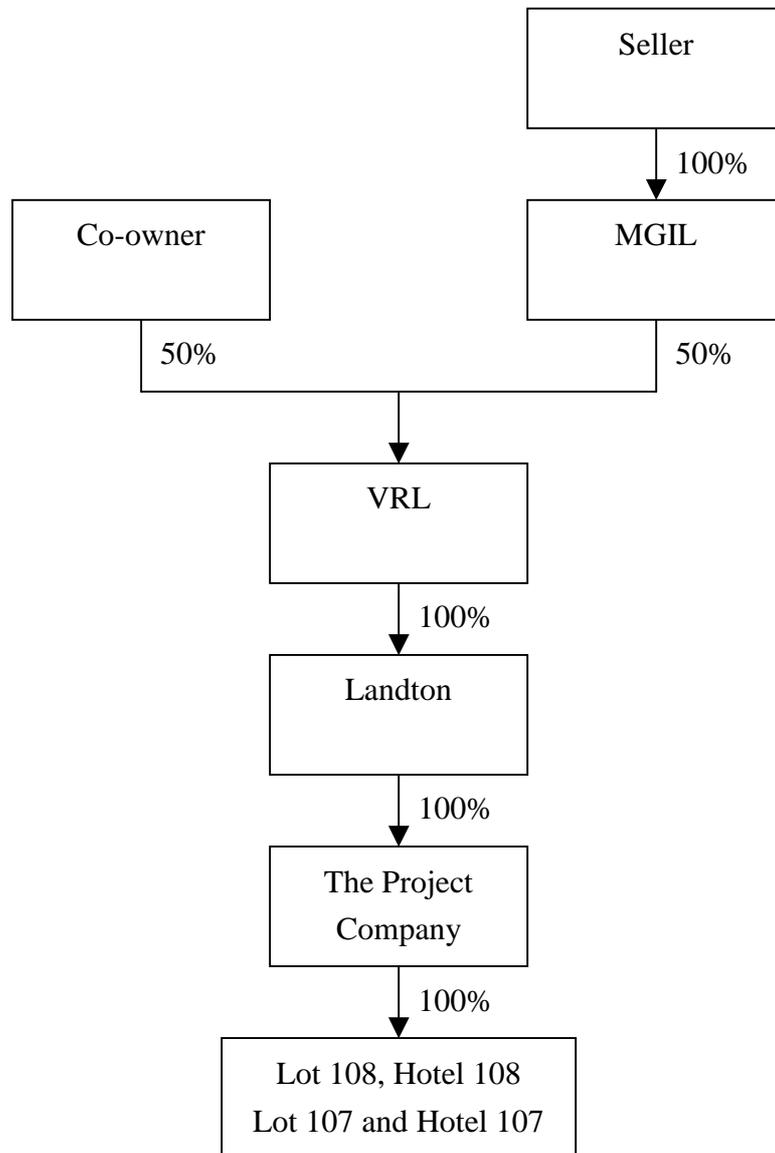
Prior to the setting up of the above ownership structure, VRL was formerly held as to 85% by a third party owner and 15% interest by the Seller. In late 2009 to early 2010, the Seller acquired the 85% interest from that third party owner together with the related shareholder's loan for a cash consideration 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

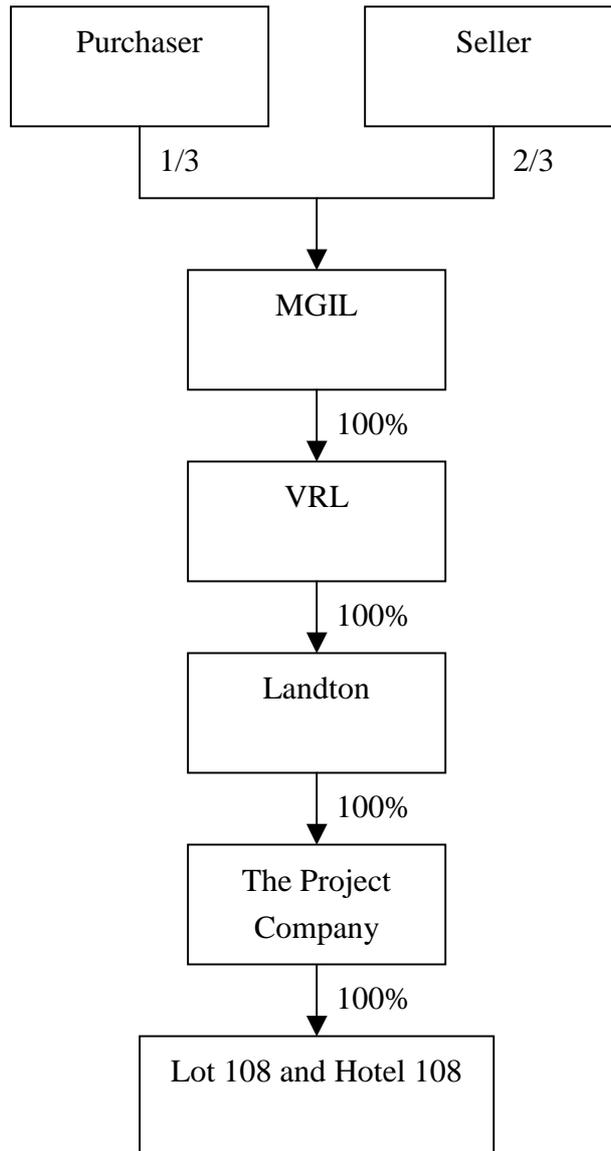
enquiries, the Co-owner and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Set out below is an organisational chart of the MGIL Group immediately before the Acquisition as at the date of this announcement:



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 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 357 guest rooms and various hotel and entertainment facilities. As at the date of this announcement, 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 announcement, 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 Debenham Tie Leung Limited, 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. 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 upon 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.

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 Directors (excluding the independent non-executive Directors who will defer their opinion until after they have reviewed the letter from KBC Bank N.V. Hong Kong Branch, independent financial adviser, advising them and the Independent Shareholders on the matter) believe that the terms of the Acquisition (including the related 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.

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.

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 the budgeted and the actual gross operating profit.

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.

Fee

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

Technical Assistance Services Agreement

Date

1 April 2010

Parties

- (1) LHS, an indirect wholly-owned subsidiary of the Company, as the service provider; and
- (2) the Project Company.

Subject

The Project Company shall appoint LHS exclusively to provide design and technical advice on the layout decoration and fitting out of Hotel 108.

Term

Until the opening of Hotel 108 or such other date as LHS and the Project Company may agree (but in any event no later than the day before the third anniversary of the date of the Technical Assistance Services Agreement). If, among other things, the Hotel Management Agreement fails to become unconditional by 30 September 2010, or the Hotel Management Agreement or the Licence Agreement is terminated, LHS may terminate the Technical Assistance Services Agreement.

Fee

Nil, as construction of Hotel 108 has almost been completed but the Project Company shall reimburse LHS for all out of pocket expenses in the provision of such services.

The Technical Assistance Services Agreement is unconditional and shall take effect from 1 April 2010. The Directors believe that the terms of the Technical Assistance Services Agreement 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 ordinary and usual course of the Group's business and in the interests of the Company and the Shareholders as a whole.

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

Each of the Hotel Management Agreement, the Licence Agreement and the Technical Assistance Services Agreement is independent of the Sale and Purchase Agreement. The Technical Assistance Services Agreement has taken effect, and 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 announcement, 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, 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.

The Directors (excluding the Independent non-executive Directors who will defer their opinion until after they have reviewed the letter from KBC Bank N.V. Hong Kong Branch, the independent financial adviser, advising them and the Independent Shareholders on the matter) believe that the giving of the Indemnity and the terms of the Indemnity are fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole.

OTHER CONNECTED TRANSACTIONS - THE SUPPLY PROCUREMENT AND CONSULTANCY SERVICES AGREEMENT

On 25 March 2010, CGSL, an indirect wholly-owned subsidiary of the Company, entered into the Supply Procurement and Consultancy Services Agreement with the Project Company pursuant to which CGSL will provide professional procurement services for furniture, fixtures and operating equipment for the operation of Hotel 108 and, at the option exercisable at the discretion of the Project Company, Hotel 107 as well for the period from 10 March 2010 to 31 December 2010. The consultancy fee in respect of such services in relation to Hotel 108 alone is RMB1,250,000 (equivalent to approximately HK\$1,420,000), and in relation to both Hotel 108 and Hotel 107, RMB1,350,000 (equivalent to approximately HK\$1,534,000).

The Supply Procurement and Consultancy Services Agreement is unconditional and independent of each of the Hotel Management Agreement, the Licence Agreement, the Technical Assistance Services Agreement and the Sale and Purchase Agreement.

The Directors believe that the terms of the Supply Procurement and Consultancy Services Agreement 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 ordinary and usual course of the Group's business and in the interest of the Company and

the Shareholders as a whole.

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 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 immediately before the Acquisition as at the date of this announcement and 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

The hotel 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 operates ten (10) prestigious hotels under the "Langham", "Langham Place" and "Eaton" brands located in Hong Kong and the prime cities of developed countries. Entering into of the Hotel Management Agreement, the Licence Agreement and the Technical Assistance Services 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 beneficially 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 beneficially 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, the Licence Agreement, the Technical Assistance Services Agreement and the Supply Procurement and Consultancy Services Agreement also constitute continuing connected transactions for the Company under the Listing Rules.

The Acquisition (including the related 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 related 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 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 N.V. Hong Kong Branch 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 less than 2.5%.

The Hotel Management Agreement and the Licence Agreement

In relation to the Hotel Management Agreement and the Licence Agreement, as the term for both of these agreements will exceed three years, KBC Bank N.V. Hong Kong Branch will also advise the Independent Board Committee and the Independent Shareholders on 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.

The Technical Assistance Services Agreement and the Supply Procurement and Consultancy Services Agreement

No fee will be charged under the Technical Assistance Services Agreement. None of the applicable percentage ratios as defined under the Listing Rules in respect of the transactions contemplated under the Supply Procurement and Consultancy Services Agreement exceeds 0.1%. Both the Technical Assistance Services Agreement and the Supply Procurement and Consultancy Services Agreement constitute continuing connected transactions for the Company but are exempt from announcement, reporting and independent shareholders' approval requirements under the Listing Rules.

Further information

Voting will be conducted by poll, and Dr. Lo together with Mr. Vincent Lo and their respective associates will abstain from voting at the SGM to be held to consider the Acquisition (including the related 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.

The Independent Board Committee has been established to advise the Independent Shareholders, and KBC Bank N.V. Hong Kong Branch has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition (including the related 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.

A circular containing, among other things, further particulars of the Acquisition, the Sale and Purchase Agreement and the payment of the Procurement Fee thereunder, the Shareholders' Agreement, the Corporate Guarantee, the Share Mortgage, the Indemnity, the Hotel Management Agreement and the Licence Agreement, the recommendations of the Independent Board Committee, a letter of advice from KBC Bank N.V. Hong Kong Branch to advise the Independent Board Committee and the Independent Shareholders and a notice convening the SGM will be despatched to the Shareholders as soon as practicable in accordance with 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 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 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.

DEFINITIONS

Unless the context otherwise requires, the capitalised terms used in this announcement shall have the following meanings:

“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”
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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 this announcement
“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. 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
“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 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 board committee of the Company 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 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
“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”	the sum equivalent to the interest on the amount of approximately US\$24,118,000 (equivalent to approximately HK\$188,120,000) 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;
“SGM”	the special general meeting of the Company to be held to consider and approve, among other things, the Acquisition (including the related 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. 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
“Supply Procurement and Consultancy Services Agreement”	the agreement dated 25 March 2010 entered into between CGSL and the Project Company pursuant to which CGSL will provide professional procurement services for furniture, fixtures and operation equipment for the operation of Hotel 108 and, at the option exercisable at the discretion of the Project Company, Hotel 107 as well
“Technical Assistance Services Agreement”	the agreement dated 1 April 2010 entered into between LHS and the Project Company whereby the Project Company shall appoint LHS exclusively to provide design and technical advice to the Project Company on the layout decoration and fitting out of Hotel 108
“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 lawfully currency of the United States of America
“%”	per cent.

For the purpose of illustration only, conversion of RMB and US\$ into HK\$ in this announcement 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.

By Order of the Board
Great Eagle Holdings Limited
Lo Ka Shui
Chairman and Managing Director

Hong Kong, 1 April 2010

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, Archie; 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.