HISTORY AND BUSINESS DEVELOPMENT

The Group’s history dates back to 1987 when it first acquired a property site in Kowloon through its predecessor, the Great Eagle Group, which is one of Hong Kong’s leading property companies, for the development of Eaton, Hong Kong. The Group has been established primarily to own and invest in a portfolio of hotels, with an initial focus on completed hotels located in Asia. Upon [●], the Company will be the holding company of the Hospitality Business and will indirectly own and control, through its subsidiaries, the Hotels.

Key Corporate and Business Development Milestones

The following events are the key corporate and business development milestones of the Group:

1987
The Great Eagle Group acquired a property site located in Yau Ma Tei for the development of Eaton.

1989
Great Eagle and the Land Development Corporation (now known as the Urban Renewal Authority) signed an agreement to carry out the urban renewal project at Langham Place.

1990
Eaton commenced operations.

1994
The Great Eagle Group acquired The Langham (formerly known as “Hong Kong Renaissance Hotel”, subsequently rebranded in 1998 as “Great Eagle Hotel” and rebranded as “The Langham” in 2003).

1996
• Extension works for Eaton were completed, yielding an additional 80 rooms.

• The Great Eagle Group acquired ownership of the “Langham” brand name.

2003
• Conversion of the shopping arcade for Eaton was completed to create the Conference and Exhibition Centre.

• Great Eagle Hotel was rebranded as The Langham in October.

2004
Langham Place Hotel was completed and commenced operations.

2008
Rooms refurbishment works for The Langham and Eaton were completed.
2010

- The lobby of Eaton was refurbished to include a new reception, internet portal and indoor and outdoor bar areas.

- The Langham was ranked eighth by Luxury Travel (Australia) for the Best Overseas Hotel award.

- Langham Place Hotel was awarded the Hurun Presidential Awards – (a) Best Presidential Suite; (b) Best Executive Suite and (c) Best Executive Club Lounge Hong Kong, by Hurun Report.

- T’ang Court, the Cantonese cuisine restaurant at The Langham was awarded two Michelin stars for the third consecutive year (2008-2010) by the Michelin Guide Hong Kong Macau.

2011

- The Langham was awarded the Readers’ Choice Award Best Hotels in the World by Condé Nast Traveller, USA.

- Langham Place Hotel was awarded (a) Top Entry-level Executive Suite Most Attentive Service by Hurun Report; (b) TTG China Travel Awards 2011 Best Hong Kong Business Hotel by TTG China and (c) TripAdvisor Travellers’ Choice Awards – Best Hotel in Hong Kong, Macau and Taiwan by TripAdvisor.

2012

- The Langham was awarded the Best City Hotel – Hong Kong Award by TTG Travel Awards.

- Ming Court, the Cantonese cuisine restaurant at Langham Place Hotel, was awarded two Michelin stars for the fourth consecutive year (2009-2012) by the Michelin Guide Hong Kong Macau.

- T’ang Court, the Cantonese cuisine restaurant at The Langham, was awarded one Michelin star for the second consecutive year (2011-2012) by the Michelin Guide Hong Kong Macau.

- Chuan Spa at Langham Place Hotel, was awarded 2012 Winner Hong Kong – Best Luxury Hotel Spa presented by World Luxury Spa Awards.

- Both The Langham and Langham Place Hotel were awarded “Top 25 Hotels” in the China category by TripAdvisor Travellers’ Choice 2012.

- Eaton was awarded Best Eco Hotel in 2012 by HotelClub Hotel Awards (Hong Kong).
2013

- The Company was established.
- The Langham was awarded “Top 25 Hotels in China” and “Top 25 Hotels for Service in China” by TripAdvisor Travellers’ Choice 2013.
- Chuan Spa at Langham Place Hotel was awarded “The Best Spa Hotel/Resort (more than 50 rooms): Asia-Pacific” by The SPA Traveller Awards 2012.

The Company

The Company was incorporated under the Cayman Companies Law in the Cayman Islands as an exempted company with limited liability on 29 January 2013. For details of the Company, please refer to “Appendix IX – Statutory and General Information – Further Information About the Company – Incorporation”.

THE REORGANISATION

In preparation for [●], the Reorganisation was implemented to establish Langham Hospitality Investments, the Company and the ownership structure of the Group.

The Reorganisation was implemented in the manner described below.

1. Incorporation of Various Companies

In January 2013, the following companies were incorporated:

(a) the Trustee-Manager was incorporated in Hong Kong as a wholly-owned subsidiary of Great Eagle;

(b) the Company was incorporated in the Cayman Islands as a wholly-owned subsidiary of Great Eagle, with the one issued share in the Company being held by GE (LHIL) Holdings;

(c) each of LHIL Properties Limited, the Purchaser Companies and LHIL Finance Holdings Limited was incorporated in the British Virgin Islands as a wholly-owned subsidiary of the Company; and

(d) LHIL Finance was incorporated in Hong Kong as a wholly-owned subsidiary of the Company.
2. Establishment of Langham Hospitality Investments

On [●] 2013, Langham Hospitality Investments was constituted by the Trustee-Manager and the Company pursuant to the Trust Deed.

3. Transfer of the Company to Langham Hospitality Investments

On [●] 2013, GE (LHIL) Holdings transferred the one issued share in the Company (re-designated as one Ordinary Share) held by it to the Trustee-Manager (in its capacity as trustee-manager of Langham Hospitality Investments). In consideration for such transfer, the Trustee-Manager and the Company jointly issued one Share Stapled Unit to LHIL Assets Holdings, a wholly-owned subsidiary of Great Eagle, at the direction of GE (LHIL) Holdings.

4. Transfer of Certain Assets and Liabilities Relating to the Hotel Operations and Employees to the Great Eagle Group

On [●] 2013, the Hotel Companies entered into three asset transfer agreements with the Master Lessee pursuant to which they agreed to transfer certain assets and liabilities relating to the operations of the Hotels to the Master Lessee (the “Assets Transfer”). The assets transferred mainly comprised inventories, debts, deposits and prepayments, amounts due from related companies, and bank balances and cash; while the liabilities transferred mainly comprised amounts due from the creditors and accruals, deposits received, and amounts due to related companies, all relating to the operations of the Hotels. As at the completion date of the Assets Transfer, the carrying values of the assets and liabilities transferred to the Master Lessee under the Assets Transfer amounted to approximately HK$[●] million and HK$[●] million, respectively. As there was a net liability in respect of the difference between the total carrying value of such assets and total carrying value of such liabilities as at the completion date of the Assets Transfer, a consideration of HK$[●] million was paid by the Hotel Companies to the Master Lessee in respect of the Assets Transfer.

Pursuant to the terms of the Assets Transfer, the parties also agreed that for the period between the completion date of the Assets Transfer and the completion date of the Acquisition, all the profits and losses arising from the operations of the Hotels (including those arising from the assets and the liabilities under the Assets Transfer) should belong to the Hotel Companies. Completion of the Assets Transfer took place on [●].

In addition to the Assets Transfer, the Hotel Companies transferred the employment of substantially all of the employees employed by them in the operation of the Hotels to the Hotel Manager. As at the relevant date, [●] employees, who were general staff, who had given notice of their pregnancies, who were on maternity leave or who were on paid sick leave, remained employed by the Hotel Companies. We, however, intend for the employment of these remaining employees to be transferred to the Hotel Manager as soon as practicable, to the extent we are permitted by Hong Kong employment laws. See “Business – Employees” for further details.
5. Acquisition of the Hotel Holding Companies and the Shareholders’ Loans

On [●] 2013, the Purchaser Companies entered into the Sale and Purchase Agreements with, among others, the Vendor Companies pursuant to which the Purchaser Companies conditionally agreed to:

(a) acquire the entire issued share capital of the Hotel Holding Companies, which together own the Hotels; and

(b) accept an assignment of the Shareholders’ Loans.

Conditions to Completion of the Acquisition

Completion of the Acquisition is conditional upon (a) [●]; (b) completion of the transfer of the Company to Langham Hospitality Investments referred to in paragraph 3 above; (c) the completion of the Assets Transfer; and (d) the Great Eagle Shareholders approving the sale and purchase of the Hotel Holding Companies and the assignment of the Shareholders’ Loans pursuant to the Acquisition.

Subject to the satisfaction of the conditions referred to above, completion of the Acquisition will take place on the day immediately preceding [●] (the “Completion Date”).

Consideration for the Acquisition

The aggregate consideration for the Acquisition (the “Acquisition Consideration”) will comprise the Loan Consideration and the Share Consideration, as further described below.

Loan Consideration

The consideration for the assignment of the Shareholders’ Loans (the “Loan Consideration”) will be the amount owing by each Hotel Holding Company to the relevant Vendor Company as at the Completion Date on a dollar-for-dollar basis. Assuming completion of the Acquisition takes place on [●] 2013, the Loan Consideration will be HK$[●].

Share Consideration

The consideration for the acquisition of the Hotel Holding Companies (the “Share Consideration”) will comprise the Initial Share Consideration, as adjusted for the Adjustment Amounts.

The initial Share Consideration payable on the Completion Date (the “Initial Share Consideration”) will be an amount equal to the net asset value of the Hotel Holding Companies and their respective subsidiaries as at the Completion Date, after making certain agreed adjustments, including (a) excluding the assets and liabilities transferred pursuant to the Assets Transfer and (b) adjusting the value of the Hotels to an agreed value as determined, among others, with reference to the appraised value of the Hotels as at [●] 2013, referred to in the property valuation report prepared by Vigers and set out in “Appendix IV – Property Valuation”.

HISTORY AND REORGANISATION
Assuming completion of the Acquisition takes place on [●] 2013, the aggregate Initial Share Consideration will be HK$[●] and the Initial Share Consideration for each Hotel Holding Company will be as follows:

(i) HK$[●] in respect of the acquisition of Rowan Enterprises (which owns The Langham);

(ii) HK$[●] in respect of the acquisition of Braveforce Investments (which owns Langham Place Hotel); and

(iii) HK$[●] in respect of the acquisition of Baxter Investment and Glendive Investment (which together own Eaton).

The Initial Share Consideration will be adjusted for the following adjustments (the “Adjustment Amounts”):

(A) Post-Completion Adjustment

A post-completion adjustment will be made to the Initial Share Consideration if the amounts of the current assets/current liabilities and the cash balance and deposit at bank of the relevant Hotel Holding Company and its subsidiaries as set out in the audited completion balance sheet statement to be prepared within 90 days after [●] are different from the amounts as set out in the unaudited pro forma completion balance sheet delivered on the Completion Date (the “Post-Completion Adjustment”). The Directors do not expect the Post-Completion Adjustment to be significant in the context of the Acquisition Consideration.

(B) [●] Adjustment

If [●] occurs on or before 31 December 2013 (or such later date as the parties may agree in writing), the following adjustment will be made to the Initial Share Consideration (the “[●] Adjustments”):

\[(A - B) \times C\]

where:

(1) “A” is the sum of:

(i) [●];

(ii) the value of the Consideration Share Stapled Units to be issued at [●] to LHIL Assets Holdings (at the direction of the Vendor Companies) as partial settlement of the Acquisition Consideration; and

(iii) the gross amount to be drawn down by LHIL Finance under the Loan Facility on [●];
(2) “B” is the sum of:

(i) the Initial Share Consideration;

(ii) the Loan Consideration;

(iii) the front end fees payable in respect of the Loan Facility;

(iv) HK$[●], being the amount agreed as the costs and expenses of [●] for the purposes of the calculation of the [●] Adjustment; and

(v) HK$[500] million, being the reserve for furniture, fixtures and other general working capital; and

(3) “C” is the percentage specified in the relevant Sale and Purchase Agreement, being [●]% for the acquisition of Rowan Enterprises, [●]% for the acquisition of Braveforce Investments and [●]% for the acquisition of Baxter Investment and Glendive Investment.

The purpose of the [●] Adjustment is to ensure that the consideration for the acquisition of the Hotel Holding Companies reflects the value of the Hotels implied by [●].

When the [●] Adjustment and the Post-Completion Adjustment (if any) have been ascertained in accordance with the terms of the Sale and Purchase Agreements, the Trustee-Manager and the Company will publish announcements to provide Holders of Share Stapled Units with details of the amount of the [●] Adjustment and the Post-Completion Adjustment (if any) in accordance with the relevant rules.

**Promissory Notes**

The Acquisition Consideration will be settled on the Completion Date by way of the issue of a promissory note by each Purchaser Company (together, the "Promissory Notes") to the relevant Vendor Company in respect of the relevant portion of the Acquisition Consideration. The Promissory Notes will not bear any interest.

The Promissory Notes will be redeemed by the Purchaser Companies as follows:

(a) On [●]:

(i) the Consideration Share Stapled Units will be issued at [●] to LHIL Assets Holdings (at the direction of the Vendor Companies);

(ii) the Loan Consideration will be paid to the Vendor Companies using firstly, the proceeds from the Loan Facility and if there is a shortfall, [●]; and

(iii) the Initial Share Consideration less the value of the Consideration Share Stapled Units will be paid to the Vendor Companies using firstly, any remaining proceeds from the Loan Facility and [●].
(b) Within 10 days following the last day for [●], the [●] Adjustment (if any) will be paid by the relevant Vendor Company, or by the relevant Purchaser Company (as the case may be) in cash using [●].

(c) Within 14 days of the Post-Completion Adjustment (if any) being determined, the Post-Completion Adjustment will be paid by the relevant Vendor Company, or by the relevant Purchaser Company (as the case may be) in cash using [●].

CORPORATE STRUCTURE PRIOR TO THE REORGANISATION

Prior to the Reorganisation, our simplified corporate structure was as follows:

```
  Great Eagle
    /
   /  /
Orwell Enterprises
  /
Rowan Enterprises
  /
Harvest Star International
  /
The Langham
```
```
  /
  /
Bondcity Investments Limited
```
```
  /
  /
Braveforce Investments
```
```
  /
  /
Baxter Investment
```
```
  /
  /
Glendive Investment
```
```
  /
  /
Grow On Development
```
```
  /
  /
The Langham Place Hotel (HK)
```
```
  /
  /
Langham Place Hotel
```
```
  /
  /
Eaton
```
CORPORATE STRUCTURE FOLLOWING THE REORGANISATION AND [●]

Immediately following the completion of the Reorganisation and [●], our simplified corporate structure will be as follows: