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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

If you have sold or transferred all your Share Stapled Units (as defined herein) in **Langham Hospitality Investments and Langham Hospitality Investments Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of Langham Hospitality Investments and Langham Hospitality Investments Limited.

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# LANGHAM

HOSPITALITY INVESTMENTS

## Langham Hospitality Investments

*(As constituted pursuant to a deed of trust on 8 May 2013 under the laws of Hong Kong, the trustee of which is LHIL Manager Limited)*

and

## Langham Hospitality Investments Limited

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 1270)

**PROPOSED INCREASE OF THE ORIGINAL SSU ISSUANCE CAP  
FOR FEE PAYMENT UNDER  
THE EXISTING CONTINUING CONNECTED TRANSACTIONS  
AND  
PROPOSED ALLOTMENT AND ISSUE OF SHARE STAPLED UNITS  
UNDER SPECIFIC MANDATES FOR FEE PAYMENT OF  
EXISTING CONTINUING CONNECTED TRANSACTIONS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Holders of SSUs**

# BALLAS

C A P I T A L

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A letter from the Trustee-Manager Board and the Company Board is set out on pages 9 to 26 of this circular. A letter from the Independent Board Committee containing its advice and recommendation is set out on pages 27 to 28 of this circular. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Holders of SSUs is set out on pages 29 to 47 of this circular.

A notice convening the EGM (as defined herein) of Langham Hospitality Investments and Langham Hospitality Investments Limited to be held at 32nd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on Wednesday, 8 May 2024 at 4:15 p.m. (or immediately after the conclusion or adjournment of the 2024 annual general meeting of Langham Hospitality Investments and Langham Hospitality Investments Limited to be held at the same venue and on the same day) is set out on pages N1 to N5 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit it to the principal place of business in Hong Kong of the Company at Suite 2702, 27th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong, as soon as possible and in any event no later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

22 April 2024



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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context otherwise requires:*

“2021 Announcements”	the announcements of the Trust and the Company dated 17 February 2021 and 12 May 2021, respectively, in relation to the proposed allotment and issue of Share Stapled Units under the 2021 Specific Mandate for payment of the Manager Fees for the three financial years ended 31 December 2023
“2021 Circular”	the circular of the Trust and the Company dated 12 March 2021 in relation to the proposed allotment and issue of Share Stapled Units under the 2021 Specific Mandate
“2021 Specific Mandate”	the specific mandate relating to the allotment and issue of the Share Stapled Units as payment of the Manager Fees under the Hotel Management Agreements and the Trademark Licence Agreements as approved by Independent Holders of SSUs on 12 May 2021 for the three financial years ended 31 December 2023, subject to the Original SSU Issuance Cap
“2023 Election Announcement”	the announcement of the Trust and the Company dated 15 December 2023 in relation to election method of payment of the Manager Fees wholly by way of Share Stapled Units for the financial year ending 31 December 2024
“2023 Issue Announcements”	the announcements of the Trust and the Company dated 24 August 2023 and 25 August 2023, respectively, in relation to the allotment and issue of Share Stapled Units under the 2021 Specific Mandate for payment of the Manager Fees for the six months ended 30 June 2023
“2023 Specific Mandate”	has the meaning ascribed to it under the section headed “LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD — PROPOSED ALLOTMENT AND ISSUE OF SHARE STAPLED UNITS UNDER SPECIFIC MANDATES FOR FEE PAYMENT OF EXISTING CONTINUING CONNECTED TRANSACTIONS” in this circular
“2024 Announcement”	the announcement of the Trust and the Company dated 12 April 2024 in relation to the proposed increase of the Original SSU Issuance Cap and the proposed allotment and issue of Share Stapled Units under the Specific Mandates for payment of the Manager Fees and closure of registers

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## DEFINITIONS

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“2024–26 Specific Mandate”	has the meaning ascribed to it under the section headed “LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD — PROPOSED ALLOTMENT AND ISSUE OF SHARE STAPLED UNITS UNDER SPECIFIC MANDATES FOR FEE PAYMENT OF EXISTING CONTINUING CONNECTED TRANSACTIONS” in this circular
“Addendum”	an addendum to the Hotel Management Agreements and the Trademark Licence Agreements to be entered into among the Hotel Companies, the Master Lessee, the Hotel Manager, the Trustee-Manager and the Company subject to obtaining the approval of the Independent Holders of SSUs at the EGM to make relevant amendments to the Hotel Management Agreements and the Trademark Licence Agreements for the purpose to, among others, increase the Original SSU Issuance Cap to the Increased SSU Issuance Cap and incorporate the Deferment Mechanism
“Applicable Price”	HK\$0.646 per SSU, being the higher of the closing price of the SSUs on the trading day immediately before the original payment deadline of 5 March 2024 for the allotment and issue of SSUs to settle the Manager Fees for the six months ended 31 December 2023 (being HK\$0.620 per SSU, i.e. the closing price as of 4 March 2024) and the average closing price of the SSUs for the ten consecutive trading days immediately before the aforesaid original payment deadline (being HK\$0.646 per SSU)
“associate(s)”, “close associate(s)”, “connected person(s)”, “core connected person(s)”, “continuing connected transaction(s)”, “controlling shareholder(s)” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Boards”	collectively, the Trustee-Manager Board and the Company Board
“Company”	Langham Hospitality Investments Limited (朗廷酒店投資有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 29 January 2013

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## DEFINITIONS

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“Company Board”	the board of directors of the Company
“COVID-19”	the coronavirus disease 2019
“Deferment Mechanism”	has the meaning ascribed to it under the section headed “LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD — PROPOSED INCREASE OF THE ORIGINAL SSU ISSUANCE CAP FOR FEE PAYMENT UNDER THE EXISTING CONTINUING CONNECTED TRANSACTIONS” in this circular
“Directors”	the directors of the Trustee-Manager and the Company
“EGM”	the extraordinary general meeting of unitholders of the Trust and shareholders of the Company to be held on a combined basis as a single meeting characterised (as an extraordinary general meeting of Holders of SSUs to be convened by the Trustee-Manager and the Company) on Wednesday, 8 May 2024 at 4:15 p.m. (or immediately after the conclusion or adjournment of the 2024 annual general meeting of the Trust and the Company to be held at the same venue and on the same day) to consider and, if thought fit, approve (i) the Addendum; (ii) the proposed Increased SSU Issuance Cap; (iii) the Deferment Mechanism; and (iv) the Specific Mandates, the notice of which is set out on pages N1 to N5 of this circular
“Extension Announcement”	the announcement of the Trust and the Company dated 4 March 2024 in relation to the extension of the date of payment of the Manager Fees for the six months ended 31 December 2023
“Great Eagle”	Great Eagle Holdings Limited (Stock Code: 41), the holding company of the Trust and the Company, which held approximately 71.90% of the Trust and the Company as at the Latest Practicable Date
“Great Eagle Group”	Great Eagle and its subsidiaries
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Holders of SSUs”	persons registered at the relevant time in the Share Stapled Units Register as Holders of SSUs, including persons so registered as joint holders of SSUs

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hotel(s)”	The Langham, Hong Kong, Cordis, Hong Kong and Eaton HK
“Hotel Companies”	the companies which own the Hotels, being Harvest Star International Limited, Cordis Hong Kong Limited and Grow On Development Limited; and “Hotel Company” shall mean any of them
“Hotel Management Agreements”	three separate hotel management agreements each dated 10 May 2013 entered into among each Hotel Company, the Master Lessee, the Hotel Manager, the Trustee-Manager and the Company in relation to the management of the Hotels by the Hotel Manager
“Hotel Management Fees”	the aggregate base and incentive fees payable under the Hotel Management Agreements
“Hotel Manager”	Langham Hotels International Limited (朗廷酒店國際有限公司), a company incorporated in Hong Kong with limited liability on 30 August 1984 and an indirect wholly-owned subsidiary of Great Eagle
“Increased SSU Issuance Cap”	an aggregate cap of 3.5% of the total number of Share Stapled Units in issue as at the last day of the immediately preceding financial year plus the number of Share Stapled Units (if any) allotted and issued at the relevant financial year or period (excluding those allotted and issued pursuant to the Hotel Management Agreements and the Trademark Licence Agreements), being the maximum number of Share Stapled Units that may be allotted and issued as payment of the Manager Fees in a financial year
“Independent Board Committee”	an independent committee of each of the Boards (which comprises Professor Chan Ka Keung, Ceajer, Professor Lin Syaru, Shirley and Mr. Wong Kwai Lam, all being independent non-executive Directors) established to advise the Independent Holders of SSUs with regard to (i) the Addendum; (ii) the proposed Increased SSU Issuance Cap; (iii) the Deferment Mechanism; and (iv) the Specific Mandates

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## DEFINITIONS

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“Independent Financial Adviser” or “Ballas Capital”	Ballas Capital Limited, a corporation licensed to carry out business in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, is the independent financial adviser appointed by the Boards and approved by the Independent Board Committee to advise the Independent Board Committee and the Independent Holders of SSUs with regard to (i) the Addendum; (ii) the proposed Increased SSU Issuance Cap; (iii) the Deferment Mechanism; and (iv) the Specific Mandates
“Independent Holders of SSUs”	Holders of SSUs other than Great Eagle and its associates
“Langham Brands”	“The Langham”, “Cordis” and “Eaton” brand names which are owned by the Hotel Manager and licensed to the Trust Group pursuant to the Trademark Licence Agreements
“Latest Practicable Date”	15 April 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion herein
“Licence Fees”	the aggregate licence fees payable under the Trademark Licence Agreements
“Listing Date”	30 May 2013, being the date of listing of, and dealings in, the Share Stapled Units on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mainland China”	the People’s Republic of China, but for the purposes of this circular only, except where the context requires, references in this circular to Mainland China exclude Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Manager Fees”	the Hotel Management Fees and the Licence Fees collectively
“Master Lessee”	GE (LHIL) Lessee Limited, a company incorporated in Hong Kong with limited liability on 5 February 2013 and an indirect wholly-owned subsidiary of Great Eagle
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules

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## DEFINITIONS

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“Original SSU Issuance Cap”	an aggregate cap of 1.5% of the total number of Share Stapled Units in issue as at the last day of the immediately preceding financial year plus the number of Share Stapled Units (if any) allotted and issued at the relevant financial year or period (excluding those allotted and issued pursuant to the Hotel Management Agreements and the Trademark Licence Agreements), being the maximum number of Share Stapled Units that may be allotted and issued as payment of the Manager Fees in a financial year
“Outstanding Manager Fees”	has the meaning ascribed to it under the section headed “LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD — PROPOSED ALLOTMENT AND ISSUE OF SHARE STAPLED UNITS UNDER SPECIFIC MANDATES FOR FEE PAYMENT OF EXISTING CONTINUING CONNECTED TRANSACTIONS” in this circular
“Payment Deadline Day”	the fifteenth day (if it is not a business day, the immediate preceding business day) after (i) the publication of the announcement on the unaudited interim consolidated results of the Trust and of the Company for the relevant semi-annual period or (ii) the publication of the announcement on the audited annual consolidated results of the Trust and of the Company for the relevant financial year, as the case may be
“Prospectus”	the initial public offering prospectus of the Trust and the Company dated 16 May 2013
“REIT(s)”	real estate investment trust
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong as amended, supplemented or otherwise modified for the time being
“Share Stapled Unit(s)” or “SSU(s)”	<p>the combination of the following securities or interests in securities which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others:</p> <p>(a) a Unit in the Trust;</p>



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## DEFINITIONS

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	(b) the beneficial interest in a specifically identified ordinary share of the Company Linked (as defined in the Trust Deed) to the Unit and held by the Trustee-Manager as legal owner in its capacity as trustee-manager of the Trust; and
	(c) a specifically identified preference share of the Company (as defined in the Trust Deed) to the Unit
“Share Stapled Units Register”	the register of Holders of SSUs
“Share Stapled Units Registrar”	Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Specific Mandates”	collectively, the 2023 Specific Mandate and the 2024–26 Specific Mandate
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Three-Year Buffer Period”	has the meaning ascribed to it under the section headed “LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD — PROPOSED INCREASE OF THE ORIGINAL SSU ISSUANCE CAP FOR FEE PAYMENT UNDER THE EXISTING CONTINUING CONNECTED TRANSACTIONS” in this circular
“Trademark Licence Agreements”	three separate trademark licence agreements each dated 10 May 2013 entered into among each Hotel Company, the Hotel Manager, the Master Lessee, the Trustee-Manager and the Company in relation to the grant of a licence by the Hotel Manager for the use of the Langham Brands and other trademarks for the operation of the Hotels
“Trust”	Langham Hospitality Investments (朗廷酒店投資), as constituted pursuant to the Trust Deed
“Trust Deed”	the trust deed dated 8 May 2013 constituting the Trust, entered into between the Trustee-Manager and the Company as amended, supplemented, substituted or otherwise modified from time to time
“Trust Group”	the Trust and the Group

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## DEFINITIONS

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“Trustee-Manager”	LHIL Manager Limited (朗廷酒店管理人有限公司), a company incorporated in Hong Kong with limited liability on 25 January 2013 and an indirect wholly-owned subsidiary of Great Eagle, being the trustee-manager of the Trust
“Trustee-Manager Board”	the board of directors of the Trustee-Manager
“Unit”	an undivided interest in the Trust, which confers the rights set out in the Trust Deed as being conferred by a Unit (whether in its own right or as a component of a Share Stapled Unit)
“%”	per cent.

# LANGHAM

HOSPITALITY INVESTMENTS

## Langham Hospitality Investments

(As constituted pursuant to a deed of trust on 8 May 2013 under the laws of Hong Kong,  
the trustee of which is LHIL Manager Limited)

and

## Langham Hospitality Investments Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1270)

### Directors of the Trustee-Manager and the Company

LO Ka Shui (*Chairman and  
Non-executive Director*)

Brett Stephen BUTCHER (*Chief Executive  
Officer and Executive Director*)

CHAN Ka Keung, Ceajer\*

LIN Syaru, Shirley\*

LO Chun Him, Alexander<sup>#</sup>

LO Chun Lai, Andrew<sup>#</sup>

WONG Kwai Lam\*

<sup>#</sup> *Non-executive Directors*

\* *Independent Non-executive Directors*

### Registered Office of the Company

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

### Principal Place of Business in Hong Kong of the Company

Suite 2702, 27th Floor

Great Eagle Centre

23 Harbour Road

Wanchai, Hong Kong

### Registered Office of the Trustee-Manager

33rd Floor

Great Eagle Centre

23 Harbour Road

Wanchai, Hong Kong

22 April 2024

To the Holders of SSUs

Dear Sir or Madam,

**PROPOSED INCREASE OF THE ORIGINAL SSU ISSUANCE CAP  
FOR FEE PAYMENT UNDER  
THE EXISTING CONTINUING CONNECTED TRANSACTIONS  
AND  
PROPOSED ALLOTMENT AND ISSUE OF SHARE STAPLED UNITS  
UNDER SPECIFIC MANDATES FOR FEE PAYMENT OF  
EXISTING CONTINUING CONNECTED TRANSACTIONS**

### INTRODUCTION

Reference is made to:

- (i) the Prospectus in relation to, *inter alia*, the Hotel Management Agreements and the Trademark Licence Agreements;

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## LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD

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- (ii) the 2021 Announcements and the 2021 Circular in relation to the proposed allotment and issue of Share Stapled Units under the 2021 Specific Mandate for payment of the Manager Fees for the three financial years ended 31 December 2023;
- (iii) the 2023 Issue Announcements in relation to the allotment and issue of Share Stapled Units under the 2021 Specific Mandate for payment of the Manager Fees for the six months ended 30 June 2023;
- (iv) the 2023 Election Announcement in relation to election of payment method of the Manager Fees wholly by way of Share Stapled Units for the financial year ending 31 December 2024;
- (v) the Extension Announcement in relation to the extension of the date of payment of the Manager Fees for the six months ended 31 December 2023; and
- (vi) the 2024 Announcement.

The Hotel Management Agreements and the Trademark Licence Agreements have not expired and remain in force for an initial term of 30 years from and including the Listing Date. The transactions contemplated under the Hotel Management Agreements and the Trademark Licence Agreements constitute continuing connected transactions for the Trust and the Company under the Listing Rules. As disclosed in the Prospectus, the Stock Exchange has granted a waiver from strict compliance with the announcement and/or independent shareholders' approval requirement and the requirement to set a monetary cap in respect of such continuing connected transactions under Chapter 14A of the Listing Rules. The principal terms of the Hotel Management Agreements and the Trademark Licence Agreements agreed upon by the parties are set out in the paragraphs headed "INFORMATION IN RELATION TO THE HOTEL MANAGEMENT AGREEMENTS AND TRADEMARK LICENCE AGREEMENTS" hereinbelow.

The purpose of this circular is to provide Holders of SSUs with, among other things, (i) further details of the Addendum, (ii) details of the proposed Increased SSU Issuance Cap and the Deferment Mechanism, (iii) further particulars of the proposed Specific Mandates, (iv) the recommendations of the Independent Board Committee, (v) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Holders of SSUs, and (vi) a notice of the EGM, and to seek your approval at the EGM in connection with, such matters.

### **PROPOSED INCREASE OF THE ORIGINAL SSU ISSUANCE CAP FOR FEE PAYMENT UNDER THE EXISTING CONTINUING CONNECTED TRANSACTIONS**

#### **Proposed Increase of the Original SSU Issuance Cap**

Based on the audited annual consolidated results of the Trust and of the Company for the financial year ended 31 December 2023 published by the Trust and the Company on 19 February 2024 and the recent market prices of the Share Stapled Units, the Directors estimated that the Original SSU Issuance Cap will not be sufficient to satisfy the payment of the Manager Fees for the three financial years ending 31 December 2026 if the fees are to be settled wholly in SSUs. Accordingly, the Trust and the Company propose to enter into the Addendum with the Hotel

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## LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD

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Companies, the Hotel Manager, the Master Lessee and the Trustee-Manager subject to obtaining the approval of the Independent Holders of SSUs to increase the Original SSU Issuance Cap from 1.5% to 3.5% (i.e. the Increased SSU Issuance Cap) for the financial year ended 31 December 2023 and the remaining duration of the Hotel Management Agreements and the Trademark Licence Agreements.

The Increased SSU Issuance Cap is determined after taking into account:

- (i) the total number of Share Stapled Units allotted and issued to the Hotel Manager as payment of the Manager Fees for the financial year ended 31 December 2022 of 33,509,726;
- (ii) the total number of Share Stapled Units allotted and issued to the Hotel Manager as payment of the Manager Fees for the six months ended 30 June 2023 of 29,538,995 and the total number of Share Stapled Units to be allotted and issued to the Hotel Manager as payment of the Manager Fees for the six months ended 31 December 2023 of 55,432,596 based on the Applicable Price, which, when aggregate with those allotted and issued for the six months ended 30 June 2023, would represent approximately 2.60% of the total number of SSUs in issue as at 31 December 2022 and would have exceeded the Original SSU Issuance Cap of 1.5%;
- (iii) the potential future increases in the level of the Hotel Management Fees and the Licence Fees payable under the Hotel Management Agreements and the Trademark Licence Agreements, which will result in further increase in the total number of Share Stapled Units to be allotted and issued to the Hotel Manager as payment of the Manager Fees for each of the three financial years ending 31 December 2026; and
- (iv) a buffer for potential volatility in the price of the Share Stapled Units.

### **Deferment Mechanism**

Based on the existing Hotel Management Agreements and Trademark Licence Agreements, where Share Stapled Units are allotted and issued to the Hotel Manager as payment of the Hotel Management Fees and the Licence Fees, they will be allotted and issued to the Hotel Manager within 15 calendar days after the publication of (i) the announcement on the unaudited interim consolidated results of the Trust and of the Company for the relevant semi-annual period, or (ii) the announcement on the audited annual consolidated results of the Trust and of the Company for the relevant financial year, as the case may be; and the number of Share Stapled Units to be allotted and issued will be calculated on the basis of their price being the higher of: (1) the closing price of the Share Stapled Units on the trading day immediately before the date of allotment and issue; and (2) the average closing price of the Share Stapled Units for the ten consecutive trading days immediately before the date of allotment and issue.

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## LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD

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Pursuant to the Addendum, in addition to the proposed increase of the Original SSU Issuance Cap, it is proposed that:

- (i) if, on the Payment Deadline Day, the allotment and issue of new Share Stapled Units for the purpose of settlement of any part of the Manager Fees will be contrary to or in breach of the prevailing Listing Rules on the public float requirement of the Trust and the Company, then notwithstanding the payment deadline (i.e. within 15 calendar days) as mentioned above, such part of the Manager Fees that is payable in Share Stapled Units shall be deemed to have been paid and settled on the Payment Deadline Day, while the relevant Share Stapled Units underlying such part of the Manager Fees shall be allotted and issued to the Hotel Manager, in one or more batch(es), on any business day(s) within three years from the Payment Deadline Day (the “**Three-Year Buffer Period**”) as long as the aforementioned public float requirement could be satisfied on the relevant date of allotment and issue of such Share Stapled Units;
- (ii) on the last business day of the Three-Year Buffer Period, in the event that any of the relevant Share Stapled Units underlying such part of the Manager Fees have not been allotted and issued to the Hotel Manager, all such outstanding part of the Manager Fees shall be paid and settled forthwith in cash without interest, unless the parties otherwise agree;
- (iii) if paragraph (i) above applies, for the purpose of computing the number of Share Stapled Units to be allotted and issued to the Hotel Manager for settlement of any part of the Manager Fees, it will be calculated on the basis of their price being the higher of: (1) the closing price of the Share Stapled Units on the trading day immediately before the Payment Deadline Day; and (2) the average closing price of the Share Stapled Units for the ten consecutive trading days immediately before the Payment Deadline Day. As such, the number of Share Stapled Units to be allotted and issued to the Hotel Manager for settlement of any part of the Manager Fees for the relevant semi-annual period or the relevant financial year is determined on the Payment Deadline Day; and
- (iv) during the Three-Year Buffer Period, the Trust and the Company and the Hotel Manager shall, collectively, monitor the level of public float of the Trust and the Company. If it is mutually agreed that the allotment and issue of the relevant number of new Share Stapled Units will not contravene the prevailing Listing Rules on the public float requirement of the Trust and the Company, the Hotel Manager may issue a written request to the Trust and the Company to request for the allotment and issue of such relevant number of new Share Stapled Units. The Trust and the Company shall allot and issue such relevant number of new Share Stapled Units to the Hotel Manager within five business days from the date of the aforesaid written request, provided that the prevailing Listing Rules on the public float requirement of the Trust and the Company could be satisfied on the relevant date of allotment and issue;

(collectively, the “**Deferment Mechanism**”).

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## **LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD**

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Save for the proposed increase of the Original SSU Issuance Cap and the Deferment Mechanism, all terms and conditions under the Hotel Management Agreements and Trademark Licence Agreements remain unchanged. The principal terms of the Hotel Management Agreements and the Trademark Licence Agreements agreed upon by the parties are set out in the paragraphs headed “INFORMATION IN RELATION TO THE HOTEL MANAGEMENT AGREEMENTS AND TRADEMARK LICENCE AGREEMENTS” hereinbelow. As at the Latest Practicable Date, the Original SSU Issuance Cap has not been exceeded.

The Directors (including the independent non-executive Directors who have expressed their views in the letter from the Independent Board Committee after taking into account the advice of the Independent Financial Adviser) believe that the terms of the Addendum, the proposed Increased SSU Issuance Cap and the Deferment Mechanism are fair and reasonable and in the interests of the Trust, the Company and the Holders of SSUs as a whole.

As disclosed in the Prospectus, the Stock Exchange has granted a waiver from strict compliance with the announcement requirement and/or the requirement for the approval of the Independent Holders of SSUs and the requirement to set a monetary cap in respect of such continuing connected transactions under Chapter 14A of the Listing Rules in May 2013, subject to certain conditions, including but not limited to the condition that any change to the bases of calculations of the fee payables and the Share Stapled Units that may be allotted and issued (where applicable) under the Hotel Management Agreements will be subject to the approval of the Independent Holders of SSUs. As such, the Trust and the Company will not enter into the Addendum before obtaining the approval from the Independent Holders of SSUs. In this regard, the Boards propose to put forward, among other things, ordinary resolutions to approve the Addendum, the proposed Increased SSU Issuance Cap and the Deferment Mechanism at the EGM for the consideration and approval of the Independent Holders of SSUs.

### **PROPOSED ALLOTMENT AND ISSUE OF SHARE STAPLED UNITS UNDER SPECIFIC MANDATES FOR FEE PAYMENT OF EXISTING CONTINUING CONNECTED TRANSACTIONS**

Pursuant to the Hotel Management Agreements and the Trademark Licence Agreements, from 1 January 2018 onwards, the Manager Fees shall be settled by way of cash, allotment and issue of Share Stapled Units, or a combination of both, at the election of the Hotel Manager, subject to the approval of the Independent Holders of SSUs for the allotment and issue of the Share Stapled Units.

As disclosed in the 2021 Announcements and the 2021 Circular, the 2021 Specific Mandate for payment of the Manager Fees for the three financial years ended 31 December 2023, subject to the Original SSU Issuance Cap, was approved and granted by the Independent Holders of SSUs on 12 May 2021. Further, as disclosed in the 2023 Issue Announcements, a total of 29,538,995 new Share Stapled Units were allotted and issued on 25 August 2023 for satisfaction of the payment of the Manager Fees for the six months ended 30 June 2023, and the Manager Fees for the six months ended 31 December 2023 shall be paid in the form of Share Stapled Units. In addition, as disclosed in the 2023 Election Announcement, the Hotel Manager has elected the payment method of the Manager Fees wholly by way of Share Stapled Units for the financial year ending 31 December 2024.

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## LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD

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In view of the reasons mentioned in the paragraphs headed “REASONS FOR AND BENEFITS OF THE PROPOSED INCREASE OF THE ORIGINAL SSU ISSUANCE CAP, THE DEFERMENT MECHANISM AND THE PROPOSED GRANT OF SPECIFIC MANDATES” herein, the Original SSU Issuance Cap will not be sufficient to satisfy the payment of the Manager Fees for the six months ended 31 December 2023 and the expected Manager Fees for the three financial years ending 31 December 2026 pursuant to the Hotel Management Agreements and the Trademark Licence Agreements. As at the Latest Practicable Date, the Manager Fees for the six months ended 31 December 2023 amounting to approximately HK\$35.81 million have not been paid to the Hotel Manager (the “**Outstanding Manager Fees**”) and 55,432,596 new Share Stapled Units would be required for the satisfaction of this payment based on the Applicable Price. Based on the Original SSU Issuance Cap for the financial year ended 31 December 2023, as 29,538,995 Share Stapled Units have already been allotted and issued to the Hotel Manager to satisfy the Manager Fees for the six months ended 30 June 2023, the remaining number of Share Stapled Units available to be allotted and issued is 19,563,251. As such, the Trust and the Company are in short of Share Stapled Units to be allotted and issued to settle the Manager Fees for the financial year ended 31 December 2023 if the Original SSU Issuance Cap is not to be increased. Further, as disclosed in the Extension Announcement, the parties to the Hotel Management Agreements and the Trademark Licence Agreements agreed to extend the date of payment of the Manager Fees to 30 June 2024.

The Hotel Manager is a wholly-owned subsidiary of Great Eagle and Great Eagle is the controlling Holder of SSUs of the Trust and the Company. The Hotel Manager is therefore a connected person of the Trust and the Company under the Listing Rules. Pursuant to Rule 13.36(1) of the Listing Rules, in respect of the allotment and issue of the Share Stapled Units to the Hotel Manager for payment of the relevant Manager Fees, approval from the Independent Holders of SSUs shall be required.

In order to satisfy the Outstanding Manager Fees and the Manager Fees for the three financial years ending 31 December 2026, subject to the entering into of the Addendum and the obtaining of the approval of the Increased SSU Issuance Cap from the Independent Holders of SSUs, the Boards propose to seek for approval of the Independent Holders of SSUs at the EGM for the following specific mandates to be granted to the Directors for allotment and issue of the relevant Share Stapled Units:

- (1) a specific mandate for the allotment and issue of new Share Stapled Units as payment of the Outstanding Manager Fees, subject to the Increased SSU Issuance Cap, which shall supersede the 2021 Specific Mandate in relation to the allotment and issue of Share Stapled Units for the financial year ended 31 December 2023 only (the “**2023 Specific Mandate**”); and
- (2) a specific mandate for the allotment and issue of new Share Stapled Units as payment of the Manager Fees for the three financial years ending 31 December 2026, subject to the Increased SSU Issuance Cap (the “**2024–26 Specific Mandate**”).

The allotment and issue of Share Stapled Units for payment of the Outstanding Manager Fees and the Manager Fees for the three financial years ending 31 December 2026 under the Hotel Management Agreements and the Trademark Licence Agreements is also subject to, and



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## LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD

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conditional on, the Listing Committee of the Stock Exchange granting listing of and permission to deal in such Share Stapled Units and the public float of the Trust and the Company at the relevant time of allotment and issuance. The Trustee-Manager and the Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, such Share Stapled Units.

Subject to the entering into of the Addendum, the maximum number of Share Stapled Units to be allotted and issued for payment of the Manager Fees for a year under the Hotel Management Agreement and the Trademark Licence Agreement will be subject to an aggregate cap of 3.5% of the total number of Share Stapled Units in issue as at the last day of the immediately preceding financial year plus the number of Share Stapled Units (if any) allotted and issued at the relevant financial year or period (excluding those allotted and issued pursuant to the Hotel Management Agreements and the Trademark Licence Agreements). Therefore, the proposed Increased SSU Issuance Cap to be approved at the EGM is in line with the Specific Mandates and will be the same as the cap stipulated in the Hotel Management Agreements and the Trademark Licence Agreements after supplemented and amended by the Addendum.

Further, as disclosed in the Prospectus, the aggregate number of Share Stapled Units allotted and issued for payment of the Manager Fees shall reduce the number of Share Stapled Units which may be allotted and issued pursuant to the respective general mandate (if any) in effect.

### **REASONS FOR AND BENEFITS OF THE PROPOSED INCREASE OF THE ORIGINAL SSU ISSUANCE CAP, THE DEFERMENT MECHANISM AND THE PROPOSED GRANT OF SPECIFIC MANDATES**

Pursuant to Rule 13.36(1) of the Listing Rules, in respect of the allotment and issue of the Share Stapled Units to the Hotel Manager for payment of the Manager Fees, approval from the Independent Holders of SSUs shall be required.

The Directors (including the independent non-executive Directors who have expressed their views in the letter from the Independent Board Committee after taking into account the advice of the Independent Financial Adviser) consider that the proposed increase of the Original SSU Issuance Cap, the Deferral Mechanism and the proposed allotment and issue of Share Stapled Units to the Hotel Manager under (i) the 2023 Specific Mandate as payment of the Outstanding Manager Fees, and (ii) the 2024–26 Specific Mandate as payment of the Manager Fees for the three financial years ending 31 December 2026, is on normal commercial terms, and is fair and reasonable and in the interests of the Trust, the Company and the Holders of SSUs as a whole on the following bases:

- (i) the insufficiency of the Original SSU Issuance Cap for the financial year ended 31 December 2023 and, expectedly, for the three financial years ending 31 December 2026 is primarily due to the continuous stock market slump in Hong Kong which led to the overall decrease in the market price of the Share Stapled Units throughout the past year(s). Despite that the Hotel Manager may elect to receive the Manager Fees wholly or partly in cash (as opposed to wholly in Share Stapled Units) if the Original SSU Issuance Cap is insufficient to satisfy the Manager Fees wholly in Share Stapled Units, such election will in turn lead to cashflow pressure on the Trust and the Company, which is not desirable for its business operation;

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## LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD

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- (ii) the payment of the Manager Fees in Share Stapled Units will continue to allow the Trust Group to manage its cash position in a similar way as in the past. It allows to preserve cash within the Trust Group which can strengthen its financial position and cash flow under the difficult environment of hospitality sector due to the economic downturn in Hong Kong following the impact of COVID-19 pandemic as well as to allow distribution as seen fit by the Boards and in accordance with the distribution policy;
- (iii) it is typical for the management company of a REIT in Hong Kong to have the option to be paid its management fees in units up to a maximum of 3% of the units then in issue each year. The Directors consider REIT as industry comparables in respect of management fee settlement because the Trust Group and REIT share certain similarities, in particular, (a) the Trust Group constitutes a combination of a trust, namely Langham Hospitality Investment, and a company, namely Langham Hospitality Investments Limited; (b) a REIT in Hong Kong is required to distribute to its unitholders an amount which is not less than 90% of its audited annual net income, whereas the Trust Group aims to provide to the Holders of SSUs with a target annual distribution payout of not less than 90% of the distributable income of the Trust Group in any financial year under the present policy of the Trust Group; and (c) each of the Trust Group and the REIT is principally engaged in investing in the hotel and property sector;
- (iv) although the Hotel Manager has not yet chosen the payment method of the Manager Fees for 2025 and 2026, a 3-year 2024–26 Specific Mandate for the three financial years ending 31 December 2026 (a) can save time and costs to prepare additional announcements/circulars and to hold additional extraordinary general meetings for 2025 and 2026 to approve the allotment and issue of Share Stapled Units as settlement of the Manager Fees, (b) can give the Trust and the Company more flexibility to allot and issue the Share Stapled Units for settlement of the Manager Fees for 2025 and 2026 in a more efficient manner without the need to go through the aforesaid compliance procedures for each year, and (c) is in line with the practice for other ordinary non-exempt continuing connected transactions to announce/approve the annual caps for every three years;
- (v) although the holders of the Share Stapled Units will experience dilution in their holdings of Share Stapled Units as a result of the allotment and issue of Share Stapled Units to the Hotel Manager for the settlement of the Manager Fees, the level of the cap is such that the dilution effect to Holders of SSUs of the allotment and issue of Share Stapled Units to the Hotel Manager will be minimal at not more than 3.5% per year;
- (vi) the Directors believe that the payment of the Manager Fees in Share Stapled Units to the Hotel Manager will serve to align the interests of the Hotel Manager with the Trust Group (through Great Eagle as the parent company of the Hotel Manager and the controlling Holder of SSUs of the Trust and the Company) and Holders of SSUs; and

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## LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD

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(vii) as at the Latest Practicable Date, Great Eagle (through direct and indirect wholly-owned subsidiaries) and its directors and their respective close associates held 2,457,833,723 SSUs, representing approximately 74.06% of the issued SSUs. Given that the Listing Rules require at least 25% of the SSUs must be held by the public, there is only around 0.94% buffer for the allotment and issue of SSUs to the Hotel Manager (who is a connected person) to satisfy the Manager Fees. The Deferment Mechanism will allow the Trust and the Company to allot and issue the SSUs to the Hotel Manager in batches as long as the aforesaid public float requirement could be satisfied, which is essential for the proposed increase of the Original SSU Issuance Cap in light of the circumstances set out above. The Deferment Mechanism is advantageous for the Trust and the Company, as it allows for the deferment of the settlement of Manager Fees without interest to the Hotel Manager, for a maximum period of three years.

Despite the fact that the industry norm for REIT is to have an option for its management company to be paid its management fees in units up to a maximum of 3% of the units then in issue each year (as set out in paragraph (iii) above), the Directors consider that it is justifiable for the Trust and the Company to set a slightly higher bar (i.e. the Increased SSU Issuance Cap of 3.5%) when compared with the industry norm for REIT due to the following reasons:

- (i) since the outbreak of COVID-19 pandemic and up to the Latest Practicable Date, the hospitality, travel and tourism industry in Hong Kong, as well as the stock market in Hong Kong, in general, continued to be dampened and weakened which is primarily due to the various macro-economic factors, including but not limited to the continuous high interest rates and weak market sentiment in making investments in the Hong Kong stock market. These factors are entirely out of the control of the Trust Group, but have brought immense adverse impact and pressure on the market price of the Share Stapled Units, and as a result, leads to the insufficiency of the Original SSU Issuance Cap;
- (ii) the decision to have a cap at 3.5% is the result of arm's length negotiation between the Hotel Manager and the Trust and the Company after taking into consideration the market price and the performance of the Trust and the Company, as well as the historical transaction amount of the Manager Fees paid under the Hotel Management Agreements and the Trademark Licence Agreements. In addition, any SSUs allotted and issued under this Increased SSU Issuance Cap represent direct ownership stake in the Trust and the Company, where it is believed that it provides the Hotel Manager with a stronger sense of ownership and commitment to driving positive results for the Trust and the Company; and
- (iii) the Trust and the Company have always been, and will continue to be, subject to the public float requirement under Listing Rules. As such, even if the cap is increased to 3.5%, the Trust and the Company may not be able to fully utilise the Increased SSU Issuance Cap unless the public float could be maintained, and so this serves as an additional layer of protection for the Independent Holders of SSUs from the dilution effect of having the Increased SSU Issuance Cap.

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## LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD

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In the event that the Specific Mandates are not approved by the Independent Holders of SSUs and the Trust Group is not able to settle the Outstanding Manager Fees and the Manager Fees for the three financial years ending 31 December 2026 wholly by way of allotment and issue of Share Stapled Units, the Trust Group will have to settle (i) the Outstanding Manager Fees partly by way of the allotment of 19,563,251 SSUs and partly by way of cash in the amount of approximately HK\$23.17 million on 9 May 2024 and (ii) the Manager Fees for the three financial years ending 31 December 2026 wholly by way of cash on the Payment Deadline Day without the potential enjoyment of the three years interest-free deferment period.

### INFORMATION IN RELATION TO THE HOTEL MANAGEMENT AGREEMENTS AND TRADEMARK LICENCE AGREEMENTS

#### Hotel Management Agreements

##### *Subject matter*

The Hotel Management Agreements comprise three separate agreements each dated 10 May 2013 entered into among each Hotel Company, the Master Lessee, the Hotel Manager, the Trustee-Manager and the Company.

As the Hotel Manager and the Master Lessee are both indirect wholly-owned subsidiaries of Great Eagle which is a controlling Holder of SSUs of the Trust and the Company, they are connected persons of the Trust and the Company under the Listing Rules.

##### *Term*

Pursuant to the Hotel Management Agreements, the Master Lessee has agreed to engage the Hotel Manager as the sole and exclusive manager of the Hotels to supervise, direct and control the businesses and day-to-day operations of the Hotels in accordance with agreed standards of the relevant Hotel and to formulate and manage the annual plan and budget for each Hotel for an initial term of 30 years from and including 30 May 2013 (the date of listing) and may, subject to compliance with the relevant Listing Rules at the relevant time, be renewed for a further term of 10 years by notice at the election of the Hotel Manager. Thereafter, the Hotel Management Agreements may be renewed for successive 10-year terms by mutual agreement of the parties subject to compliance with the relevant Listing Rules requirements at the relevant time.

##### *Fee*

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

- *Base Fee*: a fixed percentage of 1.5% of total revenue of the relevant Hotel.
- *Incentive Fee*: a fixed percentage of 5% of the adjusted gross operating profit (being gross operating profit less the Base Fee (as mentioned above) and Licence Fees payable under the relevant Trademark Licence Agreement).

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## LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD

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From 1 January 2018 onwards, the Hotel Management Fees shall be settled by way of cash, the allotment and issue of Share Stapled Units, or a combination of both, at the election of the Hotel Manager. Subject to the Deferment Mechanism (provided that it is approved at the EGM), where the Hotel Management Fees are to be settled by way of an allotment and issue of Share Stapled Units, the number of Share Stapled Units to be allotted and issued will be calculated on the basis of their price being the higher of: (1) the closing price of the Share Stapled Units on the trading day immediately before the date of allotment and issue; and (2) the average closing price of the Share Stapled Units for the ten consecutive trading days immediately before the date of allotment and issue.

The annual Hotel Management Fees payable under the Hotel Management Agreements was determined at the date of entering into the Hotel Management Agreements, which was in line with the rate of service fees charged by Great Eagle Group for providing hotel management services to third party hotel owners as at the date of entering into the Hotel Management Agreements.

### *Historical transaction amounts*

	<b>Aggregate transaction amount for the financial year ended 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Hotel Management Agreements			
— Base Fee	11,296	14,558	24,282
— Incentive Fee	1,723	8,884	23,431

Holders of SSUs may also refer to the section headed “Connected Transactions” of the Prospectus on further details of the Hotel Management Agreements.

### **Trademark Licence Agreements**

#### *Subject matter*

The Trademark Licence Agreements comprises three separate agreements each dated 10 May 2013 entered into among each Hotel Company, the Hotel Manager as the licensor, the Master Lessee, the Trustee-Manager and the Company.

As the Hotel Manager and the Master Lessee are both indirect wholly-owned subsidiaries of Great Eagle which is a controlling Holder of SSUs of the Trust and the Company, they are connected persons of the Trust and the Company under the Listing Rules.

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## LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD

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### *Term*

Pursuant to the Trademark Licence Agreements, the licensor has agreed to grant non-exclusive and non-transferable licences to the relevant Hotel Company, the Trustee-Manager, the Company and the Master Lessee to use the Langham Brands for branding and marketing activities relating to the Hotels and/or for describing the ownership of the Hotels for an initial term of 30 years from and including the Listing Date and may, subject to compliance with the relevant Listing Rules requirements at the relevant time, be renewed for a term of 10 years by notice at the election of the Hotel Manager. Thereafter, the Trademark Licence Agreements may be renewed for successive 10-year terms by mutual agreement of the parties subject to compliance with the relevant Listing Rules requirements at the relevant time. Each of the Trademark Licence Agreements shall be coterminous with the Hotel Management Agreement for the same Hotel.

### *Fees*

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.

From 1 January 2018 onwards, the Licence Fees shall be settled by way of cash, the allotment and issue of Share Stapled Units, or a combination of both, at the election of the Hotel Manager. Subject to the Deferment Mechanism (provided that it is approved at the EGM), where the Licence Fees are to be settled by way of an allotment and issue of Share Stapled Units, the number of Share Stapled Units to be allotted and issued will be calculated on the basis of their price being the higher of: (1) the closing price of the Share Stapled Units on the trading day immediately before the date of allotment and issue; and (2) the average closing price of the Share Stapled Units for the ten consecutive trading days immediately before the date of allotment and issue.

The annual Licence Fees payable under the Trademark Licence Agreements was determined at the date of entering into the Trademark Licence Agreements, which was in line with the rate of Licence Fees charged by the Great Eagle Group for licensing its trademarks to third party hotel owners as at the date of entering into the Trademark Licence Agreements, and common for hotel-related intellectual property licensing fees to be charged on the basis of a percentage of the total revenue of the Hotel.

### *Historical transaction amounts*

	<b>Aggregate transaction amount for the financial year ended 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Licence Fees under the Trademark			
Licence Agreements	7,531	9,706	16,188

Holders of SSUs may also refer to the section headed “Connected Transactions” of the Prospectus on further details of the Trademark Licence Agreements.

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## LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD

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### Historical Share Stapled Units allotted and issued to the Hotel Manager as the Manager Fees

As the Hotel Manager has elected the Manager Fees to be paid by way of Share Stapled Units for each of the financial years ended 31 December 2021, 2022 and 2023, based on the aggregate Manager Fees (being the combination of the Hotel Management Fees and the Licence Fees set out above), the table below set forth the historical Share Stapled Units allotted and issued to the Hotel Manager as the Manager Fees for such years:

	<b>For the financial year ended 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Number of Share Stapled Units allotted/to be allotted and issued/to be issued to the Hotel Manager as the Manager Fees	23,330,053	33,509,726	84,971,591*
The market price of Share Stapled Units for the purpose to calculate the number of Share Stapled Units allotted/to be allotted and issued/to be issued	For the first six months: Approximately HK\$0.884	For the first six months: Approximately HK\$0.932	For the first six months: Approximately HK\$0.951
	For the second six months: Approximately HK\$0.879	For the second six months: Approximately HK\$1.053	For the second six months: Approximately HK\$0.646
The approximate percentage of such number of Share Stapled Units allotted and issued divided by the total number of Share Stapled Units in issue as at the last day of the immediately preceding financial year plus the number of Share Stapled Units (if any) allotted and issued in the relevant financial year or period (excluding those allotted and issued pursuant to the Hotel Management Agreements and the Trademark Licence Agreements)	0.72%	1.03%	2.60%*

\* assuming the Increased SSU Issuance Cap and the 2023 Specific Mandate are being approved by the Independent Holders of SSUs at the EGM

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## LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD

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### Cap on issuance of Share Stapled Units as payment of the Manager Fees

Subject to the approval of the resolutions at the EGM, the maximum number of Share Stapled Units that may be allotted and issued to the Hotel Manager as payment of the Hotel Management Fees and the Licence Fees by reference to the formulae under the Hotel Management Agreements and the Trademark Licences Agreements 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) will be subject to an aggregate cap of 3.5% of the total number of Share Stapled Units in issue as at the last day of the immediately preceding financial year plus the number of Share Stapled Units (if any) allotted and issued in the relevant financial year or period (excluding those allotted and 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 3.5% annual cap, the allotment and issue of the excess balance of the Share Stapled Units would be subject to the approval of Independent Holders of SSUs. 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.

Subject to the Deferment Mechanism (provided that it is approved at the EGM), where Share Stapled Units are allotted and issued to the Hotel Manager as payment of the Hotel Management Fees and the Licence Fees, they will be allotted and issued to the Hotel Manager within 15 calendar days after the publication of (i) the announcement on the unaudited interim consolidated results of the Trust and of the Company for the relevant semi-annual period, or (ii) the announcement on the audited annual consolidated results of the Trust and of the Company for the relevant financial year, as the case may be.

Share Stapled Units allotted and issued under the Hotel Management Agreements and the Trademark Licence Agreements shall be separate from and independent of the 20% general mandate that the Holders of SSUs may grant to the Directors, but where such a general mandate has been granted to the Directors to allot and issue Share Stapled Units, the aggregate number of Share Stapled Units allotted and issued to the Hotel Manager shall reduce the number of Share Stapled Units which may be allotted and issued pursuant to the general mandate (if any) in effect.

The proposed annual cap of 3.5% described above has been agreed by the Directors on the basis set out in the paragraphs headed “PROPOSED INCREASE OF THE ORIGINAL SSU ISSUANCE CAP FOR FEE PAYMENT UNDER THE EXISTING CONTINUING CONNECTED TRANSACTIONS” above.

More Share Stapled Units would have to be allotted and issued for the settlement of the Manager Fees if (i) the market price of the Share Staple Units decreases; and/or (ii) the financial performance of the Hotels improves, leading to higher Manager Fees. Factors which may enhance the future performance of the Hotels include but not limited to the recovery of the tourism industry in Hong Kong.



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## **LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD**

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### **INFORMATION OF THE TRUST, THE COMPANY, OTHER PARTIES TO THE HOTEL MANAGEMENT AGREEMENTS, THE TRADEMARK LICENCE AGREEMENTS AND THE ADDENDUM, AND THEIR ULTIMATE BENEFICIAL OWNER(S)**

The Company acts as an investment holding company. The principal activities of the Trust Group are primarily to own and invest in a portfolio of hotels, with a focus on completed hotels located in Asia. The current hotel portfolio of the Group comprises: The Langham, Hong Kong, Cordis, Hong Kong and Eaton HK.

The Trustee-Manager acts as the trustee-manager of the Trust, and its specific and limited role is to administer the Trust, but not actively involved in the management of the Hotels.

Great Eagle is the controlling Holder of SSUs. The principal activities of the Great Eagle Group are property development and investment, operations of hotel, restaurant and flexible workspace, manager of real estate investment trust, trading of building materials, securities investment, provision of property management, maintenance and property agency services, property leasing and asset management. The Great Eagle Group's operations are mainly located in Hong Kong, the United States, Canada, the United Kingdom, Australia, New Zealand, Mainland China, Japan and Macau.

The Hotel Manager is an indirect wholly-owned subsidiary of Great Eagle. It is principally engaged in hotel management and investment holding.

The Master Lessee is an indirect wholly-owned subsidiary of Great Eagle. It is principally engaged in hotel operation.

Harvest Star International Limited, being one of the Hotel Companies and an indirect wholly-owned subsidiary of the Company, is principally engaged in property investment.

Cordis Hong Kong Limited, being one of the Hotel Companies and an indirect wholly-owned subsidiary of the Company, is principally engaged in property investment.

Grow On Development Limited, being one of the Hotel Companies and an indirect wholly-owned subsidiary of the Company, is principally engaged in property investment.

### **EGM AND PROXY ARRANGEMENT**

At the EGM, ordinary resolutions will be proposed to approve (i) the Addendum; (ii) the proposed Increased SSU Issuance Cap; (iii) the Deferment Mechanism and (iv) the grant of the Specific Mandates to allot and issue Share Staped Units for payment of the relevant Manager Fees.

The notice of the EGM is set out on pages N1 to N5 of this circular. Holders of SSUs are advised to read the notice and to complete and return the accompanying form of proxy for use at the EGM in accordance with the instructions printed thereon.

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## LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD

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The resolution proposed to approve a matter to be considered by the Holders of SSUs at the EGM shall serve as both a resolution of unitholders of the Trust and a resolution of shareholders of the Company.

The form of proxy provided to Holders of SSUs for use at the EGM, and the form of voting paper to be used at the EGM, are, in each case, a single composite form. The effect of completing a form of proxy or voting paper (as the case may be) indicating a vote either for or against a resolution of Holders of SSUs to be proposed at the EGM shall be the vote cast in respect of the relevant Share Stapled Units and shall constitute:

- (a) a vote of the Units of the Trust (as component of the relevant Share Stapled Units) in respect of the resolution of unitholders of the Trust under the Trust Deed;
- (b) a vote of the preference shares of the Company (as component of the relevant Share Stapled Units) in respect of the resolution of shareholders of the Company under the Company's Articles; and
- (c) an instruction to the Trustee-Manager to vote the number of ordinary shares held by the Trustee-Manager (as component of the relevant Share Stapled Units) in the same way of the resolution of shareholders of the Company under the Company's Articles.

In respect of each individual Share Stapled Unit, the voting rights conferred by the Unit, the preference share and the interest in an ordinary share which are components of the relevant Share Stapled Unit can only be exercised in the same way (either for or against) in respect of a resolution of Holders of SSUs to be proposed at the EGM; and completion of a form of proxy or voting paper in respect of a Share Stapled Unit will have that effect, as described in the paragraph immediately above.

Pursuant to Rule 13.39(4) of the Listing Rules, Article 13.6 of the Company's Articles and paragraph 3.4 of Schedule 1 of the Trust Deed, the chairman will put the proposed resolutions set out in the notice of the EGM to be voted by way of a poll. On a poll, votes may be given either personally, by corporate representative or by proxy. An announcement on the poll results will be published on the website of the Trust and the Company at [www.langhamhospitality.com](http://www.langhamhospitality.com) and the HKEXnews website at [www.hkexnews.hk](http://www.hkexnews.hk) on the same day after the EGM.

As at the Latest Practicable Date, Great Eagle and its associates, holding 2,457,833,723 Share Stapled Units of the Trust and the Company, representing approximately 74.06% of the issued Share Stapled Units of the Trust and the Company, will abstain from voting at the EGM on the resolutions relating to the Addendum, the proposed Increased SSU Issuance Cap, the Deferment Mechanism and the grant of the Specific Mandates to allot and issue Share Stapled Units for payment of the Manager Fees. Save for Great Eagle and its associates, to the best of the Directors' knowledge, information and belief and upon all reasonable enquiries, there is no other shareholder that may have a material interest in the aforesaid transactions and will abstain from voting at the EGM on the relevant resolutions.

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## LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD

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Since Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are the common directors of the Trustee-Manager, the Company and Great Eagle, and Mr. Lo Chun Lai, Andrew is the deemed connected person of Dr. Lo Ka Shui, they have abstained from voting on the resolution(s) of the Trustee-Manager Board and the Company Board in this respect.

### CLOSURE OF REGISTERS

The Share Stapled Units Register, the register of holders of units, the principal and Hong Kong branch registers of members, and the register of beneficial interests as established and maintained by the Trustee-Manager and the Company in accordance with the provisions of the Trust Deed will all be closed from Friday, 3 May 2024 to Wednesday, 8 May 2024, both days inclusive, for the purpose of ascertaining the entitlement of Holders of SSUs to attend and vote at the EGM. During such period, no transfer of Share Stapled Units will be registered.

In order to be eligible to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant Share Stapled Units certificates must be lodged with the Share Stapled Units Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 2 May 2024.

### RECOMMENDATIONS

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Holders of SSUs on the fairness and reasonableness of the entering into and the terms of the Addendum, the proposed Increased SSU Issuance Cap, the Deferral Mechanism and the grant of the Specific Mandates to allot and issue Share Stapled Units for payment of the Manager Fees payable under the Hotel Management Agreements and the Trademark Licence Agreements. Your attention is drawn to its letter of recommendation set out on pages 27 to 28 of this circular.

Ballas Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Holders of SSUs on the fairness and reasonableness of the entering into and the terms of the Addendum, the proposed Increased SSU Issuance Cap, the Deferral Mechanism and the grant of the Specific Mandates to allot and issue Share Stapled Units for payment of the Manager Fees. Your attention is drawn to their letter of recommendation set out on pages 29 to 47 of this circular.

The Directors (including the independent non-executive Directors who have expressed their views in the letter from the Independent Board Committee after taking into account the advice of the Independent Financial Adviser) consider that (i) the entering into of the Addendum is in the ordinary and usual course of business of the Group; and (ii) the terms of the Addendum, the proposed Increased SSU Issuance Cap, the Deferral Mechanism and the grant of the Specific Mandates to allot and issue Share Stapled Units are on normal commercial terms which are fair and reasonable so far as the Independent Holders of SSUs are concerned and in the interests of the Trust, the Company and the Holders of SSUs as a whole. Accordingly, the Directors recommend all Holders of SSUs to vote in favour of the relevant resolutions to be proposed at the EGM.

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**LETTER FROM THE TRUSTEE-MANAGER BOARD AND THE COMPANY BOARD**

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**GENERAL INFORMATION**

Your attention is drawn to the additional information set out in the appendix to this circular and the notice of the EGM.

Yours faithfully,  
By Order of the Boards of  
**LHIL Manager Limited**  
and  
**Langham Hospitality Investments Limited**  
**LO Ka Shui**  
*Chairman*

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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LANGHAM

HOSPITALITY INVESTMENTS

**Langham Hospitality Investments**

*(As constituted pursuant to a deed of trust on 8 May 2013 under the laws of Hong Kong,  
the trustee of which is LHIL Manager Limited)*

and

**Langham Hospitality Investments Limited**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 1270)

22 April 2024

*To the Independent Holders of SSUs*

Dear Sir or Madam,

**PROPOSED INCREASE OF THE ORIGINAL SSU ISSUANCE CAP  
FOR FEE PAYMENT OF  
THE EXISTING CONTINUING CONNECTED TRANSACTIONS  
AND  
PROPOSED ALLOTMENT AND ISSUE OF SHARE STAPLED UNITS  
UNDER SPECIFIC MANDATES FOR FEE PAYMENT OF  
EXISTING CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the circular dated 22 April 2024 of the Trust and the Company (the “**Circular**”) of which this letter forms part. Terms defined in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed as the Independent Board Committee to advise you on the fairness and reasonableness of the entering into and the terms of the Addendum, the proposed Increased SSU Issuance Cap, the Deferment Mechanism and the grant of the Specific Mandates to allot and issue Share Stapled Units for payment of the Manager Fees payable under the Hotel Management Agreements and the Trademark Licence Agreements, details of which are set out in the letter from the Trustee-Manager Board and the Company Board contained in the Circular. Ballas Capital has been appointed as the Independent Financial Adviser to advise us and the Independent Holders of SSUs in these respects.

We wish to draw your attention to the letter from the Trustee-Manager Board and the Company Board on pages 9 to 26 of the Circular, which sets out information in connection with the terms of the Addendum, the proposed Increased SSU Issuance Cap, the Deferment Mechanism and the grant of the Specific Mandates to allot and issue Share Stapled Units for payment of the Manager Fees. We also wish to draw your attention to the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Holders of SSUs, which contains its advice in respect of the Addendum, the proposed Increased SSU Issuance Cap, the Deferment Mechanism and the grant of the Specific Mandates to allot and issue Share Stapled Units for payment of the Manager Fees, set out on pages 29 to 47 of the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the advice of Ballas Capital as set out in its letter of advice and the principal factors and reasons considered by them, we consider that (i) the entering into of the Addendum is in the ordinary and usual course of business of the Group; and (ii) the terms of the Addendum, the proposed Increased SSU Issuance Cap, the Deferment Mechanism and the grant of the Specific Mandates to allot and issue Share Stapled Units are on normal commercial terms which are fair and reasonable so far as the Independent Holders of SSUs are concerned and in the interests of the Trust, the Company and the Holders of SSUs as a whole. Accordingly, we recommend the Independent Holders of SSUs to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Addendum, the proposed Increased SSU Issuance Cap, the Deferment Mechanism and the grant of the Specific Mandates to allot and issue Share Stapled Units for payment of the Outstanding Manager Fees and the Manager Fees for the three financial years ending 31 December 2026 payable under the Hotel Management Agreements and the Trademark Licence Agreements.

Yours faithfully,

For and on behalf of

**Independent Board Committee**

**CHAN Ka Keung, Ceajer**

*Independent Non-Executive*

*Director*

**LIN Syaru, Shirley**

*Independent Non-Executive*

*Director*

**WONG Kwai Lam**

*Independent Non-Executive*

*Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**BALLAS**  
C A P I T A L

5/F Capital Centre  
151 Gloucester Road  
Wanchai  
Hong Kong

22 April 2024

*To the Independent Board Committee and  
the Independent Holders of SSUs*

Dear Sir or Madam,

**PROPOSED INCREASE OF THE ORIGINAL SSU ISSUANCE CAP  
FOR FEE PAYMENT UNDER  
THE EXISTING CONTINUING CONNECTED TRANSACTIONS  
AND  
PROPOSED ALLOTMENT AND ISSUE OF SHARE STAPLED UNITS  
UNDER SPECIFIC MANDATES FOR FEE PAYMENT OF  
EXISTING CONTINUING CONNECTED TRANSACTIONS**

### INTRODUCTION

We refer to our engagement (the “**Engagement**”) as the independent financial adviser to the Independent Board Committee and the Independent Holders of SSUs in relation to the Addendum, the proposed Increased SSU Issuance Cap, the Deferment Mechanism and the granting of the Specific Mandates to the Directors to allot and issue Share Stapled Units for payment of the relevant Manager Fees (the “**Proposed Transactions**”), details of which are set out in the letter from the Trustee-Manager Board and the Company Board (the “**Letter from the Boards**”) contained in the circular (the “**Circular**”) of the Trust and the Company to the Holders of SSUs dated 22 April 2024, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Reference is made to the Prospectus in relation to, *inter alia*, the Hotel Management Agreements and the Trademark Licence Agreements (the “**Agreements**”). Pursuant to the Agreements, the Hotel Manager has agreed to (i) supervise, direct and control the businesses and day-to-day operations of the Hotels; and (ii) grant non-exclusive and non-transferable licences to the Hotel Companies, the Trustee-Manager, the Company and the Master Lessee to use the Langham Brands and other trademarks for branding and marketing activities relating to the Hotels for an initial term of 30 years from and including the Listing Date. As disclosed in the Prospectus, the Stock Exchange has granted a waiver from strict compliance with the announcement requirement and/or the requirement for the approval of the Independent Holders of SSUs under Chapter 14A of the Listing Rules in respect of the continuing connected transactions contemplated under the Agreements, other than, in the case of the Agreements, the payment of

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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fees payable by way of Share Stapled Units, which shall only be subject to a waiver until 31 December 2017 (but the payment of fees in cash shall be subject to a waiver for the duration of the Agreements). The Stock Exchange has also granted a waiver from strict compliance with the announcement requirement and/or the requirement for the approval of the Independent Holders of SSUs and the requirement to set a monetary cap under Chapter 14A of the Listing Rules in respect of the continuing connected transactions contemplated under the Agreements.

Pursuant to the Agreements, from 1 January 2018 onwards, the Manager Fees shall be settled by way of cash, allotment and issue of Share Stapled Units, or a combination of both, at the election of the Hotel Manager, subject to the approval of the Independent Holders of SSUs for the allotment and issue of the Share Stapled Units. As disclosed in the 2023 Election Announcement, the Hotel Manager has elected the payment method of the Manager Fees wholly by way of Share Stapled Units for the year ending 31 December 2024. Based on the audited annual consolidated results of the Trust and of the Company for the financial year ended 31 December 2023 published by the Trust and the Company on 19 February 2024 and the recent market prices of the Share Stapled Units, the Directors estimated that the Original SSU Issuance Cap will not be sufficient to satisfy the payment of the Manager Fees for the three financial years ending 31 December 2026 if the fees are to be settled wholly in SSUs. Accordingly, the Trust and the Company propose to enter into the Addendum with the Hotel Companies, the Hotel Manager, the Master Lessee and the Trustee-Manager subject to obtaining the approval of the Independent Holders of SSUs to, among others, increase the Original SSU Issuance Cap from 1.5% to 3.5% (i.e. the Increased SSU Issuance Cap) for the financial year ended 31 December 2023 and the remaining duration of the Hotel Management Agreements and the Trademark Licence Agreements. Save for the proposed increase of the Original SSU Issuance Cap and the Deferral Mechanism, all terms and conditions under the Hotel Management Agreements and Trademark Licence Agreements remain unchanged.

As set out in the Letter from the Boards, as at the Latest Practicable Date, the Hotel Manager is a wholly-owned subsidiary of Great Eagle and Great Eagle is the controlling Holder of SSUs of the Trust and the Company. The Hotel Manager is therefore a connected person of the Trust and the Company under the Listing Rules. Pursuant to Rule 13.36(1) of the Listing Rules, in respect of the allotment and issue of the Share Stapled Units to the Hotel Manager for payment of the relevant Manager Fees, approval from the Independent Holders of SSUs shall be required.

The Independent Board Committee comprising all the independent non-executive Directors, namely Professor CHAN Ka Keung, Ceajer, Professor LIN Syaru, Shirley and Mr. WONG Kwai Lam, has been established to advise the Independent Holders of SSUs in respect of the Proposed Transactions.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### INDEPENDENCE DECLARATION

Within two years prior to the Engagement, Ballas Capital Limited (“**Ballas Capital**”) was engaged as the independent financial adviser of the Trust and the Company in respect of the continuing connected transactions as set out in the announcement of the Trust and the Company dated 19 May 2023 and as the independent financial adviser of Great Eagle to explain why the hotel management agreements entered into between a wholly-owned subsidiary of Great Eagle with a connected person of Great Eagle on 26 February 2024 have a longer period than three years and to confirm that it is a normal business practice for agreements of this type to be of such duration pursuant to Rule 14A.52 of the Listing Rules (the “**Previous Engagements**”). Other than the professional fees received under the Engagement and the Previous Engagements which were negotiated between the Trust and the Company, Great Eagle and Ballas Capital on an arm’s length basis, Ballas Capital has not received any other professional fees from the Trust and the Company or Great Eagle within two years prior to the Engagement.

As the Previous Engagements were for the role of an independent financial adviser, the Previous Engagements would not affect the independence of Ballas Capital for acting as the independent financial adviser to the Trust and the Company in respect of the Proposed Transactions. As at the Latest Practicable Date, we are not aware of any relationships or interests between Ballas Capital, the Trust and the Company or any other parties that could be reasonably regarded as a hindrance to Ballas Capital’s independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to advise the Independent Board Committee and the Independent Holders of SSUs in respect of the Proposed Transactions.

### BASIS OF OUR OPINION

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and the senior management of the Trust Group.

The Directors have declared in a responsibility statement set out in the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained and representations made in the Circular and that there are no other matters the omission of which would make any statement in the Circular misleading. We have also assumed that the information and the representations made by the Directors as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so up to the date of the EGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the senior management of the Trust Group. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. In forming our opinion, we have reviewed, including but not limited to, (i) the 2024 Announcement; (ii) the Agreements; (iii) the Addendum; (iv) the Deferment Mechanism; (v) the annual reports of the Trust and the Company for the year ended 31 December 2022 (“**FY2022**”) and 31 December 2023 (“**FY2023**”) respectively. We have not,

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Trust and the Company, the Hotel Manager or any of their respective subsidiaries or associates.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, our sole responsibility is to ensure that such information has been correctly extracted from the relevant sources.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice in respect of the Proposed Transactions, we have considered the following principal factors and reasons:

#### A. Background of and reasons for the Proposed Transactions

##### *Information on the Trust Group*

The Trust Group primarily owns and invests in a portfolio of hotels, with a focus on completed hotels located in Asia. The current hotel portfolio of the Trust Group comprises The Langham, Hong Kong, Cordis, Hong Kong and Eaton HK.

##### *Information of the Agreements*

As stated in the Letter from the Boards, pursuant to the Hotel Management Agreements, the Master Lessee has agreed to engage the Hotel Manager as the sole and exclusive manager of the Hotel owned by the Hotel Company and agreed to supervise, direct and control the business and day-to-day operations of the Hotels, for an initial term of 30 years from and including the Listing Date and may, subject to compliance with the relevant Listing Rules requirements at the relevant time, be renewed for a further term of 10 years by notice at the election of the Hotel Manager. The Hotel Management Fees represent a base fee of a fixed percentage of 1.5% of the total revenue of the relevant Hotel and an incentive fee of a fixed percentage of 5% of the adjusted gross operating profit (being gross operating profit less the Base Fee (as mentioned above) and the Licence Fees payable under the relevant Trademark Licence Agreement).

As stated in the Letter from the Boards, pursuant to the Trademark Licence Agreements, the licensor has agreed to grant non-exclusive and non-transferable licences to the Hotel Companies, the Trustee-Manager, the Company and the Master Lessee to use the Langham Brands and other trademarks for branding and marketing activities relating to the Hotels, for an initial term of 30 years from and including the Listing Date and may, subject to compliance with the relevant Listing Rules requirements at the relevant time, be renewed for a term of 10 years by notice at the election of the Hotel Manager. The Licence Fees represent a fixed percentage of 1% of the total revenue of the relevant Hotel.

According to the Agreements, from 1 January 2018 onwards, the Manager Fees shall be settled by way of cash, allotment and issue of Share Stapled Units, or a combination of both, at the election of the Hotel Manager.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Reasons for the Proposed Transactions*

As disclosed in the 2021 Announcements and the 2021 Circular, the 2021 Specific Mandate for payment of the Manager Fees for the three financial years ended 31 December 2023, subject to the Original SSU Issuance Cap, was approved and granted by the Independent Holders of SSUs on 12 May 2021. As at the Latest Practicable Date, the Manager Fees for the six months ended 31 December 2023 amounting to approximately HK\$35.81 million have not been paid to the Hotel Manager (the “**Outstanding Manager Fees**”) and 55,432,596 new Share Stapled Units would be required for the satisfaction of this payment based on the Applicable Price. Based on the Original SSU Issuance Cap for the financial year ended 31 December 2023, as 29,538,995 Share Stapled Units have already been issued to the Hotel Manager to satisfy the Manager Fees for the six months ended 30 June 2023, the remaining number of Share Stapled Units available to be allotted and issued is 19,563,251. As such, the Trust and the Company are in short of Share Stapled Units to be allotted and issued to settle the Outstanding Manager Fees if the Original SSU Issuance Cap is not to be increased. Further, as disclosed in the Extension Announcement, the parties to the Hotel Management Agreements and the Trademark Licence Agreements agreed to extend the date of payment of the Outstanding Manager Fees to 30 June 2024.

Based on the audited annual consolidated results of the Trust and of the Company for the financial year ended 31 December 2023 published by the Trust and the Company on 19 February 2024 and the recent market prices of the Share Stapled Units, the Directors estimated that the Original SSU Issuance Cap will not be sufficient to satisfy the payment of the Manager Fees for the three financial years ending 31 December 2026 if the fees are to be settled wholly in SSUs.

Accordingly, the Trust and the Company propose to enter into the Addendum with the Hotel Companies, the Hotel Manager, the Master Lessee and the Trustee-Manager to (i) increase the Original SSU Issuance Cap from 1.5% to 3.5% (i.e. the Increased SSU Issuance Cap) for the financial year ended 31 December 2023 and the remaining duration of the Hotel Management Agreements and the Trademark Licence Agreements; and (ii) the following Specific Mandates to be granted to the Directors for allotment and issue of the relevant Share Stapled Units:

- (1) the 2023 Specific Mandate, being a specific mandate for the allotment and issue of new Share Stapled Units as payment of the Outstanding Manager Fees, subject to the Increased SSU Issuance Cap, which shall supersede the 2021 Specific Mandate in relation to the allotment and issue of Share Stapled Units for the financial year ended 31 December 2023 only (the “**2023 Specific Mandate**”); and
- (2) the 2024–26 Specific Mandate, being a specific mandate for the allotment and issue of new Share Stapled Units as payment of the Manager Fees for the three financial years ending 31 December 2026, subject to the Increased SSU Issuance Cap (the “**2024–26 Specific Mandate**”).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As set out in the Letter from the Boards, the Directors have taken into account the below reasons in relation to the proposed increase in the Original SSU Issuance Cap, the Deferment Mechanism and the Specific Mandates:

- (i) the insufficiency of the Original SSU Issuance Cap for the financial year ended 31 December 2023 and, expectedly, for the three financial years ending 31 December 2026 is primarily due to the continuous stock market slump in Hong Kong which led to the overall decrease in the market price of the Share Stapled Units throughout the past year(s). Despite that the Hotel Manager may elect to receive the Manager Fees wholly or partly in cash (as opposed to wholly in Share Stapled Units) if the Original SSU Issuance Cap is insufficient to satisfy the Manager Fees wholly in Share Stapled Units, such election will in turn lead to cashflow pressure on the Trust and the Company, which is not desirable for its business operation;
- (ii) the payment of the Manager Fees in Share Stapled Units will continue to allow the Trust Group to manage its cash position in a similar way as in the past. It allows to preserve cash within the Trust Group which can strengthen its financial position and cash flow under the difficult environment of hospitality sector due to the economic downturn in Hong Kong following the impact of COVID-19 pandemic as well as to allow distribution as seen fit by the Boards and in accordance with the distribution policy;
- (iii) it is typical for the management company of a REIT in Hong Kong to have the option to be paid its management fees in units up to a maximum of 3% of the units then in issue each year. The Directors consider the REITs as industry comparables in respect of management fee settlement because the Trust Group and the REITs share certain similarities, in particular, (a) the Trust Group constitutes a combination of a trust, namely Langham Hospitality Investment, and a company, namely Langham Hospitality Investments Limited; (b) a REIT in Hong Kong is required to distribute to its unitholders an amount which is not less than 90% of its audited annual net income, whereas the Trust Group aims to provide to the Holders of SSUs with a target annual distribution payout of not less than 90% of the distributable income of the Trust Group in any financial year under the present policy of the Trust Group; and (c) each of the Trust Group and the REITs is principally engaged in investing in the hotel and property sector;
- (iv) although the Hotel Manager has not yet chosen the payment method of the Manager Fees for 2025 and 2026, a 3-year 2024–26 Specific Mandate for the three financial years ending 31 December 2026 (a) can save time and costs to prepare additional announcements/circulars and to hold additional extraordinary general meetings for 2025 and 2026 to approve the allotment and issue of Share Stapled Units as settlement of the Manager Fees, (b) can give the Trust and the Company more flexibility to allot and issue the Share Stapled Units for settlement of the Manager Fees for 2025 and 2026 in a more efficient manner without the need to go through the aforesaid compliance procedures for each

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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year, and (c) is in line with the practice for other ordinary non-exempt continuing connected transactions to announce/approve the annual caps for every three years;

- (v) although the holders of the Share Stapled Units will experience dilution in their holdings of Share Stapled Units as a result of the allotment and issue of Share Stapled Units to the Hotel Manager for the settlement of the Manager Fees, the level of the cap is such that the dilution effect to Holders of SSUs of the allotment and issue of Share Stapled Units to the Hotel Manager will be minimal at not more than 3.5% per year;
- (vi) the Directors believe that the payment of the Manager Fees in Share Stapled Units to the Hotel Manager will serve to align the interests of the Hotel Manager with the Trust Group (through Great Eagle as the parent company of the Hotel Manager and the controlling Holder of SSUs of the Trust and the Company) and Holders of SSUs; and
- (vii) as at the Latest Practicable Date, Great Eagle (through direct and indirect wholly-owned subsidiaries) and its directors and their respective close associates held 2,457,833,723 SSUs, representing approximately 74.06% of the issued SSUs. Given that the Listing Rules require at least 25% of the SSUs must be held by the public, there is only around 0.94% buffer for the allotment and issue of SSUs to the Hotel Manager (who is a connected person) to satisfy the Manager Fees. The Deferral Mechanism will allow the Trust and the Company to allot and issue the SSUs to the Hotel Manager in batches as long as the aforesaid public float requirement could be satisfied, which is essential for the proposed increase of the Original SSU Issuance Cap in light of the circumstances set out above. The Deferral Mechanism is advantageous for the Trust and the Company, as it allows for the deferral of the settlement of Manager Fees without interest to the Hotel Manager, for a maximum period of three years.

Despite the fact that the industry norm for a REIT is to have an option for its management company to be paid its management fees in units up to a maximum of 3% of the units then in issue each year (as set out in paragraph (iii) above), the Directors consider that it is justifiable for the Trust and the Company to set a slightly higher bar (i.e. the Increased SSU Issuance Cap of 3.5%) when compared with the industry norm for the other REITs due to the following reasons:

- (i) since the outbreak of COVID-19 pandemic and up to the Latest Practicable Date, the hospitality, travel and tourism industry in Hong Kong, as well as the stock market in Hong Kong, in general, continued to be dampened and weakened which is primarily due to the various macro-economic factors, including but not limited to the continuous high interest rates and weak market sentiment in making investments in the Hong Kong stock market. These factors are entirely out of the control of the Trust Group, but have brought immense adverse impact and pressure on the market price of the Share Stapled Units, and as a result, leads to the insufficiency of the Original SSU Issuance Cap;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (ii) the decision to have a cap at 3.5% is the result of arm's length negotiation between the Hotel Manager and the Trust and the Company after taking into consideration the market price and the performance of the Trust and the Company, as well as the historical transaction amount of the Manager Fees paid under the Hotel Management Agreements and the Trademark Licence Agreements. In addition, any SSUs allotted and issued under this Increased SSU Issuance Cap represent direct ownership stake in the Trust and the Company, where it is believed that it provides the Hotel Manager with a stronger sense of ownership and commitment to driving positive results for the Trust and the Company; and
- (iii) the Trust and the Company have always been, and will continue to be, subject to the public float requirement under Listing Rules. As such, even if the cap is increased to 3.5%, the Trust and the Company may not be able to fully utilise the Increased SSU Issuance Cap unless the public float could be maintained, and so this serves as an additional layer of protection for the Independent Holders of SSUs from the dilution effect of having the Increased SSU Issuance Cap.

Given the above and our analysis on major terms of the Proposed Transactions (as elaborated below), we are of the view that the Proposed Transactions fall within the ordinary and usual course of business of the Group and are in the interests of the Trust and the Company and the Holders of SSUs as a whole.

### **B. The Specific Mandates**

In assessing whether the grant of the Specific Mandates is on normal commercial terms and is fair and reasonable, we have considered the following factors:

#### *Impact on total distributable income and cash*

As stated in the annual reports of the Trust and the Company for FY2022 and FY2023, the total distributable income (before deduction of the Manager's Fees) of the Trust Group amounted to approximately HK\$98.5 million, HK\$190.5 million and HK\$297.6 million for the year ended 31 December 2021 ("FY2021"), FY2022 and FY2023, respectively. The Manager Fees payable in form of Share Stapled Units amounted to approximately HK\$20.6 million, HK\$33.1 million and HK\$63.9 million for FY2021, FY2022 and FY2023, respectively.

To assess the impact on total distributable income of the Trust Group and the total distributable income per Share Stapled Unit for FY2021, FY2022 and FY2023 if (i) the Manager Fees were fully settled by way of the allotment and issue of Share Stapled Units

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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and (ii) the Manager Fees were fully settled by way of cash, we have performed the scenario analysis as set out below.

	FY2021	FY2022	FY2023
Manager Fees (in HK\$)	20,550,000	33,148,000	63,901,000
Aggregate number of Share Staped Units allotted/to be allotted and issued/to be issued for settlement of Manager Fees for the year <sup>Note 1</sup>	23,330,053	33,509,726	84,971,591

*Scenario 1: The Manager Fees were fully settled by way of the allotment and issue of Share Staped Units*

	FY2021	FY2022	FY2023
Total distributable income (in HK\$) (before deduction of the Manager's Fees)	98,522,000	190,517,000	297,613,000
Aggregate number of Share Staped Units allotted/to be allotted and issued/to be issued for settlement of Manager Fees for the year <sup>Note 1</sup>	23,330,053	33,509,726	84,971,591
Total number of Share Staped Units (after the allotment and issue of Share Staped Units for settlement of Manager Fees for the year)	3,255,820,285	3,289,330,011	3,374,301,602
Distributable income per Share Staped Unit (in HK\$) <sup>Note 2</sup>	0.0303	0.0579	0.0882

*Note 1:* The aggregate number of Share Staped Units to be issued for settlement of Manager Fees for the year for FY2023 represent the sum of (i) 29,538,995 Share Staped Units have already been issued to the Hotel Manager to satisfy the Manager Fees for the six months ended 30 June 2023 and (ii) 55,432,596 Share Staped Units to be issued to the Hotel Manager to satisfy the Manager Fees for the six months ended 31 December 2023 assuming the Addendum, the Increased SSU Issuance Cap and the Specific Mandates were approved by the Independent Holders of SSUs.

*Note 2:* The distributable income per Share Staped Unit is calculated as total distributable income divided by total number of Share Staped Units after the allotment and issue of Share Staped Units for settlement of Manager Fees for the year. For avoidance of doubt, such calculation is different from the calculation as stated in the annual reports/annual result for the respective years which does not take into account the number of Share Staped Units to be issued as payment of the Manager Fees for the second half of the year.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Scenario 2: The Manager Fees were fully settled by way of cash (for illustration purpose only)*

	FY2021	FY2022	FY2023
Total distributable income (in HK\$) (after deduction of Manager Fees)	77,972,000	157,369,000	233,712,000
Total number of Share Stapled Units (before the allotment and issue of Share Stapled Units for settlement of Manager Fees for the year)	3,232,490,232	3,255,820,285	3,289,330,011
Distributable income per Share Stapled Unit (in HK\$)	0.0241	0.0483	0.0711

As set out in the above table, the settlement of Manager Fees by way of allotment and issue of Share Stapled Units would therefore enable the Trust Group to have a higher distributable income and a higher distributable income per Share Stapled Unit for its holders of Share Stapled Units as compared with the settlement by way of cash.

Furthermore, as disclosed in the Letter from the Boards, the payment of the Manager Fees in Share Stapled Units will continue to allow the Trust Group to manage its cash position in a similar way as in the past. It allows to preserve cash within the Trust Group which can strengthen its financial position and cash flow under the difficult environment of hospitality sector due to the economic downturn in Hong Kong following the impact of COVID-19 pandemic as well as to allow distribution as seen fit by the Boards and in accordance with the distribution policy.

*Market practice for settlement of management fee by way of allotment and issue of units*

We have, on a best effort basis, identified an exhaustive list of 11 comparable real estate investment trusts (“**Comparable Trusts**”) which are listed on the Stock Exchange as at the Latest Practicable Date. The above criteria is set in view of the fact that the Trust Group and the REITs share certain similarities, in particular, (i) the Trust Group constitutes a combination of a trust, namely Langham Hospitality Investment, and a company, namely Langham Hospitality Investments Limited; and (ii) a REIT in Hong Kong is required to distribute to its unitholders an amount which is not less than 90% of its audited annual net income, whereas the Trust Group aims to provide to the Holders of SSUs with a target annual distribution payout of not less than 90% of the distributable income of the Trust Group in any financial year under the present policy of the Trust Group; and (iii) each of the Trust Group and the REITs is principally engaged in investing in the hotel and property sector. The following table sets out our review of the Comparable Trusts.



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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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	Name	Stock code	Listing date of the Stock Exchange	Trust manager can elect the payment of the management fees by way of allotment and issue of units in the trust deed	Issuance cap for issuance of units for the purpose of settling the management fees (in terms of the total number of units outstanding as at the last day of the immediately preceding financial year)
1	Link Real Estate Investment Trust	823	25 November 2005	No	N/A
2	Prosperity Real Estate Investment Trust	808	16 December 2005	Yes	3%
3	Yuexiu Real Estate Investment Trust	405	21 December 2005	Yes	3%
4	Champion Real Estate Investment Trust	2778	24 May 2006	Yes	3%
5	Sunlight Real Estate Investment Trust	435	21 December 2006	Yes	3%
6	Regal Real Estate Investment Trust	1881	30 March 2007	Yes	3%
7	Fortune Real Estate Investment Trust	778	20 April 2010	Yes	3%
8	Hui Xian Real Estate Investment Trust	87001	29 April 2011	Yes	3%
9	Spring Real Estate Investment Trust	1426	5 December 2013	Yes	3%
10	China Merchants Commercial Real Estate Investment Trust	1503	10 December 2019	Yes	3%
11	SF Real Estate Investment Trust	2191	3 May 2021	Yes	3%

As set out in the above table, 10 out of 11 Comparable Trusts enabled the trust manager to elect the payment of the management fee by way of allotment and issue of units in the trust deed. The settlement of Manager Fees by way of allotment and issue of Share Stapled Units is therefore consistent with customary market practice. We also concur with the reasons of the Directors as stated in the paragraphs headed “A. Background of and reasons for the Proposed Transactions” above and consider that it is justifiable for the Trust and the Company to set a slightly higher bar (i.e. the Increased SSU Issuance Cap of 3.5%) than the maximum of 3% annual cap set by the other REITs. In addition, based on our sensitivity analysis on the fluctuations in Manager Fees and historical price trend of Shares Stapled Units as set out in the tables under the paragraphs headed “C. The Increased SSU Issuance Cap” below on pages 44 and 45, it is possible that the number of Shares Stapled Units to be issued for payment of the Manager Fees would be more than 3.5%. Therefore, we also consider it reasonable to set the Increased SSU Issuance Cap at 3.5% to mitigate excessive dilution of the existing Shares Stapled Units.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Issue price*

As set out in the Letter from the Boards, the issue price of the Share Stapled Units for the settlement of Manager Fees under the Specific Mandates shall be based on the then prevailing market price being the higher of (i) the closing price of the Share Stapled Units on the trading day immediately before the date of allotment and issue; and (ii) the average closing price of the Share Stapled Units for the ten consecutive trading days immediately before the date of allotment and issue.

We note that the above basis to determine the issue price under the Specific Mandates is consistent with the terms as stated in the Agreements. We also note that all of the Comparable Trusts who had option to settle the management fees by way of allotment and issue of units in the trust deed had similar terms to set the issue price of their units with reference to the then prevailing market price in respect of the settlement of management fee by way of allotment and issue of units. Based on the above and the facts that (i) the then prevailing market price of the Trust and the Company reflects the market valuation of the Trust and the Company at the time of the allotment and issue of Share Stapled Units; and (ii) it is the market practice for the listed REIT to set the issue price of their units for settlement of the management fees with reference to the then prevailing market price, we therefore consider that such basis of determining the issue price in the Specific Mandates to be fair and reasonable.

### **C. The Increased SSU Issuance Cap**

As stated in the Letter from the Boards, the Increased SSU Issuance Cap is determined after taking into account:

- (i) the total number of Share Stapled Units allotted and issued to the Hotel Manager as payment of the Manager Fees for the financial year ended 31 December 2022 of 33,509,726;
- (ii) the total number of Share Stapled Units allotted and issued to the Hotel Manager as payment of the Manager Fees for the six months ended 30 June 2023 of 29,538,995 and the total number of Share Stapled Units to be allotted and issued to the Hotel Manager as payment of the Manager Fees for the six months ended 31 December 2023 of 55,432,596 based on the Applicable Price, which, when aggregate with those allotted and issued for the six months ended 30 June 2023, would represent approximately 2.60% of the total number of SSUs in issue as at 31 December 2022 and would have exceeded the Original SSU Issuance Cap of 1.5%;
- (iii) the potential future increases in the level of the Hotel Management Fees and the Licence Fees payable under the Hotel Management Agreements and the Trademark Licence Agreements, which will result in further increase in the total number of Share Stapled Units to be allotted and issued to the Hotel Manager as payment of the Manager Fees for each of the three financial years ending 31 December 2026; and
- (iv) a buffer for potential volatility in the price of the Share Stapled Units.

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Based on the existing Hotel Management Agreements and Trademark Licence Agreements, where Share Stapled Units are allotted and issued to the Hotel Manager as payment of the Hotel Management Fees and the Licence Fees, they will be allotted and issued to the Hotel Manager within 15 calendar days after the publication of (i) the announcement on the unaudited interim consolidated results of the Trust and of the Company for the relevant semi-annual period, or (ii) the announcement on the audited annual consolidated results of the Trust and of the Company for the relevant financial year, as the case may be; and the number of Share Stapled Units to be allotted and issued will be calculated on the basis of their price being the higher of: (1) the closing price of the Share Stapled Units on the trading day immediately before the date of allotment and issue; and (2) the average closing price of the Share Stapled Units for the ten consecutive trading days immediately before the date of allotment and issue.

Pursuant to the Addendum, in addition to the proposed increase of the Original SSU Issuance Cap, it is proposed that:

- (i) if, on the Payment Deadline Day, the allotment and issue of new Share Stapled Units for the purpose of settlement of any part of the Manager Fees will be contrary to or in breach of the prevailing Listing Rules on the public float requirement of the Trust and the Company (the “**Deferred Manager Fees**”), then notwithstanding the payment deadline (i.e. within 15 calendar days) as mentioned above, such part of the Manager Fees that is payable in Share Stapled Units shall be deemed to have been paid and settled on the Payment Deadline Day, while the relevant Share Stapled Units underlying such part of the Manager Fees (the “**Deferred SSUs**”) shall be allotted and issued to the Hotel Manager, in one or more batch(es), on any business day(s) within three years from the Payment Deadline Day (the “**Three-Year Buffer Period**”) as long as the aforementioned public float requirement could be satisfied on the relevant date of allotment and issue of such Share Stapled Units;
- (ii) on the last business day of the Three-Year Buffer Period, in the event that any of the relevant Share Stapled Units underlying such part of the Manager Fees have not been allotted and issued to the Hotel Manager, all such outstanding part of the Manager Fees shall be paid and settled forthwith in cash without interest, unless the parties otherwise agree;
- (iii) if paragraph (i) above applies, for the purpose of computing the number of Share Stapled Units to be allotted and issued to the Hotel Manager for settlement of any part of the Manager Fees, it will be calculated on the basis of their price being the higher of: (1) the closing price of the Share Stapled Units on the trading day immediately before the Payment Deadline Day; and (2) the average closing price of the Share Stapled Units for the ten consecutive trading days immediately before the Payment Deadline Day. As such, the number of Share Stapled Units to be allotted and issued to the Hotel Manager for settlement of any part of the Manager Fees for the relevant semi-annual period or the relevant financial year is determined on the Payment Deadline Day; and

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(iv) during the Three-Year Buffer Period, the Trust and the Company and the Hotel Manager shall, collectively, monitor the level of public float of the Trust and the Company. If it is mutually agreed that the allotment and issue of the relevant number of new Share Stapled Units will not contravene the prevailing Listing Rules on the public float requirement of the Trust and the Company, the Hotel Manager may issue a written request to the Trust and the Company to request for the allotment and issue of such relevant number of new Share Stapled Units. The Trust and the Company shall allot and issue such relevant number of new Share Stapled Units to the Hotel Manager within five business days from the date of the aforesaid written request, provided that the prevailing Listing Rules on the public float requirement of the Trust and the Company could be satisfied on the relevant date of allotment and issue;

(collectively, the “**Deferment Mechanism**”).

We noted that under the Deferment Mechanism, in the event that the allotment and issue of Share Stapled Units under the Specific Mandate will result in a failure to comply with the public float requirement under Rule 8.08 of the Listing Rules by the Trust Group, the Trust and the Company will not issue such Share Stapled Units on the Payment Deadline Day and in the event that any of the relevant Share Stapled Units underlying such part of the Manager Fees have not been allotted and issued to the Hotel Manager on the last business day of the Three-Year Buffer Period, all such outstanding part of the Manager Fees shall be paid and settled forthwith in cash without interest. Based on the aforesaid, we concur with the Directors that the proposed allotment and issue of Share Stapled Units under the Specific Mandate will not result in a failure to comply with the public float requirement under Rule 8.08 of the Listing Rules by the Trust Group.

Taking into account (i) the Deferred SSUs are not entitled to any distribution until they are allotted and issued; (ii) the Company is not required to pay any interest in respect of the Deferred Manager Fees; and (iii) the Company is only required to settle the Deferred Manager Fees in cash if the Deferred SSUs cannot be allotted and issued to the Hotel Manager within the Three-Year Buffer Period due to the public float requirement, we are of the view that the Deferment Mechanism which enables the Trust Group to comply with the public float requirement under Rule 8.08 of the Listing Rules is fair and reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In assessing whether the Increased SSU Issuance Cap is fair and reasonable, we have reviewed the historical number of Share Stapled Units issued for the settlement of the Manager Fees for FY2021, FY2022 and FY2023 which is set out in the following table:

	FY2021	FY2022	FY2023
Manager Fees for the year (HK\$)	20,550,000	33,148,000	63,901,000
The market price of Share Stapled Units for the purpose to calculate the number of Share Stapled Units allotted/to be allotted and issued/to be issued	For the first six months: Approximately HK\$0.884	For the first six months: Approximately HK\$0.932	For the first six months: Approximately HK\$0.951
	For the second six months: Approximately HK\$0.879	For the second six months: Approximately HK\$1.053	For the second six months: Approximately HK\$0.646
Aggregate number of Share Stapled Units allotted/to be allotted and issued/to be issued for settlement of Manager Fees for the year <sup>Note 1</sup>	23,330,053	33,509,726	84,971,591
Total number of Share Stapled Units in allotment and issue as at the last day of immediately preceding financial year plus the number of Share Stapled Units (if any) allotted/to be allotted and issued/to be issued in the relevant financial year (excluding those issued pursuant to the Agreements) <sup>Note 1</sup>	3,225,166,738	3,240,973,711	3,273,483,079
Number of Share Stapled Units allotted/to be allotted and issued/to be issued as a percentage of total number of Share Stapled Units in allotment and issue as at the last day of immediately preceding financial year <sup>Note 1</sup>	0.72%	1.03%	2.60%

*Note 1:* The aggregate number of Share Stapled Units to be issued for settlement of Manager Fees for the year for FY2023 represent the sum of (i) 29,538,995 Share Stapled Units have already been issued to the Hotel Manager to satisfy the Manager Fees for the six months ended 30 June 2023 and (ii) 55,432,596 Share Stapled Units to be issued to the Hotel Manager to satisfy the Manager Fees for the six months ended 31 December 2023 assuming the Addendum, the Increased SSU Issuance Cap and the Specific Mandates were approved by the Independent Holders of SSUs.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As set out in the above table, we note that the number of Share Stapled Units to be issued for settlement of Manager Fees for the year ended 31 December 2023 represented approximately 2.60% of total number of Share Stapled Units in issue as at the last day of immediately preceding financial year, which exceeded the Original SSU Issuance Cap of 1.5% and is within the Increased SSU Issuance Cap of 3.5%.

Furthermore, in terms of buffer for fluctuations in Manager Fees and price of Share Stapled Units, we have performed two sensitivity analyses to illustrate the hypothetic impact on the number of Share Stapled Units to be issued for the settlement of Manager Fees based on fluctuations in (i) the Manager Fees for FY2023 and closing price of the Share Stapled Units as at 31 December 2023; and (ii) the average Manager Fees for FY2021 to FY2023 and the average closing price of the Share Stapled Units as at 31 December 2021, 2022 and 2023. Given that the analyses are based on a number of assumptions, they are for illustration purpose only and the actual results may differ from the illustration below:

*Sensitivity analysis 1: Hypothetic impact on the number of Share Stapled Units to be issued for the settlement of Manager Fees based on fluctuations in the Manager Fees for FY2023 and closing price of the Share Stapled Units as at 31 December 2023*

	<b>Hypothetical fluctuation in the Manager Fees</b>				
	<b>-30%</b>	<b>-15%</b>	<b>0%</b>	<b>+15%</b>	<b>+30%</b>
Manager Fees for FY2023 (HK\$)	44,730,700	54,315,850	63,901,000	73,486,150	83,071,300

	<b>Hypothetical fluctuation in the price of Share Stapled Units</b>				
	<b>+30%</b>	<b>+15%</b>	<b>0%</b>	<b>-15%</b>	<b>-30%</b>
Closing price of the Share Stapled Units as at 31 December 2023 (HK\$)	0.87	0.77	0.67	0.57	0.47
Hypothetical number of Share Stapled Units to be allotted and issued	51,414,598	70,540,065	95,374,627	128,923,070	176,747,447
Total number of Share Stapled Units as at 31 December 2023	3,318,869,006	3,318,869,006	3,318,869,006	3,318,869,006	3,318,869,006
Number of Share Stapled Units allotted and issued as a percentage of total number of Share Stapled Units as at 31 December 2023	1.55%	2.13%	2.87%	3.88%	5.33%

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Sensitivity analysis 2: Hypothetic impact on the number of Share Stapled Units to be issued for the settlement of Manager Fees based on fluctuations in the average Manager Fees for FY2021 to FY2023 and the average closing price of the Share Stapled Units as at 31 December 2021, 2022 and 2023*

	<b>Hypothetical fluctuation in the Manager Fees<sup>(Note)</sup></b>				
	<b>-30%</b>	<b>-15%</b>	<b>0%</b>	<b>+15%</b>	<b>+30%</b>
Average Manager Fees for FY2021 to FY2023 (HK\$)	27,439,767	33,319,717	39,199,667	45,079,617	50,959,567
	<b>Hypothetical fluctuation in the price of Share Stapled Units</b>				
	<b>+30%</b>	<b>+15%</b>	<b>0%</b>	<b>-15%</b>	<b>-30%</b>
Average closing price of the Share Stapled Units as at 31 December 2021, 2022 and 2023 (HK\$)	1.13	1.00	0.87	0.74	0.61
Hypothetical number of Share Stapled Units to be allotted and issued	24,282,980	33,319,717	45,057,089	60,918,401	83,540,274
Total number of Share Stapled Units as at 31 December 2023	3,318,869,006	3,318,869,006	3,318,869,006	3,318,869,006	3,318,869,006
Number of Share Stapled Units allotted and issued as a percentage of total number of Share Stapled Units as at 31 December 2023	0.73%	1.00%	1.36%	1.84%	2.52%

As set out in the tables above, in an unlikely event that the Manager Fees increase by 30% and the issue price (i.e. prevailing market price) of the Share Stapled Units drops by 30%, the number of Share Stapled Units to be issued would represent (i) approximately 5.33% of the total number of Share Stapled Units as at 31 December 2023 based on fluctuations in the Manager Fees for FY2023 and closing price of the Share Stapled Units as at 31 December 2023, which is in fact higher than the Increased SSU Issuance Cap; and (ii) approximately 2.52% of the total number of Share Stapled Units as at 31 December 2023 based on fluctuations in the average Manager Fees for FY2021 to FY2023 and the average closing price of the Share Stapled Units as at 31 December 2021, 2022 and 2023, which is lower than the Increased SSU Issuance Cap.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Despite the fact that the Increased SSU Issuance Cap might not fully cover the scenario where the Manager Fees increase by 30% and the issue price of the Share Stapled Units drops by 30% from that of FY2023, we consider it reasonable to opt for an Increased SSU Issuance Cap of 3.5% to mitigate excessive dilution of existing Share Stapled Units.

Moreover, we also note all Comparable Trusts who had option to settle the management fees by way of issue of units in the trust deed had similar terms to set the issuance cap to limit the number of their units to be issued for the settlement of the management fees by way of issue of units. These Comparable Trusts had set such issuance cap at 3.0%, which is similar to the Increased SSU Issuance Cap of 3.5%.

As set out in the Letter from the Boards, although the holders of the Share Stapled Units will experience dilution in their holdings of Share Stapled Units as a result of the allotment and issue of Share Stapled Units to the Hotel Manager for the settlement of the Manager Fees, the level of the cap is such that the dilution effect to Holders of SSUs of the allotment and issue of Share Stapled Units to the Hotel Manager will be minimal at not more than 3.5% per year.

As stated in the Letter from the Boards, the allotment and issue of Share Stapled Units for payment of the Outstanding Manager Fees and the Manager Fees for the three financial years ending 31 December 2026 under the Hotel Management Agreements and the Trademark Licence Agreements is also subject to, and conditional on, the Listing Committee of the Stock Exchange granting listing of and permission to deal in such Share Stapled Units and the public float of the Trust and the Company at the relevant time of allotment and issuance.

Based on the various factors described above, we concur with the view of the Directors of the Trust Group that the grant of the Specific Mandates, the Addendum, the proposed Increased SSU Issuance Cap and the Deferment Mechanism are fair and reasonable so far as the Trust Group and the Independent Holders of SSUs are concerned and in the interests of the Trust Group and the Independent Holders of SSUs as a whole.

### **RECOMMENDATION**

Having considered the principal factors and reasons referred to above, we are of the opinion that the Proposed Transactions are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Trust Group, and in the interests of the Trust, the Company and the Holders of SSUs as a whole.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Accordingly, we recommend the Independent Holders of SSUs and advise the Independent Board Committee to recommend the Independent Holders of SSUs to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Addendum, the proposed Increased SSU Issuance Cap, the Deferment Mechanism and to grant the Specific Mandates to the Directors.

Yours faithfully,  
For and on behalf of  
**Ballas Capital Limited**

**Alex Lau**                      **Cathy Leung**  
*Managing Director*                      *Director*

*Note:* Mr. Alex Lau of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activities since 2004, and Ms. Cathy Leung of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activities since 2019.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Trust Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors of the Trustee-Manager and the Company in the Share Stapled Units/shares/units, underlying Share Stapled Units/shares/units and debentures of the Trust and the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) and the Model Code, or which were recorded in the register required under Section 352 of the SFO are as follows:

### Long positions in Share Stapled Units and underlying Share Stapled Units

Name of Director	Total number of SSUs/ underlying SSUs held	Percentage of issued SSUs <sup>(4)</sup>
Lo Ka Shui	2,510,795,774 <sup>(1)</sup>	75.65
Lo Chun Lai, Andrew	300,000 <sup>(2)</sup>	0.01
Brett Stephen Butcher	2,170,545 <sup>(3)</sup>	0.07

*Notes:*

- (1) These 2,510,795,774 Share Stapled Units comprise the following:
- (i) 31,584,000 Share Stapled Units were held by Dr. Lo Ka Shui personally;
  - (ii) 2,386,111,254 Share Stapled Units respectively held by LHIL Assets Holdings Limited as to 2,242,167,024 Share Stapled Units, Fine Noble Limited as to 87,894,750 Share Stapled Units, Great Eagle Nichemusic Limited as to 8,947,500 Share Stapled Units and The Great Eagle Company, Limited as to 47,102,250 Share Stapled Units, all of the said companies are wholly-owned subsidiaries of Great Eagle. Dr. Lo Ka Shui is a substantial shareholder, the Chairman and Managing Director of Great Eagle. His interests in Great Eagle are disclosed below;
  - (iii) 3,090,000 Share Stapled Units were held by two companies wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of these companies; and
  - (iv) 90,010,250 Share Stapled Units were held by a charitable trust of which Dr. Lo Ka Shui is the settlor and a member of the Advisory Committee and Management Committee.

- (2) These 300,000 Share Stapled Units were held by Mr. Lo Chun Lai, Andrew personally.
- (3) These 2,170,545 Share Stapled Units were jointly held by Mr. Brett Stephen Butcher with his spouse.
- (4) This percentage has been compiled based on 3,318,869,006 Share Stapled Units of the Trust and the Company in issue as at the Latest Practicable Date.

### Long positions in shares and underlying shares of associated corporations

#### Great Eagle

As at the Latest Practicable Date, Great Eagle owned 71.90% interests in the Trust and the Company and therefore is an associated corporation of the Trust and the Company. The interests of Directors of the Trustee-Manager and the Company in Great Eagle as at Latest Practicable Date are disclosed as follows:

Name of Director	Total number of ordinary shares/ underlying shares held	Percentage of issued share capital <sup>(5)</sup>
Lo Ka Shui <sup>(5)</sup>	481,394,268 <sup>(1)</sup>	64.38
Lo Chun Him, Alexander <sup>(5)</sup>	1,145,488 <sup>(2)</sup>	0.15
Lo Chun Lai, Andrew	778,000 <sup>(3)</sup>	0.10
Brett Stephen Butcher	747,433 <sup>(4)</sup>	0.10

*Notes:*

- (1) These interests comprise the following:
- (i) 61,512,835 shares and 3,392,000 share options were held by Dr. Lo Ka Shui personally;
  - (ii) 95,958,364 shares were held by certain companies wholly-owned by Dr. Lo Ka Shui who is also a director of these companies;
  - (iii) 254,664,393 shares were held by a discretionary trust of which Dr. Lo Ka Shui is one of the discretionary beneficiaries; and
  - (iv) 65,866,676 shares were held by a discretionary trust of which Dr. Lo Ka Shui is the founder.
- (2) These interests comprise 128,488 shares and 1,017,000 share options held by Mr. Lo Chun Him, Alexander personally.
- (3) These interests comprise 585,000 shares and 193,000 share options held by Mr. Lo Chun Lai, Andrew personally.
- (4) These interests comprise 52,000 shares and 664,000 share options held by Mr. Brett Stephen Butcher personally and 31,433 shares jointly held by Mr. Brett Stephen Butcher with his spouse.
- (5) This percentage has been compiled based on 747,723,345 shares of Great Eagle in issue as at the Latest Practicable Date.
- (6) Each of Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander is an executive director of Great Eagle.

**Champion Real Estate Investment Trust (“Champion REIT”)**

Champion REIT is accounted for as a subsidiary of Great Eagle, the holding company of the Trust and the Company. As at the Latest Practicable Date, Great Eagle owned 69.69% interests in Champion REIT. While the definition of “associated corporation” under the SFO caters only to corporations, for the purpose of enhancing the transparency, the holdings of Directors of the Trustee-Manager and the Company in Champion REIT as at Latest Practicable Date are disclosed as follows:

Name of Director	Total number of units/ underlying units held	Percentage of issued units <sup>(2)</sup>
Lo Ka Shui <sup>(3)</sup>	4,231,811,749 <sup>(1)</sup>	69.95

*Notes:*

- (1) These 4,231,811,749 units comprise the following:
  - (i) 3,592,007 units were held by Dr. Lo Ka Shui personally;
  - (ii) 4,219,208,742 units indirectly held by Great Eagle of which Dr. Lo Ka Shui is a substantial shareholder, the chairman and managing director. His interests in Great Eagle are disclosed above;
  - (iii) 3,258,610 units were held by certain companies wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of these companies; and
  - (iv) 9,011,000 units were held by a charitable trust of which Dr. Lo Ka Shui is the settlor and a member of the advisory committee and management committee.
- (2) This percentage has been compiled based on 6,049,474,368 units of Champion REIT in issue as at the Latest Practicable Date.
- (3) Dr. Lo Ka Shui is a non-executive director of Champion REIT.

Save as disclosed above, at the Latest Practicable Date, none of the Directors of the Trustee-Manager and the Company were taken to be interested or deemed to have any other interests or short positions in Share Stapled Units/shares/units, underlying Share Stapled Units/shares/units or debentures of the Trust and the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code, or which were recorded in the register required under Section 352 of the SFO.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any of the Directors was materially interested and which was significant in relation to the business of the Trust Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Trust Group were made up) been acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Trust Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Share Stapled Units, underlying Share Stapled Units and debentures of the Trust and the Company which would fall to be disclosed to the Trustee-Manager and the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **3. SERVICE CONTRACTS**

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

### **4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Trust Group since 31 December 2023, the date to which the latest published audited consolidated financial statements of the Trust Group were made up.

### **5. COMPETING BUSINESS INTERESTS OF DIRECTORS**

As at the Latest Practicable Date, the interests of Directors (other than Independent Non-executive Directors) in a business apart from the business of the Trust Group which competes or is likely to compete, either directly or indirectly, with the Trust Group's business as informed by the relevant Directors pursuant to Rule 8.10(2) of the Listing Rules are as follows:

Dr. Lo Ka Shui, being the Chairman and Non-executive Director of the Trustee-Manager and the Company, Mr. Lo Chun Him, Alexander and Mr. Lo Chun Lai, Andrew, both being the Non-executive Directors of the Trustee-Manager and the Company, and Mr. Brett Stephen Butcher, being the Chief Executive Officer and Executive Director of the Trustee-Manager and the Company, hold directorships and/or senior management positions in Great Eagle and/or subsidiary(ies) of Great Eagle.

The Great Eagle Group, as an associated corporation of the Trust and the Company and a controlling Holder of SSUs, develops, invests in and manages high quality residential, offices, retail and hotel properties in Asia, North America, Australasia and Europe. The interests of Dr. Lo Ka Shui, Mr. Lo Chun Him, Alexander, Mr. Lo Chun Lai, Andrew and Mr. Brett Stephen Butcher held in Great Eagle are disclosed in the section headed "Long positions in shares and underlying shares of associated corporations" above.

The Great Eagle Group and the Trust Group have distinct business focuses of their own and adopt different development strategy. The Trust Group focuses on optimising the performance of its three hotel properties in Hong Kong, namely The Langham, Hong Kong, Cordis, Hong Kong and Eaton HK, and adopts a growth strategy of investing in completed stand-alone hotels in Asia. The Great Eagle Group, on the other hand, focuses on developing its global hotel management services operations and brand building.

To further maintain a clear delineation of the geographical location of their hotel properties in and outside Asia, a Deed of Right of First Refusal was entered into between Great Eagle and the Company to ensure the Trust Group would have the first right to participate and to acquire completed stand-alone hotels in Asia (excluding Australia and New Zealand) should the Great Eagle Group wish to sell or is given the opportunity to invest in these hotels.

As for daily operation, the Executive Director and Chief Executive Officer of the Trustee-Manager and the Company is primarily responsible for the overall day-to-day management of the Group and has oversight of the performance of the Master Lessee and the Hotel Manager. The management team and staff of the Group report directly to the Executive Director and Chief Executive Officer and he is accountable to the Trustee-Manager Board and Company Board, operates and manages the Trust Group under various corporate governance measures and the schedule of matters reserved for the Trustee-Manager Board and the Company Board with due care and in the best interest of the Trust Group and Holders of SSUs.

In addition, the Trust Group has established various corporate governance measures to address any potential conflict of interest of the common Directors of the Trust Group and the Great Eagle Group.

In view of the above, the Directors believe that the Trust Group is able to operate independently with the Great Eagle Group and has been capable of carrying on its businesses at arm's length from the businesses of the Great Eagle Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and any proposed Director and their respective close associates (as if each of them were treated as a controlling shareholder under Rule 8.10 of the Listing Rules) had any interest in a business which competes or may compete with the business of the Trust Group.

**6. EXPERT AND CONSENT**

The following are the qualifications of the experts who have given opinions and advice, which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Ballas Capital	Licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

The expert named above has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and reference to its name in the form and context in which it appears. The letter of the Independent Financial Adviser contained herein was issued on 22 April 2024 and was made by Ballas Capital for incorporation in this circular.

**7. EXPERT'S INTEREST IN ASSETS**

As at the Latest Practicable Date, Ballas Capital:

- (a) did not have any holding of Share Stapled Units/shareholding, directly or indirectly, in any member of the Trust Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Trust Group; and
- (b) did not have any direct or indirect interest in any assets which had since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Trust Group were made up) been acquired or disposed of by or leased to any member of the Trust Group, or were proposed to be acquired or disposed of by or leased to any member of the Trust Group.

**8. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the HKEXnews website at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Trust and the Company at [www.langhamhospitality.com](http://www.langhamhospitality.com) from the date of this circular and up to and including the date which is 14 days from the date of this circular:

- (a) the Addendum;
- (b) the Hotel Management Agreements; and
- (c) the Trademark Licence Agreements.

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## NOTICE OF EGM

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# LANGHAM

HOSPITALITY INVESTMENTS

### Langham Hospitality Investments

*(As constituted pursuant to a deed of trust on 8 May 2013 under the laws of Hong Kong, the trustee of which is LHIL Manager Limited)*

and

### Langham Hospitality Investments Limited

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 1270)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (“EGM”) of Langham Hospitality Investments (the “Trust”) and Langham Hospitality Investments Limited (the “Company”) (collectively referred as “Langham”), as convened by LHIL Manager Limited (the “Trustee-Manager”, in its capacity as the trustee-manager of the Trust) and the Company, will be held on Wednesday, 8 May 2024 at 4:15 p.m. (or immediately after the conclusion or adjournment of the 2024 annual general meeting of Langham to be held at the same venue and on the same day, at 32nd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong, for the purpose of considering and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions (which shall serve as ordinary resolutions of registered holders of units under the trust deed constituting the Trust and as ordinary resolutions of shareholders of the Company under the Company’s amended and restated articles of association (the “Company’s Articles”)):

### ORDINARY RESOLUTIONS

1. “THAT:

- (a) (i) the Addendum (as defined in the circular of the Trust and the Company dated 22 April 2024 (the “Circular”)) and the transactions contemplated thereunder and in connection therewith be and are hereby approved and confirmed;
- (ii) the Increased SSU Issuance Cap (as defined in the Circular) in relation to the issue of Share Stapled Units (as defined in the Circular) for the duration of the Hotel Management Agreements and the Trademark Licence Agreements (both defined in the Circular) be and is hereby approved; and
- (iii) the Deferment Mechanism (as defined in the Circular) ancillary to the Increased SSU Issuance Cap (as defined in the Circular) be and is hereby approved;
- (b) the directors of the Trustee-Manager and the Company be and are hereby authorised for and on behalf of the Trust and the Company to execute (including where relevant and necessary to affix the common seal of the Trustee-Manager



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## NOTICE OF EGM

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and of the Company to) any such documents, instruments and agreements and to do any such acts or things as may be deemed by them in their absolute discretion as necessary or desirable, incidental to, ancillary to or in connection with or otherwise to give effect to the Addendum.”

2. **“THAT:**

- (a) Subject to the passing of the resolution no.1 above, the directors of the Trustee-Manager and the Company be and are hereby granted the 2023 Specific Mandate (as defined in the circular of the Trust and the Company dated 22 April 2024 (the “**Circular**”)), subject to the Increased SSU Issuance Cap (as defined in the Circular), to exercise the powers of the Trust and the Company to issue Share Stapled Units (as defined in the Circular) pursuant to the terms and conditions of the Hotel Management Agreements and the Trademark Licence Agreements (both defined in the Circular) for payment of the Outstanding Manager Fees (as defined in the Circular); and
- (b) the directors of the Trustee-Manager and the Company be and are hereby authorised for and on behalf of the Trust and the Company to execute any such documents, instruments and agreements and to do any such acts or things as may be deemed by them in their absolute discretion as necessary or desirable, incidental to, ancillary to or in connection with or otherwise to give effect to the 2023 Specific Mandate.”

3. **“THAT:**

- (a) Subject to the passing of the resolution no.1 above, the directors of the Trustee-Manager and the Company be and are hereby granted the 2024–26 Specific Mandate (as defined in the circular of the Trust and the Company dated 22 April 2024 (the “**Circular**”)), subject to the Increased SSU Issuance Cap (as defined in the Circular), to exercise the powers of the Trust and the Company to issue Share Stapled Units (as defined in the Circular) pursuant to the terms and conditions of the Hotel Management Agreements and the Trademark Licence Agreements (both defined in the Circular) for payment of the Manager Fees for the three financial years ending 31 December 2026 (as defined in the Circular); and

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## NOTICE OF EGM

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- (b) the directors of the Trustee-Manager and the Company be and are hereby authorised for and on behalf of the Trust and the Company to execute any such documents, instruments and agreements and to do any such acts or things as may be deemed by them in their absolute discretion as necessary or desirable, incidental to, ancillary to or in connection with or otherwise to give effect to the 2024–26 Specific Mandate.”

By Order of the Boards  
**LHIL Manager Limited**  
and  
**Langham Hospitality Investments Limited**  
**WONG Mei Ling, Marina**  
*Company Secretary*

Hong Kong, 22 April 2024

*Registered Office of the Company:*

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

*Principal Place of Business in Hong Kong of the Company:*

Suite 2702, 27th Floor  
Great Eagle Centre  
23 Harbour Road  
Wanchai, Hong Kong

*Registered Office of the Trustee-Manager:*

33rd Floor  
Great Eagle Centre  
23 Harbour Road  
Wanchai, Hong Kong

*Notes:*

1. Any holder of Share Stapled Units entitled to attend and vote at the EGM (or any adjournment thereof) of the Trust and the Company is entitled to appoint one or more proxies to attend and, on a poll, vote in his/her stead. A proxy need not be a holder of Share Stapled Units (the “**Holder of SSUs**”). Holders of SSUs may appoint the Chairman of the EGM as their proxy to vote on the resolutions, instead of attending the EGM in person.
2. Where there are joint registered holders of any Share Stapled Unit, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such Share Stapled Unit as if he/she was solely entitled thereto; but if more than one of such joint holders is present at the EGM personally or by proxy, that one of the holders so present whose name stands first on the Share Stapled Units Register in respect of such Share Stapled Unit shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased holder of Share Stapled Units in whose name any Share Stapled Unit stands shall for this purpose be deemed joint holders thereof.

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## NOTICE OF EGM

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3. In order to be valid, the form of proxy and the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power of attorney or authority) must be deposited at the principal place of business in Hong Kong of the Company at Suite 2702, 27th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong no later than 48 hours before the time appointed for holding the EGM (or any adjournment thereof).

Completion and return of the form of proxy will not preclude Holders of SSUs from attending and voting in person at the EGM or any adjournment thereof should they so wish. In the event that the Holders of SSUs attend the EGM or adjourned meeting (as the case may be) after having lodged a form of proxy, the form of proxy will be deemed to have been revoked.

4. The Share Stapled Units Register, the register of holders of units, the principal and Hong Kong branch registers of members, and the register of beneficial interests as established and maintained by the Trustee-Manager and the Company in accordance with the provisions of the Trust Deed will all be closed from Friday, 3 May 2024 to Wednesday, 8 May 2024, both days inclusive, for the purpose of ascertaining the entitlement of Holders of SSUs to attend and vote at the EGM. During such period, no transfer of Share Stapled Units will be registered. In order to be eligible to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant Share Stapled Units certificates must be lodged with the Share Stapled Units Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 2 May 2024.

5. Each Share Stapled Unit comprises:

- (i) a unit in the Trust;
- (ii) a beneficial interest in a specifically identified ordinary share in the Company held by the Trustee-Manager, which is “linked” to the unit; and
- (iii) a specifically identified preference share in the Company with is “stapled” to the unit.

Under the Trust Deed and the Company’s Articles, the number of ordinary shares and preference shares of the Company in issue must be the same at all times and must also, in each case, be equal to the number of units of the Trust in issue; and each of them is equal to the number of Share Stapled Units in issue.

6. The EGM is convened as a combined meeting of unitholders of the Trust and shareholders of the Company. Each resolution proposed to approve a matter to be considered by the Holders of SSUs at the EGM shall serve as both a resolution of unitholders of the Trust and a resolution of shareholders of the Company.

7. The form of proxy provided to Holders of SSUs for use at the EGM, and the form of voting paper to be used at the EGM, are, in each case, a single composite form. The effect of completing a form of proxy or voting paper (as the case may be) indicating a vote either for or against a resolution of Holders of SSUs to be proposed at the EGM shall be the vote cast in respect of the relevant Share Stapled Units and shall constitute:

- (i) a vote of the units of the Trust (as component of the relevant Share Stapled Units) in respect of the resolution of unitholders of the Trust under the Trust Deed;
- (ii) a vote of the preference shares of the Company (as component of the relevant Share Stapled Units) in respect of the resolution of shareholders of the Company under the Company’s Articles; and
- (iii) an instruction to the Trustee-Manager to vote the number of ordinary shares of the Company held by the Trustee-Manager (as component of the relevant Share Stapled Units) in the same way of the resolution of shareholders of the Company under the Company’s Articles.

8. In respect of each individual Share Stapled Unit, the voting rights conferred by the unit, and the preference share and the interest in the ordinary share which are components of the relevant Share Stapled Unit can only be exercised in the same way (either for or against) in respect of a resolution of Holders of SSUs to be proposed at the EGM; and completion of a form of proxy or voting paper in respect of a Share Stapled Unit will have that effect, as described in note 7 above.

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## NOTICE OF EGM

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9. The votes at the EGM will be taken by poll.
10. If a black rainstorm warning signal or a tropical cyclone warning signal no. 8 or above is in force in Hong Kong at 2:15 p.m. on Wednesday, 8 May 2024, the EGM will be rescheduled. The Trust and the Company will publish an announcement on the HKEXnews website at [www.hkexnews.hk](http://www.hkexnews.hk) and Langham's website at [www.langhamhospitality.com](http://www.langhamhospitality.com) to notify Holders of SSUs of the date, time and venue of the rescheduled meeting.
11. The EGM venue has wheelchair access. Anyone accompanying a Holder of SSUs in need of assistance will be admitted to the EGM. If any member with a disability has a question regarding attendance, please contact the Company Secretarial Division of the Company by email at [Langham.ecom@langhamhospitality.com](mailto:Langham.ecom@langhamhospitality.com).