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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)

CONTINUING CONNECTED TRANSACTIONS

RESULTS OF THE 2023 RENT REVIEW PURSUANT TO MASTER LEASE AGREEMENTS

AND

RE-COMPLIANCE WITH THE APPLICABLE CONTINUING CONNECTED TRANSACTION REQUIREMENTS IN RESPECT OF THE TRANSACTIONS UNDER THE MASTER LEASE AGREEMENTS FOR THE PERIOD FROM 1 JANUARY 2024 TO 29 MAY 2027

On 10 May 2013, each of the Hotel Companies and the Master Lessee entered into the Master Lease Agreements in relation to the lease of the Hotels by the Hotel Companies to the Master Lessee. Under the Master Lease Agreements, the rent for leases under the Master Lease Agreements to be paid by the Master Lessee shall consist of (i) an aggregate Base Rent of HK\$225 million per annum (pro rata for any period of less than one year); and (ii) a Variable Rent.

RESULTS OF THE 2023 RENT REVIEW PURSUANT TO MASTER LEASE AGREEMENTS

Pursuant to the terms of the Master Lease Agreements, the Company has appointed Vigers, acting as expert and not as an arbitrator, to conduct a rental review to determine the market rental package of the Hotels (including the market rent of the Hotels and the applicable percentage of the Variable Rent) for the period from 1 January 2024 to the expiry date of the Master Lease Agreements (i.e. 29 May 2027).

The Boards would like to announce that based on the 2023 Rent Review in accordance with the Master Lease Agreements, Vigers determines that the market rental package for the Hotels for the aforesaid period is comprised of (i) a Base Rent being fixed at HK\$225 million per annum under the Master Lease Agreements; and (ii) a Variable Rent being 50% of the Hotels' aggregate Gross Operating Profit before deduction of the Global Marketing Fees on an annual basis as determined by Vigers.

RE-COMPLIANCE WITH THE APPLICABLE CONTINUING CONNECTED TRANSACTION REQUIREMENT IN RESPECT OF THE TRANSACTIONS UNDER THE MASTER LEASE AGREEMENTS FOR THE PERIOD FROM 1 JANUARY 2024 TO 29 MAY 2027

Pursuant to the terms of the Master Lease Agreements, in the event that by the independent property valuer determines that the Variable Rent payable under the Master Lease Agreements for the Second Period or the Third Period shall be calculated on the basis of less than 70% of the Hotels' aggregate Gross Operating Profit before deduction of the Global Marketing Fees on annual basis as determined, Langham shall re-comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the relevant transactions contemplated under the Master Lease Agreements for the relevant period. In case the transactions under the Master Lease Agreements for the relevant period are required to be re-approved by the Independent Holders of SSUs at the general meeting of the Holders of SSUs, the Master Lease Agreements shall be terminated if the approval of Independent Holders of SSUs is not obtained at such general meeting.

In respect of the Second Period, as disclosed in the 2019 Announcement, the Company appointed Vigers to conduct the 2019 Rent Review for the Second Period. Based on the 2019 Rent Review, Vigers determined that the market rental package for the Hotels for the Second Period is comprised of (i) a Base Rent being fixed at HK\$225 million per annum under the Master Lease Agreements; and (ii) a Variable Rent being 70% of the Hotels' aggregate Gross Operating Profit before deduction of the Global Marketing Fees on an annual basis. As such, Langham did not have to re-comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Master Lease Agreements for the Second Period.

In respect of the Third Period, as Vigers determines in the 2023 Rent Review that the Variable Rent for the Third Period would be 50% of the Hotels' aggregate Gross Operating Profit before deduction of the Global Marketing Fees on annual basis, which is less than the 70% threshold as set out in the Master Lease Agreements in respect of the remaining transactions contemplated under the Master Lease Agreements for the Third Period, Langham is required to re-comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the remaining transactions contemplated under the Master Lease Agreements for the Third Period.

LISTING RULES IMPLICATIONS

Great Eagle, as the controlling Holder of SSUs, is a connected person of the Company. As the Master Lessee is an indirect wholly-owned subsidiary of Great Eagle, it is also a connected person of the Company. The remaining transactions contemplated under the Master Lease Agreements for the Third Period therefore constitute continuing connected transactions for the Company in accordance with the Listing Rules.

As disclosed in the Prospectus, the Stock Exchange granted a waiver from the setting of a monetary cap for the Variable Rent payable under the Master Lease Agreements for the duration of the Master Lease Agreements, subject to certain conditions, including but not limited to the condition that the Trust Group will have to comply with the then applicable Listing Rules if the independent property valuer determines that the Variable Rent payable under the Master Lease Agreements for the Second Period or the Third Period is to be calculated on the basis of less than 70% of the Hotels' aggregate Gross Operating Profit before deduction of the Global Marketing Fees.

As the highest applicable percentage ratios of the remaining transactions contemplated under the Master Lease Agreements for the Third Period is, on an annual basis, expected to be more than 5%, these transactions would, in the absence of the grant of a waiver by the Stock Exchange, be subject to the reporting, annual review, announcement and Independent Holders of SSUs' approval requirements under Chapter 14A of the Listing Rules.

Given the remaining term of the Master Lease Agreements, being the Third Period (i.e. from 1 January 2024 to 29 May 2027), is more than three years, pursuant to Rule 14A.52 of the Listing Rules, Langham will engage an Independent Financial Adviser to review the Master Lease Agreements and explain why a longer period as contemplated under the Third Period is required and confirm that it is normal business practice for agreements of this type to be of such duration. Details of the views of the Independent Financial Adviser will be set out in the circular to be despatched to the Holders of the SSUs.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

The Trustee-Manager and the Company have applied for, and the Stock Exchange has granted to the Trustee-Manager and the Company, a waiver (the “**Monetary Cap Waiver**”) from the setting of a monetary cap for the Variable Rent payable under the Master Lease Agreements for the whole term of the Master Lease Agreements in May 2013.

The Trustee-Manager and the Company are in the process of obtaining confirmation from the Stock Exchange that the Monetary Cap Waiver is valid notwithstanding that the Variable Rent Percentage for the Third Period is updated. Further updates in this regard will be provided in the circular to be despatched to the Holders of SSUs.

EGM

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Holders of SSUs on the terms of the Master Lease Agreements and the remaining transactions contemplated thereunder. The Independent Financial Adviser will be appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Holders of the SSUs as to whether to approve the remaining transactions under the Master Lease Agreements for the Third Period.

An ordinary resolution will be proposed at the EGM to approve the remaining transactions under the Master Lease Agreements for the Third Period. A circular containing, among other things, (i) further particulars of the Master Lease Agreements, (ii) updates on the Monetary Cap Waiver, (iii) the recommendations of the Independent Board Committee, (iv) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Holders of SSUs, and (v) a notice convening the EGM will be expected to be despatched to the Holders of SSUs in July 2023 as additional time is required to prepare and finalise the circular.

References are made to the Prospectus and the subsequent interim reports and annual reports of Langham in relation to, inter alia, the Master Lease Agreements, pursuant to which each Hotel Company had agreed to lease the relevant Hotel owned by it to the Master Lessee.

Reference is also made to the 2019 Announcement in relation to the results of the 2019 Rent Review pursuant to the Master Lease Agreements for the Second Period.

BACKGROUND

As disclosed in the Prospectus and the 2019 Announcement, under the Master Lease Agreements, the rent for leases under the Master Lease Agreements to be paid by the Master Lessee shall consist of (i) an aggregate Base Rent of HK\$225 million per annum (pro rata for any period of less than one year); and (ii) a Variable Rent.

During the term of the Master Lease Agreements, the Variable Rent shall represent the following:

- from the commencement date of the Master Lease Agreements (i.e. 30 May 2013) to 31 December 2019 (the “**First Period**”), the Variable Rent will be calculated on the basis of 70% of the Hotels’ aggregate Gross Operating Profit before deduction of the Global Marketing Fees; and
- from 1 January 2020 to 31 December 2023 (the “**Second Period**”) and 1 January 2024 to the expiry date of the Master Lease Agreements (i.e. 29 May 2027) (the “**Third Period**”), the Variable Rent will be calculated on a basis to be determined by an independent property valuer to be appointed by the Company, such basis to be determined by reference to the Hotels’ aggregate Gross Operating Profit before deduction of the Global Marketing Fees for the relevant period.

RESULTS OF THE 2023 RENT REVIEW PURSUANT TO THE MASTER LEASE AGREEMENTS

Under the Master Lease Agreements, the Company shall appoint an independent property valuer to conduct a further rent review no later than six months prior to the commencement of the Third Period.

Accordingly, the Company has appointed Vigers, acting as expert and not as an arbitrator, to conduct a rental review to determine the market rental package of the Hotels (including the market rent of the Hotels and the applicable percentage of the Variable Rent) for the Third Period.

The Boards would like to announce that based on the 2023 Rent Review in accordance with the Master Lease Agreements, Vigers determined that the market rental package for the Hotels for the Third Period is comprised of (i) a Base Rent being fixed at HK\$225 million per annum under the Master Lease Agreements; and (ii) a Variable Rent being 50% of the Hotels’ aggregate Gross Operating Profit before deduction of the Global Marketing Fees on an annual basis as determined by Vigers.

RE-COMPLIANCE WITH THE APPLICABLE CONNECTED TRANSACTION REQUIREMENT IN RESPECT OF THE TRANSACTIONS UNDER THE MASTER LEASE AGREEMENTS FOR THE PERIOD FROM 1 JANUARY 2024 TO 29 MAY 2027

Pursuant to the Master Lease Agreements, in the event that the independent property valuer determines that the Variable Rent payable under the Master Lease Agreements for the Second Period or the Third Period shall be calculated on the basis of less than 70% of the Hotels' aggregate Gross Operating Profit before deduction of the Global Marketing Fees, Langham shall re-comply with the reporting, announcement and Independent Holders of SSUs' approval requirements under Chapter 14A of the Listing Rules in respect of the relevant transactions contemplated under the Master Lease Agreements for the relevant period. In case the transactions under the Master Lease Agreements for the relevant period are required to be re-approved by the Independent Holders of SSUs at the general meeting of the Holders of SSUs, the Master Lease Agreements shall be terminated if the approval of Independent Holders of SSUs is not obtained at such general meeting.

In respect of the Second Period, as disclosed in the 2019 Announcement, the Company appointed Vigers to conduct the 2019 Rent Review for the Second Period. Based on the 2019 Rent Review, Vigers determined that the market rental package for the Hotels for the Second Period is comprised of (i) a Base Rent being fixed at HK\$225 million per annum under the Master Lease Agreements; and (ii) a Variable Rent being 70% of the Hotels' aggregate Gross Operating Profit before deduction of the Global Marketing Fees on an annual basis. As such, Langham did not have to re-comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under Master Lease Agreements for the Second Period.

In respect of the Third Period, as Vigers determines in the 2023 Rent Review that the Variable Rent for the Third Period would be 50% of the Hotels' aggregate Gross Operating Profit before deduction of the Global Marketing Fees on annual basis, which is less than the 70% threshold as set out in the Master Lease Agreements in respect of the remaining transactions contemplated under the Master Lease Agreements, Langham is required to re-comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the remaining transactions contemplated under the Master Lease Agreements for the Third Period.

PRINCIPAL TERMS OF THE MASTER LEASE AGREEMENTS

Subject matter and term

On 10 May 2013, each of the Hotel Companies (as lessors) and the Master Lessee (as lessee) entered into the Master Lease Agreements in relation to the lease of the Hotels by the Hotel Companies to the Master Lessee.

Pursuant to the Master Lease Agreements, each of the Hotel Companies has agreed to lease the hotel owned by it (excluding the designated outlets at Eaton HK) to the Master Lessee for a term of 14 years from and including 30 May 2013 (being the date of listing of Langham) and shall, subject to the compliance with the relevant requirements of the Listing Rules by the Company, be renewable by mutual agreement of the parties. The Master Lessee assumes all responsibilities as "owner" under the relevant hotel management agreements and bears all operating expenses in respect of the Hotels (other than payment of the hotel management fees, the license fee, the global marketing fees, etc), and delegates the management and operations obligations to the hotel manager of the respective Hotels on terms of the relevant hotel management agreements.

Rent

Under the Master Lease Agreements, the rent for leases under the Master Lease Agreements to be paid by the Master Lessee shall consist of (i) an aggregate Base Rent of HK\$225 million per annum (pro rata for any period of less than one year); and (ii) a Variable Rent. For the First Period, the Variable Rent was calculated on the basis of 70% of the Hotels' aggregate Gross Operating Profit before deduction of the Global Marketing Fees. The annual rent payable under the Master Lease Agreements will be settled in cash.

The above basis for calculating the amount of Variable Rent payable only applied until 31 December 2019 (i.e. the end of the First Period) and thereafter the Variable Rent will be calculated on a basis to be determined by an independent property valuer, to be appointed by the Company. In 2019, the Company appointed an independent property valuer, Vigers, acting as an expert and not as an arbitrator, to conduct a rental review to determine the market rental package of the Hotels (including the market rent of the Hotels and the applicable percentage of the Variable Rent) for the Second Period. As disclosed in the 2019 Announcement, Vigers determined that the market rental package of the Hotels for the Second Period was the same as the one for the First Period.

A rental review under the 2023 Rental Review has been performed for the Third Period, the outcome of which is mentioned above.

An annual cap in respect of the Base Rent payable by the Master Lessee to the Hotel Companies under the Master Lease Agreements is HK\$225 million. The cap for the Variable Rent under the Master Lease Agreements is determined by reference to the formulae for determining the Variable Rent as disclosed above.

Please also refer to the Prospectus and previous interim reports and annual reports of Langham on other principal terms of the Master Lease Agreements.

HISTORICAL FIGURES OF BASE RENT AND VARIABLE RENT

For each of the three financial years ended 31 December 2020, 31 December 2021 and 31 December 2022, the aggregate amount of Base Rent and Variable Rent paid to each of the Hotel Companies under the Master Lease Agreements and the Hotel's aggregate Gross Operating Profit/(Loss) before deduction of Global Marketing Fees are as follows:

	For the financial year ended 31 December		
	2020 (Audited) HK\$'000	2021 (Audited) HK\$'000	2022 (Audited) HK\$'000
Base Rent	225,000	225,000	225,000
Variable Rent	nil	21,756	148,856
Hotels' aggregate Gross Operating Profit/(Loss) before deduction of Global Marketing Fees	(13,200)	31,080	212,652

REASONS FOR AND BENEFITS OF THE CONTINUATION OF THE MASTER LEASE AGREEMENTS

Similar to the reasons set out in the Prospectus in relation to the Master Lease Agreements, the continued setting of the rent payable under the Master Lease Agreements by way of having two components, i.e. a fixed annual base rent and a variable rent, is a complementary structure designed to provide the Trust Group with a visible income stream combining both a fixed element and a participation in a portion of any potential upside in the profitability of the Hotels.

The Base Rent gives the Trust Group a guaranteed rental income, which would reduce the Trust Group's exposure to risks in the hotel industry in Hong Kong and provide downside protection and income certainty to the Trust Group. The Variable Rent provide exposure to the underlying performance of the Hotels, and accordingly to the potential of income growth.

The hotel rental market is subject to fluctuations, and the current trend is a decline in hotel rental rates. In view the market situation, adjustment to the Variable Rent Percentage as determined by Vigers is not unreasonable. The split between the Base Rent and the Variable Rent is determined having regard to the certain degree of downside protection from the fixed Base Rent, whilst continuously allowing the Trust Group to benefit from upside in the profitability of the Hotels. The interests of the Master Lessee's interests and the Trust Group's interests will be better aligned upon the change of the Variable Rent Percentage and the performance of the hotel manager will be further motivated. Nonetheless, there can be no guarantee that the actual revenue derived from the Hotels would be equivalent to the Base Rent and the Variable Rent payable under the Master Lease Agreements.

The Company will continue to disclose details of the actual amount and how the amount of Variable Rent was calculated in its annual financial statements.

Holders of SSUs should note that if the Master Lease Agreements are not approved by the Independent Holders of SSUs at the EGM, the Master Lease Agreements will be terminated. Termination of the Master Lease Agreements may have an impact on the stability on the business of the Trust Group, results of operations, financial condition and prospects as it would result in the Trust Group ceasing to enjoy the guaranteed minimum revenue payable as the Base Rent under the Master Lease Agreements.

The Directors (other than the independent non-executive Directors, whose view will be given after considering the advice of the Independent Financial Adviser) believe that the terms of the Master Lease Agreements are fair and reasonable and in the interests of the Trust, the Company and the Holders of SSUs as a whole.

LISTING RULES IMPLICATIONS

Great Eagle, as the controlling Holder of SSUs, is a connected person of the Company. As the Master Lessee is an indirect wholly-owned subsidiary of Great Eagle, it is also a connected person of the Company. The remaining transactions contemplated under the Master Lease Agreements for the Third Period therefore constitute continuing connected transactions for the Company in accordance with the Listing Rules.

As disclosed in the Prospectus, the Stock Exchange granted a waiver from the setting of a monetary cap for the Variable Rent payable under the Master Lease Agreements for the duration of the Master Lease Agreements, subject to certain conditions, including but not limited to the condition that the Trust Group will have to comply with the then applicable Listing Rules if the independent property valuer determines that the Variable Rent payable under the Master Lease Agreements for the Second Period or the Third Period is to be calculated on the basis of less than 70% of the Hotels' aggregate Gross Operating Profit before deduction of the Global Marketing Fees.

As the highest applicable percentage ratios of the remaining transactions contemplated under the Master Lease Agreements for the Third Period is, on an annual basis, expected to be more than 5%, these transactions would, in the absence of the grant of a waiver by the Stock Exchange, be subject to the reporting, annual review, announcement and Independent Holders of SSUs' approval requirements under Chapter 14A of the Listing Rules.

For details of the waiver obtained and the views of the Directors (including the independent non-executive Directors), please refer to the paragraph headed "Waiver from Strict Compliance with the Listing Rules" below.

Given the remaining term of the Master Lease Agreements, being the Third Period (i.e. from 1 January 2024 to 29 May 2027) is more than three years, pursuant to Rule 14A.52 of the Listing Rules, Langham will engage an Independent Financial Adviser to review the Master Lease Agreements and explain why a longer period as contemplated under the Third Period is required and confirm that it is normal business practice for agreements of this type to be of such duration.

Details of the views of the Independent Financial Adviser will be set out in the circular to be despatched to the Holders of the SSUs.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

The Directors believe that it is not appropriate to set a fixed monetary cap on, and that it is fair and reasonable and in the interests of the Holders of SSUs not to have capped the rent receivable under the Master Lease Agreements. The setting of any monetary cap on the Variable Rent would limit the amount of revenue the Trust Group could receive from the operation of the Hotels without the prior approval of the Holders of SSUs, which may potentially be a disincentive to the Trust Group to expand its hotel investments and pursue its acquisition growth strategy. As the Variable Rent is subject to the future performance of the Hotels, it is not possible for the Directors to provide any meaningful estimates for a monetary cap as this will necessarily involve making assumption regarding the performance of the Hotels from 1 January 2024 up to the expiry date of the Master Lease Agreements (i.e. 29 May 2027).

The Trustee-Manager and the Company have applied for, and the Stock Exchange has granted to the Trustee-Manager and the Company, a waiver (the "**Monetary Cap Waiver**") from the setting of a monetary cap for the Variable Rent payable under the Master Lease Agreements for the whole term of the Master Lease Agreements in May 2013, subject to the following conditions:

- (i) a clear description of the bases for calculating the Variable Rent for the Master Lease Agreements, and disclosure on the relevant calculation and the amounts of the Variable Rents under the Master Lease Agreements will be included in the Trust Group's future interim and annual financial statements;

- (ii) the independent non-executive Directors will review the Master Lease Agreements and confirm in the Trust Group's annual report that the transactions for the financial year under review and at the time of the annual review have been entered into in the manner set out in Rule 14A.71(6) of the Listing Rules. If the independent non-executive Directors are unable to confirm the matters under Rule 14A.71(6) of the Listing Rules, the Trust Group will have to re-comply with the reporting, announcement and Independent Holders of SSUs approval requirements under the Listing Rules;
- (iii) any change to the bases of calculations of the rent under the Master Lease Agreements will be subject to the approval of the Independent Holders of SSUs; and
- (iv) the Trust Group will have to comply with the then applicable requirements of the Listing Rules upon expiry of the waiver for the Master Lease Agreements, or if the independent property valuer determines that the Variable Rent payable under the Master Lease Agreements from 1 January 2020 is to be calculated on the basis of less than 70% of the Hotels' aggregate Gross Operating Profit before deduction of the Global Marketing Fees.

The Trustee-Manager and the Company are in the process of obtaining confirmation from the Stock Exchange that the Monetary Cap Waiver is valid notwithstanding that the Variable Rent Percentage for the Third Period is updated. Further updates in this regard will be provided in the circular to be despatched to the Holders of SSUs.

INFORMATION OF THE TRUST, THE COMPANY, THE MASTER LESSEE 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 Trust 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 Great Eagle and its subsidiaries 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. Great Eagle's operations are mainly located in Hong Kong, the United States, Canada, the United Kingdom, Australia, New Zealand, the PRC, Japan and Macau.

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

Harvest Star International Limited (發星國際有限公司), 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 (康得思酒店(香港)有限公司), 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 (展安發展有限公司), being one of the Hotel Companies and an indirect wholly-owned subsidiary of the Company, is principally engaged in property investment.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Holders of SSUs on the terms of the Master Lease Agreements and the remaining transactions contemplated thereunder. The Independent Financial Adviser will be appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Holders of the SSUs as to whether to approve the remaining transactions under the Master Lease Agreements for the Third Period.

An ordinary resolution will be proposed at the EGM to approve the remaining transactions under the Master Lease Agreements for the Third Period.

A circular containing, among other things, (i) further particulars of the Master Lease Agreements, (ii) updates on the Monetary Cap Waiver, (iii) the recommendations of the Independent Board Committee, (iv) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Holders of SSUs, and (v) a notice convening the EGM will be expected to be despatched to the Holders of SSUs in July 2023 as additional time is required to prepare and finalise the circular.

DEFINITIONS

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

“2019 Announcement”	the announcement of Langham dated 30 September 2019
“2019 Rent Review”	the Property Rental Valuation Report prepared by Vigers dated 30 September 2019 in respect of the rental review to determine the market rental package of the Hotels (including the market rent of the Hotels and the applicable percentage of the Variable Rent)
“2023 Rent Review”	the Property Rental Valuation Report prepared by Vigers dated 19 May 2023 in respect of the rental review to determine the market rental package of the Hotels (including the market rent of the Hotels and the applicable percentage of the Variable Rent)
“associate(s)”, “connected persons(s)”, “continuing connected transaction(s)” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules

“Base Rent”	the aggregate fixed rent of HK\$225 million per annum (pro rata for any period of less than one year) which the Master Lessee has agreed to pay to each of the Hotel Companies for the lease of the Hotels under the Master Lease Agreements
“Boards”	the board of directors of the Trustee-Manager and the board of directors of the Company
“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
“Cordis, Hong Kong”	Cordis, Hong Kong, being the hotel located at 555 Shanghai Street, Mong Kok, Kowloon, Hong Kong
“Directors”	the directors of the Trustee-Manager and the Company
“Eaton HK”	Eaton HK, being the hotel located at 380 Nathan Road, Yau Ma Tei, Kowloon, Hong Kong
“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 characterized as an extraordinary general meeting of Holders of SSUs, to be convened by the Trustee-Manager and the Company to consider and, if thought fit, approve the remaining transactions under the Master Lease Agreements for the Third Period
“First Period”	has the meaning ascribed to it under the section headed “Background” of this announcement
“Global Marketing Fees”	the aggregate global marketing fees payable by each of the Hotel Companies to Langham Hotels Services Limited in relation to the provisions of global marketing services to each Hotel
“Great Eagle”	Great Eagle Holdings Limited (鷹君集團有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0041)
“Gross Operating Profit”	the excess of total revenue of a Hotel over the operating expenses of that Hotel, as calculated in accordance with the provisions under the Master Lease Agreements
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Holders of SSUs”	persons registered in the SSUs register as holders of SSU
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hotel(s)”	the three hotels comprising The Langham, Hong Kong, Cordis Hong Kong and Eaton HK
“Hotel Company(ies)”	the companies which own the Hotels, being Harvest Star International Limited (發星國際有限公司), Cordis Hong Kong Limited (康得思酒店(香港)有限公司) and Grow On Development Limited (展安發展有限公司)
“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 the Master Lease Agreements and the remaining transactions contemplated thereunder
“Independent Financial Adviser”	the independent financial adviser to be 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 the Master Lease Agreements and the remaining transactions contemplated thereunder
“Independent Holders of SSUs”	holders of SSUs other than Great Eagle and its associates
“Langham”	the Trust and the Company
“Langham Hotels Services Limited”	Langham Hotels Services Limited (朗廷酒店服務有限公司), a company incorporated in Hong Kong with limited liability on 15 July 2011 and an indirect wholly-owned subsidiary of Great Eagle
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Lease Agreements”	the separate lease agreements each dated 10 May 2013 and addendum to existing lease agreements dated 16 February 2015 entered into between each Hotel Company and the Master Lessee in relation to the lease of the Hotels by the Hotel Companies to the Master Lessee

“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
“Monetary Cap Waiver”	has the meaning ascribed to it under the section headed “Waivers from strict compliance with the Listing Rules” of this announcement
“PRC”	the People’s Republic of China
“Prospectus”	the initial public offering prospectus of Langham dated 16 May 2013
“Second Period”	has the meaning ascribed to it under the section headed “Background” of this announcement
“Share Stapled Unit(s)” or “SSU(s)”	share stapled unit(s) jointly issued by Langham. A share stapled unit is 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: <ul style="list-style-type: none"> (a) a unit in the Trust; (b) the beneficial interest in a specifically identified ordinary share of the Company linked to the unit in the Trust and held by the Trustee-Manager; and (c) a specifically identified preference share of the Company stapled to the unit in the Trust
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“The Langham, Hong Kong”	The Langham, Hong Kong, being the hotel located at 8 Peking Road, Tsim Sha Tsui, Kowloon, Hong Kong
“Third Period”	has the meaning ascribed to it under the section headed “Background” of this announcement
“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 LHIL Manager Limited and the Company as amended, supplemented, substituted or otherwise modified from time to time
“Trust Group”	the Trust and the Group

“Trustee-Manager”	LHIL Manager Limited, a company incorporated in Hong Kong in its capacity as trustee-manager of the Trust and an indirect wholly-owned subsidiary of Great Eagle
“Variable Rent”	the variable rent which the Master Lessee has agreed to pay to the Hotel Companies for the lease of the Hotels under the Master Lease Agreements
“Variable Rent Percentage”	the percentage of the Hotels’ aggregate Gross Operating Profit before deduction of the Global Marketing Fees payable by each of the Hotel Companies under the Master Lease Agreements on an annual basis
“Vigers”	Vigers Appraisal and Consulting Limited, an independent property valuer appointed by the Company pursuant to the Master Lease Agreements

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

Hong Kong, 19 May 2023

As at the date of this announcement, the Boards comprise: Dr. LO Ka Shui (Chairman and Non-executive Director), Mr. Brett Stephen BUTCHER (Chief Executive Officer and Executive Director), Professor CHAN Ka Keung, Ceajer, Professor LIN Syaru, Shirley*, Mr. LO Chun Him, Alexander#, Mr. LO Chun Lai, Andrew#, and Mr. WONG Kwai Lam*.*

Non-executive Directors

* *Independent Non-executive Directors*