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**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  
FRAMEWORK AGREEMENT FOR  
PROVISION OF VARIOUS SERVICES**

The Boards announce that on 11 June 2014, the Company entered into the Framework Agreement with GE for the provision of (1) Procurement Services; (2) Project Management Services; and (3) Design and Construction Contracting Services by GE Companies to the Group.

GE is the controlling shareholder of the Trust and the Company. GE Companies are therefore connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual caps for the transactions contemplated under the Framework Agreement are more than 0.1% but less than 5%, the Continuing Connected Transactions are subject to the reporting, announcement and annual review requirements but exempt from the approval requirement of the independent holders of share stapled units of the Trust and the Company under Chapter 14A of the Listing Rules.

**INTRODUCTION**

The Boards announce that on 11 June 2014, the Company entered into the Framework Agreement with GE for the provision of (1) Procurement Services; (2) Project Management Services; and (3) Design and Construction Contracting Services by GE Companies to the Group.

## MAJOR TERMS OF THE FRAMEWORK AGREEMENT

<b>Parties</b>	(i) the Company (ii) GE
<b>Term</b>	The Framework Agreement shall take effect from the date of the agreement and shall continue until 31 December 2016. The Framework Agreement shall be automatically renewed for a further term of 3 years each upon expiration of any such term, subject to compliance with the applicable disclosure and reporting requirements under the Listing Rules.
<b>Service Fees and Payment</b>	<p>The terms and conditions of each transaction pursuant to the Framework Agreement shall be on an arm's length basis and on normal commercial terms and no less favourable to the Group than those obtainable from independent suppliers and contractors.</p> <p>(i) <i>Procurement Services</i></p> <p>The Procurement Services will be provided by CGS. The fees (excluding out-of-pocket expenses) payable to CGS in respect of the procurement services will be charged at a rate of 5% of (a) the respective budgeted sums of FF&amp;E categories for hotel renovation and OS&amp;E categories for hotel renovation and (b) the actual amount of the purchase orders for FF&amp;E and OS&amp;E categories for hotel maintenance and miscellaneous categories.</p> <p>Invoicing of the service fees for FF&amp;E categories for hotel renovation and OS&amp;E categories for hotel renovation shall be made on quarterly basis. Invoicing of all the other service fees shall be made upon completion of the related services. Payment shall be made within 30 days from the date of the relevant invoice.</p> <p>(ii) <i>Project Management Services</i></p> <p>Project Management Services will be provided by GEDPM. The fees payable to GEDPM in respect of the project management services will be charged at a rate of 3% of the actual amount of the construction cost for renovation of the Hotels as certified by project quantity surveyor or other consultants. The construction cost for renovation of the Hotels shall exclude all marketing or pre-operating costs of the Hotels, professional consultants fees incurred for renovation of the Hotels and other operation related expenses of the Hotels.</p>

Payment of the Project Management Services fees shall be made on monthly basis whose amount is a fixed monthly fee (that is equal to the total budgeted amount of the construction cost for renovation of each of the Hotels divided by the number of months for renovation of each of the Hotels). Adjustment will be made by comparing the difference between the total budgeted amount and actual amount of the construction cost for the renovation of the Hotels.

(iii) *Design and Construction Contracting Services*

The Design and Construction Contracting Services will be provided by Keysen and/or its associated companies. The contract sum for the work of Design and Construction Contracting Services will be negotiated on an arm's length basis and determined between Keysen and/or its associated companies and the Group subject to tender or price comparison process to be arranged by the Group in accordance with its internal control policy.

Depending on the job nature and subject to market norm, generally 95% of the contract sum for the work will be paid upon issuance of practical/substantial completion certificate of the works and the remaining balance of 5% of the contract sum will be paid upon the expiry of the defects liability period.

## ANNUAL CAPS

The annual caps for the Continuing Connected Transactions for the years ending 31 December 2014, 2015 and 2016 will be as follows:

	<b>2014</b>	<b>2015</b>	<b>2016</b>
Procurement Services	HK\$3,870,000	HK\$8,620,000	HK\$3,900,000
Project Management Services	HK\$4,660,000	HK\$11,750,000	HK\$2,030,000
Design and Construction Contracting Services	HK\$11,400,000	HK\$3,000,000	HK\$6,000,000
Total:	HK\$19,930,000	HK\$23,370,000	HK\$11,930,000

The annual caps are determined with reference to the design and internal projection of the progress of the renovation project of the Hotels at budgeted total renovation expenses of approximately HK\$580 million.

## **REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT**

CGS is a professional services company primarily engaged in providing group and project procurement services to hotel owners and operators. GEDPM has a team of professionals specializing in project management services. Keysen is a specialist in building services engineering rendering technical consultation, system design, installation, operation and maintenance to engineering consultancy services. Taking into account the background and experiences of the service providers and in view of their close relationship with the Group, it is believed that the Group will be able to monitor the progress and the overall budget of the renovation in a more effective and efficient manner. The Directors (including the Independent Non-executive Directors) are of the view that the entering into of the Framework Agreement to set out the major terms within which the relevant transactions should be carried out is beneficial to the Group and that the annual caps and the terms of the Framework Agreement are fair and reasonable and in the interests of the Group and the holders of share stapled units of the Trust and the Company as a whole.

## **LISTING RULES IMPLICATIONS**

As GE is the controlling shareholder of the Trust and the Company, GE Companies are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual caps are more than 0.1% but less than 5%, the Continuing Connected Transactions are subject to the reporting, announcement and annual review requirements but exempt from the approval requirement of the independent holders of share stapled units of the Trust and the Company under Chapter 14A of the Listing Rules. Particulars of the transactions to be effected pursuant to the Framework Agreement will be included in the annual reports of the Trust and the Company. Such transactions will also be subject to annual review by the Independent Non-executive Directors and the auditors of the Company pursuant to Rule 14A.37 and Rule 14A.38 of the Listing Rules.

Dr. Lo Ka Shui, the Chairman of the Trustee-Manager and the Company, is the Chairman and Managing Director and a substantial shareholder of GE as at the date of this announcement. Dr. Lo Ka Shui and his Associate, Ms. Lo Bo Lun, Katherine being a Non-executive Director of the Trustee-Manager and the Company have abstained from approving the Framework Agreement and the transactions contemplated thereunder. Save for the interest of Dr. Lo Ka Shui and Ms. Lo Bo Lun, Katherine as disclosed, none of the Directors has a material interest in the Framework Agreement.

## **GENERAL INFORMATION**

The Trust is constituted as a fixed single investment trust and may only invest in the securities and other interests in a single entity, being the Company. The Company is the holding company of the hospitality business carried on by the Group and currently owns and controls the Hotels indirectly through its subsidiaries. The Group focuses on optimizing the performance of the Hotels, adopting a growth strategy of investing in completed stand-alone hotels in Asia.

The principal activities of GE include property development and investment, hotel and restaurant operations, manager of real estate investment trust, trading of building materials, share investment, provision of management and maintenance services, property management and fitness centre operation. GE's investment in office properties extends to the United States and its hotel portfolio covers Hong Kong, the PRC, North America, Europe, Australia and New Zealand.

## DEFINITIONS

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

“Associate”	has the meaning ascribed to it in Chapter 14A of the Listing Rules
“Boards”	boards of Directors of the Trustee-Manager and the Company
“CGS”	Champion Global Services Limited, a 93%-owned subsidiary of GE
“Company”	Langham Hospitality Investments Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability, and the share stapled units jointly issued by the Trust and the Company are listed on the main board of the Stock Exchange (stock code: 1270)
“connected person”, “controlling shareholder”, “substantial shareholder”	each has the meaning ascribed to it in the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the Framework Agreement in relation to the provision of Procurement Services, Project Management Services and Design and Construction Contracting Services
“Design and Construction Contracting Services”	Design and Construction Contracting Services, which include but not limited to engineering design and services, repair and maintenance works and construction contracting services to the Hotels of the Group on an ad hoc basis. These services will be provided by Keyesen and/or its associated companies
“Directors”	directors of the Trustee-Manager and the Company
“FF&E”	furniture, fixtures and equipment
“Framework Agreement”	Framework Agreement relating to the provision of certain procurement services, certain project management services and certain design and construction contracting services for the Hotels between the Company and GE dated 11 June 2014

“GE”	Great Eagle Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 41), which is indirectly holding approximately 57.95% of the total issued share stapled units of the Trust and the Company as at the date of this announcement
“GE Companies”	GE and its subsidiaries (excluding the Group)
“GEDPM”	The Great Eagle Development and Project Management Limited, a wholly-owned subsidiary of GE
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hotels”	The Langham, Hong Kong, Langham Place Hotel, Hong Kong and Eaton, Hong Kong
“Keysen”	Keysen Engineering Company, Limited, a wholly-owned subsidiary of GE
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“OS&E”	operating supplies and equipment
“percentage ratios”	has the meaning ascribed to it in Chapter 14 of the Listing Rules
“Procurement Services”	Procurement Services, which include but not limited to procurement service for (a) FF&E categories for the renovation of the Hotels on an ad hoc basis; (b) OS&E categories for the renovation of the Hotels on an ad hoc basis; and (c) FF&E and OS&E categories for the regular maintenance of the Hotels. These services will be provided by CGS
“Project Management Services”	Project Management Services, which include but not limited to project management services for selecting and monitoring external consultants, construction work, FF&E and OS&E for the renovation of the Hotels on an ad hoc basis. These services will be provided by GEDPM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Trust”	Langham Hospitality Investments as constituted pursuant to the trust deed dated 8 May 2013 entered into between the Trustee-Manager and the Company
“Trustee-Manager”	LHIL Manager Limited, a company incorporated in Hong Kong with limited liability, in its capacity as trustee-manager of the Trust

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

Hong Kong, 11 June 2014

*As of the date of this announcement, the Non-executive Directors are Dr. LO Ka Shui (Chairman) and Ms. LO Bo Lun, Katherine; the Executive Director is Mr. IP Yuk Keung, Albert (Chief Executive Officer); and the Independent Non-executive Directors are Dr. LIN Syaru, Shirley, Mr. SO Yiu Wah, Eric and Mr. WONG Kwai Lam.*