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Great Eagle Holdings Limited
鷹君集團有限公司

Incorporated in Bermuda with limited liability
(Stock Code: 41)



Champion Real Estate Investment Trust

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

(Stock Code: 2778)

Managed by

Eagle Asset Management
Eagle Asset Management (CP) Limited

**MAJOR TRANSACTIONS
RELATING TO THE PROPOSED
SALE OF THE RETAIL,
CARPARK AND CERTAIN
OFFICE PORTIONS OF
LANGHAM PLACE AND
RELATED MATTERS, POSSIBLE
PLACING AND TOP-UP OF
CHAMPION REIT UNITS AND
POSSIBLE ACQUISITION OF
2008 CONVERTIBLE BONDS
CONVERTIBLE INTO
CHAMPION REIT UNITS AND
RESUMPTION OF TRADING**

**VERY SUBSTANTIAL ACQUISITION AND
CONNECTED PARTY TRANSACTIONS
RELATING TO THE PROPOSED
ACQUISITION OF THE RETAIL, CARPARK
AND CERTAIN OFFICE PORTIONS OF
LANGHAM PLACE AND RELATED
MATTERS AND RESUMPTION OF TRADING**

Sole Financial Adviser to the REIT Manager



**Independent Financial Adviser to the
Independent Board Committee of the REIT
Manager and the Independent Unitholders**



Treasure Source Limited
(incorporated in Hong Kong with limited liability)

HK\$765,000,000
2 per cent. Guaranteed Convertible Bonds
of the Issuer due 2011
(Stock Code: 1511)

**convertible into Units of Champion Real
Estate Investment Trust**

RESUMPTION OF TRADING

JOINT ANNOUNCEMENT

**SALE AND PURCHASE OF EQUITY INTERESTS AND ASSIGNMENT OF
VENDOR LOAN RELATING TO THE RETAIL, CARPARK AND CERTAIN
OFFICE PORTIONS OF LANGHAM PLACE AND RELATED MATTERS AND
RESUMPTION OF TRADING**

On 14 February 2008 Champion REIT, through the Purchaser, and Great Eagle, through the Vendors, entered into the Purchase Agreements in relation to the sale and purchase of the LP Property Companies, each being an indirect wholly-owned subsidiary of Great Eagle, and the assignment of the Vendor Loan to the Purchaser or its nominee for the Total Consideration.

Pursuant to each Purchase Agreement, the relevant Vendor has agreed to sell, transfer and assign to the Purchaser or its nominee(s) on the Completion Date its respective LP Property Company Shares with the rights (together with the right to receive dividends and other distributions relating to income) attaching to them as at and from the Completion Date. In addition, pursuant to the Renaissance Purchase Agreement, the Renaissance Vendor has agreed to transfer and assign the Vendor Loan to the Purchaser or its nominee(s) as of the Completion Date. The Vendor Loan will represent the only outstanding loan extended by GE Entities to any of the LP Property Companies or the Registered Holder as at the Completion Date. The Vendor Loan is unsecured, interest free and repayable on demand. The LP Property Companies and the Registered Holder together hold full legal and beneficial title to the Langham Place Mall, the Acquired LP Office Tower, the Langham Place Carpark and the Reserved Areas (collectively referred to as the New Property), and all rights and interests related thereto.

The Total Consideration payable by the Purchaser for the acquisition of the LP Property Companies pursuant to the Purchase Agreements comprises: (1) the Share Consideration for all of the LP Property Company Shares; and (2) in respect of Renaissance, the consideration for the assignment to the Purchaser or its nominee(s) of the Vendor Loan on a dollar-for-dollar basis. In the case of Ernest Limited and Best Noble, the Share Consideration shall be the respective par value of the shares of Ernest Limited and Best Noble, being US\$100.0 (equivalent to approximately HK\$780.0) in the case of Ernest Limited and US\$1.0 (equivalent to approximately HK\$7.8) in the case of Best Noble. The Share Consideration in respect of the acquisition of Ernest Limited and Best Noble shall be paid in cash on Completion and shall be financed by Champion REIT's internal resources. The Share Consideration to be paid in respect of the acquisition of the Renaissance Shares is to be determined based on the net asset value of Renaissance as of the Completion Date, subject to

certain adjustments (including an adjustment for the book value of the New Property which shall be substituted with an amount equal to HK\$12,500 million, representing an agreed discount of approximately 11.8% to the Appraised Value of HK\$14,170 million). In the case of the Renaissance Shares, the Share Consideration shall be paid by way of issuance of Consideration Units to the GE Holder and the balance in cash. Such cash portion of the Completion Amounts and the amount required to pay the Post-Completion Adjustment (if any) will be satisfied by funds raised under the Unit Placement and the Bond Placement. The amount required to repay the Existing LP Facility will be satisfied first by funds raised by Champion REIT from drawing down on the Debt Facility, with any outstanding balance being satisfied by funds raised under the Bond Placement.

Pursuant to the Interest Rate Swap Agreement entered into by the Interest Rate Swap Companies in connection with the IPO, each of the Interest Rate Swap Companies may adjust the relevant fixed interest rate payable pursuant to the Interest Rate Swap Agreement upon prior written notice to, and consent of, the Swap Counterparty. Subject to the REIT EGM Resolution being passed, the approval of the lenders under the 2006 Facility being obtained, Completion taking place and the agreement of the relevant parties to the Interest Rate Swaps, the Interest Rate Swap Companies will exercise their right to adjust the Swap Rate, to the prevailing market rate as at the Swap Settlement Date. Based on the assumptions to be set out in the Champion REIT Circular, the Cash Settlement Amount is estimated to be HK\$350 million.

On 14 February 2008, the REIT Manager, the Trustee, each of the Distribution Entitlement Waiver Parties, Great Eagle as guarantor, and Kerry Properties Limited as guarantor entered into the Deed of Amendment of Distribution Entitlement Waiver Deed, whereby the parties agreed to terminate the undertakings of Top Domain, as one of the Distribution Entitlement Waiver Parties, relating to the First 2008 Distribution and the Final 2008 Distribution, effective as of and conditional upon Completion. The rights of the other Distribution Entitlement Waiver Parties, being Fortune Mega Investments Limited and Wing Tai Corporation Limited, will not be affected by the Deed of Amendment of Distribution Entitlement Waiver Deed. Based on the assumptions to be set out in the Champion REIT Circular, and assuming, for illustrative purposes, that the Cash Settlement Amount is estimated to be HK\$350 million, the Initial Termination Amount is estimated to be HK\$96.9 million. The Deed of Amendment of Distribution Entitlement Waiver Deed has the effect of allowing Top Domain to receive the 2008 distributions in respect of its Distribution Entitlement Waiver Units in 2008 in consideration for the payment by Top Domain of the Initial Termination Amount.

The Sale and Purchase constitute a very substantial acquisition and a connected party transaction for Champion REIT, and are therefore subject to, amongst other things, approval by the independent Unitholders of Champion REIT at the REIT EGM in accordance with the REIT Code. The opinion of an independent financial adviser in respect of the Transactions Requiring Approval will also be required.

A Champion REIT Circular containing, amongst other things: (1) a letter from the Board to Unitholders containing details of the Transaction and other related matters; (2) a letter from the Independent Board Committee to Unitholders; (3) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the independent Unitholders in respect of the voting on the Transaction and any related matters; (4) the Independent Property Valuer's New Property Valuation Report; and (5) the REIT EGM Notice will be sent to the Unitholders of Champion REIT as soon as practicable. The

Champion REIT Circular will also contain Champion REIT's forecast consolidated income statement data and distribution data for the Forecast Period. Please refer to the Champion REIT Circular for details of the Profit Forecast as well as the bases and assumptions on which the Profit Forecast has been prepared.

To fund the Sale and Purchase, Champion REIT may conduct the Unit Placement and Bond Placement in conjunction with Great Eagle. As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Sale and Purchase and the Vendor Related Matters exceed 25% but are less than 75%, the Sale and Purchase and the Vendor Related Matters constitute a major disposal for Great Eagle under the Listing Rules and are subject to the approval of the Shareholders. The applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of (i) the possible placing of the Third Party Sale Units under the Placing and Top-Up Subscription Mechanism exceed 25% but are less than 75% and (ii) the subscription of the Consideration Units under the Sale and Purchase, the possible subscription of the Subscription Units under the Unit Placement and the possible acquisition of 2008 Convertible Bonds (if any) under the Bond Placement in aggregate exceed 25% but are less than 100% and accordingly will constitute a major disposal and a major acquisition under the Listing Rules and are both subject to Shareholders' approval. As at the date of this announcement, Dr. Lo Ka Shui and Green Jacket Limited, a company wholly controlled by Dr. Lo Ka Shui, together with the interest in a discretionary trust (the trustee of which is HSBC International Trustee Limited) of which he is a founder, hold 77,279,486 shares in Great Eagle. Dr. Lo Ying Sui, Archie, Adscan Holdings Limited, a company wholly controlled by Dr. Lo Ying Sui, Archie, and his spouse together hold 37,128,142 shares in Great Eagle. HSBC International Trustee Limited, as trustee of another discretionary trust of which both Dr. Lo Ka Shui and Dr. Lo Ying Sui, Archie are beneficiaries, holds 197,503,146 shares in Great Eagle. Dr. Lo Ka Shui and Dr. Lo Ying Sui, Archie are siblings who, together with the trustee of the said discretionary trusts, constitute a closely allied group in relation to Great Eagle, and together they hold 311,910,774 shares in Great Eagle, representing approximately 51.6% of the entire issued share capital of Great Eagle. As the GE Entities are interested in approximately 48.5% interest in the total issued Units of Champion REIT, each of Dr. Lo Ka Shui, Dr. Lo Ying Sui, Archie and HSBC International Trustee Limited in its capacity as trustee of the said trusts have no direct interest in the Units of Champion REIT. Save as aforesaid, to the best of the knowledge, information and belief of the Great Eagle Directors after having made all reasonable enquiry, neither Dr. Lo Ka Shui nor Dr. Lo Ying Sui, Archie nor any of their respective associates (as defined in the Listing Rules) is a party to the Sale and Purchase. Save as aforesaid, no Shareholder is required to abstain from voting on: (i) the Sale and Purchase and the Vendor Related Matters; (ii) the possible placing of the Third Party Sale Units under the Placing and Top-Up Subscription Mechanism; or (iii) the subscription of the Consideration Units under the Sale and Purchase, the possible subscription of the Subscription Units under the Unit Placement or the possible acquisition of 2008 Convertible Bonds (if any) under the Bond Placement at the general meeting of Great Eagle that may be convened for the purposes of considering and approving the Purchase Agreements and the Vendor Related Matters under the Listing Rules. Pursuant to Rule 14.44 of the Listing Rules, written approval has been obtained from Dr. Lo Ka Shui and Dr. Lo Ying Sui, Archie and their respective associates forming the closely allied group in lieu of an approval of the Shareholders in a general meeting of Great Eagle to approve the Sale and Purchase, the Vendor Related Matters, the possible placing of the Third Party Sale Units under the Placing and Top-Up Subscription Mechanism, the subscription of the Consideration Units under the Sale and Purchase, the possible subscription of the Subscription Units under the Unit Placement and the possible acquisition of 2008 Convertible

Bonds (if any) under the Bond Placement and the transactions contemplated therein.

A Great Eagle Circular containing, amongst other things: (1) a letter from the Great Eagle Board containing details of the Transaction and other matters; and (2) the Independent Valuer's New Property Valuation Report will be sent to the Shareholders as soon as practicable.

Terms used herein shall bear the same respective meanings as set out in the Definitions section of this announcement.

At the request of the REIT Manager, Great Eagle and Treasure Source Limited, trading in the Units, the shares of Great Eagle and the 2006 Convertible Bonds has been suspended from 9:30 a.m. on 14 February 2008 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Units, the shares of Great Eagle and the 2006 Convertible Bonds with effect from 9:30 a.m. on 15 February 2008.

As the Transaction may or may not complete, Unitholders of and prospective investors of Champion REIT, Shareholders and prospective investors of Great Eagle and holders of the 2006 Convertible Bonds and prospective investors of the 2006 Convertible Bonds are advised to exercise caution when dealing in the Units of Champion REIT, the shares of Great Eagle and the 2006 Convertible Bonds.

THE TRANSACTION

On 14 February 2008, the Trustee on behalf of Champion REIT (being the Purchaser) and Great Eagle, through the Vendors, entered into the Purchase Agreements in relation to the sale and purchase of the LP Property Companies, each being an indirect wholly-owned subsidiary of Great Eagle, and the assignment of the Vendor Loan to the Purchaser or its nominee(s) for the Total Consideration.

A. THE PURCHASE AGREEMENTS

1. Key terms of the Purchase Agreements

Set out below is information regarding the Purchase Agreements entered into by the Vendors, indirect wholly-owned subsidiaries of Great Eagle, and the Purchaser for the purpose of acquiring and holding the LP Property Company Shares and the Vendor Loan:

Renaissance Purchase Agreement

Date: 14 February 2008.

Vendor: The Great Eagle Company, Limited, a company indirectly wholly-owned by Great Eagle.

Purchaser: The Trustee on behalf of Champion REIT.

Guarantor: Great Eagle Holdings Limited, as guarantor of the Vendor's obligations under the Renaissance Purchase Agreement.

Purchase Agreement in relation to the sale and purchase of Ernest Limited

Date : 14 February 2008.

Vendor: Acefield Investments Limited, a company indirectly wholly-owned by Great Eagle.

Purchaser: The Trustee on behalf of Champion REIT.

Guarantor: Great Eagle Holdings Limited, as guarantor of the Vendor's obligations under the Purchase Agreement in relation to the sale and purchase of Ernest Limited.

Purchase Agreement in relation to the sale and purchase of Best Noble

Date: 14 February 2008.

Vendor: Truefaith Developments Limited, a company indirectly wholly-owned by Great Eagle.

Purchaser: The Trustee on behalf of Champion REIT.

Guarantor: Great Eagle Holdings Limited, as guarantor of the Vendor's obligations under the Purchase Agreement in relation to the sale and purchase of Best Noble.

As at the date of this announcement, the GE Entities are interested in the Units and accordingly certain Great Eagle Directors and the substantial Shareholders are also deemed to be interested in the Units. Details are set out in the section headed "Implications of the Transaction under the REIT Code, the Trust Deed and the Listing Rules – Implications under the Listing Rules for Great Eagle" in this announcement.

2. Transaction relating to the LP Property Company Shares and the Vendor Loan

Pursuant to each Purchase Agreement, the relevant Vendor has agreed to sell, transfer and assign to the Purchaser or its nominee(s) on the Completion Date its respective LP Property Company Shares with the rights (together with the right to receive dividends and other distributions relating to income) attaching to them as at and from the Completion Date. In addition, pursuant to the Renaissance Purchase Agreement, the Renaissance Vendor has agreed to transfer and assign the Vendor Loan to the Purchaser or its nominee(s) as of the Completion Date. The Vendor Loan will represent the only outstanding loan extended by the GE Entities to any of the LP Property Companies or the Registered Holder as at the Completion Date. The Vendor Loan is unsecured, interest free and repayable on demand. The LP Property Companies and the Registered Holder together hold full legal and beneficial title to the New Property, and all rights and interests related thereto. The Purchaser has also agreed to repay on the Completion Date all amounts owing in respect of principal, interest and any outstanding fees under the Existing LP Facility as of the Completion Date.

As at the Reference Date, pursuant to the audited balance sheet and profit and loss statements of the LP Property Companies prepared by the auditors for the Purchaser, the audited net asset value of the LP Property Companies was approximately HK\$5,982.3 million. For the nine months ended 30 September 2007, the audited net profits from continuing operations before and after taxation of the LP Property Companies were approximately HK\$3,306.3

million and HK\$2,729.2 million respectively. For the year ended 31 December 2006, the audited net profits from continuing operations before and after taxation of the LP Property Companies were approximately HK\$131.2 million and HK\$83.8 million respectively. For the year ended 31 December 2005, the audited net profits from continuing operations before and after taxation of the LP Property Companies were approximately HK\$972.5 million and HK\$835.1 million respectively. The above figures are the same as the corresponding unaudited figures for the LP Property Companies as they appear in the books of the Vendors.

After the Sale and Purchase, the LP Property Companies will cease to be subsidiaries of Great Eagle.

3. The New Property

Langham Place is an integrated commercial development with a Total Floor Area of approximately 1,940,000 square feet. It comprises: (1) a 59-storey Grade A office building (being the Langham Place Office Tower); (2) a 15-storey shopping mall (being the Langham Place Mall); (3) a 42-storey 5-star hotel (comprising 665 guest rooms) (being the Langham Place Hotel); (4) a 250-space private carpark (being the Langham Place Carpark); and (5) other governmental, institutional and community facilities. The New Property comprises the Langham Place Office Tower excluding the Excluded Areas (being the Acquired LP Office Tower), the Langham Place Mall, the Langham Place Carpark and the Reserved Areas. Great Eagle, through Renaissance Vendor, has obtained from the Registered Holder the right to name and control the naming of various parts of the New Property for a monthly licence fee of approximately HK\$2.17 million over a term of three (3) years commencing from 1 January 2008, renewable for a further 3-year term at the option of the Renaissance Vendor. Details of this right will be set out in the Champion REIT Circular and the Great Eagle Circular.

4. Total Consideration

4.1 Consideration for the LP Property Company Shares and the Vendor Loan

The Total Consideration payable by the Purchaser for the acquisition of the LP Property Companies pursuant to the Purchase Agreements comprises: (1) the Share Consideration for all of the LP Property Company Shares; and (2) in respect of Renaissance, the consideration for the assignment to the Purchaser or its nominee(s) of the Vendor Loan on a dollar-for-dollar basis.

Champion REIT will be acquiring the New Property at a discount to the Appraised Value as determined by the Independent Property Valuer as of the Valuation Reference Date. The Agreed Value of the New Property for the purpose of determining the consideration payable in connection with the Sale and Purchase is HK\$12,500 million, which is at a discount of approximately 11.8% to the Appraised Value of HK\$14,170 million. Such discount was given after arm's length negotiation with the Purchaser taking into account the bulk purchase of the New Property. For illustrative purposes only, the aggregate amount payable by the Purchaser in connection with the Sale and Purchase (excluding Ancillary Costs) based on the information existing as of the Reference Date is expected to be approximately HK\$12,507 million, as outlined in the table below.

	As of the Reference Date⁽¹⁾ (HK\$ million)
Total Renaissance Consideration:	
Share Consideration	5,679
Vendor Loan	2,291
Share Consideration for Ernest Limited	0 ⁽²⁾
Share Consideration for Best Noble	0 ⁽²⁾
Total Consideration	<u>7,970</u>
Repayment of Existing LP Facility	<u>4,537</u>
Total	<u><u>12,507⁽³⁾</u></u>

Notes:

- (1) The information in this table is based on information presented as of the Reference Date, as adjusted to take into account the effect of the SFK Deed of Novation which was entered into after the Reference Date. More particularly, the SFK Deed of Novation was entered into by and amongst Renaissance, the Renaissance Vendor and SFK Limited, for the purposes of novating the payment obligations of Renaissance under the construction contract in relation to the construction of the New Property to the Renaissance Vendor. Under the SFK Deed of Novation, Renaissance was released of all payment obligations towards SFK Limited under such contract, which obligations have been assumed by the Renaissance Vendor. As a result of Renaissance being released from these liabilities, the amount of the outstanding Vendor Loan is increased by an amount of HK\$286 million.
- (2) In the case of Ernest Limited and Best Noble, the Share Consideration shall be the respective par value of the shares of Ernest Limited and Best Noble, being US\$100.0 (equivalent to approximately HK\$780.0) in the case of Ernest Limited and US\$1.0 (equivalent to approximately HK\$7.8) in the case of Best Noble.
- (3) This total amount differs from the Agreed Value of the New Property of HK\$12,500 million because, amongst other reasons, the Total Renaissance Consideration is calculated based on the adjusted net asset value of Renaissance, which takes into account the other assets and liabilities of Renaissance. This illustrative total amount payable in connection with the Sale and Purchase also differs from the illustrative total amount to be raised (HK\$12,825 million) under the financing for the Sale and Purchase, which takes into account Ancillary Costs.

In the case of Ernest Limited and Best Noble, the Share Consideration shall be the respective par value of the shares of Ernest Limited and Best Noble, being US\$100.0 (equivalent to approximately HK\$780.0) in the case of Ernest Limited and US\$1.0 (equivalent to approximately HK\$7.8) in the case of Best Noble. The Share Consideration in respect of the acquisition of Ernest Limited and Best Noble shall be paid in cash on Completion and shall be financed by Champion REIT's internal resources. In the case of Renaissance, the Share Consideration and the consideration for the assignment of the Vendor Loan shall be calculated as indicated below and shall be subject to the adjustments as described in the section headed "The Purchase Agreements – Post-Completion Adjustment under Renaissance Purchase Agreement" of this announcement.

The Share Consideration to be paid in respect of the acquisition of the Renaissance Shares is to be determined based on the net asset value of Renaissance as of the Completion Date, as adjusted for the following items:

- (A) the book value of the New Property shall be substituted with an amount equal to HK\$12,500 million, representing an agreed discount of approximately 11.8% to the Appraised Value of HK\$14,170 million;

- (B) any deferred tax provision attributable to the revaluation surplus in respect of Langham Place (except Langham Place Hotel) shall not be taken into account;
- (C) any deferred rent receivables shall not be taken into account; and
- (D) the unamortized portion of the loan front-end fee paid under the Existing LP Facility shall not be taken into account.

For illustrative purposes, as of the Reference Date: (1) the Share Consideration for the Renaissance Shares based on the Adjusted Net Asset Value was HK\$5,679 million; and (2) the amount outstanding under the Vendor Loan (as adjusted to take into account the effect of the SFK Deed of Novation) in respect of Renaissance was HK\$2,291 million. As of the Reference Date, the Total Renaissance Consideration taking account the relevant Vendor Loan (as so adjusted) was HK\$7,970 million. Prior to Completion, a pro forma completion balance sheet for Renaissance will be prepared to determine the Adjusted Net Asset Value as of the Completion Date. The Pro Forma Completion Balance Sheet is to be prepared on the basis of the figures set out in the unaudited completion management accounts of Renaissance as of the Completion Date, subject to adjustments to the net asset value as described above. The Renaissance Vendor shall procure that Renaissance prepares and delivers the Pro Forma Completion Balance Sheet to the Purchaser after the Purchaser has issued the Completion Notice and no later than one Business Day prior to the Completion Date.

4.2 Completion Amounts

On Completion, in addition to the Share Consideration for the shares of Best Noble and Ernest Limited, the Purchaser shall pay an initial amount (being the Completion Amounts) of the Share Consideration to the Renaissance Vendor for the transfer of the Renaissance Shares and the assignment of the Vendor Loan to the Purchaser or its nominee(s) based on the unaudited completion management accounts, subject to the adjustments to the net asset value as described above, and the Pro Forma Completion Balance Sheet as follows:

- (1) an amount equal to the Consideration Unit Amount shall be paid by way of the Purchaser procuring Champion REIT to issue to the GE Holder a number of Consideration Units as indicated below; and
- (2) the remaining balance of the Completion Amounts, after deduction of the Consideration Unit Amount, shall be paid in cash.

Concurrently with or as soon as practicable following the date of the delivery of the Completion Notice, and in any event, prior to the Completion Date, the Purchaser shall send a written notice to the Renaissance Vendor indicating: (1) the amount, not exceeding HK\$4,264 million, of the Completion Amounts that is to be satisfied by issuing Consideration Units (being the Consideration Unit Amount); and (2) the price per Unit at which Units are to be issued under the Unit Placement, as determined by the REIT Manager and the Unit Placement Underwriter (such price being referred to as the Applicable Issue Price). The number of Consideration Units to be issued shall be determined by dividing the Consideration Unit Amount by the Applicable Issue Price, provided that, in the event that such number would result in the issue of a fractional Unit, the number of Consideration Units shall be reduced to the nearest whole number and the Consideration Unit Amount shall be reduced accordingly. Notwithstanding the foregoing:

- (1) in no event shall the number of Consideration Units issued, taken together with the number of Placement Units issued and the number of Conversion Units that may be issued (if issued on the conversion of the 2008 Convertible Bonds at the Initial Conversion Price and excluding the General Mandate Conversion Units), exceed the Authorised Issue; and
- (2) the number of Consideration Units to be issued shall be such that the GE Proportionate Holding as at the time immediately prior to the launch of the Unit Placement and the Bond Placement shall be substantially the same as the GE Proportionate Holding as at the time immediately after the completion thereof, provided that, in the event that the number of Consideration Units to be issued shall result in a variation of more than 1.5% in the GE Proportionate Holding, the prior approval of the Renaissance Vendor shall be required.

The cash portion of the Completion Amounts and the amount required to pay the Post-Completion Adjustment, if any, will be satisfied by funds raised under the Unit Placement and the Bond Placement. Subject to the prevailing market conditions, the GE Entities may also subscribe for the Subscription Units under the Unit Placement by virtue of the Placing and Top-Up Subscription Mechanism and the 2008 Convertible Bonds under the Bond Placement.

The precise number of Placement Units to be issued and the precise aggregate amount of 2008 Convertible Bonds to be issued, or that may be taken up by Great Eagle, will be determined between the REIT Manager, the Unit Placement Underwriter (in respect of the Placement Units), the Bond Placement Underwriter (in respect of the 2008 Convertible Bonds) and Great Eagle (in respect of the number of Subscription Units and the amount of 2008 Convertible Bonds to be taken up by Great Eagle (if any)) closer to the commencement of the Unit Placement and Bond Placement. Nonetheless, it is expected that the GE Entities will continue to hold not more than 50% of the Units immediately following Completion, and taking into account the maximum amount of 2008 Convertible Bonds that the GE Entities may acquire under the Bond Placement, will hold not more than 75% of the Units on conversion of the 2008 Convertible Bonds at all times and the GE Entities will continue to treat the Units as available-for-sale investments.

Based on the Total Renaissance Consideration and the amount of the Existing LP Facility calculated as at the Reference Date, stamp duty of approximately HK\$25 million may be payable on the transfer of the Renaissance Shares from the Renaissance Vendor to the Purchaser or its nominee(s), and will be borne by the Purchaser.

5. Repayment and Discharge of Existing LP Facility

Under the Renaissance Purchase Agreement, the Purchaser has also agreed to repay on the Completion Date all amounts owing in respect of principal and interest under the Existing LP Facility as of the Completion Date. Upon repayment, the Renaissance Vendor has agreed to procure the release and discharge of all security granted in support of the Existing LP Facility such that the New Property and the LP Property Company Shares shall at Completion be free and clear of encumbrances, except that the Existing LP Guarantee will be left outstanding as at the Completion Date and is to be discharged within a period of seven (7) months from the Completion Date, in accordance with the terms of the Existing LP Guarantee. The Purchaser has also agreed to cooperate with the Renaissance Vendor in procuring the release of the Existing LP Guarantee within such time period.

For illustrative purposes, as at the Reference Date, the amounts owing in respect of principal, interest and any outstanding fees under the Existing LP Facility were HK\$4,537 million.

The amount required to repay the Existing LP Facility will be satisfied first by funds raised by Champion REIT from drawing down on the Debt Facility, with any outstanding balance being satisfied by funds raised under the Bond Placement.

6. Completion

At any time after Conditions (5) and (6) (as indicated in the section headed “The Purchase Agreements – Conditions Precedent” below) have been met, the Purchaser may, but shall not be obliged to, at any time prior to the Long Stop Date give to each of the Vendors a Completion Notice. Subject to the other Conditions being met on or prior to the Completion Date, Completion shall take place on the date that is two Business Days following the date on which the Purchaser gives to the Vendors a Completion Notice, or such other date that the Purchaser and Vendors may agree in writing. As soon as practicable following Completion, the REIT Manager and Great Eagle will issue an announcement to inform Unitholders and the Shareholders that Completion has occurred.

7. Conditions Precedent

Completion is subject to and conditional upon satisfaction of the following Conditions:

- (1) the warranties under each Purchase Agreement remaining true and accurate and not misleading as of the Completion Date;
- (2) each of the Vendors and the Guarantor having performed all of the covenants and agreements required to be performed by them under the relevant Purchase Agreement prior to or upon Completion;
- (3) no bona fide investigation, action, suit, injunction, order or proceedings being in effect or pending as of the Completion Date before any court of competent jurisdiction or by any relevant governmental body which seeks to restrain, prohibit, impose limitations or conditions or otherwise challenge the Transaction or any part thereof, nor shall any of the foregoing have been genuinely threatened in writing as of the Completion Date;
- (4) no applicable statute, regulation or decision which would prohibit or restrict the Transaction or any part thereof or the operation of the business of any LP Property Company or the Registered Holder after Completion having been proposed, enacted or taken by any relevant governmental authority;
- (5) the passing of the REIT EGM Resolution at the REIT EGM;
- (6) the obtaining of approval of the Shareholders in respect of the Sale and Purchase, the Vendor Related Matters and the transactions contemplated thereby, in accordance with the Listing Rules;
- (7) the obtaining of all necessary notices to or consents, approvals, waivers or authorizations required to be given by third parties for the Transaction or any part thereof having been granted, and being in full force and effect, including, without

limitation, those required under the REIT Code and the Listing Rules including, without limitation, the granting of approval for the listing of the Consideration Units, the Placement Units and where applicable, the 2008 Convertible Bonds and the Conversion Units in relation to the 2008 Convertible Bonds;

- (8) the obtaining of the approval of the syndicate of banks in relation to the Existing LP Facility in respect of such components of the Transaction that require their approval, in such form and substance as satisfactory to the Purchaser;
- (9) the approval of the lenders under the 2006 Facility Agreement, in respect of such components of the Transaction that requires their approval, and in such form and substance as satisfactory to the Purchaser;
- (10) the signing of the Deed of Amendment of Distribution Entitlement Waiver Deed by the parties thereto;
- (11) satisfactory completion of the Unit Placement and the Bond Placement, and sufficient funds being available for drawdown under the Debt Facility, in each case, prior to or concurrently with Completion and on such terms as are satisfactory to the Purchaser; and
- (12) simultaneous Completion on the Completion Date of each of the Purchase Agreements for each of the LP Property Companies in accordance with its terms.

The Purchaser may waive all or any of the Conditions at any time by notice in writing to each of the Vendors (other than the Conditions mentioned in paragraphs (5) to (9) above). In the event that any of the Conditions shall not have been fulfilled (or waived) and the Purchaser shall not have given the Completion Notice prior to the Long Stop Date, then neither the Purchaser nor any of the Vendors shall be bound to proceed with the Sale and Purchase and each of the Purchase Agreements shall terminate.

The Purchase Agreements also provide the Purchaser with the right to terminate the Purchase Agreements by notice in writing to the Vendors, if prior to Completion:

- (1) it shall be found that there is a breach of any of the warranties given under the Purchase Agreements, and in the reasonable opinion of the Purchaser, such breach will have a material adverse effect on the LP Property Companies or the Registered Holder on the New Property; or
- (2) any other event shall occur which, not being an event affecting or likely to affect generally all companies carrying on similar businesses in Hong Kong, in the reasonable opinion of the Purchaser, will have a material adverse effect on the LP Property Companies or the Registered Holder on the New Property.

8. Post-Completion Adjustment under Renaissance Purchase Agreement

Pursuant to the Renaissance Purchase Agreement, an audit of the accounts and a review of the Pro Forma Completion Balance Sheet of Renaissance will be conducted by the auditors of Champion REIT within 90 days after the Completion Date. An adjustment payment is to be made by or to the Renaissance Vendor to address any overstatement or understatement, as the case may be, of the assets/liabilities, the cash balance and deposit in Renaissance's name at the relevant bank(s) as of the Completion Date, and any overstatement or understatement as

the case may be of the Vendor Loan, as shown in the Pro Forma Completion Balance Sheet. The amount of the Post-Completion Adjustment shall be paid by the Renaissance Vendor or the Purchaser, as the case may be, within 14 days of the receipt of the adjustment statement issued by the auditors of Champion REIT.

9. Final Consideration under Renaissance Purchase Agreement

The final consideration for the Sale and Purchase in respect of Renaissance shall be announced by the REIT Manager and Great Eagle as soon as practicable following the determination of the Post-Completion Adjustment together with the quantum of the adjustment amounts. Any adjustment will be made only to the cash portion of the Total Renaissance Consideration, and no adjustments will be made in respect of the Consideration Units. Neither a cap nor a floor has been fixed for the Total Renaissance Consideration. Based on the available information, including among other things, the latest management accounts of Renaissance, the Great Eagle Directors believe that the ultimate Total Renaissance Consideration following such adjustment would not be of such amount as to render the Transaction a very substantial disposal for Great Eagle.

10. Representations and Warranties, and Joint and Several Liability

Each of the Purchase Agreements contains certain representations and warranties made by the relevant Vendor (in respect of, amongst others, the relevant LP Property Company, the Registered Holder and the New Property, as applicable) including that the New Property and the LP Property Company Shares shall at Completion be free and clear of all encumbrances. Each of the Purchase Agreements also sets out limitations on the liability of the Vendors in respect of any breach of warranties. Further details regarding the limitations on liability of the Vendors will be set out in the Champion REIT Circular and the Great Eagle Circular.

11. Deed of Undertaking and Indemnity

Pursuant to the Purchase Agreements, Renaissance, the Registered Holder and the Purchaser will, at Completion, enter into the Deed of Undertaking and Indemnity with the Vendors and the Guarantor.

Upon Completion and pursuant to the Deed of Undertaking and Indemnity, the Vendors will jointly and severally, subject to the obligations of Renaissance and the Registered Holder to act in accordance with the terms of the relevant Affected Tenancy and to use all reasonable endeavours to mitigate their loss, unconditionally and on demand by Renaissance and the Registered Holder, upon receipt from the Government or any competent authorities of any notice or order demanding compliance with the Government Grant or the occupation permit relating to the Langham Place Office Tower in respect of such part(s) of the premises comprised in any of the Affected Tenancies, indemnify and compensate Renaissance and the Registered Holder against:

- (1) all of the following:
 - (i) loss of rents, management fees, rates, Government rents and all other monies receivable under the relevant Affected Tenancy by Renaissance and the Registered Holder, for the period from the Completion Date to the expiry of the term of the relevant Affected Tenancy;

- (ii) all liabilities, damages, reasonable costs and expenses properly incurred, penalties, waiver fees, forbearance fees, administrative fees and settlement payments suffered or incurred by Renaissance and the Registered Holder; and
- (iii) all other reasonable costs and expenses properly incurred by the Purchaser,

as a result of non-compliance of the user restrictions under the Government Grant or the occupation permit relating to the Langham Place Office Tower in respect of such part(s) of the premises comprised in the relevant Affected Tenancy, the termination of the relevant Affected Tenancy and the eviction of the tenants thereunder or any legal proceedings or settlements in connection therewith; and

- (2) all reasonable costs and expenses properly incurred by Renaissance and the Registered Holder as a result of or in connection with the re-letting including, without limitation, stamp duty, estate/leasing agent's commission/services charge and legal costs and expenses.

The Guarantor has agreed to guarantee the obligations of the Vendors under the Deed of Undertaking and Indemnity.

Save and except as described in paragraph (1)(i) in this section above regarding the limitation as to time, the indemnification obligations of the Vendors under the Deed of Undertaking and Indemnity are not limited as to time or amount.

12. Deeds of Tax Covenant

Pursuant to the Purchase Agreements, each of the relevant Vendors and the Guarantor will enter into a Deed of Tax Covenant in favour of the Purchaser and the relevant LP Property Company (and, in the case of Ernest Limited, the Registered Holder). Pursuant to each Deed of Tax Covenant, the relevant Vendor will covenant to indemnify the Purchaser and the relevant LP Property Company (and, in the case of Ernest Limited, the Registered Holder) in respect of:

- (1) any liability for tax resulting from or by reference to any event occurring on or before the Completion Date or in respect of any gross receipts, income, profits or gains earned, accrued or received by the relevant LP Property Company (or, in the case of Ernest Limited, the Registered Holder) on or before the Completion Date; and
- (2) all reasonable out-of-pocket costs and expenses properly incurred and payable by the Purchaser or the relevant LP Property Company (or, in the case of Ernest Limited, the Registered Holder) in connection with a successful claim pursuant to the applicable Deed of Tax Covenant.

The limitation period for claims under paragraph (1) or (2) in this section above is seven years from the Completion Date. The right of the Purchaser and the relevant LP Property Company (and, in the case of Ernest Limited, the Registered Holder) to be indemnified pursuant to the applicable Deed of Tax Covenant is not prejudiced by any tax action or proceeding in respect of the relevant tax liability which is the subject matter of the claim not being finally resolved before the expiry of the applicable limitation period.

13. Guarantee of Vendor Obligations

Great Eagle has guaranteed the obligations of each of the Vendors pursuant to each of the Purchase Agreements, the Deed of Undertaking and Indemnity and the Deeds of Tax Covenant.

14. Arm's Length Terms

The Purchase Agreements were entered into by the parties thereto on normal commercial terms following arm's length negotiations.

The REIT Manager has conducted, and is satisfied with the results of, due diligence in respect of the New Property carried out in accordance with the relevant provisions of the REIT Code and the REIT Manager's compliance manual, including but not limited to, being satisfied that it has obtained a title report from the REIT Manager's solicitors for the Sale and Purchase, that the Registered Holder holds good marketable legal and beneficial title to the New Property upon Completion and that Champion REIT will indirectly through its ownership of the LP Property Companies (and the Registered Holder) hold 100% of the legal and beneficial interest in the New Property.

15. Deed of Ratification and Accession

Pursuant to the Purchase Agreements, on Completion, each of the Vendors and the Purchaser shall procure that each of the Registered Holder and Renaissance, and each of the Vendors shall procure that the Langham Place Mall Estate Manager, enter into the Deed of Ratification and Accession in favour of the REIT Manager and the Property Manager, under which the Registered Holder and Renaissance confirm that they will be bound by the provisions of the Property Management Agreement insofar as it relates to the New Property.

Under the Deed of Ratification and Accession, the REIT Manager and the Property Manager also recognize and confirm the existence and the validity of the Langham Place Mall Estate Management Agreement under which the Langham Place Mall Estate Manager was appointed to manage the Langham Place Mall upon the terms and conditions contained therein. The REIT Manager and the Property Manager further agree that the Langham Place Mall Estate Manager shall continue to manage the Langham Place Mall in accordance with the terms of the Langham Place Mall Estate Management Agreement for the residue of the term of the Property Management Agreement and any extended term thereof but the Property Manager shall assume the obligations of the Registered Holder to pay to the Langham Place Mall Estate Manager its remuneration payable by the Registered Holder to the Langham Place Mall Estate Manager under the Langham Place Mall Estate Management Agreement. The parties to the Deed of Ratification and Accession agree that if the term of appointment of the Property Manager under the Property Management Agreement is extended for any period, the term of appointment of the Langham Place Mall Estate Manager under the Langham Place Mall Estate Management Agreement shall also be extended for the duration of the extended term.

B. FINANCING OF THE SALE AND PURCHASE

The cash portion of the Completion Amounts, the amount required to pay the Post-Completion Adjustment (if any) and any Ancillary Costs will be satisfied by funds raised under the Unit Placement and the Bond Placement. Subject to the prevailing market conditions, the GE Entities may also subscribe for the Subscription Units under the Unit Placement by virtue of the Placing and Top-Up Subscription Mechanism and the 2008

Convertible Bonds under the Bond Placement. The amount required to repay the Existing LP Facility will be satisfied first by funds raised by Champion REIT from drawing down on the Debt Facility, with any outstanding balance being satisfied by funds raised under the Bond Placement.

The precise number of the Placement Units and Consideration Units to be issued, the precise aggregate amount of 2008 Convertible Bonds to be issued or that which may be taken up by Great Eagle, and the overall terms and conditions of the Unit Placement and the Bond Placement, will be determined between the REIT Manager, the Unit Placement Underwriter (in respect of the Placement Units), the Bond Placement Underwriter (in respect of the 2008 Convertible Bonds) and Great Eagle (in respect of the number of Subscription Units and the amount of 2008 Convertible Bonds to be taken up by Great Eagle) closer to the commencement of the Unit Placement and Bond Placement. Nonetheless, it is expected that the GE Entities will continue to hold not more than 50% of the Units immediately following Completion, and taking into account the maximum amount of 2008 Convertible Bonds that the GE Placing Company may acquire under the Bond Placement, will hold not more than 75% of the Units on conversion of the 2008 Convertible Bonds at all times and the GE Entities will continue to treat the Units as available-for-sale investments. Under the specific authorization granted by Unitholders pursuant to the REIT EGM Resolution, the precise number of Placement Units to be issued and Conversion Units that may be issued (if issued on the conversion of the 2008 Convertible Bonds at the Initial Conversion Price and excluding the General Mandate Conversion Units), when taken together with the number of Consideration Units to be issued, must not exceed the Authorised Issue. If the REIT Manager determines that the amounts required to be raised under the Bond Placement (if any) to finance the Sale and Purchase would require the issuance of 2008 Convertible Bonds convertible into a number of Conversion Units (if converted at the Initial Conversion Price) in excess of the specific authorisation granted by Unitholders, then the REIT Manager may, upon making an announcement to do so, raise a portion of the amounts to be raised under the Bond Placement by issuing 2008 Convertible Bonds to Independent Third Parties under the General Mandate in respect of such excess number of Conversion Units.

The table below presents the sources of funds required to satisfy the Completion Amounts, the Post-Completion Adjustment (if any), any Ancillary Costs and to repay the Existing LP Facility, based on an illustrative financing structure (being the Illustrative Financing Structure) under which 48% of the amounts required are to be satisfied by way of issuance of equity (being the Consideration Units and Placement Units) and 52% are to be satisfied by way of debt financing (being the 2008 Convertible Bonds and the Debt Facility) and assuming an issue price of HK\$4.39 per Unit, being the closing price of the Units as at 4 February 2008 together with the maximum amount to be authorized under the REIT EGM Resolution in respect of each such source of funding. The Illustrative Financing Structure is presented for illustrative purposes only and the actual terms of the Transaction, including but not limited to, the actual number of Placement Units and Consideration Units to be issued, the precise aggregate amount of 2008 Convertible Bonds to be issued and the amounts (if any) to be drawn under the Debt Facility, will be determined between the REIT Manager, the Unit Placement Underwriter (in respect of the Placement Units) and the Bond Placement Underwriter (in respect of the 2008 Convertible Bonds) having regard to market conditions, closer to the commencement of the Unit Placement and the Bond Placement.

	Illustrative Financing Structure	Maximum Amount Authorized under the EGM Resolution (if passed)
	(HK\$ million)	
Consideration Units	2,986	4,264
Cash portion ⁽¹⁾		
Placement Units	3,177	4,536
2008 Convertible Bonds	5,012	5,200
Debt Facility	<u>1,650</u>	<u>3,600</u>
Total	<u>12,825⁽²⁾</u>	Not Applicable

Note:

- (1) Cash portion of Completion Amounts, Post-Completion Adjustment (if any), Ancillary Costs and repayment of the Existing LP Facility.
- (2) This total amount differs from the agreed value of the New Property of HK\$12,500 million and the aggregate amount to be paid by the Purchaser in connection with the Sale and Purchase of HK\$12,507 million as it also accounts for Ancillary Costs.

In addition, the REIT Manager has undertaken in favour of the Trustee that it will not proceed with the Sale and Purchase unless the REIT Manager is able to confirm that the DPU from Enlarged Operations, calculated as at the Completion Date by making adjustments to the Profit Forecast in order to take into account of:

- (a) the actual number of Placement Units and Consideration Units issued and the issue price thereof;
- (b) the precise aggregate amount of 2008 Convertible Bonds issued, the tenor, coupon rate (if any), the yield to maturity and the upfront costs, thereof; and
- (c) the amount drawn down under the Debt Facility, the interest rate of the Debt Facility and the upfront costs thereof,

(and provided that, for the avoidance of doubt, except as set forth above or in the definition of DPU from Enlarged Operations, no other adjustments shall be made to the Profit Forecast in calculating the DPU from Enlarged Operations as at the Completion Date, whether to take account of the financial results of Champion REIT for the period up to the Completion Date or otherwise)

is equal to or greater than the DPU from Existing Operations.

As soon as practicable following Completion, the REIT Manager will issue an announcement setting forth further details as to the actual terms of the Transaction, including but not limited to, the actual number of Placement Units and Consideration Units to be issued, the precise aggregate amount of 2008 Convertible Bonds to be issued, the amount (if any) of 2008 Convertible Bonds to be issued to any of the GE Entities, the amounts (if any) to be drawn down under the Debt Facility, and whether the REIT Manager is able to confirm that the DPU from Enlarged Operations (as calculated above) is equal to or greater than the DPU from Existing Operations.

1. Consideration Units

As mentioned in the section headed “The Purchase Agreements – Total Consideration” in this announcement, part of the Total Renaissance Consideration will be satisfied by way of the issue of Consideration Units to the GE Holder. The issue price of the Consideration Units will be equal to the issue price of the Placement Units (that is, the Applicable Issue Price).

The Consideration Units will, upon issuance, rank *pari passu* in all respects with the then existing Units, other than in respect of any distribution for which the record date falls before the date of such allotment (such as the Final 2007 Distribution). Further, the Consideration Units will be subject to the lock-up arrangement as will be further described in the Champion REIT Circular and the Great Eagle Circular.

Application will be made to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Consideration Units on the Main Board of the Hong Kong Stock Exchange.

2. Cash Consideration

The balance of the Completion Amounts to be paid in cash and the Post-Completion Adjustment (if any) will be satisfied by funds raised from the Unit Placement of an aggregate gross issue amount of up to HK\$4,536 million and the Bond Placement for gross issue proceeds of up to HK\$5,200 million.

(a) Unit Placement

(i) Placing and Top-Up Subscription Mechanism

The REIT Manager proposes to issue Placement Units with an aggregate gross issue amount of up to HK\$4,536 million. The Placement Units will, upon issuance, rank *pari passu* in all respects with the then existing Units, other than in respect of any distribution for which the record date falls before the date of such allotment (such as the Final 2007 Distribution).

To expedite the process of raising funds under the Unit Placement and to reduce settlement risk, prior to the commencement of the Unit Placement and having regard to market conditions, the REIT Manager and the GE Placing Company may, subject to the approval of Great Eagle, enter into placing and top-up subscription agreements in order to make use of the Placing and Top-Up Subscription Mechanism. Under the Placing and Top-Up Subscription Mechanism, the REIT Manager may proceed with the placement of Placement Units consisting entirely of or of a portion of Subscription Units, subject to the GE Placing Company having placed the same number of Third Party Sale Units to Independent Third Parties. More particularly, the Placing and Top-Up Subscription Mechanism is proposed to involve:

- (1) the GE Placing Company appointing the Unit Placement Underwriter to place the Third Party Sale Units to institutional and/or other professional investors who are Independent Third Parties, as part of the Unit Placement;
- (2) the GE Placing Company subscribing for a number of Subscription Units equal to the number of Third Party Sale Units placed; and

- (3) the Subscription Units being issued to the GE Placing Company within 14 days of the date of the execution of the relevant placing and top-up subscription agreement.

The Third Party Sale Units will be placed at a price equal to the Applicable Issue Price, and will be free from all claims, charges, liens, equities and encumbrances and together with all rights attaching thereto at the time that they are placed. Based on the table of the sources of funding compiled based on the Illustrative Financing Structure set out above, and assuming that the entire Placement Units are placed to the GE Entities under the Placing and Top-Up Subscription Mechanism, the total consideration received by the GE Entities under the Unit Placement in respect of the sale of the Third Party Sale Units will be approximately HK\$4,536 million, and the same amount will be used to settle the consideration payable for the Subscription Units. Accordingly, the Great Eagle Directors do not expect any gain or loss to accrue to Great Eagle as a result of the Placing and Top-Up Subscription Mechanism. The Great Eagle Directors consider the placement of the Third Party Sale Units on these terms to be fair and reasonable.

(ii) Placement Units

It is anticipated that the REIT Manager will issue the Placement Units on or before the Completion Date. The net proceeds of the Unit Placement will be made available (whether by way of inter-company advance or otherwise) to the Purchaser (and/or one or more of the Group Companies) to part-finance the Total Renaissance Consideration.

The Placement Units will be issued to:

- (1) in respect of the Third Party Placement Units, the Independent Third Parties; and
- (2) in respect of the Subscription Units (should the Placing and Top-Up Subscription Mechanism be used), the GE Placing Company.

The issue price of each Placement Unit will be determined by the REIT Manager and the Unit Placement Underwriter upon the commencement of the Unit Placement, having regard to market conditions, provided that such issue price will not be at a discount of more than 20% to the average closing price of the Units on the Hong Kong Stock Exchange in the ten trading days immediately prior to the date on which the issue price of the Placement Units is determined (being the Unit Placement Pricing Date). The issue price of the Consideration Units will be equal to the issue price of the Placement Units (that is, the Applicable Issue Price).

The number of the Placement Units to be issued will depend on the aggregate issue amount of Placement Units to be issued and the issue price of those Units, although this number will not exceed, when taken together with the number of Consideration Units to be issued and the total number of Conversion Units that may be issued (if issued on conversion of the 2008 Convertible Bonds at the Initial Conversion Price and excluding any General Mandate Conversion Units), the Authorised Issue. Pursuant to the Renaissance Purchase Agreement, the number of Consideration Units to be issued shall be such that the GE Proportionate Holding as at the time immediately prior to the launch of the Unit Placement and the Bond Placement shall be substantially the same as the GE Proportionate Holding as at the time immediately after the completion thereof, provided that, in the event that the number of

Consideration Units to be issued shall result in a variation of more than 1.5% in the GE Proportionate Holding, the prior approval of the Renaissance Vendor shall be required.

The total number of Placement Units will comprise of:

- (1) a number of Subscription Units (should the Placing and Top-Up Subscription Mechanism be used) equal to the number of Third Party Sale Units placed by the GE Placing Company; and
- (2) a number of Third Party Placement Units (if any) equal to the number of Placement Units less the number of Subscription Units calculated under sub-paragraph (1) above.

Application will be made to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Placement Units on the Main Board of the Hong Kong Stock Exchange.

(iii) Underwriting of the Unit Placement

The offer of the Third Party Placement Units and the Third Party Sale Units (if any) pursuant to the Unit Placement will be underwritten by the Unit Placement Underwriter. The underwriting of the Third Party Placement Units (if any) will be subject to agreement by, amongst others, the REIT Manager and the Unit Placement Underwriter on the terms of an underwriting agreement and the execution thereof. The underwriting of the Third Party Sale Units (if any) will be subject to agreement by, amongst others, the GE Placing Company and the Unit Placement Underwriter on the terms of the relevant placing and top-up subscription agreement and the execution thereof. An announcement will be made by the REIT Manager and Great Eagle, where appropriate, in relation to the terms of either or both of these agreements as soon as practicable following the execution of either or both of these agreements, as the case may be.

The Placement Units will be subject to the lock-up arrangement as will be further described in the Champion REIT Circular and the Great Eagle Circular.

(b) Bond Placement

(i) Overview of Indicative Terms and Conditions of the 2008 Convertible Bonds

The REIT Manager proposes to issue, through the CB Issuer, the 2008 Convertible Bonds for gross issue proceeds of up to HK\$5,200 million. The 2008 Convertible Bonds will be guaranteed by the Trustee and will (subject to the CB Issuer's right to elect otherwise, as set out in the section headed "Financing of the Sale and Purchase – Cash Consideration – Bond Placement – Conversion of the 2008 Convertible Bonds" in this announcement) be convertible into Units. The actual amount of 2008 Convertible Bonds to be issued will depend on the prevailing market conditions at the time of issue. Based on market conditions, the REIT Manager may instead decide to raise part of such funds by drawing down an increased amount under the Debt Facility. If the REIT Manager decides to proceed with the Bond Placement, the REIT Manager intends to complete the Bond Placement by no later than the Completion Date.

The net proceeds of the Bond Placement will (after deducting expenses incurred in connection with the Bond Placement) be made available (whether by way of inter-company advance or otherwise) to the Purchaser (and/or one or more of the Group Companies) to partly-fund the Total Renaissance Consideration and the repayment of the Existing LP Facility.

The 2008 Convertible Bonds:

- (1) shall be placed, in the first instance, to institutional and/or other professional investors who are Independent Third Parties; and
- (2) may be placed, subject to the approval of Great Eagle, to one or more GE Entities in respect of up to 50% of the aggregate gross issue proceeds of the 2008 Convertible Bonds issued upon completion of the Bond Placement (if any).

For the avoidance of doubt, the 2008 Convertible Bonds that may be issued to the GE Entities, if any, will be issued on the same terms and conditions as those which are applicable to Independent Third Parties under the Bond Placement. Also, for the avoidance of doubt, no 2008 Convertible Bonds will be placed other than as specified in paragraphs (1) and (2) above.

The REIT Manager shall promptly notify the SFC of any dealings by any connected persons of Champion REIT in the 2008 Convertible Bonds (other than dealings by any GE Entity in any 2008 Convertible Bonds that have been issued to such GE Entity pursuant to the REIT EGM Resolution) upon it becoming aware of such dealings and will comply with the relevant provisions of the REIT Code in respect thereof.

The 2008 Convertible Bonds are expected by the REIT Manager to have a tenor of up to five (5) years, with the 2008 Convertible Bondholders having the right to convert their 2008 Convertible Bonds, subject to certain conditions, at any time on or after the date falling 12 months following the settlement date of the Bond Placement (or earlier, in limited circumstances, including on the occurrence of an event of default, a call for redemption by the CB Issuer, a sale of all or part of Champion REIT's interest in the New Property (as permitted under the terms and conditions of the 2008 Convertible Bonds) and a Change of Control (as will be explained and defined in the Champion REIT Circular)). The Initial Conversion Price is expected to be set at a premium of 10% to 40% to the issue price of the Placement Units, provided that the Initial Conversion Price shall be equal to or greater than the closing price of the Units at the time of the placement of the 2008 Convertible Bonds (being the 2008 Convertible Bond Placement Pricing Date).

The issue price, coupon (if any) and the redemption price for the 2008 Convertible Bonds will be set at levels to be agreed between the REIT Manager and the Bond Placement Underwriter on the 2008 Convertible Bond Placement Pricing Date so as to deliver to the 2008 Convertible Bondholders a yield to maturity of such rate as shall be agreed between the REIT Manager and the Bond Placement Underwriter at the time of the Bond Placement.

The actual number of Conversion Units that may be issued pursuant to conversion of the proposed 2008 Convertible Bonds will depend on the aggregate principal amount of the 2008 Convertible Bonds issued and converted and the conversion price thereof, although this number of Conversion Units (if issued on conversion of the 2008 Convertible Bonds at the Initial Conversion Price and excluding any General Mandate Conversion Units), when taken

together with the number of Placement Units and Consideration Units to be issued, will not exceed the Authorised Issue. If the REIT Manager determines that the amounts required to be raised under the Bond Placement to finance the Sale and Purchase would require the issuance of 2008 Convertible Bonds convertible into a number of Conversion Units in excess of the specific authorisation granted by Unitholders, then the REIT Manager may, upon making an announcement to do so, raise a portion of the amounts to be raised under the Bond Placement by issuing 2008 Convertible Bonds to Independent Third Parties under the General Mandate in respect of such excess number of Conversion Units.

By approving the Bond Placement, Unitholders will be deemed to have approved:

- (1) the actual terms and conditions of the 2008 Convertible Bonds, together with any terms and conditions which are incidental or ancillary to such terms, in each case as may be agreed between the Bond Placement Underwriter and the REIT Manager;
- (2) the issue of Conversion Units at an Initial Conversion Price to be agreed between the Bond Placement Underwriter and the REIT Manager at the time of placement of the 2008 Convertible Bonds, provided that the Initial Conversion Price shall be equal to or greater than the closing price of the Units at the 2008 Convertible Bond Placement Pricing Date;
- (3) the issue of (i) such number of Conversion Units upon conversion of the 2008 Convertible Bonds that, if issued at the Initial Conversion Price and excluding any General Mandate Conversion Units, and when taken together with the number of Consideration Units and Placement Units to be issued, will not exceed the Authorised Issue; and (ii) any Conversion Units in excess of the Conversion Units referred to in (i) that, when issued upon conversion of the 2008 Convertible Bonds, would result from such conversion and issue being effected at a conversion price other than the Initial Conversion Price following any adjustment which may apply under the terms of the 2008 Convertible Bonds; and
- (4) the issue of the 2008 Convertible Bonds (and any Conversion Units to be issued pursuant thereto) to one or more GE Entities in respect of up to 50% of the aggregate gross issue proceeds of the 2008 Convertible Bonds issued upon completion of the Bond Placement.

Please note that the terms and conditions of the 2008 Convertible Bonds described herein and to be set out in further detail in the Champion REIT Circular only represent indicative terms for the issue are subject to change excluding: (1) the total number of Conversion Units issued upon the conversion of the 2008 Convertible Bonds (if issued at the Initial Conversion Price and excluding the General Mandate Conversion Units), when taken together with the Consideration Units and the Placement Units to be issued, will not exceed the Authorised Issue; (2) the Initial Conversion Price shall be equal to or greater than the closing price of the Units at the 2008 Convertible Bond Placement Pricing Date; (3) the adjustments to the conversion price of the 2008 Convertible Bonds; (4) the settlement mechanism as further described in the section headed “Financing of the Sale and Purchase- Cash Consideration – Bond Placement – Conversion of the 2008 Convertible Bonds” below which shall apply upon the conversion of the 2008 Convertible Bonds; and (5) the 2008 Convertible Bondholders’ right to convert their 2008 Convertible Bonds arises at any time on or after the date falling 12 months following the settlement date of the Bond Placement (or earlier, as set out above in

this section).

Application will be made to the Listing Committee of the Hong Kong Stock Exchange or such other stock exchange as the Bond Placement Underwriter and the 2008 Convertible Bond Trustee may agree for the listing of, and permission to deal in, the 2008 Convertible Bonds on the Main Board of the Hong Kong Stock Exchange or such other stock exchange as the Bond Placement Underwriter and the 2008 Convertible Bond Trustee may agree.

(ii) *Conversion of the 2008 Convertible Bonds*

The 2008 Convertible Bonds will, subject to the CB Issuer's right to elect otherwise, as set out below, be convertible into Units in Champion REIT at the Initial Conversion Price before any adjustments which may apply under the terms of the 2008 Convertible Bonds. The Initial Conversion Price is expected to be set at a premium of 10% to 40% (the precise number to be agreed between the REIT Manager and the Bond Placement Underwriter) to the issue price of the Placement Units, provided that the Initial Conversion Price shall be equal to or greater than the closing price of the Units at the 2008 Convertible Bond Placement Pricing Date. Any Conversion Units issued will, upon their allotment, rank *pari passu* in all respects with the Units then in issue and will have the same right to distributions other than (subject to certain limited exceptions) in respect of any distribution for which the record date falls before the date of such allotment.

Upon conversion of the 2008 Convertible Bonds, the CB Issuer will deliver, in respect of each 2008 Convertible Bond converted: (1) an amount in cash as elected by the CB Issuer (being the Cash Return) (which may be zero); and (2) a number of Units as specified below.

If the Cash Return (as elected by the CB Issuer) is zero, the number of Units to be issued on the conversion of a 2008 Convertible Bond shall be determined by dividing the principal amount of each 2008 Convertible Bond to be converted by the conversion price in effect on the date of conversion (which shall be the Initial Conversion Price, subject to any adjustments which may apply under the terms and conditions of the 2008 Convertible Bonds).

If the CB Issuer elects to deliver a Cash Return greater than zero, the number of Units (if any) to be issued shall be determined over the Applicable Conversion Period by dividing the Net Amount (being, on each trading day, the greater of: (1) zero; and (2) the difference between the Conversion Value and the Cash Return) by the closing price of the Units on the relevant trading day and taking the average of such results over the Applicable Conversion Period.

The 2008 Convertible Bondholders will be notified by the CB Issuer prior to the commencement of the Applicable Conversion Period as to the size of the Cash Return.

The CB Issuer intends to deliver a Cash Return of up to 100% of the principal amount of each 2008 Convertible Bond in respect of which conversion rights are exercised. The purpose of the CB Issuer's intention to deliver a Cash Return of up to 100% of the principal amount of each 2008 Convertible Bond in respect of which conversion rights are exercised is to reduce the number of Conversion Units issued upon conversion of the 2008 Convertible Bonds. Provided that the CB Issuer elects to make some Cash Return in respect of the 2008 Convertible Bonds in respect of which conversion rights are exercised, the dilution of the existing Units resulting from the conversion of the 2008 Convertible Bonds will be less than

if the 2008 Convertible Bonds in respect of which conversion rights are exercised were fully settled through the delivery of Conversion Units.

This reduction in the issue of new Units upon conversion will reduce the number of Units being sold into the market if holders of the 2008 Convertible Bonds seek to unwind their equity position upon conversion.

The conversion price adjustment will include customary adjustments for, amongst others, consolidation or subdivision, capitalization of profits or reserves and capital distributions, distributions in excess of a certain distribution yield, rights issues of Units or options over Units, rights issues of other securities, issues at less than current market price, modification of rights of conversion, other offers to Unitholders, Change of Control (as will be explained and defined in the Champion REIT Circular) designed to compensate the 2008 Convertible Bondholders for a reduction of the tenor of the 2008 Convertible Bonds (if applicable) and a loss of time value in their respective holdings as a result of a Change of Control, and other usual adjustments. In addition, it is anticipated that the conversion price may be adjusted in the event of a proposed sale of all or part of Champion REIT's interest in the New Property as described in the section headed "Financing of the Sale and Purchase – Cash consideration – Bond Placement – Transfer Restrictions" below. The REIT Manager considers that these adjustments are fair and reasonable to Unitholders taking into account applicable market practice.

Additional information will be disclosed in Champion REIT's interim and annual reports to enable Unitholders to be aware of the dilutive impact on Units, assuming that all outstanding 2006 Convertible Bonds and 2008 Convertible Bonds are converted as at the relevant year end or period end (to the extent that they are convertible in accordance with their terms).

(iii) Transfer Restrictions

It is anticipated that the terms and conditions of the 2008 Convertible Bonds and/or the 2008 Convertible Bond Trust Deed may contain restrictions on Champion REIT and/or its subsidiaries in relation to entering into a proposed sale of all or part of Champion REIT's interest in the New Property, details of which are subject to negotiation. It is anticipated that a proposed sale of all or part of Champion REIT's interest in the New Property may be permitted in limited circumstances if certain conditions are met, including, amongst others, compliance with certain financial ratios. The transfer restrictions may include each 2008 Convertible Bondholder having a right, exercisable within a certain period of time and under certain circumstances following the completion of a proposed sale, to require the CB Issuer to redeem such holder's 2008 Convertible Bonds (in whole and not in part) at their Early Redemption Amount (as will be explained and defined in the Champion REIT Circular) plus interest accrued to the date of redemption. In addition, it is anticipated that the conversion price may be subject to adjustment (in a similar manner as an adjustment for a change of control) if a conversion right is exercised during the period within which the aforesaid right is exercisable by a 2008 Convertible Bondholder, to compensate 2008 Convertible Bondholders for a loss of time value in their respective holdings as a result of the implementation of a proposed sale of all or part of Champion REIT's interest in the New Property based on the remaining time to maturity of the 2008 Convertible Bonds at the time of the relevant sale (details of which are subject to negotiation).

(iv) *Security*

The 2008 Convertible Bonds will be guaranteed by the Trustee and are intended to be secured (with the terms of such security still being negotiated).

(v) *Underwriting of the Bond Placement*

The Bond Placement will be underwritten by the Bond Placement Underwriter. The underwriting will be subject to agreement by, amongst others, the REIT Manager, the Purchaser and the Bond Placement Underwriter on the terms of the 2008 Convertible Bonds to be issued and on the terms of an underwriting agreement and the execution thereof. An announcement will be made by the REIT Manager in relation to the terms of the underwriting agreement as soon as practicable following execution of the underwriting agreement.

The 2008 Convertible Bonds will be subject to the lock-up arrangement as will be further described in the Champion REIT Circular and the Great Eagle Circular.

3. Debt Facility and Revolving Credit Facility

Prior to or upon Completion, Champion REIT, through the 2008 Finance Company, intends to enter into a loan agreement with a syndicate of banks in respect of:

- (1) a term loan facility for up to HK\$3,600 million, bearing interest at a rate of 0.5% to 1.5% above HIBOR and with a maturity of five years (being the Debt Facility); and
- (2) a revolving credit facility for up to HK\$500 million, bearing an undrawn commitment fee of 0.125% to 0.5% per annum and interest at a rate of 0.5% to 1.5% above HIBOR, and which will be available for a term of five years (being the Revolving Credit Facility).

The actual amount to be drawn down under the Debt Facility will depend on the aggregate proceeds raised by the Bond Placement and the Unit Placement. The Revolving Credit Facility is intended to be available to finance general working capital needs.

Further description of the indicative terms of the Debt Facility and the Revolving Credit Facility will be contained in the Champion REIT Circular.

C. FINAL 2007 DISTRIBUTION OF CHAMPION REIT

In light of the Transaction, the REIT Manager has set the record date for determining entitlements to the Final 2007 Distribution to 6 March 2008, which is the same date as the record date for determining entitlements to attend and vote at the REIT EGM. Although the foregoing represents a departure from the normal practice of setting a record date for final distributions after the audited accounts have been finalised and the results announced, the REIT Manager has adopted the foregoing arrangement based on the following reasons and justifications:

- (1) By setting the record date for the Final 2007 Distribution prior to the Completion, the Consideration Units, the Placement Units and the Conversion Units (if any) will not be eligible to participate in the Final 2007 Distribution. This will ensure that the Unitholders whose capital contributed to the profits of Champion REIT for the year

ended 31 December 2007 are not subject to dilution from the new issuance of the Consideration Units, the Placement Units and the Conversion Units (if any).

- (2) The fact that the Consideration Units, the Placement Units and the Conversion Units (if any) will not be eligible to participate in the Final 2007 Distribution will be fully disclosed in the Champion REIT Circular. Accordingly, the relevant arrangement is fair to the new investors as they will be able to take this factor into account when making their investment decisions.
- (3) To set the record date in this manner will also give maximum flexibility to Champion REIT to raise capital in the market as quickly as market conditions permit.
- (4) Under the Trust Deed, in respect of each financial year, the total amounts distributable and distributed to Unitholders shall be no less than 90% of the Annual Distributable Income (as defined in the Trust Deed) for the financial year. In addition, the unaudited financial information of Champion REIT for the period from 1 January 2007 to 30 September 2007 (as set out in the section headed “Updated Financial Information of Champion REIT” and the Schedule to this announcement) and some operational data in respect of Champion REIT as at 30 November 2007 will be contained in the Champion REIT Circular and made available to Unitholders who would like to receive the Final 2007 Distribution. Given the availability of this information and the nature of REIT vehicles which have a relatively stable and predictable financial performance, the Directors of the REIT Manager are of the view that the market should have a reasonable amount of information on which to base their investment and trading decisions.
- (5) There are no provisions in either the Trust Deed, the REIT Code nor the Listing Rules that prohibits such an arrangement.

The amount of the Final 2007 Distribution per Unit will be announced after the Completion, in due course after the 2007 audited accounts of Champion REIT have been finalised. **Since the record date for determining entitlements to the Final 2007 Distribution will occur at a time when the audited financial results of Champion REIT for the year ending 31 December 2007 will not be available, Unitholders and potential investors should exercise caution when dealing in the Units during this period.**

The Consideration Units, Placement Units and Conversion Units (if any) will, upon issuance, rank *pari passu* in all respects with the then existing Units, including in relation to the First 2008 Distribution. However, the Consideration Units and Placement Units to be issued, and the Conversion Units that may be issued, will not entitle their holders to any distribution for which the record date falls before the date of such allotment (such as the Final 2007 Distribution).

D. TERMINATION OF YIELD STABILIZATION ARRANGEMENTS FOR CHAMPION REIT

In connection with the Transaction, the REIT Manager proposes to effect the Termination of Yield Stabilization Arrangements.

As Top Domain is a significant holder of Champion REIT, the performance of the transactions contemplated by the Deed of Amendment of Distribution Entitlement Waiver Deed, including the making of the payments contemplated thereunder, shall constitute a connected party transaction for Champion REIT under the REIT Code and require the specific approval of Unitholders. The signing of the Deed of Amendment of Distribution Entitlement Waiver Deed by the parties thereto is a condition precedent under the Purchase Agreements, and must be approved for the Sale and Purchase to go ahead. As such, approval for the Deed of Amendment of Distribution Entitlement Waiver Deed will be sought in conjunction with the other Transactions Requiring Approval, as part of the REIT EGM Resolution.

Subject to the REIT EGM Resolution being passed, the approval of the lenders under the 2006 Facility being obtained, Completion taking place and the agreement of the relevant parties to the Interest Rate Swaps, the Interest Rate Swap Companies will exercise their right to amend the Interest Rate Swaps pursuant to the Interest Rate Swap Agreement. The Interest Rate Swap Amendment may occur at any time following the date of the Champion REIT Circular as the REIT Manager deems appropriate, having regard to market conditions, provided that, if Completion takes place, such amendment will occur on or before the Long Stop Date.

The Interest Rate Swap Amendment does not require the approval of Unitholders on the basis that under the REIT Code and the Trust Deed, it is within the REIT Manager's discretionary power to manage the financial arrangements of Champion REIT (including without limitation, any use of derivative instruments). Further, the Interest Rate Swap Amendment shall not constitute a connected party transaction as the Swap Counterparty is not a connected party of Champion REIT under the REIT Code. As such, the Interest Rate Swap Amendment does not form part of the Transactions Requiring Approval or the REIT EGM Resolution.

The REIT Manager believes that, due to changes in the market environment and investors' expectations as to the transparency of financial structures involving real estate investment trusts, the Termination of Yield Stabilization Arrangements is in the interests of Champion REIT and Unitholders as a whole.

1. Distribution Entitlement Waiver Termination

Under the Distribution Entitlement Waiver Deed, the Distribution Entitlement Waiver Parties agreed to waive all or some of their rights to receive distributions from Champion REIT for the three financial years 2006, 2007 and 2008.

On 14 February 2008, the REIT Manager, the Trustee, each of the Distribution Entitlement Waiver Parties, the Guarantor, and Kerry Properties Limited, as guarantor, entered into the Deed of Amendment of Distribution Entitlement Waiver Deed, whereby the parties agreed to terminate the undertakings of Top Domain, one of the Distribution Entitlement Waiver Parties and an indirectly wholly-owned subsidiary of Great Eagle, relating to the First 2008 Distribution and the Final 2008 Distribution, effective as of and conditional upon Completion (being the Distribution Entitlement Waiver Termination). The rights of the other Distribution Entitlement Waiver Parties, being Fortune Mega Investments Limited and Wing Tai Corporation Limited, will not be affected by the Deed of Amendment of Distribution Entitlement Waiver Deed.

The Deed of Amendment of Distribution Entitlement Waiver Deed has the effect of allowing Top Domain to receive, in 2008, distributions in respect of its Distribution Entitlement Waiver Units. In this respect, Top Domain has agreed to pay to the Trustee (on behalf of Champion REIT) in consideration for the Distribution Entitlement Waiver Termination, an amount (being the Initial Termination Amount) which shall:-

- (1) be calculated by reference to the Profit Forecast, as adjusted to take into account the actual terms of the Transaction as at Completion, including but not limited to, the actual number of Placement Units to be issued, the precise aggregate amount of 2008 Convertible Bonds to be issued, and the overall terms and conditions of the Unit Placement, Bond Placement and Debt Facility; and
- (2) represent the estimated amount (subject to adjustment) required to be included in the distribution amount for the First 2008 Distribution in order for there to be no change to the DPU for the Forecast Period to the Unitholders (other than in respect of the Distribution Entitlement Waiver Units and the other Distribution Entitlement Waiver Units) resulting from the Distribution Entitlement Waiver Termination (assuming that no further Units are issued (other than Units issued to the REIT Manger on account of its remuneration pursuant to the Trust Deed or Units issued pursuant to the 2006 Convertible Bonds or Units issued in connection with the Transaction (including for the avoidance of doubt, Conversion Units issued pursuant to the 2008 Convertible Bonds, the Consideration Units and the Placement Units)) and that no additional properties are acquired by Champion REIT during such periods, other than in connection with the Transaction).

Within ten (10) Business Days after Completion, the REIT Manager shall prepare and deliver a written statement to Top Domain and the Trustee, setting out the Initial Termination Amount. Within five (5) Business Days of the delivery by the REIT Manger of the statement setting forth the Initial Termination Amount, Top Domain shall pay the Initial Termination Amount to the Trustee for the benefit of Champion REIT. The REIT Manager shall include the Initial Termination Amount in the amount to be distributed to Unitholders as part of the First 2008 Distribution.

Based on the assumptions for calculation of the forecasted distribution for the financial year ending 31 December 2008, details of which will be set out in the Champion REIT Circular and assuming, for illustrative purposes that the Cash Settlement Amount is estimated to be HK\$350 million, the Initial Termination Amount is estimated to be HK\$96.9 million.

Following the issuance of a letter from Champion REIT's auditors in respect of their review of the DPU for the Final 2008 Distribution, the Initial Termination Amount shall be adjusted based on the actual DPU for the Forecast Period (the adjusted amount being the Final Termination Amount) in accordance with the Deed of Amendment of the Distribution Entitlement Waiver Deed, provided that, in calculating the Final Termination Amount, any issuance of new Units (other than Units issued to the REIT Manager on account of its remuneration pursuant to the Trust Deed or Units which may be issued pursuant to the 2006 Convertible Bonds or Units issued in connection with the Transaction (including for the avoidance of doubt, Conversion Units issued pursuant to the 2008 Convertible Bonds, the Consideration Units and the Placement Units)) and any distributable amounts attributable to new properties acquired by Champion REIT or its subsidiaries during the relevant distribution period shall (except in connection with the Sale and Purchase) be disregarded. The calculation

of the Final Termination Amount shall be prepared by the REIT Manager and shall be reviewed and confirmed by the auditors of the REIT Manager.

In the event that the Final Termination Amount exceeds the Initial Termination Amount, Top Domain shall pay to the Trustee for the benefit of Champion REIT the amount of such excess. However, in the event that the Final Termination Amount is less than the Initial Termination Amount, the REIT Manager shall direct the Trustee to pay or procure the payment to Top Domain of the amount of such shortfall. The payment to be made by Top Domain or the Trustee, as the case may be, shall be paid no later than 3 Business Days following the determination of the Final Termination Amount. In the event that an adjustment amount is paid by Top Domain to the Trustee for the benefit of Champion REIT, such amount shall be held by the Trustee as part of the Deposited Property and shall be dealt with in accordance with the Trust Deed.

Great Eagle has guaranteed the obligations of Top Domain under the Deed of Amendment of Distribution Entitlement Waiver Deed to pay the Initial Termination Amount and any adjustment thereto.

2. Interest Rate Swap Amendment

In connection with the IPO, the Interest Rate Swap Companies entered into the Interest Rate Swaps pursuant to the terms of the Interest Rate Swap Agreement. For further details regarding the terms of the Interest Rate Swap Agreement, please refer to the section headed “Certain Factors Affecting Future Results of Operations and Financial Condition - Change in Nature of Existing Costs - Finance Costs and Interest Rate Swaps” in the IPO Circular.

Pursuant to the Interest Rate Swap Agreement, each of the Interest Rate Swap Companies may adjust the relevant fixed interest rate payable pursuant to the Interest Rate Swap (being the Swap Rate) by way of amendment of the Interest Rates Swap Agreement upon prior written notice to, and consent of, the Swap Counterparty. Subject to the REIT EGM Resolution being passed, the approval of the lenders under the 2006 Facility being obtained, Completion taking place and the agreement of the relevant parties to the Interest Rate Swaps, the Interest Rate Swap Companies will exercise their right to adjust the Swap Rate, to the prevailing market rate as at the Swap Settlement Date.

The Interest Rate Swap Amendment is subject to, amongst other things, the prior approval of the lenders under the 2006 Facility and the approval of the relevant parties to the Interest Rate Swaps. Subject to such approval being obtained, the date of the coming into effect of the Interest Rate Swap Amendment (being the Swap Settlement Date) may occur at any time following the date of the Champion REIT Circular as the REIT Manager deems appropriate, having regard to market conditions, provided that, if Completion takes place, such amendment will occur on or before the Long Stop Date.

The Interest Rate Swaps were initially entered into for a total notional amount equivalent to the amount of the term loan under the 2006 Facility, or HK\$7,000 million. Under the Interest Rate Swaps, the Interest Rate Swap Companies agreed to pay fixed interest rates on the notional amount of their respective Interest Rate Swap to the Swap Counterparty. In return, the Swap Counterparty agreed to pay the Interest Rate Swap Companies an aggregate amount equivalent to the floating rate of interest payable in respect of the term loan under the 2006 Facility, which amount is applied by the Interest Rate Swap Companies to pay their floating

interest costs obligations under the 2006 Facility. The payment obligations of each of the Interest Rate Swap Companies and the Swap Counterparty are netted off and result in a single payment from one party to the other on a quarterly basis in each of February, May, August and November, depending on the prevailing market interest rates.

The Interest Rate Swaps currently have a “step-up” interest rate structure, in that the aggregate amount of the cash finance costs payable by the Interest Rate Swap Companies increases over the life of the Interest Rate Swaps. Furthermore, as a result of the upfront swap payments made to the Swap Counterparty at the time of the IPO, the “step-up” interest rate structure locked in interest rates that were substantially lower than the prevailing market rates at the time of the IPO as well as at 4 February 2008.

Subject to the REIT EGM Resolution being passed, the approval of the lenders under the 2006 Facility being obtained, Completion taking place and the approval of the relevant parties to the Interest Rate Swaps, the Interest Rate Swaps shall be amended such that the Swap Rates are adjusted to the prevailing market rate (being the Interest Rate Swap Amendment). It is envisaged that the Swap Counterparty shall, upon written notice from the Interest Rate Swap Companies, adjust the Swap Rate, to the prevailing market rate as at the Swap Settlement Date (as estimated by the REIT Manager) for the period from the Swap Settlement Date to the maturity date of the Interest Rate Swaps (being the Calculation Period).

In consideration of increasing the Swap Rate to the prevailing market rate as at the Swap Settlement Date, the Interest Rate Swap Companies shall receive a single additional cash flow (being the Cash Settlement Amount) on or about the Swap Settlement Date.

The Cash Settlement Amount will represent the present value (as at the Swap Settlement Date) of the difference between: (1) the fixed amounts payable at the Swap Rates under the existing Interest Rate Swaps for the Calculation Period; and (2) the fixed amounts payable at the Swap Rate under the amended Interest Rate Swaps for the Calculation Period.

Notwithstanding the Interest Rate Swap Companies’ right to amend the Interest Rate Swaps, all amendments to the terms of the Interest Rate Swaps are subject to the agreement of the respective parties to the Interest Rate Swaps and, in the event of a failure to agree on such amended terms, the Interest Rate Swaps shall remain unchanged and in effect.

For illustrative purposes, the Swap Counterparty’s indicative Swap Rate as at 4 February 2008 was 3.03%. On this basis and assuming that the notional amount of HK\$7,000 million and the maturity date of each Interest Rate Swaps remains unchanged, the Cash Settlement Amount would be approximately HK\$350 million. Based on the foregoing assumptions, the following table presents the additional interest that would be payable by the Interest Rate Swap Companies to the Swap Counterparty as a result of adjusting the Swap Rate, and the Cash Settlement Amount payable by the Swap Counterparty in consideration for such adjustment, under the Interest Rate Swap Amendment.

	2008 ⁽¹⁾	2009	2010	2011 ⁽²⁾	Total
a. Adjusted Swap Rate payable by the Interest Rate Swap Companies ⁽³⁾	3.0%	3.0%	3.0%	3.0%	
b. Current Swap Rate payable by the Interest Rate Swap Companies ⁽⁴⁾	0.8%	1.3%	1.8%	2.0%	
c. Additional interest payable by the Interest Rate Swap Companies (%) ⁽⁵⁾	2.2%	1.7%	1.2%	1.0%	
d. Additional interest payable by the Interest Rate Swap Companies (HK\$ million) ⁽⁶⁾	130	121	86	28	
e. Cash Settlement Amount payable by the Swap Counterparty (HK\$ million) ⁽⁷⁾	128	116	81	25	350 ⁽⁸⁾

Notes:

- (1) For the period from 29 February 2008 (being the assumed Completion Date for the purpose of the above table) to 31 December 2008.
- (2) For the period from 1 January 2011 to 24 May 2011.
- (3) Swap Rate payable by the Interest Rate Swap Companies to the Swap Counterparty assuming the Interest Rate Swap Amendment is undertaken, with the adjusted Swap Rate being equal to the market rate as of 4 February 2008 assuming a flat HIBOR curve of 2.5%.
- (4) Average Swap Rate payable in each period by the Interest Rate Swap Companies to the Swap Counterparty assuming the Interest Rate Swap Amendment is not undertaken.
- (5) Calculated by deducting row “b” from row “a”.
- (6) Calculated by multiplying row “c” by the amount of the term loan under the 2006 Facility (being HK\$7,000 million).
- (7) Calculated by taking the present value of the amounts in row “d”, with present value being calculated using the 3-month HIBOR forward curve as of 4 February 2008 and taking into account the estimated ancillary costs associated with the Interest Rate Swap Amendment.
- (8) This total amount will form the basis for the Cash Settlement Amount payable by the Swap Counterparty on the Swap Settlement Date in connection with the Interest Rate Swap Amendment.

Unitholders should note that interest rates are subject to change and that the actual adjusted Swap Rate following the Interest Rate Swap Amendment will depend on the prevailing market rate as at the Swap Settlement Date, which may be either higher or lower than the above indicative Swap Rate of 3.03%, resulting in a higher or lower Cash Settlement Amount, respectively.

The method applied by the REIT Manager in deriving the Cash Settlement Amount is in accordance with market conventions, and the Sole Financial Adviser has informed the REIT Manager that they are satisfied with such method and its calculation.

The REIT Manager intends to make an additional discretionary distribution using the proceeds from the Cash Settlement Amount as part of the First 2008 Distribution, with such additional discretionary distribution to be distributed in accordance with the Trust Deed. As a result, following the Interest Rate Swap Amendment and on the basis that the swap remains favourable, instead of receiving higher distributions on account of the favourable net swap payments received over the remainder of the five-year term of the Interest Rate Swaps, Unitholders may receive an amount equal to the Cash Settlement Amount by way of a single distribution and reduced payments on account of the amended swaps resulting from the Interest Rate Swap Amendment over the remainder of the five-year term. Unitholders should note that the discretionary amount which the REIT Manager intends to distribute will be distributed to all Unitholders who are Unitholders entitled thereto as of the relevant record date, which would include Top Domain in respect of its Distribution Entitlement Waiver Units and any holder of Conversion Units (if any), Placement Units and/or Consideration Units (provided that Completion of the Transaction occurs and the Distribution Entitlement Waiver Termination comes into effect). In the event that the Cash Settlement Amount is received by Champion REIT prior to Completion occurring, such amount shall be held by the Trustee as part of the Deposited Property and shall be dealt with in accordance with the Trust Deed.

In this regard, Unitholders should also note that the amounts received or receivable, as the case may be, by Top Domain in respect of its Distribution Entitlement Waiver Units on account of the Cash Settlement Amount, will be taken into account in calculating the amounts payable by Top Domain in consideration of the Distribution Entitlement Waiver Termination. Moreover, the REIT Manager expects that the carrying out of the Transaction (including the Interest Rate Swap Amendment) will result in an increase in the DPU for the Forecast Period for the reasons to be explained in the Champion REIT Circular. As of and from Completion of the Transaction, the benefit of this increase in the DPU would be equally shared by all Unitholders entitled thereto. As a result, the Directors (including the independent non-executive Directors) consider that the Transactions Requiring Approval and the Interest Rate Swap Amendment are fair and reasonable and in the interests of Unitholders as a whole.

Furthermore, the REIT Manager believes that any extra financing costs for Champion REIT which may result from the Interest Rate Swap Amendment (i.e. by increasing the Swap Rate to the prevailing market rate) may be compensated by the Cash Settlement Amount to be paid to Champion REIT, the amount of which may be distributed to Unitholders as part of the First 2008 Distribution.

E. INFORMATION OF CHAMPION REIT, THE GE ENTITIES AND THE LP PROPERTY COMPANIES

The GE Entities and the LP Property Companies

The principal activities of the GE Entities include property development and investment, hotel and restaurant operations, management of real estate investment trusts, trading of building materials, share investment, provision of management and maintenance services, property management, insurance agency and fitness centre operation. Its investment in office properties extends to the U.S.A. and its hotel portfolio covers Hong Kong, North America, Europe, Australia and New Zealand. The LP Property Companies are indirectly wholly owned subsidiaries of Great Eagle, and together with their subsidiary, the Registered Holder,

hold full legal and beneficial title to the New Property, and all rights and interests related thereto.

Champion REIT

Champion REIT is a collective investment scheme constituted as a unit trust with HSBC Institutional Trust Service (Asia) Limited as its trustee. It invests primarily in income-producing real estate assets and uses the income arising from such assets to provide stable returns to its Unitholders. Purchasing a Unit in Champion REIT allows investors to share the benefits and risks of owning the real estate assets held by Champion REIT. As at the date of this announcement, the GE Entities hold approximately 48.5% interest in the total number of issued Units.

Champion REIT is managed by the REIT Manager, an indirect wholly-owned subsidiary of Great Eagle, but operates independently of the GE Entities. Pursuant to the Property Management Agreement, the Property Manager which is an indirect wholly-owned subsidiary of Great Eagle, provides property management services for properties of Champion REIT located in Hong Kong.

As at the Reference Date, based on the unaudited balance sheet of Champion REIT, the unaudited net asset value of Champion REIT was approximately HK\$18,377 million. For the nine months ended 30 September 2007, the unaudited net profits from continuing operations before and after taxation of Champion REIT were approximately HK\$2,042 million and HK\$1,683 million respectively. For the period from 26 April 2006 (the date of establishment of Champion REIT) to 31 December 2006, the audited net profits from continuing operations before and after taxation of Champion REIT were approximately HK\$882 million and HK\$726 million respectively.

On Completion, the REIT Manager will be entitled, under the Trust Deed, to receive an acquisition fee of approximately HK\$125 million, which is equal to 1.0% of the acquisition price of the New Property under the Purchase Agreements and which shall be paid to the REIT Manager in cash.

Upon Completion, the REIT Manager will have the general power of management over the New Property and will be entitled under the Trust Deed to receive from Champion REIT management fees attributable to the New Property. The REIT Manager will be entitled to management fees for as long as the New Property forms part of Champion REIT's investment portfolio in accordance with provisions of the Trust Deed. The REIT Manager will initially elect to receive the management fees attributable to the New Property in Units.

Ongoing fees and charges will also be payable to the Property Manager in relation to the Property following Completion.

As at the date of this announcement, Champion REIT owns parts of Citibank Plaza, a Grade A office building located at 3 Garden Road, Hong Kong, comprising the whole of ICBC Tower, the whole of the retail podium and all of the floors in Citibank Tower with the exception of the 3rd Floor (other than the circulation area) and the whole of the 4th, 5th, and 6th Floors of Citibank Tower, which are owned by the Financial Secretary Incorporated. The Existing Property also consists of 558 carpark spaces and 50 motorcycle parking spaces.

F. REASONS FOR AND BENEFITS OF THE TRANSACTION

1. Reasons for and Benefits of the Transaction to Champion REIT

One of the REIT Manager's key objectives for Champion REIT is to produce attractive total returns to Unitholders. In addition to income optimization and asset enhancement of the existing portfolio, the REIT Manager aims to achieve this objective by actively pursuing yield enhancing opportunities through the addition of new income-producing properties to the existing portfolio. As the New Property is expected to be yield enhancing relative to Champion REIT's existing property portfolio, the REIT Manager believes that the Sale and Purchase is in line with the REIT Manager's acquisition growth strategy and will serve to further the objectives of Champion REIT. The Sale and Purchase also constitutes Champion REIT's first significant acquisition of a new property.

In connection with the Transaction, the REIT Manager also proposes to undertake the Termination of Yield Stabilization Arrangements, with a view to increasing the transparency of the financial structure of Champion REIT and to facilitating future growth.

On Completion, the value of Champion REIT's total investment property portfolio (computed as at the Valuation Reference Date) will increase by more than 52% to approximately HK\$41,476 million. The Sale and Purchase is expected to be a significant and valuable addition to Champion REIT's current property portfolio and is expected to bring about a number of specific benefits.

Please refer to the Champion REIT Circular for further discussion of the reasons and benefits of the Transaction to Champion REIT.

2. Reasons for and Benefits of the Transaction to Great Eagle

Notwithstanding that a loss of up to HK\$442 million may arise as result of the Sale and Purchase as detailed in the section headed "Gearing Level of Interest Expenses" below, the Great Eagle Directors consider that the Sale and Purchase is beneficial for Great Eagle for the following reasons:

- (a) the net proceeds to be received by the GE Entities under the Sale and Purchase will provide the GE Entities with upfront cash proceeds enabling the GE Entities to reduce the net borrowings of the GE Entities and enhancing their gearing and liquidity position. It will also provide additional funding to the GE Entities to finance its potential future investments as well as general working capital;
- (b) the Sale and Purchase will allow the GE Entities to realise the potential of the New Property;
- (c) by maintaining its interest in Champion REIT immediately following Completion, the Shareholders will continue to enjoy the growth potential of the New Property and the expected positive outlook of the retail rental market in Hong Kong through the interest of the GE Entities in Champion REIT;
- (d) following the Sale and Purchase, Champion REIT (in which Great Eagle has interest) will become one of the ten largest REITs in Asia (including Japan) in terms of market capitalization with a higher profile and better access to debt / equity capital markets to fund future investment; and

- (e) the Deed of Amendment of Distribution Entitlement Waiver Deed and the Interest Rate Swap Amendment as a whole will create a more transparent financial structure to Champion REIT and allow investors, including Great Eagle, to appreciate the underlying potential of Champion REIT which eventually benefits Great Eagle as its indirect substantial Unitholder.

As such the Great Eagle Directors are of the view that the Sale and Purchase is fair and reasonable and in the interests of the Shareholders as a whole.

Great Eagle will only participate in the Placing and Top-Up Subscription Mechanism having regard to the prevailing market conditions for the purpose of assisting the Purchaser in raising funds for the Sale and Purchase if the Great Eagle Directors consider it to be in the interests of Great Eagle and its Shareholders as a whole. The possible acquisition of 2008 Convertible Bonds under the Bond Placement will give Great Eagle the opportunity to increase its investment in Champion REIT if the terms of the Bond Placement and the prevailing market conditions are desirable. Accordingly, the Great Eagle Directors consider the possible disposal under the Sale and Purchase, the possible subscription of Subscription Units under the possible placing of the Third Party Sale Units under the Placing and Top-Up Subscription Mechanism, the possible acquisition of 2008 Convertible Bonds under the Bond Placement to be in the interests of Great Eagle and its Shareholders as a whole.

G. FINANCIAL EFFECTS OF THE TRANSACTION ON CHAMPION REIT

The Champion REIT Circular will contain information as to the financial effects of the Transaction on Champion REIT. More particularly, it contains information in relation to:

- (1) The impact of the Transaction on the financial position and capital structure of Champion REIT.
- (2) The dilutive impact of the Transaction on DPU under the following scenarios:
 - (i) Scenario A: Sensitivity of DPU for the Forecast Period to changes in the issue price for the Consideration Units and Placement Units;
 - (ii) Scenario B: Sensitivity of DPU for the Forecast Period to changes in the coupon rate for 2008 Convertible Bonds;
 - (iii) Scenario C: Sensitivity of DPU for the Forecast Period to changes in the issue size of 2008 Convertible Bonds; and
 - (iv) Sensitivity of DPU for the Forecast Period should the maximum aggregate gross issue amount of Consideration Units and Placement Units (being HK\$8,800 million) be issued.

Please refer to the Champion REIT Circular for the bases and assumptions used for the calculation.

- (3) The dilutive impact of the Transaction on the unitholdings of Champion REIT.

The following table sets forth information with respect to holdings of Units by the four principal Unitholders of Champion REIT, other existing Unitholders, holders of Placement Units, holders of the 2006 Convertible Bonds and holders of the 2008 Convertible Bonds as at 4 February 2008 and assuming completion of the Transaction (assuming both full and no conversion of the 2006 Convertible Bonds).

	Pro Forma Ownership Based on Illustrative Financing Structure ⁽¹⁾										Maximum Dilution (including Authorized Issue and General Mandate)						
	As at 4 February 2008		After the issue of Consideration Units, and Placement Units, and before any Conversion of 2006 Convertible Bonds					After the issue of Consideration Units and Placement Units, and assuming Full Conversion of 2006 Convertible Bonds ⁽²⁾					Before Conversion of 2006 Convertible Bonds			Assuming Full Conversion of 2006 Convertible Bonds ⁽⁴⁾	
			Existing	Newly				Existing	Newly				Existing	Newly	Total ⁽³⁾	Existing	Newly
	Number	of Units	Number	Issued	Total	(%)	Number	Issued	Total	(%)	number	Issued	Total ⁽³⁾	number	Issued	Total ⁽³⁾	
(million)	(%)	(million)	(million)	(million)	(%)	(million)	(million)	(million)	(%)	(million)	(million)	(million)	(million)	(million)	(million)	(million)	
Great Eagle Holdings Limited ⁵	1,357	48.5%	1,357	680	2,037	48.5%	1,357	680	2,037	38.5%	1,357	N.A.	N.A.	1,357	N.A.	N.A.	
Kerry Properties Limited ⁽⁶⁾	166	5.9%	166	0	166	3.9%	166	0	166	3.1%	166	N.A.	N.A.	166	N.A.	N.A.	
Wing Tai Corporation Limited ⁽⁷⁾	44	1.6%	44	0	44	1.1%	44	0	44	0.8%	44	N.A.	N.A.	44	N.A.	N.A.	
Government of Singapore Investment Corporation Pte. Ltd. ("GIC") ⁽⁸⁾	252	9.0%	252	0	252	6.0%	252	0	252	4.8%	252	N.A.	N.A.	252	N.A.	N.A.	
Other Existing Unitholders	982	35.1%	982	0	982	23.4%	982	0	982	18.6%	982	N.A.	N.A.	982	N.A.	N.A.	
Holders of Placement Units	0	0.0%	0	724	724	17.2%	0	724	724	13.7%	0	N.A.	N.A.	0	N.A.	N.A.	
Holders of 2006 Convertible Bonds	0	0.0%	0	0	0	0.0%	171*	0	171*	3.2%	0	N.A.	N.A.	171	N.A.	N.A.	
Holders of 2008 Convertible Bonds ⁽⁹⁾	0	0.0%	0	0	0	0.0%	0	913	913	17.3%	0	N.A.	N.A.	0	N.A.	N.A.	
Total	2,801	100%	2,801	1,404	4,205	100%	2,972	2,317	5,289	100%	2,801	3,362⁽¹⁰⁾	6,163	2,972	3,362	6,334	
%			67%	33%	100%		56%	44%			45%	55%	100%	47%	53%		

(1) Based on the Illustrative Financing Structure, which assumes an issue price of HK\$4.39 per Unit, being the closing price of the Units as at 4 February 2008.

(2) Based on the number of Units that may be issued upon full conversion of the 2006 Convertible Bonds based on a forecast adjusted conversion price (after adjusting for the effects of the Transaction) of HK\$4.47 and the outstanding principal amount as of the Reference Date being HK\$765 million and the 2008 Convertible Bonds (based on an illustrative issue price of HK\$4.39 per Unit, being the closing price of the Units as at 4 February 2008, and a conversion premium of 25%).

(3) As set forth in more detail in section headed "Financing of the Sale and Purchase" of this announcement, the maximum number of Placement Units, Consideration Units and Conversion Units that may be issued in connection with the Transaction has been set at an aggregate maximum number (being the Authorised Issue), and the actual allocation of such Authorised Issue between Placement Units, Consideration Units and Conversion Units will only be determined by the REIT Manager closer to the commencement of the Unit Placement and Bond Placement. As a result, it is not possible to provide a detailed breakdown of the maximum dilution as applicable to the categories of Unitholders mentioned in the first column of this table and it is only possible to provide an aggregate maximum.

- (4) The information in this column assumes full conversion of the 2006 Convertible Bonds at a forecast adjusted conversion price (after adjusting for the effects of the Transaction) of HK\$4.47. The potential conversion of the 2008 Convertible Bonds is already taken into consideration as part of the Authorised Issue.
- (5) Includes Units beneficially owned by Great Eagle Holdings Limited and its connected persons assuming that no 2008 Convertible Bonds have been issued to any GE Entities.
- (6) Includes Units which Kerry Properties Limited and its connected persons are deemed to be interested in.
- (7) Includes Units beneficially owned by Wing Tai Corporation Limited.
- (8) Includes Units beneficially owned by GIC and its connected persons.
- (9) Assuming that no 2008 Convertible Bonds have been issued to any of the GE Entities.
- (10) Calculated by aggregating the number of Units that may be issued under the Authorised Issue (2,801,436,491 Units, which is equal to the number of existing Units) and the number of Units that may be issued pursuant to the General Mandate (561 million Units, which is equal to 20% of the number of existing Units).

H. USE OF PROCEEDS AND SOURCE OF FUNDING, IMPACT OF THE SALE AND PURCHASE, POSSIBLE DISPOSAL, POSSIBLE ACQUISITION OF SUBSCRIPTION UNITS UNDER THE UNIT PLACEMENT AND POSSIBLE ACQUISITION OF 2008 CONVERTIBLE BONDS UNDER THE BOND PLACEMENT FOR GREAT EAGLE

1. Use of Proceeds and Source of Funding

The Great Eagle Board intends to use part of the anticipated cash proceeds to be received by the GE Entities under the Sale and Purchase for working capital, and/or partly for reducing the gearing level and interest expenses of the GE Entities, thereby improving the liquidity and financial position of the GE Entities. Based on the estimation of the Great Eagle Directors with reference to the Reference Date, the net cash proceeds to be received by the Great Eagle under the Sale and Purchase are expected to be not less than approximately HK\$3,706 million. No definite plan has been formalised as to the proportion of proceeds that may be applied for working capital, reducing gearing level and interest expenses of the GE Entities. Based on the table of the sources of funding compiled based on the Illustrative Financing Structure set out in the section headed “Financing of the Sale and Purchase” above, and taking into account the maximum amount of Consideration Units, Subscription Units and 2008 Convertible Bonds that may be placed with and taken up by the GE Entities, the total consideration payable by the GE Entities for those Units and the 2008 Convertible Bonds will be HK\$4,264 million, HK\$4,536 million and HK\$2,600 million respectively, aggregating HK\$11,400 million in total. As mentioned, the Consideration Units will be taken up in part settlement of the Total Consideration receivable by the GE Entities under the Sale and Purchase. The consideration payable for the Subscription Units will be funded by the proceeds from the placing of the Third Party Sale Units. The acquisition of the 2008 Convertible Bonds (if any) under the Bond Placement will be funded by internal resources of the GE Entities.

2. Ownership

Immediately following Completion, it is expected that the GE Entities will continue to hold not more than 50% of the total issued Units in Champion REIT and taking into account the maximum amount of 2008 Convertible Bonds that the GE Entities may acquire under the Bond Placement, the GE Entities will hold not more than 75% of the Units on conversion of the 2008 Convertible Bonds at any time. It is expected that Great Eagle will continue to treat its interest in the Units as available-for-sale investment.

3. Financial Impact of the Transaction

The unaudited net asset value of the GE Entities as at 30 June 2007 was HK\$21,695.3 million. The unaudited net asset value of the LP Property Companies and the Registered Holder as at the Reference Date was HK\$5,982.3 million. Following the Sale and Purchase, it is expected that the net asset value of the GE Entities will not change significantly as a result of the net cash proceeds received from the Sale and Purchase and the issue of Consideration Units to the GE Entities as part of the Total Consideration. In relation to the possible Placing and Top-Up Subscription Mechanism and the possible participation in the Bond Placement, the number of Subscription Units to be subscribed, if any, will be the same as the number of Third Party Sale Units placed and at the Applicable Issue Price. Any acquisition of the 2008 Convertible Bonds that may be issued to the GE Entities will be issued on the same terms and conditions as those which are applicable to the Independent Third Party under the Bond Placement. Accordingly, it is expected that the net asset value of the GE Entities will not change significantly following the completion of the Placing and Top-Up Subscription Mechanism and the acquisition of 2008 Convertible Bond under the Bond Placement, if any.

Earnings

For the year ended 31 December 2006, the audited net profits before and after taxation of the GE Entities were approximately HK\$602.2 million and HK\$407.5 million respectively. For the year ended 31 December 2005, the audited net profits before and after taxation of the GE Entities were approximately HK\$13,408.9 million and HK\$11,085.4 million respectively. It is difficult to estimate the financial impact on the earnings of the GE Entities following the Sale and Purchase and the Bond Placement since the amount of consideration to be satisfied by cash and by Consideration Units and the amount of 2008 Convertible Bonds (if any) that the GE Placing Company may acquire have not been fixed. The amount of cash consideration to be received by the Renaissance Vendor depends on the number and Applicable Issue Price of Consideration Units to be issued to the Renaissance Vendor and/or any member of the GE Entities, both of which will not be fixed until shortly before Completion. The amount of the 2008 Convertible Bonds that GE Placing Company may acquire depends on the prevailing market conditions and the final terms of the Bond Placement which will not be known until the launch of the Bond Placement. The Consideration Units and the 2008 Convertible Bonds issued to the GE Entities (if any) will entitle the GE Entities to receive distributions and coupon interest income from Champion REIT following the Sale and Purchase and the Bond Placement. However, since it is not possible to forecast the financial results of the GE Entities, Champion REIT and the New Property, it is difficult to project the financial results of the Sale and Purchase and the Bond Placement on the earnings of the GE Entities. The GE Entities' recurring rental income will be reduced as a result of the disposal of the New Property. However, as an Unitholder, the GE Entities will also benefit from the enhanced value of Champion REIT with a larger property portfolio.

Gearing Level and Interest Expenses

As mentioned in the section headed "The Purchase Agreements — Repayment and Discharge of Existing LP Facility", the Purchaser has agreed to repay on Completion all amounts owing in respect of principal, interest and any outstanding fees under the Existing LP Facility as of the Completion Date. Therefore, it is expected that following the Sale and Purchase, the gearing level and interest expenses of the GE Entities will be reduced.

Based on the audited consolidated balance sheet of the GE Entities as at 31 December 2006, taking into account the latest valuation of the New Property as at the Valuation Reference Date, the agreed value of the New Property and the adjustments of the Total Consideration in accordance with the Purchase Agreements, and assuming the Transaction is completed in 2008, the Great Eagle Board expects that a loss of HK\$442 million will be accrued to Great Eagle. Such loss will be non-recurring in nature.

I. CONNECTED PARTY TRANSACTIONS AS A RESULT OF THE TRANSACTION FOR CHAMPION REIT

In connection with the Transaction, the following transactions with certain connected persons of Champion REIT have been or will be entered into by the REIT Manager, the Trustee or the Group Companies:

- (a) the Purchase Agreements;
- (b) the Deed of Undertaking and Indemnity;
- (c) the Deeds of Tax Covenant;
- (d) the Deed of Ratification and Accession;
- (e) the Deed of Amendment of Distribution Entitlement Waiver Deed;
- (f) the deed of mutual covenant for the Langham Place and other sub-deed of mutual covenant;
- (g) various contracts with members of the SFK Connected Persons Group and Renaissance in relation to the construction of Langham Place;
- (h) various contracts with members of the Great Eagle Connected Persons Group in relation to the management and operation of the New Property; and
- (i) various tenancy and licence agreements with members of the Great Eagle Connected Persons Group in respect of the New Property.

Further details of these transactions will be set out in the Champion REIT Circular, and disclosed in Champion REIT's semi-annual and annual reports, as required under paragraph 8.14 of the REIT Code.

J. 2008 CONTINUING CONNECTED PARTY TRANSACTIONS OF CHAMPION REIT

The 2008 Continuing Connected Party Transactions are connected party transactions entered into or to be entered into between Champion REIT and (as the case may be), Great Eagle Connected Persons Group, and/or the SFK Connected Persons Group which may be categorised as being revenue or expenditure in nature.

1. Revenue Transactions

(a) Tenancy Agreements

Champion REIT has entered into and may in the future enter into tenancy agreements in respect of Champion REIT's properties. Details of the tenancy agreements in respect of the New Property (being the LP Tenancy Agreements) will be set out in the Champion REIT Circular. Details of the tenancy agreements in respect of the Existing Property are set out in Champion REIT's latest annual reports. The REIT Manager has determined that it would be in the Unitholders' best interest for these agreements to be dealt with as if they were 2008 Continuing Connected Party Transactions to be entered into following Completion.

(b) Licence Agreements

Champion REIT has entered into and may in the future enter into licence agreements in respect of Champion REIT's properties. Details of the licence agreements in respect of the New Property (being the LP Licence Agreements) will be set out in the Champion REIT Circular. Details of the licence agreements in respect of the Existing Property are set out in Champion REIT's latest annual reports. The REIT Manager has determined that it would be in the Unitholders' best interest for these agreements to be dealt with as if they were 2008 Continuing Connected Party Transactions to be entered into following Completion.

2. Expenditure Transactions

There are expected to be two categories of continuing connected party transactions with the GE/SFK Connected Persons which will result in expenditures being paid by Champion REIT to the GE/SFK Connected Persons being:

(a) Estate Management Transactions

Champion REIT will from time to time directly enter into various contracts with third-party contractors as agent for the relevant property companies in respect of estate management services such as cleaning, repair and maintenance services and renovation work in respect of the properties held by Champion REIT. It is currently anticipated that some of these third-party contractors may include GE/SFK Connected Persons. In consideration for such services, Champion REIT will pay fees to such contractors. The anticipated amounts of these fees will form part of the 2008 Continuing Connected Party Transactions.

Champion REIT will also from time to time make reimbursement payments to the Langham Place Mall Estate Manager and the CAF Estate Manager, the amounts of which will be treated as if they form part of the 2008 Continuing Connected Party Transactions.

(b) Insurance Agency Arrangement

It is currently anticipated that a Great Eagle Connected Persons Group company (being the Insurance Agent) will from time to time provide insurance agency services

to Champion REIT. Under this arrangement, the Insurance Agent may assist Champion REIT to secure insurance coverage with independent third-party insurers, at insurance premium rates that have been negotiated to take into account the economies of scale associated with providing insurance coverage for the Great Eagle Connected Persons Group. It is intended that the Insurance Agent will assist Champion REIT in obtaining insurance coverage for the New Property.

Pursuant to these arrangements, Champion REIT will pay to the Insurance Agent a spread for the provision of the insurance agency services and, via the Insurance Agent, pay the net premium to the independent third party insurers for the relevant coverage. The amount of the insurance spread and the net premium paid will constitute a connected party transaction, and be treated as if it forms part of the 2008 Continuing Connected Party Transactions.

3. Property Management Transactions

The Property Management Agreement was entered into at the time of Champion REIT's IPO, under which the members of the Great Eagle Connected Persons Group provide property management services in respect of the property portfolio of Champion REIT. The transactions under the Property Management Agreement (being the PMA Transactions) were included in the coverage of the 2008 Continuing Connected Party Transactions.

After the Sale and Purchase, the coverage of the Property Management Agreement will be extended to include the New Property. Subject to the approval of the SFC, the PMA Transactions will be subject to the compliance requirement and conditions applicable under the 2008 CPT Waiver, other than the annual limits referred to in section "2008 Continuing Connected Party Transactions of Champion REIT – Annual Limits" below.

4. Reasons for New Waiver Request

As described in the IPO Circular, Champion REIT has obtained the Existing CPT Waiver which is due to expire on 31 December 2008. If the Sale and Purchase is completed, and assuming that various transactions and arrangements in relation to the New Property will continue to be conducted with GE/SFK Connected Persons, more continuing connected party transactions will arise, the nature of which is comparable to the Existing Continuing Connected Party Transactions in respect of which the Existing CPT Waiver was granted. The Sale and Purchase will accordingly increase the scale of the continuing connected party transactions with the GE/SFK Connected Persons. As is the case for the Existing Continuing Connected Party Transactions, the REIT Manager considers that it will be unduly burdensome and not in the interests of the Unitholders, for Champion REIT to be subject to strict compliance with the requirements under Chapter 8 of the REIT Code with respect to such transactions in relation to the New Property, on each and every occasion when they arise.

Accordingly, the REIT Manager would like to take the opportunity of the REIT EGM to propose to the Unitholders for approval a waiver in respect of certain continuing connected party transactions between Champion REIT on the one hand and the GE/SFK Connected Persons on the other hand. The REIT Manager will propose to the Unitholders for approval a 2008 Continuing Connected Party Transactions waiver package that: (1) takes into account the new and/or additional continuing connected party transactions that will arise as a result of the Sale and Purchase; (2) has a more rational structure for the annual monetary limits under the waiver terms (e.g. by categorizing the transactions to distinguish between those which are

revenue in nature and those which are expenditure in nature); and (3) replaces the Existing CPT Waiver so that the 3-year waiver duration can commence afresh.

The proposed 2008 Continuing Connected Party Transactions package is subject to and conditional upon the Completion and other Transactions Requiring Approval, and is subject to the approval of the SFC. In the event that the REIT EGM Resolution is not approved by the Unitholders or the approval of the SFC is not obtained, the Existing CPT Waiver will continue to apply for the remainder of its duration.

5. Request for 2008 Continuing Connected Party Transactions Waiver

For the above reasons, the REIT Manager has requested that the SFC grant a waiver to Champion REIT from strict compliance with the disclosure and approval requirements under Chapter 8 of the REIT Code, in respect of the 2008 Continuing Connected Party Transactions, subject to Completion taking place, and subject to (amongst other things) the conditions described below.

6. Extensions or amendments

The 2008 CPT Waiver applied for is in respect of a period which commences as from the Completion Date of the Sale and Purchase and continues until 31 December 2010 (being the Initial 2008 CPT Waiver Period).

Subject to approval by the SFC, the 2008 CPT Waiver may be extended beyond the Initial 2008 CPT Waiver Period (or any extension thereof), and/or the conditions of the 2008 CPT Waiver may be modified from time to time, provided that:

- (1) the approval of Unitholders other than those who have a material interest in the relevant transactions, within the meaning of paragraph 8.11 of the REIT Code (being the independent Unitholders) is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (2) disclosure of details of the proposed extension and/or amendment, as the case may be, shall be made by way of an announcement by the REIT Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (3) any extension of the period of the 2008 CPT Waiver shall, on each occasion of such extension, be for a period which shall expire not later than the third full financial year-end date of Champion REIT after the date on which the approval referred to in (1) above becomes effective.

7. Annual Limits

Subject to the approval of the SFC, the 2008 CPT Waiver will apply to the 2008 Continuing Connected Party Transactions as categorized, and up to the annual monetary limits stated in the table below:

Categories of 2008 Continuing Connected Party Transactions	Proposed Annual Limits		
	For the period ending 31 December 2008 (approx. 10 months) ⁽¹⁾	For the period ending 31 December 2009	For the period ending 31 December 2010
	(HK\$'000)		
Revenue			
Rental income	28,858	45,710	60,336
Building management fee	6,842	9,031	9,934
Total	35,700	54,741	70,270
Expenditure			
Estate Management Transactions	59,979	79,173	87,090
Insurance Agency Arrangement	1,738	2,295	2,525
Total	61,717	81,468	89,615

Note:

- (1) The 10-month period in the financial year ending 31 December 2008 is based on the assumption that the Initial 2008 CPT Waiver Period will commence on the first day after Completion.

Subject to the approval of the SFC, provided that there is no variation to the terms and conditions governing the PMA Transactions, whether during the term of the Property Management Agreement or upon any renewal thereof or during the term of any such renewed agreement(s):

- (1) the fees payable to any member of the Great Eagle Connected Persons Group under the Property Management Agreement will not be subject to the annual cap referred to above in this section for the purpose of the 2008 CPT Waiver; and
- (2) any entry into by Champion REIT of a renewed Property Management Agreement during the Initial 2008 CPT Waiver Period (or any extension thereof pursuant to the section "2008 Continuing Connected Party Transactions of Champion REIT – Extensions on Amendments" above), will be exempt from all reporting, disclosure and Unitholders' approval requirements under Chapter 8 of the REIT Code.

8. Review, Disclosure and other Control Measures

The 2008 CPT Waiver stipulates the following additional conditions in relation to the 2008 Continuing Connected Party Transactions, which are subject to the approval of the SFC:

(a) Disclosure in the Semi-annual and Annual reports

Details of the relevant connected party transactions will be disclosed in Champion REIT's semi-annual and annual reports, as required under paragraph 8.14 of the REIT Code.

(b) Auditors' Review Procedures

In respect of each relevant financial period, the REIT Manager will engage and agree with the auditors of Champion REIT to perform certain review procedures on the 2008 Continuing Connected Party Transactions. The auditors will then report to the REIT Manager on the factual findings based on the work performed by them (and a copy of such report will be provided to the SFC), confirming whether all the 2008 Continuing Connected Party Transactions:

- (i) have received the approval of the Directors of the REIT Manager (including the independent non-executive Directors of the REIT Manager);
- (ii) have been entered into in accordance with the pricing policies of Champion REIT where applicable;
- (iii) have been entered into in accordance with the terms of the agreements (if any) governing the transactions; and
- (iv) the total value in respect of which has not exceeded the respective cap amounts (where applicable) as set out above.

(c) Auditors' access to Books and Records

The REIT Manager will allow, and will procure the counterparty to the relevant 2008 Continuing Connected Party Transactions to allow, the auditors of Champion REIT sufficient access to their records for the purpose of reporting on the relevant transactions.

(d) Review by the Independent Non-executive Directors of the REIT Manager

The independent non-executive Directors of the REIT Manager will review the relevant 2008 Continuing Connected Party Transactions annually and confirm in Champion REIT's annual report for the relevant financial period that such transactions have been entered into:

- (i) in the ordinary and usual course of business of Champion REIT;
- (ii) based on normal commercial terms (to the extent that there are comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to Champion REIT than terms available to or from (as appropriate) Independent Third Parties; and
- (iii) in accordance with the relevant agreements governing them, if any, on terms that are fair and reasonable and in the interests of the Unitholders as a whole.

(e) Notification to the SFC

The REIT Manager will promptly notify the SFC and publish an announcement if it knows or has reason to believe that the auditors and/or the independent non-executive Directors of the REIT Manager will not be able to confirm the matters set out in paragraphs (b) and (d) in this section respectively above.

(f) Subsequent Increases in Annual Limits with Independent Unitholders' Approval

If necessary, for example, where there are further asset acquisitions by Champion REIT thereby increasing the scale of its operations generally, or where there are changes in market or operating conditions, the REIT Manager may, from time to time in the future, seek to increase one or more of the annual limits set out in the section headed "2008 Continuing

Connected Party Transactions of Champion REIT – Annual Limits” of the announcement above, provided that:

- (i) the approval of the Unitholders other than those who have a material interest in the 2008 Continuing Connected Party Transactions is obtained by way of an Ordinary Resolution passed at a general meeting of Unitholders;
- (ii) disclosure of details of the proposal to increase the cap amounts shall be made by way of an announcement by the REIT Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (iii) the requirements referred to in paragraphs (a) to (e) of the section headed “2008 Continuing Connected Party Transactions of Champion REIT – Review, Disclosure and other Control Measures” shall continue to apply to the relevant transactions.

(g) Independent Valuation for LP Tenancy Agreements and LP Licence Agreements

An independent valuation shall be conducted for each of the relevant LP Tenancy Agreements and LP Licence Agreements except where they are conducted on standard or published rates. In the case of LP Tenancy Agreements or LP License Agreements with no fixed term (e.g. tenancies with monthly rollover), an independent valuation shall be conducted no less than once every 24 months.

9. Paragraph 8.14 of the REIT Code

The REIT Manager shall comply with all requirements under paragraph 8.14 of the REIT Code where there is any material change to the terms of the relevant 2008 Continuing Connected Party Transactions or where there is any subsequent change to the REIT Code which may impose stricter requirements in respect of disclosure and/or Unitholders’ approval.

10. Opinion of the Board

The Board (including all the independent non-executive Directors of the REIT Manger) confirms that:

- (i) in its opinion, the annual limits stated above, and the basis for such annual limits, are fair and reasonable having regard to the interests of the Unitholders as a whole;
- (ii) in its opinion, each of the 2008 Continuing Connected Party Transactions subsisting as at the Completion Date has been entered into: (i) in the ordinary and usual course of business of Champion REIT, and (ii) on terms which are normal commercial terms at arm’s length and are fair and reasonable and in the interests of the Unitholders as a whole; and
- (iii) in its opinion, that each of the 2008 Continuing Connected Party Transactions to be entered into after Completion shall be: (i) in the ordinary and usual course of business of Champion REIT and (ii) on terms which are normal commercial terms and at arm’s length and are fair and reasonable and in the interests of the Unitholders as a whole.

K. IMPLICATIONS OF THE TRANSACTION UNDER THE REIT CODE, THE TRUST DEED AND THE LISTING RULES

1. Implications under the REIT Code and the Trust Deed for Champion REIT

Under paragraph 8.1 of the REIT Code, connected persons of Champion REIT include, amongst others, a significant holder (that is, a holder of 10% or more of the outstanding Units) and its controlling entities, holding companies, subsidiaries or associated companies. Top Domain, of which Great Eagle is a controlling entity, owns more than 10% of the Units and therefore is a significant holder of Champion REIT. As a result, Great Eagle and the GE Associates, including the Vendors, the GE Holder, the LP Property Companies and the Registered Holder are each connected persons of Champion REIT within the meaning of the REIT Code. Accordingly, the entering into and performance of the various agreements to effect the Transaction as described above will constitute a connected party transaction under paragraph 8.5 of the REIT Code. Please refer to the Champion REIT Circular for further details.

The Sale and Purchase constitute a very substantial acquisition and a connected party transaction for Champion REIT, and are therefore subject to, amongst other things, approval by the independent Unitholders of Champion REIT at the REIT EGM in accordance with the REIT Code and the opinion of an independent financial adviser in respect of the Transactions Requiring Approval will also be required.

Pursuant to paragraph 12.2 of the REIT Code and Clause 7.1.6(ii) of the Trust Deed, Unitholders' approval by way of Ordinary Resolution at a general meeting is required where new securities are not offered to the Unitholders on a pro rata basis or where such new Units are not issued pursuant to the General Mandate. Moreover, pursuant to Clause 7.2.2 of the Trust Deed, any issue of new Units at an issue price that is at a discount of more than 20% to the "Market Price" or on a different pricing basis than "Market Price" (as such term is defined in the Trust Deed) requires specific Unitholders' approval by way of Ordinary Resolution.

Except as described below, the Placement Units, the Consideration Units, the 2008 Convertible Bonds and the Conversion Units are not proposed to be issued pursuant to the General Mandate. As such, the issue of the Placement Units, the Consideration Units, and the 2008 Convertible Bonds, and the Conversion Units that may be issued pursuant to the terms of the 2008 Convertible Bonds, will require Unitholders' approval by way of an Ordinary Resolution, on the terms and conditions as set out in the REIT EGM Resolution. In addition, Unitholder approval by way of an Ordinary Resolution is required for the issue of any Conversion Units in excess of the Authorised Issue that, when issued upon conversion of the 2008 Convertible Bonds, would result from such conversion and issue being effected at a conversion price other than the Initial Conversion Price following any adjustments which may apply under the terms of the 2008 Convertible Bonds. If the REIT Manager determines that the amounts required to be raised under the Bond Placement to finance the Sale and Purchase would require the issuance of 2008 Convertible Bonds convertible into a number of Conversion Units in excess of the specific authorisation granted by Unitholders, then the REIT Manager may, upon making an announcement to do so, raise a portion of the amounts to be raised under the Bond Placement by issuing the 2008 Convertible Bonds under the General Mandate to Independent Third Parties in respect of such excess number of Conversion Units. As mentioned above, if the REIT Manager proceeds with the issuance of such portion of the 2008 Convertible Bonds under the General Mandate in compliance with

the requirements of the REIT Code and the Trust Deed, such issuance will not require Unitholder approval at the REIT EGM.

Pursuant to paragraph 8.11 of the REIT Code, Champion REIT is also required to obtain the approval of independent Unitholders for the 2008 Continuing Connected Party Transactions.

As each of the Transactions Requiring Approval is subject to the approval of the Unitholders by way of Ordinary Resolution, and as each of the Transactions Requiring Approval is subject to and conditional upon Completion and the other Transactions Requiring Approval, each of the Transactions Requiring Approval has been incorporated into one Ordinary Resolution. Please refer to the REIT EGM Notice for the proposed Ordinary Resolution in relation to the Transactions Requiring Approval. As soon as practicable after the REIT EGM, the REIT Manager will issue an announcement setting out the results of the REIT EGM, including whether the REIT EGM Resolution has been passed.

Paragraph 9.9(f) of the REIT Code provides that where a Unitholder has a material interest in the resolution tabled for approval, and that interest is different from that of all other Unitholders, such Unitholder shall abstain from voting. Further, under paragraph 3.2 of Schedule 1 to the Trust Deed, where a Unitholder has a material interest in the resolution tabled for approval at a general meeting of Champion REIT, and that interest is different from the interests of other Unitholders, such Unitholders shall be prohibited from voting its Units or being counted in the quorum for the general meeting.

GE Entities are parties to one or more of the Transactions Requiring Approval, and as such, have a material interest in the REIT EGM Resolution. The Sale and Purchase, if completed, will increase the scale of the continuing connected party transactions with the GE/SFK Connected Persons. Pursuant to the REIT Code and the Trust Deed, GE Entities (including Top Domain and the REIT Manager) shall abstain from voting on the REIT EGM Resolution. Great Eagle has agreed that it will abstain, and will procure each of the GE Associates to abstain, from voting on the REIT EGM Resolution.

Although Fortune Mega Investments Limited and Wing Tai Corporation Limited are a party to the Deed of Amendment of Distribution Entitlement Waiver Deed, their rights and obligations as Distribution Entitlement Waiver Parties under the Distribution Entitlement Waiver Deed shall remain in full force and effect following the Distribution Entitlement Waiver Termination and shall not be affected by the Deed of Amendment of Distribution Entitlement Waiver Deed. Accordingly, the REIT Manager takes the view that the mere fact that Fortune Mega Investments Limited and Wing Tai Corporation Limited are parties to the Deed of Amendment of Distribution Entitlement Waiver Deed does not result in either of them having any material interest in the Transactions that is different from that of all other Unitholders, and therefore neither of them nor their respective associates are required to abstain from voting on the REIT EGM Resolution.

To the best of the REIT Manager's knowledge, information and belief, after having made reasonable enquiries, the REIT Manager takes the view that save as disclosed above, no other Unitholders are required to abstain from voting at the REIT EGM in respect of the REIT EGM Resolution.

Please refer to the Champion REIT Circular for further details in relation to the implications under the REIT Code and the Trust Deed.

2. Implications under the Listing Rules for Great Eagle

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Sale and Purchase and the Vendor Related Matters exceed 25% but are less than 75%, the Sale and Purchase and the Vendor Related Matters constitute a major disposal for Great Eagle under the Listing Rules and are subject to the approval of the Shareholders. The applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of (i) the possible placing of the Third Party Sale Units under the Placing and Top-Up Subscription Mechanism exceed 25% but are less than 75% and (ii) the subscription of the Consideration Units under the Sale and Purchase, the possible subscription of the Subscription Units under the Unit Placement and the possible acquisition of the 2008 Convertible Bonds (if any) under the Bond Placement in aggregate exceed 25% but are less than 100% and accordingly will constitute a major disposal and a major acquisition under the Listing Rules and are both subject to Shareholders' approval.

As at the date of this announcement, Dr. Lo Ka Shui and Green Jacket Limited, a company wholly controlled by Dr. Lo Ka Shui, together with the interest in a discretionary trust (the trustee of which is HSBC International Trustee Limited) of which he is a founder, hold 77,279,486 shares in Great Eagle. Dr. Lo Ying Sui, Archie, Adscan Holdings Limited, a company wholly controlled by Dr. Lo Ying Sui, Archie, and his spouse together hold 37,128,142 shares in Great Eagle. HSBC International Trustee Limited, as trustee of another discretionary trust of which both Dr. Lo Ka Shui and Dr. Lo Ying Sui, Archie are beneficiaries, holds 197,503,146 shares in Great Eagle. Dr. Lo Ka Shui and Dr. Lo Ying Sui, Archie are siblings who, together with the trustee of the said discretionary trusts, constitute a closely allied group in relation to Great Eagle, and together they hold 311,910,774 shares in Great Eagle, representing approximately 51.6% of the entire issued share capital of Great Eagle. As the GE Entities are interested in approximately 48.5% interest in the total issued Units of Champion REIT, each of Dr. Lo Ka Shui, Dr. Lo Ying Sui, Archie and HSBC International Trustee Limited in its capacity as trustee of the said trusts have no direct interest in the Units of Champion REIT. Save as aforesaid, to the best of the knowledge, information and belief of the Great Eagle Directors after having made all reasonable enquiry, neither Dr. Lo Ka Shui nor Dr. Lo Ying Sui, Archie nor any of their respective associates (as defined in the Listing Rules) is a party to the Sale and Purchase. Save as aforesaid, no Shareholder is required to abstain from voting on: (i) the Sale and Purchase and the Vendor Related Matters; (ii) the possible placing of the Third Party Sale Units under the Placing and Top-Up Subscription Mechanism; or (iii) the subscription of the Consideration Units under the Sale and Purchase, the possible subscription of the Subscription Units under the Unit Placement or the possible acquisition of 2008 Convertible Bonds (if any) under the Bond Placement at the general meeting of Great Eagle that may be convened for the purposes of considering and approving the Purchase Agreements and the Vendor Related Matters under the Listing Rules. Pursuant to Rule 14.44 of the Listing Rules, written approval has been obtained from Dr. Lo Ka Shui and Dr. Lo Ying Sui, Archie and their respective associates forming the closely allied group in lieu of an approval of the Shareholders in a general meeting of Great Eagle to approve the Sale and Purchase, the Vendor Related Matters, the possible placing of the Third Party Sale Units under the Placing and Top-Up Subscription Mechanism, the subscription of the Consideration Units under the Sale and Purchase, the possible subscription of the Subscription Units under the Unit Placement and the possible acquisition of 2008 Convertible Bonds (if any) under the Bond Placement and the transactions contemplated therein.

L. GENERAL

A Champion REIT Circular containing, amongst other things: (1) a letter from the Board to Unitholders containing details of the Transaction and other related matters; (2) a letter from the Independent Board Committee to Unitholders; (3) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the independent Unitholders in respect of the voting on the Transaction and any related matters; (4) the Independent Property Valuer's New Property Valuation Report; and (5) the REIT EGM Notice, will be sent to the Unitholders as soon as practicable. The Champion REIT Circular will also contain Champion REIT's forecast consolidated income statement data and distribution data for the Forecast Period. Please refer to the Champion REIT Circular for details of the Profit Forecast as well as the bases and assumptions on which the Profit Forecast has been prepared.

A Great Eagle Circular containing, amongst other things: (1) a letter from the board of directors of Great Eagle containing details of the Transaction and other matters and (2) the Independent Valuer's New Property Valuation Report; will be sent to the Shareholders as soon as practicable (the "**Great Eagle Circular**").

M. UPDATED FINANCIAL INFORMATION OF CHAMPION REIT

It is expected that the Champion REIT Circular will be made available to the Unitholders on or around 16 February 2008. The Champion REIT Circular will include the unaudited financial information of Champion REIT for the period from 1 January 2007 to 30 September 2007 which is set out in the Schedule of this announcement.

The unaudited interim results for the nine months ended 30 September 2007 have been reviewed by the Audit Committee of the REIT Manager and Champion REIT's external auditors in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). However, the comparative condensed consolidated income statement for the period from 26 April 2006 (the date of establishment of Champion REIT) to 30 September 2006 and the comparative condensed consolidated statement of change in net assets attributable to Unitholders and cash flow statement for the period from 26 April 2006 (the date of establishment of Champion REIT) to 30 September 2006 disclosed in the interim financial information have not been reviewed in accordance with standards applicable to review engagements issued by the HKICPA.

Please note that no interim report of Champion REIT for the nine months ended 30 September 2007 will be despatched to the Unitholders.

N. NOTICE OF BOOK CLOSURE PERIOD

In connection with the REIT EGM, the register of Unitholders will be closed from 3 March 2008 to 6 March 2008, both days inclusive, during which period no transfers of Units will be effected. For those Unitholders who are not already on the register of Unitholders, in order to qualify to attend and vote at the REIT EGM and to qualify for entitlement to the Final 2007 Distribution, all Unit certificates accompanied by the duly completed transfers must be lodged with Champion REIT's Unit registrar, Computershare Hong Kong Investor Services

Limited of 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 29 February 2008.

O. INDICATIVE TIMETABLE

Please see below an indicative timetable showing the key dates of the relevant events for this Transaction:

Event	Date and Time
Latest date and time for lodging transfers of Units to qualify for attending the REIT EGM and for entitlement to the Final 2007 Distribution	29 February 2008 at 4:30 p.m.
Latest date and time for lodging proxy forms for the REIT EGM	: 4 March 2008 at 10:30 a.m.
Record date for Final 2007 Distribution	: 6 March 2008
Record date for the REIT EGM	: 6 March 2008
Date and time of the REIT EGM	: 6 March 2008 at 10:30 a.m.
If the approvals sought at the REIT EGM are obtained:	
Close of the Unit Placement	: To be determined by the REIT Manager (but no later than the target date for Completion)
Close of the Bond Placement	: To be determined by the REIT Manager (but no later than the target date for Completion)
Issue of the Consideration Units	: To be determined by the REIT Manager (but no later than the target date for Completion)
Target date for Completion	: To be determined by the REIT Manager (but in any event no later than 30 June 2008, being the Long Stop Date)

Further announcement(s) will be made by the REIT Manager in relation to those events which are scheduled to take place after the REIT EGM as and when appropriate in accordance with applicable regulatory requirements.

At the request of the REIT Manager, Great Eagle and Treasure Source Limited, trading in the Units, the shares of Great Eagle and the 2006 Convertible Bonds has been suspended from 9:30 a.m. on 14 February 2008 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Units, the shares of Great Eagle and the 2006 Convertible Bonds with effect from 9:30 a.m. on 15 February 2008.

As the Transaction may or may not complete, Unitholders and prospective investors of Champion REIT, Shareholders and prospective investors of Great Eagle and holders of the 2006 Convertible Bonds and prospective investors of the 2006 Convertible Bonds are advised to exercise caution when dealing in the Units of Champion REIT, the Shares of Great Eagle and the 2006 Convertible Bonds.

DEFINITIONS

In this announcement, the following definitions apply throughout unless otherwise stated:

2006 Convertible Bonds	The 2% coupon convertible bonds due 2011 with an outstanding principal amount of HK\$765 million issued by a Group Company in connection with the transactions described in the circular issued by Champion REIT to Unitholders dated 15 December 2006.
2006 Facility	The secured credit facility for the aggregate amount of HK\$7,200 million extended to CP Finance Limited, a company incorporated in Hong Kong with limited liability which is wholly-owned and controlled by the Trustee, for a term of five years from the Listing Date, comprising a term loan facility in the amount of HK\$7,000 million and a HK\$200 million revolving credit facility, pursuant to the 2006 Facility Agreement.
2006 Facility Agreement	The loan agreement entered into by CP Finance Limited, a company incorporated in Hong Kong with limited liability which is wholly-owned and controlled by the Trustee, on 26 April 2006 in connection with the IPO, in the amount of HK\$7,200 million for a term of five years from the Listing Date, comprising the 2006 Facility and, where relevant, the security and other agreements relating to the 2006 Facility.
2008 Continuing Connected Party Transactions	The continuing connected party transactions of Champion REIT which are described in the section headed “2008 Continuing Connected Party Transactions of Champion REIT” in this announcement.
2008 Convertible Bonds	The convertible bonds to be issued in connection with the Transaction for aggregate gross issue proceeds of up to HK\$5,200 million.
2008 Convertible Bondholders	Holders of the 2008 Convertible Bonds.
2008 Convertible Bond Placement Pricing Date	The date of the pricing of the 2008 Convertible Bonds.

2008 Convertible Bond Trust Deed	The trust deed constituting the 2008 Convertible Bonds intended to be entered into between the CB Issuer, the REIT Manager, the Trustee and the 2008 Convertible Bond Trustee.
2008 Convertible Bond Trustee	The intended trustee of the 2008 Convertible Bonds, being Citibank, N.A., London Branch.
2008 CPT Waiver	The conditional waiver from strict compliance with the requirements of Chapter 8 of the REIT Code in respect of the 2008 Continuing Connected Party Transactions, an application for which has been made to the SFC, and the key terms upon which the application is made are summarized in the section headed “2008 Continuing Connected Party Transactions of Champion REIT” in this announcement.
2008 Finance Company	The intended borrower of the Debt Facility, being Trump Treasure Limited, a company incorporated in Hong Kong with limited liability which is indirectly wholly-owned and controlled by the Trustee.
Acquired LP Office Tower	The Langham Place Office Tower (excluding the Excluded Areas), to be more fully described in the Champion REIT Circular.
Adjusted Net Asset Value	The net asset value of Renaissance as of the Completion Date, after making the adjustments specified in the Renaissance Purchase Agreement and more particularly described in the section headed “The Purchase Agreements – Total Consideration” in this announcement.
Affected Tenancies	Those tenancy agreements in respect of certain parts of the Acquired LP Office Tower existing as at the Completion Date and any renewal thereof pursuant to any option to renew granted under such tenancy agreements (if any), the tenants of which may be using the tenanted premises or parts thereof for purposes other than office use and “ Affected Tenancy ” shall mean any one of those tenancy agreements.
Agreed Value	The agreed value of the New Property for the purpose of determining the consideration payable in connection with the Sale and Purchase, being HK\$12,500 million.
Ancillary Costs	The ancillary costs associated with the Transaction, estimated to be HK\$325 million based on the Illustrative Financing Structure, such as: (1) acquisition fees of approximately HK\$125 million;

(2) marketing, promotional and roadshow expenses; and (3) fees for accounting, legal and other professional services.

Applicable Conversion Period	A period to be agreed between the Bond Placement Underwriter and the REIT Manager at the time of placement of the 2008 Convertible Bonds, which is anticipated to be 10 trading days (and is subject to further negotiation).
Applicable Issue Price	Has the meaning ascribed to this term in the section headed “The Purchase Agreements – Total Consideration – Completion Amounts” in this announcement.
Appraised Value	The value, as appraised by the Independent Property Valuer, of the New Property or the Existing Property (whichever is appropriate) at the Valuation Reference Date.
Authorised Issue	2,801,436,491 Units, being 100% of the number of Units in existence as at 4 February 2008.
Best Noble	Best Noble Enterprises Limited, a company incorporated in the British Virgin Islands.
Board	The board of directors of the REIT Manager.
Bond Placement	The proposed placement of 2008 Convertible Bonds in order to part-finance the Total Renaissance Consideration and the repayment of the Existing LP Facility.
Bond Placement Underwriter	The international investment bank(s) selected by Champion REIT to underwrite the Bond Placement.
Business Day	Any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between the hours of 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general business in Hong Kong.
CAF Estate Manager	The Great Eagle Properties Management Company, Limited, the estate manager appointed by the Registered Holder under the management agreement between the Registered Holder and the CAF Estate Manager relating to the further delegation by the Registered Holder to the CAF Estate Manager of the management functions delegated to it by the DMC Manager under a deed of delegation between the DMC Manager and the Registered Holder.

Cash Return	Has the meaning ascribed to this term in the section headed “Financing of the Sale and Purchase – Cash Consideration – Bond Placement” in this announcement.
Cash Settlement Amount	The cash settlement amount being payable by the Swap Counterparty to each of the Interest Rate Swap Companies as a result of the Interest Rate Swap Amendment, more particularly described in the section headed “Termination of Yield Stabilization Arrangements – Interest Rate Swap Amendment” in this announcement.
CB Issuer	The intended issuer of the 2008 Convertible Bonds, being Fair Vantage Limited, a company incorporated in Hong Kong with limited liability and which is indirectly wholly-owned and controlled by the Trustee.
Champion REIT	Champion Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified for the time being, subject to applicable conditions from time to time, or Champion Real Estate Investment Trust and the Group Companies, as the context requires.
Champion REIT Circular	The circular to be issued by Champion REIT in connection with the Sale and Purchase and other matters described in this announcement.
Completion	The completion of the Sale and Purchase pursuant to the Purchase Agreements.
Completion Amounts	Has the meaning ascribed to this term in the section headed “The Purchase Agreements – Total Consideration” in this announcement.
Completion Date	The date that Completion occurs, as more particularly described in the section headed “The Purchase Agreements – Completion” in this announcement.
Completion Notice	The written notice from the Purchaser to the Vendors stating that the Purchaser is prepared to proceed with Completion subject to other Conditions being met at the Completion Date.
Conditions	The conditions precedent to Completion.

Connected person	Has the meaning ascribed to this term in the REIT Code unless otherwise defined.
Consideration Units	The new Units to be issued by the REIT Manager to the GE Holder in connection with the Sale and Purchase.
Consideration Unit Amount	Has the meaning ascribed to this term in the section headed “The Purchase Agreements – Total Consideration” in this announcement.
Conversion Units	The new Units that may be issued upon conversion of the 2008 Convertible Bonds.
Conversion Value	The amount that is, on any particular trading day, equal to the Conversion Ratio in effect on such trading day multiplied by the closing price of the Units on such trading day.
Debt Facility	The term loan intended to be established pursuant to a loan agreement intended to be entered into between the 2008 Finance Company and a syndicate of banks, for gross proceeds of up to HK\$3,600 million, more particularly described in the section headed “Financing of the Sale and Purchase – Debt Facility and Revolving Credit Facility” in this announcement.
Deed of Amendment of Distribution Entitlement Waiver Deed	The deed to achieve the Distribution Entitlement Waiver Termination, described more particularly in the section headed “Termination of Yield Stabilization Arrangements for Champion REIT – Distribution Entitlement Waiver Termination” in this announcement.
Deed of Ratification and Accession	The deed of ratification and accession to be entered into by each of the Registered Holder, Renaissance, the Langham Place Mall Estate Manager, the REIT Manager and the Property Manager at Completion and described more particularly in the section headed “The Purchase Agreements – Deed of Ratification and Accession” in this announcement.
Deeds of Tax Covenant	The deeds of tax covenant to be entered into by each of the Vendors and the Guarantor in favour of the Purchaser, the relevant LP Property Company (and, in the case of Ernest Limited, the Registered Holder), pursuant to the applicable Purchase Agreement.
Deed of Undertaking and Indemnity	The deed of undertaking and indemnity to be entered into by the Purchaser, the Registered Holder, Renaissance, the Vendors and Great Eagle at

	Completion and described more particularly in the section headed “The Purchase Agreements – Deed of Undertaking and Indemnity” in this announcement.
Deposited Property	All the assets of Champion REIT, including the Existing Property and, from and after Completion, the New Property.
Discretionary Distribution	Has the meaning ascribed to this term in the section headed “Termination of Yield Stabilization Arrangements for Champion REIT – Interest Rate Swap Amendment” in this announcement.
Distribution Entitlement Waiver Deed	The distribution entitlement waiver deed between the REIT Manager, the Trustee, the Distribution Entitlement Waiver Parties, Great Eagle and Kerry Properties Limited, dated 26 April 2006.
Distribution Entitlement Waiver Parties	Top Domain, Fortune Mega Investments Limited and Wing Tai Corporation Limited.
Distribution Entitlement Waiver Termination	Has the meaning ascribed to this term in the section headed “Termination of Yield Stabilization Arrangements for Champion REIT – Distribution Entitlement Waiver Termination” in this announcement.
Distribution Entitlement Waiver Units	The Units in respect of which Top Domain has waived its distribution entitlement pursuant to the Distribution Entitlement Waiver Deed, in respect of the financial year ending 31 December 2008, being 269,899,175 Units, representing 20% of the Units held by Top Domain as at the Listing Date.
DMC	The Deed of Mutual Covenant and Management Agreement of Langham Place dated 27 June 2005 and registered in the Land Registry by Memorial No. 05070702560915.
DMC Manager	The manager appointed from time to time pursuant to the DMC, which is currently The Great Eagle Properties Management Company, Limited, an indirectly wholly-owned subsidiary of Great Eagle.
DPU	Distribution per Unit.
DPU from Enlarged Operations	The forecast annualized cash DPU for the Forecast Period that Unitholders would receive from continuous operations of the Existing Property and Enlarged Portfolio according to the Profit Forecast and based on the assumptions as to be set out more specifically in the Champion REIT Circular.

DPU from Existing Operations	HK\$0.24, being the forecast cash DPU for the Forecast Period that Unitholders would receive from continuous operations of the Existing Property according to the Profit Forecast and based on the assumptions as to be set out more specifically in the Champion REIT Circular.
Enlarged Portfolio	The Existing Property and the New Property.
Ernest Limited	Ernest Limited, a company incorporated in the Cayman Islands.
Excluded Areas	Levels 35, 36, 37 and 55 of Langham Place Office Tower, which are owned by Independent Third Parties and the common areas and common facilities of the Langham Place Office Tower.
Excluded GE Associates	Associates (as defined in the REIT Code) of Great Eagle that are Excluded Associates as defined under the Trust Deed.
Existing Continuing Connected Party Transactions	The existing continuing connected party transactions between Champion REIT and its connected persons, save and except the Trustee, of which the waiver from strict compliance with the requirements of the REIT Code will expire on 31 December 2008.
Existing CPT Waiver	The SFC waiver obtained by Champion REIT from strict compliance with the disclosure and unitholders' approval requirements under Chapter 8 of the REIT Code, in relation to the Existing Continuing Connected Party Transactions.
Existing LP Facility	The loan facility in the maximum principal amount of HK\$5,000 million, made available to Renaissance by a syndicate of banks, with Hang Seng Bank Limited acting as agent, pursuant to an agreement dated 25 August 2005, and secured by fixed and floating charges over the assets of Renaissance and the Registered Holder, including the New Property.
Existing LP Guarantee	The Guarantee dated 25 August 2005 made by Great Eagle in favour of the syndicate of banks under the Existing LP Facility and Hang Seng Bank Limited, as agent, to guarantee, inter alia, all the liabilities and obligations of Renaissance under the Existing LP Facility.
Existing Property	The property owned by Champion REIT as at 4 February 2008, being Citibank Plaza located at 3 Garden Road, Central, Hong Kong, with the exception of the 3 rd Floor (other than the circulation area) and the whole of 4 th , 5 th and 6 th Floors of

	Citibank Tower, a detailed description of which is to be set out in the Champion REIT Circular.
First 2008 Distribution	The distribution entitlement of each Unitholder in respect of the distribution period for the six month period ending 30 June 2008.
Final 2007 Distribution	The distribution entitlement of each Unitholder in respect of the distribution period for the six month period ended 31 December 2007.
Final 2008 Distribution	The distribution entitlement of each Unitholder in respect of the distribution period for the six month period ending 31 December 2008.
Final Termination Amount	The Initial Termination Amount, adjusted in accordance with the section headed “Termination of Yield Stabilization Arrangements for Champion REIT – Distribution Entitlement Waiver Termination” in this announcement.
Forecast Period	The period from 1 January 2008 to 31 December 2008.
GE Associates	The controlling entities, holding companies, subsidiaries and associated companies of Great Eagle. For the purposes of this definition, “ controlling entity ” and “ associated company ” shall have their respective meanings under the REIT Code.
GE Entities or Great Eagle Group	Great Eagle and its subsidiaries.
GE Holder	The GE Entity (which may be the Renaissance Vendor) designated by the Renaissance Vendor for the purpose of holding the Consideration Units to be issued at Completion in accordance with the Renaissance Purchase Agreement.
GE Placing Company	The GE Entity or GE Entities (as determined by Great Eagle) that will place the Third Party Sale Units and to whom the Subscription Units will be issued in connection with the Placing and Top-Up Subscription Mechanism.
GE Proportionate Holding	Means, as at any particular time, a proportion, the numerator of which is the number of Units held by GE Entities and the denominator of which is the aggregate number of Units issued and outstanding as at such time.
GE/SFK Connected Persons	Collectively, the Great Eagle Connected Persons Group and the SFK Connected Persons Group.

General Mandate	The authority conferred upon the REIT Manager under paragraph 12.2 of the REIT Code and Clause 7.1.6 of the Trust Deed pursuant to which Units may be issued in any financial year otherwise than on a pro rata basis to all existing Unitholders, without the approval of the Unitholders, if the total number of new Units issued (after making certain adjustments, including adjustments as a result of additional Units issuable under any convertible instrument) does not increase the number of Units that were outstanding at the end of the previous financial year by more than 20% (or such other percentage of outstanding Units as may, from time to time, be prescribed by the SFC).
General Mandate Conversion Units	The Conversion Units that will be issued, upon conversion of the 2008 Convertible Bonds that are issued, outside the authority given in relation to the Authorised Issue but pursuant to the General Mandate from time to time.
Government	The government of Hong Kong.
Government Grant	In respect of the New Property or the Existing Property, as the case may be, the Government lease or the conditions of exchange, as the case may be, and any variation or amendment thereof under which the relevant property is held from the Government.
Grade A office building	An office building that is professionally managed and maintained, attracts high-quality tenants and commands upper-tier rental rates consisting of a structure with high-quality finishes, a flexible layout, large floor plates, spacious lobbies and circulation areas, effective central air-conditioning and lifts zoned for passengers and deliveries of goods, with parking facilities normally available.
Great Eagle or Guarantor	Great Eagle Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 41).
Great Eagle Board/Great Eagle Directors	The board of directors of Great Eagle.
Great Eagle Circular	The circular to be issued by Great Eagle in respect of the Sale and Purchase and Vendor Related Matters.
Great Eagle Connected Persons Group	Any person who is a connected person of Champion REIT as a result of its relationship with Top Domain and/or the REIT Manager.

Group Companies	The companies which are, from time to time, directly or indirectly owned and controlled by the Trustee, and “ Group Company ” means any one of them.
HKS	Hong Kong dollars, the lawful currency of Hong Kong.
HIBOR	The rate of interest offered on Hong Kong dollar loans by banks in the Hong Kong interbank market for a specified period ranging from overnight to one year.
Hong Kong	The Hong Kong Special Administrative Region of the People’s Republic of China.
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited or any successor thereto.
Illustrative Financing Structure	Has the meaning ascribed to this term in the section headed “Financing of the Sale and Purchase” in this announcement.
Independent Board Committee	The independent committee of the Board established to advise the independent Unitholders on the Transaction, comprising Mr. Cha Mou Sing, Payson, Mr. David Gordon Eldon and Mr. Shek Lai Him, Abraham.
Independent Financial Adviser	Somerley Limited, a licensed corporation entitled to carry out various regulated activities under the Securities and Futures Ordinance.
Independent Property Valuer	Savills Valuation and Professional Services Limited.
Independent Third Parties	Persons who, so far as the REIT Manager is aware, after due enquiry, are not connected persons of Champion REIT or Great Eagle, and who are parties independent of Champion REIT, Great Eagle and their respective connected persons. Where the term is used in the context of the placement of the Third Party Sale Units only, “ Independent Third Parties ” shall mean persons who, so far as the REIT Manager and the Great Eagle Directors are aware, after due enquiry: (i) are not connected persons of Champion REIT or Great Eagle (other than Excluded GE Associates); (ii) are parties independent of Champion REIT, Great Eagle and their respective connected persons (other than any Excluded GE Associate); and (iii) are not connected persons (as defined under the Listing Rules) of Great Eagle and are independent of and not connected with Great Eagle and its connected persons (as

defined under the Listing Rules).

Initial 2008 CPT Waiver Period	Has the meaning ascribed to this term in the section headed “2008 Continuing Connected Party Transactions of Champion REIT” in this announcement.
Initial Conversion Price	The price at which the 2008 Convertible Bonds are convertible into Units (before any adjustments which may apply under the terms of the 2008 Convertible Bonds) to be agreed between the Bond Placement Underwriter and the REIT Manager at the 2008 Convertible Bond Placement Pricing Date, provided that the Initial Conversion Price shall be equal to or greater than the closing price of the Units on the same date.
Initial Termination Amount	Has the meaning ascribed to this term in the section headed “Termination of Yield Stabilization Arrangements for Champion REIT – Distribution Entitlement Waiver Termination” in this announcement.
Insurance Agent	A member of the Great Eagle Connected Persons Group which will from time to time provide insurance agency services to Champion REIT, as more particularly described in the section headed “2008 Continuing Connected Party Transactions of Champion REIT – Expenditure Transactions – Insurance Agency Arrangement” in this announcement.
Interest Rate Swaps	The interest rate swaps entered into by the Interest Rate Swap Companies pursuant to the Interest Rate Swap Agreement.
Interest Rate Swap Agreement	The agreement between the Interest Rate Swap Companies, the Swap Counterparty and Merrill Lynch & Co., Inc. (as guarantor), entered into on 24 April 2006 and for a term of five years effective from the Listing Date, pursuant to which the Interest Rate Swaps were entered into, as amended from time to time.
Interest Rate Swap Amendment	The proposed amendment of the Interest Rate Swaps, more particularly described in the section headed “Termination of Yield Stabilization Arrangements for Champion REIT – Interest Rate Swap Amendment” in this announcement.
Interest Rate Swap Companies	Collectively: (1) CP (SH) Limited; (2) CP (MC) Limited; (3) CP (PH) Limited; (4) CP (WC) Limited; (5) CP (A1) Limited; and (6) CP (B1)

	Limited, each being wholly-owned and controlled by the Trustee and “ Interest Rate Swap Company ” means any one of them.
IPO	The initial public offering of Units by Champion REIT in May 2006.
IPO Circular	The offering circular dated 11 May 2006 of Champion REIT in connection with the IPO.
Langham Place	The development constructed on the site comprising, inter alia: (1) a 59-storey Grade A office building; (2) a 15-storey shopping mall; (3) a 42-storey 5-star hotel (comprising 665 guest rooms); (4) a 250-space private carpark; and (5) other governmental, institutional and community facilities.
Langham Place Carpark	The carpark portion of Langham Place, to be more fully described in the Champion REIT Circular.
Langham Place Hotel	The hotel portion of Langham Place, to be more fully described in the Champion REIT Circular.
Langham Place Mall	The retail mall portion of Langham Place, to be more fully described in the Champion REIT Circular.
Langham Place Mall Estate Management Agreement	The estate management agreement in respect of the Langham Place Mall dated 1 February 2008 and entered into between the Registered Holder and the Langham Place Mall Estate Manager.
Langham Place Mall Estate Manager	The estate manager of the Langham Place Mall appointed from time to time pursuant to the Langham Place Mall Estate Management Agreement, which is currently The Great Eagle Properties Management Company, Limited.
Langham Place Office Tower	The office portion of Langham Place, to be more fully described in the Champion REIT Circular.
Listing Date	24 May 2006, being the date on which the Units were first listed on the Hong Kong Stock Exchange.
Listing Rules	The listing rules of the Hong Kong Stock Exchange.
Long Stop Date	30 June 2008.
LP Property Companies	Renaissance, Ernest Limited (the 100% owner of the Registered Holder) and Best Noble, and “ LP Property Company ” means any one of them, provided that, for purposes of convenience, the Registered Holder shall also be deemed to be included in the definition of "LP Property Companies" when such definition is used in

	connection with the presentation of the financial information of the LP Property Companies and the Registered Holder.
LP Property Company Shares	All the issued shares in the capital of each of the LP Property Companies.
LP Licence Agreements	Licence agreements entered into between the LP Property Companies and/or the Registered Holder and Langham Hotels International Limited, as to be more particularly described in the Champion REIT Circular.
LP Tenancy Agreements	Tenancy agreements entered into between the LP Property Companies and/or the Registered Holder and members of the Great Eagle Connected Persons Group in respect of the New Property, as to be more particularly described in the Champion REIT Circular..
Main Board	The stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange.
Net Amount	Has the meaning ascribed to this term in the section headed “Financing of the Sale and Purchase – Cash Consideration – Bond Placement” in this announcement.
New Property	The New Property comprises: (1) the Langham Place Mall; (2) the Acquired LP Office Tower; (3) the Langham Place Carpark; and (4) the Reserved Areas.
Ordinary Resolution	A resolution of Unitholders passed by a simple majority of the votes of those present, whether in person or by proxy, and entitled to vote, where the votes shall be taken by way of poll, but with a quorum of two or more Unitholders holding at least 10% of the Units in issue.
Placing and Top-Up Subscription Mechanism	The arrangement whereby the GE Placing Company will through placing agents place Units with an aggregate gross placement amount of up to HK\$4,536 million (i.e., the Third Party Sale Units) to institutional and/or other professional investors who are Independent Third Parties and subscribe for the same number of Units at the same price per Unit (i.e. the Subscription Units).

Placement Units	The Third Party Placement Units and the Subscription Units (if any).
PMA Transactions	Has the meaning ascribed to this term in the section headed “2008 Continuing Connected Transactions of Champion REIT – Property Management Transactions” in this announcement.
Post-Completion Adjustment	The adjustment payment to be made by or to the Renaissance Vendor pursuant to the Renaissance Purchase Agreement, as more fully described in the section headed “The Purchase Agreements – Post-Completion Adjustment under Renaissance Purchase Agreement” in this announcement.
Profit Forecast	The profit forecast of Champion REIT in respect of the “ Forecast Period ” as to be set out more specifically in the Champion REIT Circular.
Pro Forma Completion Balance Sheet	The pro forma completion balance sheet for Renaissance to be prepared to determine the Adjusted Net Asset Value as of the Completion Date.
Property Management Agreement	The property management agreement dated 26 April 2006 entered into between the REIT Manager and the Property Manager.
Property Manager	Eagle Property Management (CP) Limited, an indirectly wholly-owned subsidiary of Great Eagle, in its capacity as the property manager of Champion REIT.
Purchase Agreements	Collectively: (1) the Renaissance Purchase Agreement; (2) the conditional sale and purchase agreement dated 14 February 2008 and entered into between the relevant Vendor, the Guarantor and the Purchaser in relation to the acquisition of Best Noble; and (3) the conditional sale and purchase agreement dated 14 February 2008 and entered into between the relevant Vendor, the Guarantor and the Purchaser in relation to the acquisition of Ernest Limited.
Purchaser	The Trustee on behalf of Champion REIT.
Reference Date	30 September 2007.
Registered Holder	Benington Limited, a company incorporated in Hong Kong with limited liability.

REIT Code	The Code on Real Estate Investment Trusts published by the SFC as amended, supplemented or otherwise modified for the time being.
REIT EGM	The extraordinary general meeting of Unitholders convened by and referred to in the REIT EGM Notice.
REIT EGM Notice	The notice in respect of the REIT EGM to consider and, if thought fit, approve the REIT EGM Resolution.
REIT EGM Resolution	The Ordinary Resolution to be passed at the REIT EGM.
REIT Manager	Eagle Asset Management (CP) Limited, an indirectly wholly-owned subsidiary of Great Eagle, in its capacity as manager of Champion REIT.
Renaissance	Renaissance City Development Company Limited, a company incorporated in Hong Kong, which is an indirectly wholly-owned subsidiary of Great Eagle.
Renaissance Purchase Agreement	The conditional sale and purchase agreement dated 14 February 2008 and entered into between the Renaissance Vendor, the Guarantor and the Purchaser in relation to the acquisition of Renaissance.
Renaissance Shares	All the issued shares in the capital of Renaissance.
Renaissance Vendor	The Great Eagle Company, Limited, a company incorporated in Hong Kong.
Reserved Areas	Those parts of Langham Place not specifically included in the Langham Place Hotel, the Langham Place Mall, the Langham Place Office Tower, the Langham Place Carpark, the governmental facilities of Langham Place or the common areas and common facilities of Langham Place and reserved for the exclusive use and enjoyment of the Registered Holder including, without limitation, certain signage spaces of Langham Place, as more particularly described in the DMC.
Revolving Credit Facility	The revolving credit facility for up to HK\$500 million intended to be established pursuant to a loan agreement to be entered into between the 2008 Finance Company and a syndicate of banks, more particularly described in the section headed “Financing of the Sale and Purchase – Debt Facility and Revolving Credit Facility” in this announcement.

Sale and Purchase	The proposed sale and purchase by the Purchaser and the Vendors of the LP Property Company Shares and the Vendor Loan for the Total Consideration pursuant to the Purchase Agreements.
SFC	The Securities and Futures Commission of Hong Kong.
SFK	SFK Construction Holdings Limited, a company incorporated in Bermuda with limited liability.
SFK Connected Persons Group	The related trust and companies of SFK, or any person who is a connected person of Champion REIT as a result of its relationship with SFK.
SFK Deed of Novation	The deed of transfer dated 1 February 2008 entered into by and among Renaissance, the Renaissance Vendor and SFK Limited, whereby the payment obligations of Renaissance under the construction contract in relation to the construction of the New Property was novated to the Renaissance Vendor and Renaissance was released from all such obligations.
SFK Entities	SFK and its subsidiaries.
SFK Limited	Sun Fook Kong Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, being a wholly-owned subsidiary of SFK.
Share Consideration	In respect of any particular LP Property Company Shares, the consideration payable by the Purchaser to the relevant Vendor of such LP Property Company Shares, as more particularly described in the section headed “The Purchase Agreements – Total Consideration” in this announcement.
Shareholder(s)	The shareholder(s) of Great Eagle.
significant holder	Has the meaning ascribed to this term in the REIT Code.
Subscription Units	The Units that may be issued to the GE Placing Company (being the same in number as the Third Party Sale Units placed by the GE Placing Company to Independent Third Parties under the Placing and Top-Up Subscription Mechanism, if any), and which would form part of the Placement Units to be issued.
Swap Counterparty	Merrill Lynch Capital Markets Bank Limited.

Swap Rate	The rate of the fixed leg component of the Interest Rate Swaps as to be more particularly described in the Champion REIT Circular.
Swap Settlement Date	The date agreed between the Interest Rate Swap Companies and the Swap Counterparty for the coming into effect of the Interests Rate Swap Amendment.
tenancy	A lease, tenancy agreement or licence in respect of premises granted to a tenant and “tenancies” shall be construed accordingly.
tenant	A lessee, tenant or licensee, as the case may be, under a lease, tenancy agreement or licence.
Termination of Yield Stabilization Arrangements	Collectively, the Distribution Entitlement Waiver Termination and the Interest Rate Swap Amendment, more particularly described in the section headed “Termination of Yield Stabilization Arrangements for Champion REIT” in this announcement.
Third Party Placement Units	The Units intended to be offered to Independent Third Parties, pursuant to the Unit Placement.
Third Party Sale Units	The Units intended to be placed by Great Eagle to Independent Third Parties pursuant to the Placing and Top-Up Subscription Mechanism.
Top Domain	Top Domain International Limited, a company incorporated in the British Virgin Islands and which is indirectly wholly-owned by Great Eagle.
Total Consideration	The aggregate consideration payable by the Purchaser for the Sale and Purchase pursuant to the Purchase Agreements, as described more fully in the section headed “The Purchase Agreements – Total Consideration” in this announcement.
Total Floor Area	In respect of a property: (1) that portion of the area of that property contained within the external faces of the external walls of the building measured on each floor level; and (2) a pro rata portion of the common areas and/or area of the mechanical and electrical floors of the building.
Total Renaissance Consideration	The aggregate consideration payable by the Purchaser for the acquisition of Renaissance and the Vendor Loan pursuant to the Renaissance Purchase Agreement, as described more fully in the section headed “The Purchase Agreements – Total Consideration” in this announcement.

Transaction	Collectively: (1) the Sale and Purchase (and the consummation of the transactions contemplated thereby, including the repayment of the Existing LP Facility); (2) the entering into and performance of each of the Purchase Agreements; (3) the entering into and performance of the Deed of Undertaking and Indemnity; (4) the entering into and performance of the Deeds of Tax Covenant; (5) the entering into and performance of the Deed of Ratification and Accession; (6) the issue of the Consideration Units by the REIT Manager to the GE Holder; (7) the consummation of the transactions contemplated by the Deed of Amendment of Distribution Entitlement Waiver Deed, including the making of the payments contemplated thereunder; (8) the Unit Placement, the Bond Placement, the issuance of the Placement Units under the Unit Placement and the issuance of any Conversion Units in accordance with the terms of the 2008 Convertible Bonds; (9) the entering into of the Revolving Credit Facility and the Debt Facility; and (10) the issue of the Subscription Units (if any) pursuant to the Placing and Top-Up Subscription Mechanism; and (11) the Interest Rate Swap Amendment.
Transactions Requiring Approval	The transactions which require the approval of the Unitholders by way of Ordinary Resolution at the REIT EGM.
Trust Deed	The trust deed constituting Champion REIT dated 26 April 2006, as supplemented by a first supplemental deed dated 5 December 2006 and a second supplemental deed dated 4 February 2008, entered into between the Trustee and the REIT Manager, as the same may be supplemented or amended from time to time.
Trustee	HSBC Institutional Trust Services (Asia) Limited, as trustee of Champion REIT.
Unit	One undivided unit in Champion REIT.
Unit Placement	The proposed placement of Placement Units (by Champion REIT) and the Third Party Sale Units (by the GE Placing Company), as applicable, in order to part-finance the Total Renaissance Consideration.
Unit Placement Pricing Date	Has the meaning ascribed to that term in the section headed “Financing of the Sale and Purchase - Cash Consideration – Unit Placement – Placement Units” in this announcement.

Unit Placement Underwriter	The international investment bank(s) selected by Champion REIT to underwrite the Unit Placement.
Unitholder	Any person registered as holding a Unit.
Valuation Reference Date	30 November 2007.
Vendor Loan	The amount owing by Renaissance to the Renaissance Vendor as of the Completion Date.
Vendor Related Matters	The entering into and performance of all arrangements and/or agreements made incidental to the Purchase Agreements and the transactions contemplated thereunder.
Vendors	Collectively, the respective vendors of the LP Property Company Shares, being: (1) the Renaissance Vendor in respect of Renaissance; (2) Acefield Investments Limited (a company incorporated in the British Virgin Islands) in respect of Ernest Limited; and (3) Truefaith Developments Limited (a company incorporated in the British Virgin Islands) in respect of Best Noble, each of which is indirectly wholly-owned by Great Eagle, and “ Vendor ” means any one of them.
%	Per centum or percentage.

By Order of the Board
Great Eagle Holdings Limited

TSANG Yiu Wing, Peter
Company Secretary

As at the date of this announcement, the board of directors of Great Eagle Holdings Limited comprises:

*Dr. Lo Ka Shui (Chairman and Managing Director), Mr. Lo Kai Shui (Deputy Managing Director), Mrs. Lo To Lee Kwan, *Mr. Cheng Hoi Chuen, Vincent, *Professor Wong Yue Chim, Richard, *Mrs. Lee Pui Ling, Angelina, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent, Dr. Lo Ying Sui, Archie and Mr. Kan Tak Kwong*

**Independent Non-Executive Directors*

By Order of the Board
Eagle Asset Management(CP) Limited

(as manager of Champion Real Estate Investment Trust)

LO Ka Shui
Chairman

As at the date of this announcement, the board of directors of Champion Real Estate Investment Trust comprises:

Non-Executive Directors

Dr. Lo Ka Shui (Chairman), Mr. Cheng Wai Chee, Christopher, Mr. Lo Kai Shui and Mr. Ho Shut Kan

Executive Directors

Mr. Jeremy Bellinger Stewardson (Chief Executive Officer)

Independent Non-Executive Directors:

Mr. Cha Mou Sing, Payson, Mr. David Gordon Eldon and Mr. Shek Lai Him, Abraham

By Order of the Board
Treasure Source Limited

LO Ka Shui
Director

As at the date of this announcement, the board of directors of Treasure Source Limited comprises:

Directors

Dr. Lo Ka Shui, Mr. Lo Kai Shui, Mr. Jeremy Bellinger Stewardson

Hong Kong, 14 February 2008

SCHEDULE

Unaudited Results of Champion REIT for the Nine Months ended 30 September 2007

Condensed Consolidated Income Statement For the nine months ended 30 September 2007

	<u>NOTES</u>	1.1.2007 to <u>30.9.2007</u> HK\$'000 (unaudited)	26.4.2006 to <u>30.9.2006</u> HK\$'000 (unaudited)
Rental income	4	515,092	164,701
Building management fee income		65,117	27,676
Rental related income		233	216
Total revenue		<u>580,442</u>	<u>192,593</u>
Property operating expenses	5	(114,609)	(47,834)
Net property income		<u>465,833</u>	<u>144,759</u>
Interest income		19,900	7,093
Overprovision of listing expenses in prior period		1,975	-
Manager's fee	6	(55,900)	-
Listing expenses		-	(14,649)
Trust and other expenses		(8,215)	(2,293)
Increase in fair value of investment properties		1,912,941	730,000
Change in fair value of derivative component of convertible bonds		(12,011)	-
Change in fair value of rental stabilisation arrangement		1,311	-
Finance costs	7	(283,447)	(114,452)
Profit before tax and distribution to unitholders	8	<u>2,042,387</u>	<u>750,458</u>
Income taxes	9	(359,524)	(133,917)
Profit for the period, before distribution to unitholders		<u>1,682,863</u>	<u>616,541</u>
Distribution to unitholders, accrued	11	(465,690)	(143,023)
Profit for the period, after distribution to unitholders		<u><u>1,217,173</u></u>	<u><u>473,518</u></u>
Basic earnings per unit (HK\$)	12	<u><u>0.60</u></u>	<u><u>0.22</u></u>
Diluted earnings per unit (HK\$)	12	<u><u>0.58</u></u>	<u><u>N/A</u></u>

Condensed Consolidated Balance Sheet
As at 30 September 2007

	<u>NOTES</u>	At <u>30.9.2007</u> HK\$'000 (unaudited)	At <u>31.12.2006</u> HK\$'000 (audited)
Non-current assets			
Investment properties	13	26,535,000	23,500,000
Derivative financial instruments	14	915,167	1,042,052
Rental stabilisation arrangement	15	77,577	-
Deposit for acquisition of investment properties		-	60,000
Total non-current assets		<u>27,527,744</u>	<u>24,602,052</u>
Current assets			
Trade and other receivables	16	37,729	30,157
Bank balances and cash		785,469	1,241,860
Total current assets		<u>823,198</u>	<u>1,272,017</u>
Total assets		<u>28,350,942</u>	<u>25,874,069</u>
Current liabilities			
Trade and other payables	17	940,375	922,372
Deposits received		137,854	92,121
Tax liabilities		149,243	154,890
Distribution payable		465,690	257,039
Total current liabilities		<u>1,693,162</u>	<u>1,426,422</u>
Non-current liabilities, excluding net assets attributable to unitholders			
Secured term loan	18	6,974,386	6,968,587
Convertible bonds	19	790,936	760,328
Deferred tax liabilities	20	515,033	155,888
Total non-current liabilities, excluding net assets attributable to unitholders		<u>8,280,355</u>	<u>7,884,803</u>
Total liabilities, excluding net assets attributable to unitholders		<u>9,973,517</u>	<u>9,311,225</u>
Net assets attributable to unitholders		<u>18,377,425</u>	<u>16,562,844</u>
Number of units in issue ('000)			
	21	<u>2,801,436</u>	<u>2,742,711</u>
Net asset value per unit	22	<u>HK\$6.56</u>	<u>HK\$6.04</u>

Condensed Consolidated Statement of Changes in Net Assets Attributable to Unitholders
For the nine months ended 30 September 2007

	Issued units HK\$'000 (unaudited)	Hedging reserve HK\$'000 (unaudited)	Others HK\$'000 (unaudited)	Profit less distribution HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Issued units on 24 May 2006	13,987,824	-	-	-	13,987,824
Unit issue costs	(193,965)	-	-	-	(193,965)
Net adjustment to hedging reserve	-	(153,604)	-	-	(153,604)
Excess of fair value of Property					
Interests acquired over acquisition cost	-	-	2,526,143	-	2,526,143
Profit for the period, before distribution					
to unitholders	-	-	-	616,541	616,541
Distribution payable	-	-	-	(143,023)	(143,023)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net assets attributable to unitholders as at 30 September 2006	<u>13,793,859</u>	<u>(153,604)</u>	<u>2,526,143</u>	<u>473,518</u>	<u>16,639,916</u>
At 1 January 2007	13,793,859	(225,818)	2,526,143	468,660	16,562,844
Units issued	219,131	-	-	-	219,131
Net adjustment to hedging reserve	-	98,496	-	-	98,496
Excess of fair value of investment properties acquired over acquisition cost	-	-	279,781	-	279,781
Profit for the period, before distribution to unitholders	-	-	-	1,682,863	1,682,863
Distribution payable	-	-	-	(465,690)	(465,690)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net assets attributable to unitholders as at 30 September 2007	<u>14,012,990</u>	<u>(127,322)</u>	<u>2,805,924</u>	<u>1,685,833</u>	<u>18,377,425</u>

Condensed Consolidated Cash Flow Statement
For the nine months ended 30 September 2007

	1.1.2007 to <u>30.9.2007</u> HK\$'000 (unaudited)	26.4.2006 to <u>30.9.2006</u> HK\$'000 (unaudited)
Operating activities		
Profit before tax and distribution to unitholders	2,042,387	750,458
Adjustments for:		
Increase in fair value of investment properties	(1,912,941)	(730,000)
Change in fair value of derivative component of convertible bonds	12,011	-
Change in fair value of rental stabilisation arrangement	(1,311)	-
Overprovision of listing expenses in prior period	(1,975)	-
Manager's fee	55,900	-
Listing expenses	-	14,649
Interest income	(19,900)	(7,093)
Finance costs	283,447	114,452
Operating cash flow before movements in working capital	<u>457,618</u>	<u>142,466</u>
Increase in trade and other receivables	(6,974)	(16,164)
(Decrease) increase in trade and other payables	(14,242)	6,037
Increase in deposits received	45,733	14,884
Cash generated from operations	<u>482,135</u>	<u>147,223</u>
Interest paid	(23,985)	(4,517)
Hong Kong Profits Tax paid	(6,026)	-
Net cash from operating activities	<u>452,124</u>	<u>142,706</u>
Investing activities		
Interest received	19,302	7,093
Cash received from rental stabilisation arrangement	19,374	-
Addition of investment properties	(690,171)	-
Distribution paid	(257,020)	-
Acquisition of property interests	-	(11,350,205)
Net cash used in investing activities	<u>(908,515)</u>	<u>(11,343,112)</u>
Financing activities		
Proceeds from issue of new units	-	6,294,521
Secured term loan raised, net of origination fee	-	6,964,000
Derivative financial instrument for interest rate swap	-	(1,417,000)
Issue costs and listing expenses paid	-	(201,394)
Net cash from financing activities	<u>-</u>	<u>11,640,127</u>
Net (decrease) increase in cash and cash equivalents	<u>(456,391)</u>	<u>439,721</u>
Cash and cash equivalents at beginning of the period	1,241,860	-
Cash and cash equivalents at end of period, represented by bank balances and cash	<u><u>785,469</u></u>	<u><u>439,721</u></u>

Notes to the condensed consolidated financial statements
For the nine months ended 30 September 2007

1. GENERAL

Champion Real Estate Investment Trust ("Champion REIT") is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and its units have been listed on The Stock Exchange of Hong Kong Limited since 24 May 2006 ("Listing Date"). Champion REIT is governed by the deed of trust dated 26 April 2006, as amended by a first supplemental deed dated 5 December 2006 ("Trust Deed"), entered into between Eagle Asset Management (CP) Limited (the "REIT Manager") and HSBC Institutional Trust Services (Asia) Limited (the "Trustee"), and the Code on Real Estate Investment Trusts (the "Code") issued by the Securities and Futures Commission of Hong Kong.

The principal activity of Champion REIT and its controlled entities (the "Group") is to own and invest in income-producing commercial properties in Hong Kong with the objective of producing stable and sustainable distributions to unitholders and to achieve long term growth in the net asset value per unit.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Listing Rules), Hong Kong Accounting Standard 34 (HKAS 34), Interim Financial Reporting issued by Hong Kong Institute of Certified Public Accountants, and the Code.

The condensed consolidated financial statements for the current period cover the nine-month period ended 30 September 2007. The corresponding comparative amounts shown for the condensed consolidated income statement, statement of changes in net assets attributable to unitholders, cash flow statement and related notes cover the period from 26 April 2006 (the date of establishment of Champion REIT) to 30 September 2006 and therefore may not be comparable with the amounts shown for the current period.

Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical basis, except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the period ended 31 December 2006.

2. PRINCIPAL ACCOUNTING POLICIES - continued

In the current interim period, the Group has applied, for the first time, the following new standard, amendment and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Group's financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC) - Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK(IFRIC) - Int 8	Scope of HKFRS 2 ³
HK(IFRIC) - Int 9	Reassessment of Embedded Derivatives ⁴
HK(IFRIC) - Int 10	Interim Financial Reporting and Impairment ⁵

¹Effective for annual periods beginning on or after 1 January 2007

²Effective for annual periods beginning on or after 1 March 2006

³Effective for annual periods beginning on or after 1 May 2006

⁴Effective for annual periods beginning on or after 1 June 2006

⁵Effective for annual periods beginning on or after 1 November 2006

The Group has not early applied the new standards, amendments or interpretations that have been issued but are not yet effective. The REIT Manager anticipates that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

All of the Group's operations are located and carried out in Hong Kong, and the sole principal activity of the Group is investing in commercial properties. Accordingly, no segment information by business and geographical segment is presented.

4. RENTAL INCOME

	1.1.2007 to <u>30.9.2007</u> HK\$'000 (unaudited)	26.4.2006 to <u>30.9.2006</u> HK\$'000 (unaudited)
Rental income	506,124	160,637
Car park income	8,968	4,064
	<u>515,092</u>	<u>164,701</u>

5. PROPERTY OPERATING EXPENSES

	1.1.2007 to <u>30.9.2007</u> HK\$'000 (unaudited)	26.4.2006 to <u>30.9.2006</u> HK\$'000 (unaudited)
Building management fees	66,383	28,538
Car park operating expenses	1,346	451
Government rent and rates	15,381	5,434
Legal cost and stamp duty	1,917	1,131
Property and lease management service fee	15,340	4,444
Property miscellaneous expenses	1,083	246
Rental commission	12,276	7,468
Repairs and maintenance	883	122
	<u>114,609</u>	<u>47,834</u>

6. MANAGER'S FEE

Pursuant to the Trust Deed, the REIT Manager is entitled to a manager's fee of 12% of the net property income of Champion REIT which amounted to approximately HK\$55,900,000 in respect of the period from 1 January 2007 to 30 September 2007 as Champion REIT achieved a net property income HK\$465,833,000 and exceeded the required threshold of net property income of HK\$200 million each for the six months ended 30 June 2007 and 31 December 2007. The manager's fee is settled in the form of units in Champion REIT.

At 30 September 2006, no liability had been recognised in respect of the manager's fee because the projected net property income for the period from the Listing Date to 31 December 2006 did not expect to reach the required threshold of HK\$270 million.

7. FINANCE COSTS

	1.1.2007 to <u>30.9.2007</u> HK\$'000 (unaudited)	26.4.2006 to <u>30.9.2006</u> HK\$'000 (unaudited)
Finance costs represent:		
Interest expense on bank borrowings wholly repayable within five years	252,992	114,346
Interest expense on convertible bonds wholly repayable within five years	30,031	-
Other borrowing costs	424	106
	<u>283,447</u>	<u>114,452</u>

8. PROFIT BEFORE TAX AND DISTRIBUTION TO UNITHOLDERS

	1.1.2007 to <u>30.9.2007</u> HK\$'000 (unaudited)	26.4.2006 to <u>30.9.2006</u> HK\$'000 (unaudited)
Profit before tax and distribution to unitholders has been arrived at after charging:		
Audit fee	1,607	350
Trustee's fee	3,614	1,518
Principal valuer's fee	90	30
Other professional fee and charges	1,225	395
	<u>1,225</u>	<u>395</u>

9. INCOME TAXES

	1.1.2007 to <u>30.9.2007</u> HK\$'000 (unaudited)	26.4.2006 to <u>30.9.2006</u> HK\$'000 (unaudited)
Hong Kong Profits Tax:		
Current tax	379	196
Deferred tax	359,145	133,721
	<u>359,524</u>	<u>133,917</u>

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 17.5% for the nine months ended 30 September 2007 (26 April 2006 to 30 September 2006: 17.5%).

10. TOTAL DISTRIBUTABLE INCOME

Total distributable income is the profit for the period, before distribution to unitholders as adjusted to eliminate the effects of Adjustments (as set out in the Trust Deed) which have been recorded in the consolidated income statement for the relevant period. The Adjustments to arrive at total distributable income for the period is set out below:

	1.1.2007 to <u>30.9.2007</u> HK\$'000 (unaudited)	26.4.2006 to <u>30.9.2006</u> HK\$'000 (unaudited)
Profit for the period, before distribution to unitholders	1,682,863	616,541
Adjustments:		
Manager's fee settled in units	55,900	-
Overprovision of listing expenses in prior period	(1,975)	-
Listing expenses	-	14,649
Increase in fair value of investment properties	(1,912,941)	(730,000)
Change in fair value of derivative component of convertible bonds	12,011	-
Change in fair value of rental stabilisation arrangement	(1,311)	-
Non-cash finance costs	252,624	108,112
Deferred tax	359,145	133,721
Total distributable income	<u>446,316</u>	<u>143,023</u>

11. DISTRIBUTION STATEMENT

	1.1.2007 to <u>30.9.2007</u> HK\$'000 (unaudited)	26.4.2006 to <u>30.9.2006</u> HK\$'000 (unaudited)
Total distributable income	<u>446,316</u>	<u>143,023</u>
Distributable amount to be paid to unitholders for the period		
- 100% of total distributable income ^(b)	446,316	143,023
- Additional amount at the discretion of REIT Manager ^(c)	19,374	-
	<u>465,690</u>	<u>143,023</u>
Distribution per unit		
- Before taking into account the effect of the Distribution Waiver		
(i) FY 2007 Interim Distribution period ^(d)	<u>HK\$0.0962</u>	<u>N/A</u>
(ii) Distribution for the period from 1 July 2007 to 30 September 2007 ^(f)	<u>HK\$0.0700</u>	<u>N/A</u>
- After taking into account the effect of the Distribution Waiver		
(i) FY 2007 Interim Distribution period ^(e)	<u>HK\$0.1366</u>	<u>N/A</u>
(ii) Distribution for the period from 1 July 2007 to 30 September 2007 ^(f)	<u>HK\$0.0995</u>	<u>N/A</u>

Notes:

- (a) It is the policy of the REIT Manager to distribute 100% of total distributable income plus any additional amount at the discretion of REIT Manager as the distributable amount.
- (b) Pursuant to the Trust Deed, Champion REIT's distribution after the listing date related to the period from 24 May 2006 to 31 December 2006 ("FY06 Distribution Period") and was the only distribution to be made for the financial period of 2006.

11. DISTRIBUTION STATEMENT - continued

Notes: - continued

- (c) Pursuant to the rental stabilisation arrangement (the "Arrangement") as stipulated in the sale and purchase agreement dated 11 December 2006 (the "Agreement") in relation to the acquisition of 3 floors and certain carparking spaces in Citibank Plaza, Elegant Wealth Limited (the "Purchaser"), an entity indirectly wholly-owned and controlled by Champion REIT was paid, out of the designated escrow account, a sum equivalent to the Shortfall (as defined in the Arrangement) on 3 July 2007. At the discretion of REIT Manager, the Shortfall of approximately HK\$17,552,000 and interest earned from the designated escrow account of approximately HK\$1,822,000 was included in the distributable amount for the period from 1 January 2007 to 30 June 2007 ("FY07 Interim Distribution Period").
- (d) Distribution per unit of HK\$0.0962, before taking into account the effect of the Distribution Waiver (as defined in note (e) below), is calculated by dividing the distributable amount of HK\$269,441,000 for the six months ended 30 June 2007 ("FY07 Interim Distribution Period") by 2,801,436,491 units in issue at 7 September 2007, being the close of business on the record date, in respect of FY07 Interim Distribution Period.
- (e) Pursuant to the Distribution Entitlement Waiver Deed dated 26 April 2006, each of Top Domain International Limited, a wholly-owned subsidiary of Great Eagle Holdings Limited, Fortune Mega Investments Limited, a wholly-owned subsidiary of Kerry Properties Limited and Wing Tai Corporation Limited has agreed to waive 55% and 100% of its entitlement to receive distributions for FY07 Interim Distribution Period and FY06 Distribution Period respectively with respect to all of the units it holds as of the Listing Date (the "Distribution Waiver"). After taking into account of the 1,349,495,877 units held by Great Eagle Holdings Limited, 114,796,151 units held by Kerry Properties Limited and 44,198,781 units held by Wing Tai Corporation Limited on Listing Date, the number of units entitled for distribution for the FY07 Interim Distribution Period should be 1,971,766,546 on 7 September 2007. The distribution was paid to unitholders on 3 October 2007.
- (f) As proposed by the REIT Manager, the distribution for the period from 1 July 2007 to 30 September 2007 is to be paid together with the distribution for the period from 1 October 2007 to 31 December 2007 as distribution for the period from 1 July 2007 to 31 December 2007 ("FY07 Final Distribution Period").

Distribution per unit of HK\$0.0700 before taking into account the effect of the Distribution Waiver, is calculated by dividing the distributable amount of HK\$196,249,000 for the three months ended 30 September 2007 by 2,801,436,491 units currently in issue. Such distribution per unit will be adjusted if the actual number of units at the close of business on the record date in respect of FY07 Final Distribution Period is not the same.

Distribution per unit of HK\$0.0995 after taking into account the effect of the Distribution Waiver, is calculated by dividing the distributable amount of HK\$196,249,000 for the three months ended 30 September 2007 by 1,971,766,546 units, which is equivalent to 2,801,436,491 units currently in issue less the total number of units subject to Distribution Waiver as mentioned in note (e) above. Such distribution per unit will be adjusted if the actual numbers of unit at the close of business on the record date in respect of FY07 Final Distribution Period is not the same.

12. BASIC AND DILUTED EARNINGS PER UNIT

	1.1.2007 to <u>30.9.2007</u> HK\$'000 (unaudited)	26.4.2006 to <u>30.9.2006</u> HK\$'000 (unaudited)
Earnings		
Profit for the period, before distribution to unitholders for the purpose of basic earnings per unit	1,682,863	616,541
Interest on convertible bonds	30,031	-
Change in fair value of derivative component of interest on convertible bonds	12,011	-
	<hr/>	<hr/>
Earnings for the purpose of diluted earnings per unit	<u>1,724,905</u>	<u>616,541</u>
Number of units		
Weighted average number of units for the purpose of basic earnings per unit	2,793,965,913	2,742,710,561
Effect of dilutive potential units:		
Units to be issued in respect of manager's fee	5,087,475	-
Convertible bonds	168,131,868	-
	<hr/>	<hr/>
Weighted average number of units for the purpose of diluted earnings per unit	<u>2,967,185,256</u>	<u>2,742,710,561</u>
Basic earnings per unit	<u>HK\$0.60</u>	<u>HK\$0.22</u>
Diluted earnings per unit	<u>HK\$0.58</u>	<u>N/A</u>

13. INVESTMENT PROPERTIES

	At <u>30.9.2007</u> HK\$'000 (unaudited)	At <u>31.12.2006</u> HK\$'000 (audited)
FAIR VALUE		
At the beginning of the period	23,500,000	-
Acquired upon listing	-	22,670,000
Additions during the period	1,122,059	2,632
Increase in fair value during the period	1,912,941	827,368
	<u>26,535,000</u>	<u>23,500,000</u>

On 5 January 2007, the Group completed the acquisition of the whole of the 34th, 36th and 37th Floors of Citibank Tower and 3 carparking spaces on the second basement of Citibank Plaza from Kerry Properties Limited, a connected person within the meaning of the Code, for an aggregate consideration of HK\$922,859,000 comprising payment in cash of HK\$735,112,000 and the issuance of 50,880,000 units which have a fair value of HK\$187,747,000 based on the market unit price of HK\$3.69 per unit at the date of acquisition. Transaction costs for the acquisition of the investment properties, including an amount of HK\$9,946,000 paid to the REIT Manager as acquisition fee, amounted to HK\$15,059,000.

The fair value of the investment properties acquired, based on an independent valuation performed by Savills Valuation and Professional Services Limited, an independent qualified professional valuer not connected to the Group, was HK\$1,107,000,000. The consideration and fair value of the investment properties together with the rental stabilisation arrangement (as described in note 15 below) acquired amounting to HK\$922,859,000 and HK\$1,202,640,000 respectively, resulted in an excess of fair value of investment properties and rental stabilisation arrangement acquired over the acquisition of HK\$279,781,000. The difference has been included in the statement of changes in net assets attributable to unitholders.

On 30 September 2007, Savills Valuation and Professional Services Limited undertook an independent valuation. This firm is an independent qualified professional valuer not connected to the Group. The valuation, which conforms to International Valuation Standards, was arrived by using the basis of capitalisation of the net rental income and by reference to market prices of relevant period for similar properties.

The Group's property interests held under operating leases which are located in Hong Kong under medium-term leases are measured using the fair value model and are classified and accounted for as investment properties.

Certain investment properties of the Group with a fair value of HK\$25,329,000,000 (31.12.2006: HK\$23,500,000,000) together with assignments of sales proceeds, insurance proceeds, rental income, revenues and all other income generated from these properties have been pledged to secure banking facilities granted to the Group and certain investment properties of the Group with a fair value of HK\$1,206,000,000 (31.12.2006: nil) have been mortgaged to the Bond Trustee to secure the obligations of the CB Issuer (as defined in note 19) under the convertible bonds.

14. DERIVATIVE FINANCIAL INSTRUMENTS

	At <u>30.9.2007</u> HK\$'000 (unaudited)	At <u>31.12.2006</u> HK\$'000 (audited)
Cash flow hedge - interest rate swaps	915,167	1,042,052

The Group uses interest rate swaps to minimise the exposure to movements in interest rates in relation to its floating rate term loan by swapping from floating rate to fixed rate. The interest rate swaps and the corresponding term loan have the same terms and the REIT Manager considers that the interest rate swaps are highly effective hedging instruments. Major terms of the interest rate swaps are set out below:

Notional amount	Maturity	Swaps
HK\$7,000,000,000	24 May 2011	From 3 months Hong Kong Interbank Offered Rate ("HIBOR") plus 0.53% to step up rate of 0.25% in the first year, 0.5% in the second year, 1% in the third year, 1.5% in the fourth year and 2% in the fifth year

The above derivatives are measured at fair value at the balance sheet date. Their fair values are determined based on the discounted cash flow model.

15. RENTAL STABILISATION ARRANGEMENT

Pursuant to the rental stabilisation arrangement (the "Arrangement") in relation to the acquisition of 3 floors and certain carparking spaces in Citibank Plaza, Kerry Properties Limited ("Kerry") had undertaken that during the five years commencing from 5 January 2007 (the "Full Rental Stabilisation Period"), the New Property Income (as defined in the agreement) for each 6-month period ending 30 June and 31 December during the Full Rental Stabilisation Period shall not be less than HK\$30,992,000. The total amount of shortfall receivable from Kerry under the Arrangement is subject to a maximum amount of HK\$95,223,000 for the Full Rental Stabilisation Period (the "Maximum Rental Stabilisation Amount"). On 5 January 2007, Kerry had paid an amount equal to the Maximum Rental Stabilisation Amount into a designated escrow account. During the period ended 30 September 2007, the Group received an aggregate amount of HK\$19,374,000 in respect of the rental stabilisation period from 5 January 2007 to 30 June 2007, which represents the shortfall of New Property Rental of HK\$17,552,000 and interest on the escrow account of HK\$1,822,000.

The Arrangement is accounted for as financial derivative and measured at fair value at the balance sheet date of HK\$77,577,000. The fair value is determined based on the Black-Scholes model and discounted cash flow model.

16. TRADE AND OTHER RECEIVABLES

	At <u>30.9.2007</u> HK\$'000 (unaudited)	At <u>31.12.2006</u> HK\$'000 (audited)
Trade receivables	273	219
Deferred rent receivables	18,708	14,696
Deposits, prepayments and other receivables	18,748	15,242
	<u>37,729</u>	<u>30,157</u>

The Group maintains a defined credit policy. Rental receivable from tenants are payable on presentation of invoices. The age analysis of trade receivables is as follows:

	At <u>30.9.2007</u> HK\$'000 (unaudited)	At <u>31.12.2006</u> HK\$'000 (audited)
0 - 3 months	<u>273</u>	<u>219</u>

The REIT Manager considers that the carrying amounts of trade and other receivables approximate their fair values.

17. TRADE AND OTHER PAYABLES

	At <u>30.9.2007</u> HK\$'000 (unaudited)	At <u>31.12.2006</u> HK\$'000 (audited)
Trade payables	10,417	12,535
Rental received in advance	4,807	12,114
Other payables	75,026	47,598
Accrued stamp duty	850,125	850,125
	<u>940,375</u>	<u>922,372</u>

17. TRADE AND OTHER PAYABLES - continued

Stamp duty has been accrued based on the current stamp duty rate of 3.75% and the stated consideration of HK\$22,670,000,000 in the property sale and purchase agreements for the legal assignment of the investment properties which Champion REIT acquired the Property Interests in Citibank Plaza upon listing.

The aged analysis of trade payables is as follows:

	At <u>30.9.2007</u> HK\$'000 (unaudited)	At <u>31.12.2006</u> HK\$'000 (audited)
0 - 3 months	<u>10,417</u>	<u>12,535</u>

The REIT Manager considers that the carrying amounts of trade and other payables approximate its fair values.

18. SECURED TERM LOAN

	At <u>30.9.2007</u> HK\$'000 (unaudited)	At <u>31.12.2006</u> HK\$'000 (audited)
Secured term loan	7,000,000	7,000,000
Loan front-end fee	(25,614)	(31,413)
	<u>6,974,386</u>	<u>6,968,587</u>

Under the banking facility agreement, the Group has been granted a facility of HK\$7,200,000,000 before origination fee, comprising a HK\$7,000,000,000 term loan and a HK\$200,000,000 revolving credit facility.

The HK\$7,000,000,000 term loan drawn as at 30 September 2007 bears interest at floating interest rate of 3 months HIBOR plus 0.53% and is repayable in full on 24 May 2011. The effective interest rate of the five-year term loan is 5.8% per annum.

19. CONVERTIBLE BONDS

Treasure Source Limited (the "CB Issuer"), an entity indirectly wholly-owned and controlled by Champion REIT, issued 2% guaranteed convertible bonds due 2011 ("Bonds") in the aggregate principal amount of HK\$765,000,000 on 22 December 2006. The Bonds entitle the holders to convert them into units of Champion REIT at any time on or after 1 February 2007 up to and including 13 May 2011 at an adjusted conversion price of HK\$4.55 per unit unless the Bonds shall have been called for full redemption by the CB Issuer after 22 December 2009. If the holder has elected to convert the Bonds, the CB Issuer shall have an option to pay to the holders in whole or in part an amount of cash equal to the market values of the number of units deliverable. If the Bonds have not been converted, redeemed or purchased and cancelled, they will be redeemed on 23 May 2011 at 110.328%. Interest of 2% will be paid semi-annually in arrears on 23 May and 23 November in each year, commencing on 23 May 2007.

The Bonds contain two components with the liability component stated at amortised cost and derivative component stated at fair value. The effective interest rate of the liability component is 5.55% per annum.

The movement of the liability and derivative components of the Bonds for the period is set out as below:

	At <u>30.9.2007</u> HK\$'000 (unaudited)	At <u>31.12.2006</u> HK\$'000 (audited)
Liability component		
At the beginning of the period	722,613	-
Amount recognised during the period	-	721,925
Imputed interest expense	17,731	656
Amortisation of bond issue cost	866	32
At the end of the period	<u>741,210</u>	<u>722,613</u>
Derivative component		
At the beginning of the period	37,715	-
Amount recognised during the period	-	36,975
Change in fair value	12,011	740
At the end of the period	<u>49,726</u>	<u>37,715</u>
Total convertible bonds	<u><u>790,936</u></u>	<u><u>760,328</u></u>

20. DEFERRED TAX LIABILITIES

The followings are the major component of deferred tax liabilities and assets recognised and the movements thereon during the period:

	Accelerated tax <u>depreciation</u> HK\$'000	Investment <u>properties</u> HK\$'000	Tax <u>losses</u> HK\$'000	<u>Total</u> HK\$'000
Balance at the beginning of the period	74,282	144,789	(63,183)	155,888
Charge to income statement during the period	18,250	334,765	6,130	359,145
Balance at the end of the period	<u>92,532</u>	<u>479,554</u>	<u>(57,053)</u>	<u>515,033</u>

21. NUMBER OF UNITS IN ISSUE

	Number of units	HK\$'000 (unaudited)
Issue of units on 24 May 2006 at HK\$5.10 per unit and issued units at 31 December 2006	2,742,710,561	13,987,824
Unit issue costs	-	(193,965)
Issue of units on 5 January 2007 at HK\$3.69 per unit (a)	50,880,000	187,747
Issue of units on 23 August 2007 at HK\$4.00 per unit (b)	7,845,930	31,384
	<u>2,801,436,491</u>	<u>14,012,990</u>

Notes:

- (a) On 5 January 2007, 50,880,000 new units of Champion REIT were issued at a market value of HK\$3.69 per unit as partial payment of the consideration for the acquisition of investment properties as mentioned in note 13 above.
- (b) On 23 August 2007, 7,845,930 new units of Champion REIT were issued at a market value of HK\$4.00 per unit as a payment for REIT Manager's fee for the period from 1 January to 30 June 2007 as mentioned in note 6 above.

22. NET ASSET VALUE PER UNIT

The net asset value per unit is calculated by dividing the net asset attributable to unitholders as at 30 September 2007 of HK\$18,377,425,000 (31.12.2006: HK\$16,562,844,000) by the number of units in issue of 2,801,436,491 (31.12.2006: HK\$2,742,710,561) as at 30 September 2007.

23. NET CURRENT LIABILITIES

At 30 September 2007, the Group's net current liabilities, defined as current assets less current liabilities, amounted to HK\$869,964,000 (31.12.2006: HK\$154,405,000).

24. TOTAL ASSETS LESS CURRENT LIABILITIES

At 30 September 2007, the Group's total assets less current liabilities amounted to HK\$26,657,780,000 (31.12.2006: HK\$24,447,647,000).