

**Eagle Asset Management (CP) Limited**

*Suite 3008, 30th Floor  
Great Eagle Centre  
23 Harbour Road  
Wanchai  
Hong Kong*

**Fair Vantage Limited**

*The offices of  
Offshore Incorporations (Cayman) Limited  
Scotia Centre, 4th Floor  
P.O. Box 2804, George Town  
Grand Cayman KY1-1112  
Cayman Islands*

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11 August 2011

Citibank, N.A., London Branch  
(as Bond Trustee)  
14th Floor, Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

Attn: Agency and Trust  
Fax no. (44) 20 7500 5857 / (44) 20 7500 5877

*with a copy to:*

Citibank, N.A., Hong Kong Branch  
39th Floor, Citibank Tower  
Citibank Plaza  
3 Garden Road  
Central, Hong Kong

Attn: Agency and Trust  
Fax no. (852) 2868 8048

and

Citibank, N.A., London Branch  
(as Agents)  
21st Floor, Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

Attn: Agency and Trust – Bond Paying Agency Department  
Fax no. (44) 20 7508 3878

and

The Bondholders

Dear Sirs,

**HK\$4,680,000,000 1% Guaranteed Convertible Bonds due 2013 (the “Bonds”) issued by Fair Vantage Limited convertible into units (the “Unit(s)”) of Champion Real Estate Investment Trust (“Champion REIT”)**

Reference is made to the trust deed dated 3 June 2008 constituting the Bonds (“Trust Deed”), the paying and conversion agency agreement dated 3 June 2008 in relation to the Bonds (“Agency

Agreement") and the terms and conditions of the Bonds ("T&C") (collectively, the "Bond Documents"). Unless otherwise defined, all capitalized terms used in this notice shall have the same meanings as defined in the Bond Documents.

Pursuant to Clause 8.4 of the Trust Deed and Clauses 7.7 and 17.2 of the Agency Agreement, we hereby give you (in your capacity as the Bond Trustee and the Agents) and the Bondholders notice that:

- (a) a meeting of the board of directors of the REIT Manager (the "Board") was held on 11 August 2011 and the Board has announced the interim results for Champion REIT in respect of the six months ended 30 June 2011, as more particularly set out in the attached announcement of Champion REIT dated 11 August 2011 (the "Announcement"); and
- (b) the Register of Unitholders of Champion REIT will be closed from Thursday, 8 September 2011 to Wednesday, 14 September 2011 (the record date), both days inclusive, during which period no transfer of Units will be effected for the purpose of identifying those Unitholders who will be qualified for the distribution in respect of the six months ended 30 June 2011.

If you require any further information, please do not hesitate to contact us.

Yours faithfully,  
For and on behalf of  
Eagle Asset Management (CP) Limited  
(as manager of Champion Real Estate  
Investment Trust)

Yours faithfully,  
For and on behalf of  
Fair Vantage Limited

Lee Ching Ming, Adrian  
Executive Director and  
Chief Executive Officer

Lee Ching Ming, Adrian  
Director

*The Securities and Futures Commission of Hong Kong, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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

## **2011 INTERIM RESULTS ANNOUNCEMENT**

*Champion Real Estate Investment Trust is a trust formed to own and invest in income-producing office and retail properties and is one of Asia's 10 largest REITs by market capitalization. The Trust's focus is on Grade-A commercial properties in prime locations. It currently offers investors direct exposure to 2.85 million sq ft. of prime office and retail floor area by way of two landmark properties in Hong Kong, Citibank Plaza and Langham Place, one on each side of the Victoria Harbour.*

## INTERIM RESULTS

The board of directors (“Board”) of Eagle Asset Management (CP) Limited (“REIT Manager”) as manager of Champion Real Estate Investment Trust (“Champion REIT” or “Trust”) is pleased to announce the financial results of the Trust for the six months ended 30 June 2011 (“Period”).

## FINANCIAL HIGHLIGHTS

(in HK\$’ million, unless otherwise specified)

	6 Months Ended 30 Jun 2011	6 Months Ended 31 Dec 2010	% Change	6 Months Ended 30 Jun 2010	% Change
Total Revenue	<b>950</b>	917	+ 3.6%	959	- 0.9 %
Property Operating Expenses	<b>186</b>	188	- 1.1%	179	+ 3.9 %
Net Property Income	<b>765</b>	729	+ 4.9%	780	- 1.9 %
Profit After Tax	<b>3,877</b>	4,326 <sup>1</sup>	- 10.4%	983 <sup>1</sup>	+ 294.4%
Distributable Income	<b>569</b>	510	+ 11.6%	574	- 0.9 %
Distribution Amount	<b>518</b>	537	- 3.5%	530	- 2.3 %
Distribution per Unit (HK\$)	<b>0.1048</b>	0.1086	- 3.5%	0.1076	- 2.6 %
Expense Ratio (%)	<b>19.6</b>	20.5	- 0.9% <sup>2</sup>	18.7	+ 0.9 % <sup>2</sup>

	At 30 June 2011	At 31 Dec 2010	% Change
Gross Value of Portfolio	53,522	50,223	+ 6.6 %
Net Asset Value per Unit (HK\$)	7.42	6.72 <sup>1</sup>	+ 10.4 %
Gearing Ratio (%)	25.7	28.4	- 2.7 % <sup>2</sup>

### Notes

<sup>1</sup> The comparative figures have been restated as a result of the adoption of the amendments to Hong Kong Accounting Standard 12, “Income Taxes”. Please refer to note 2 to the interim financial report for details.

<sup>2</sup> Absolute change is used for figures stated in percentages.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

Gross Revenue for the six months ended 30 June 2011 was HK\$950 million, a decrease of 0.9% compared to the same period a year ago. Net Property Income also decreased by 1.9% to HK\$765 million. However when comparisons are made to the second half of 2010, Gross Revenue improved by 3.6% while Net Property Income increased by 4.9%. The improvement over the last six months was due in part to the reduced vacancy at Citibank Plaza. Income from Langham Place also continued to grow as both the office and retail portions saw very high occupancies with improving rent levels. Operating expenses increased from HK\$179 million in the first half of 2010 to HK\$186 million because of slightly higher rental commissions paid in line with higher occupancy at Citibank Plaza.

As a result of a HK\$3,299 million increase in the appraised value of the Trust's properties, the Gearing Ratio as of 30 June 2011 improved further to 25.7% from 28.4% as at 31 December 2010. Net Asset Value was HK\$7.42 per Unit as compared to HK\$6.72 per Unit at 31 December 2010. (Net Assets for 2010 have been restated because of new accounting standards that are being introduced in Hong Kong. Under the new standards, deferred taxes are no longer provided on upward revaluation of investment properties. Prior to the restatement, the Net Asset Value per Unit as at 31 December 2010 was HK\$6.36.)

Net Profit After Tax increased to HK\$3,877 million for the Period. Excluding revaluation gains and other items that are non-cash in nature, Distributable Income for the Period was HK\$569 million, down 0.9% from the first half of 2010. The Distribution Amount, after retention of HK\$57 million (first 6 months of 2010: HK\$57 million) for future use, is HK\$518 million. The Distribution per Unit ("DPU") for the Period will be HK\$0.1048, down 2.6% from the same period a year ago. DPU is not directly comparable to the second half of 2010 as the distribution retention mechanisms are different for the first and second halves of each year but Distributable Income for the Period showed an 11.6% improvement over the second half of 2010.

## Operational Review

	1st Half FY2011	2nd Half FY2010	% Change	1st Half FY2010	% Change
<b>Citibank Plaza</b>	<b>HK\$'000</b>	<b>HK\$'000</b>		<b>HK\$'000</b>	
Revenue	569,873	535,513	+ 6.4%	593,985	- 4.1%
Operating Expenses	106,292	87,575	+ 21.4%	99,729	+ 6.6%
Net Property Income	463,581	447,938	+ 3.5%	494,256	- 6.2%
<b>Langham Place Office</b>					
Revenue	126,392	132,992	- 5.0%	134,514	- 6.0%
Operating Expenses	25,500	25,201	+ 1.2%	26,412	- 3.5%
Net Property Income	100,892	107,791	- 6.4%	108,102	- 6.7%
<b>Langham Place Mall</b>					
Revenue	254,169	248,508	+ 2.3%	230,399	+ 10.3%
Operating Expenses	53,760	75,692	- 29.0%	52,615	+ 2.2%
Net Property Income	200,409	172,816	+ 16.0%	177,784	+ 12.7%

### *Citibank Plaza*

*Citibank Plaza is one of the largest Grade-A commercial complexes in Hong Kong's Central district with a lettable floor area of over 1.2 million sq. ft. It consists of two office towers, which are intelligent buildings that are capable of meeting the demanding technical specifications of global financial institutions, and a retail podium.*

Strong demand for office space in Central during the second half of last year continued into the first quarter of 2011 while supply in the district remained limited. As a result, spot rent rates for Grade-A offices rose another 20% during the first quarter of 2011, after an increase of over 30% in the second half of 2010. Going into the second quarter of 2011, however, demand for Central offices began to slow down. The unusually rapid increase in rent rates in the preceding 9 months began to meet resistance from tenants. Faced with rent increases of more than 50% over their existing leases, some tenants have chosen to relocate outside of Central or to lower-grade premises. At the same time signs of slowdown in the US economy

and the financial instability in EU countries served to cultivate a more cautious attitude for companies considering expansion. Investment banks in particular, facing tightened regulations and hence lower profitability, have not been active takers of space. As a result, demand for new office space began to moderate with many businesses adopting a wait-and-see mentality, putting off potential expansion plans until confidence returns to the financial markets. While overall vacancy rates in Central still remain low, the rise in rents appeared to have slowed down in the second quarter.

There has been some progress on leasing at Citibank Plaza during the first half of 2011. At the beginning of the year, 18.5% of the building by floor area was vacant while a further 30.1% was due for renewal within the year. New leasing representing 14.3% of the floor area commenced during the first half but in the same period leases on 7.2% of the floor area expired without renewal. The net gain in occupancy was only 7.1%. At mid-year 2011 the vacancy rate has improved to 11.4% while the outstanding lease expiries in 2011 yet to be settled have been reduced to only 5% of the total floor area.

**Average Monthly Office Passing Rents at Citibank Plaza**  
*(HK\$ per sq. ft. of lettable area)*

Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11
84.67	84.47	85.01	84.97	85.05	85.35	84.33

Spot rents at Citibank Plaza improved from around HK\$100 per sq. ft. at the end of 2010 to roughly HK\$120 per sq. ft during the first half. While spot rent rates have moved up considerably from last year, a number of the larger leases commencing in 2011 were negotiated in 2010 when rent levels were still below HK\$100 per sq. ft. As the average rent for space expiring in the first half of 2011 was HK\$97.61, passing rental rates (the average rental rate of existing contracted tenancies) at Citibank Plaza remained flat over the Period, even with more recent leases signed at higher rent rates.

Net Property Income at Citibank Plaza fell by 6.2% year-on-year to HK\$464 million. Revenue decreased from HK\$594 million for the first half of 2010 to HK\$570 million for 2011 because the average passing rent for the Period was HK\$3 per sq. ft. lower and the average occupancy was 0.7% lower than a year ago. Expenses went up largely due to higher agency commissions and other costs associated with the larger volume of new leasing done

during the Period. Nevertheless, when compared to the second half of 2010, NPI was up 3.5% on the back of the higher rental revenue of HK\$570 million, which went up 6.4% from HK\$535 million.

***Langham Place Office Tower***

*The Langham Place Office Tower is a 700,000 gross sq. ft. 59-storey office tower located within the Langham Place mixed-use development. It is a Grade-A office property in Mongkok, a major transport hub in Kowloon and a busy shopping district. The building focuses on tenants involved in the services and lifestyle industries.*

The occupancy rate increased slightly from 99.4% as of 31 December 2010 to 99.6%. Continuing expansion of service sector created sustained demand for office space in Kowloon while competitive pressure from the peripheral Kowloon East area has eased considerably as the bulk of the vacant space there was finally taken up in 2010. Consequently, rents in the Central and Western Kowloon districts have edged up in the past few quarters.

**Average Monthly Office Passing Rents at Langham Place**  
*(HK\$ per sq. ft. of gross floor area)*

Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11
26.40	26.45	26.47	26.58	26.74	26.83	26.93

Over the first half of 2011, spot rents have been raised progressively at the Langham Place Office Tower. At the end of 2010, the spot rents were between HK\$25-33 per sq. ft. They have now increased to HK\$32-38 per sq. ft. depending on the floor level and the tenants’ location sensitivity. Passing rents have begun to rise as a result of the new pricing levels and they were HK\$26.93 per sq. ft. as of June 30. As most of the leases that commenced in the first half of 2011 were locked in last year and there was no additional vacant space to lease out, only a little of the recent increase in spot rents has started to feed through as yet.

Revenue at the Office Tower was HK\$126 million, compared to HK\$135 million for the corresponding period in 2010. Passing rent and occupancy have been stable and this decline in revenue is primarily due to the expiry of a naming right agreement at the end of last year, and the loss of associated income of about HK\$7 million. Operating expenses were generally



stable and Net Property Income fell in line with revenue, from HK\$108 million to HK\$101 million.

**Langham Place Mall**

*Langham Place Mall is a 15-level, 600,000 gross sq. ft. ‘vertical’ mall focusing on mid-priced fashion, beauty products and food & beverage. It anchors the Langham Place development and offers a unique shopping experience through its distinct architectural features and its innovative promotion events. The Mall has built its reputation as a trendy social and retail destination for young and fashion-conscious shoppers, and is popular among tourists.*

The Mall enjoyed very high levels of foot traffic and has remained virtually fully let. Driven by a constantly improving mix of quality retailers and the robust retail market, average sales per sq. ft. for tenants at the Mall improved by 24% compared to the first half of 2010. The surge in spending by Mainland tourists, many of whom now consider Langham Place one of their favourite destinations, on cosmetics and fashion has also been a major factor behind the growth.

**Average Monthly Retail Passing Rents at Langham Place**  
*(HK\$ per sq. ft. of lettable area, excluding turnover rent)*

Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11
97.48	97.65	97.65	98.00	98.09	98.56	98.48

Demand for retail space from new tenants has been strong, giving the landlord considerable pricing power. However, growth in the passing rent slowed during the Period as only 6% of the floor area was subject to rollover. The average Passing Rent Rate increased from HK\$97.48 per sq. ft. at the end of 2010 to HK\$98.48 as of June 2011. A year ago in June 2010, the passing rent rate was HK\$89.13 per sq. ft.

Revenue increased by 10.3% from HK\$230 million to HK\$254 million and was driven in part by the follow-on effect of increases in rent rates during the second half of 2010. In spite of hefty increases in base rents for some tenants in late 2010, there has been little erosion in turnover rents, as the sales growth of major tenants continued to outpace the base rent increases. There has also been an increasing contribution from secondary income sources such as roadshow areas and advertising. Revenue growth would have been even stronger were it

not for the expiry of a naming right agreement at the end of last year and the loss of associated income of about HK\$6 million. An increase in the property management and promotion charges introduced at the beginning of this year has helped to contain the growth in expenses relative to revenue gains. Expenses increased 2.2% to HK\$54 million and Net Property Income at the Mall increased by 12.7% to HK\$200 million.

### **Outlook**

A reluctance to commit to sizable amounts of expansion space has developed among the large financial institutions because of more stringent regulations, which has curtailed their ability to generate trading profits. The unfolding financial crisis in Europe and the renewed threat of economic slowdown in the United States are also adding to the uncertainties. Though the shortage of prime office space in Central will continue, more tenants are considering non-core locations because of the very high rents in Central. It would therefore take a longer time for the current level of vacancy at Citibank Plaza to be pared down. We will also have to adopt a more flexible pricing strategy to induce take up in view of the slower demand.

At Langham Place we expect continued high levels of occupancy for the Office Tower. There exists a gap between passing and market rents that can be closed over time. During the remainder of this year, a further 15% of the floor area will see higher rents from rollover, and this should translate into slightly higher income through rental reversion.

The Langham Place Mall should continue to benefit from a robust retail market in 2011. Local consumers have been increasing their consumption as wages are being lifted. The continued arrival of Mainland tourists and their spending will also benefit the Hong Kong retail market. We will continue to allocate resources to enhance the profile and reputation of the Mall in China so as to capture more Mainland tourist traffic. With its excellent location, its ever-improving tenant mix and successful marketing campaigns, Langham Place has remained a location of choice for popular cosmetics brands and mix-priced fashion and accessories retailers. For the remainder of 2011, a further 11% of the space in the mall will be due for rollover and we should be able to achieve higher rents therefrom.

In May 2011, the HK\$763 million in outstanding principal of our convertible bond issued in 2006 was fully repaid through internal resources while a bank loan of HK\$7,000 million was refinanced for a term of three years. The new interest rate is floating at 0.93% p.a. above the

HK Interbank Offered Rate. At current market rates, the floating interest rate will be substantially lower as compared to the previous fixed interest rate of 2.82% p.a. With the reduced borrowing and the lower floating interest rate on the new HK\$7,000 million bank loan, we should see some saving in the REIT's interest expense in the second half of the year.

The present problems in the world financial markets could create uncertainties in the Hong Kong office and retail markets. However, based on the present occupancy at our properties, we expect the property income of the REIT to remain relatively stable in the second half of the year.

## VALUATION OF PROPERTIES

According to the Property Valuation Reports issued by Knight Frank Petty Limited on 26 July 2011, the valuation of the properties of Champion REIT broken down by usage as of 30 June 2011 is as follows:

	Citibank Plaza	Langham Place	Sub-total
Jun 2011 Valuation	HK\$ mil	HK\$ mil	HK\$ mil
Office	35,339	6,385	41,724
Retail	370	10,556	10,926
Car Park	267	205	472
Miscellaneous	299	101	400
<b>Total</b>	<b>36,275</b>	<b>17,247</b>	<b>53,522</b>

Champion REIT's property portfolio is now valued at HK\$53.5 billion, an increase of HK\$3.3 billion from the December 2010 valuation of HK\$50.2 billion. Specifically, the appraised value of Citibank Plaza increased by 7.5% while that of Langham Place increased by 4.7%. Capitalization rates used in valuing the properties were unchanged at 4.0% for Citibank Plaza, 4.2% for the Langham Place Office Tower and 4.1% for Langham Place Mall and the increase in property value stems principally from an improvement in rental rates assumptions.

## **FINANCIAL REVIEW**

### **Distributions**

#### ***Distribution Amount***

The Distribution Amount of Champion REIT for the Period was HK\$517,955,000, calculated as 90% of Champion REIT's total available distributable income of HK\$568,784,000 plus an additional amount of HK\$6,050,000 at the discretion of REIT Manager.

For the same period last year, the Distribution Amount of Champion REIT was HK\$530,362,000, calculated as 90% of Champion REIT's total distributable income of HK\$573,803,000 plus an additional amount of HK\$13,939,000 at the discretion of REIT Manager.

#### ***Distribution per Unit***

The distribution per unit for the Period was HK\$0.1048. This represents an annualized distribution yield of 4.8% based on the closing price of HK\$4.37 as at 30 June 2011. Such distribution per unit, however, is subject to adjustment upon the issuance of new units between 1 July 2011 and the record date. Further announcement will be made to inform unitholders of the final interim distribution per unit for the Period.

#### ***Closure of Register of Unitholders***

The Register of Unitholders will be closed from Thursday, 8 September 2011 to Wednesday, 14 September 2011 ("Record Date"), both days inclusive, during which period no transfer of Units will be effected. The 2011 Final Distribution will be payable on 3 October 2011 to Unitholders whose names appear on the Register of Unitholders on the Record Date.

In order to qualify for the 2011 Interim Distribution, all properly completed transfer forms (accompanied by the relevant Unit certificates) must be lodged with Champion REIT's Unit Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 7 September 2011.

## **Debt Profile**

During the Period, a total principal amount of HK\$2 million of the HK\$765 million convertible bonds issued in year 2006 was converted at the conversion price of HK\$4.26. The conversions were settled by cash of HK\$2.2 million by the Trust. On 23 May 2011, the Trust redeemed the then outstanding principal of HK\$763 million at 110.328% in an aggregate amount of HK\$841,803,000 through internal resources.

On 19 May 2011, the Trust, through its special purpose vehicle, entered into a new term loan agreement of HK\$7,000 million (the “2011 Term Loan”) to fully refinance the outstanding principal of HK\$7,000 million under the term loan and revolving credit facility of HK\$7,200 million granted to the Trust on 24 May 2006. Interest rate swaps with a notional amount of HK\$7,000 million used for hedging purposes matured on 24 May 2011 and were not renewed. The 2011 Term Loan bears interest at a floating rate of HIBOR plus 0.93% per annum and will be due on 24 May 2014.

By the end of the Period, a conversion notice was received regarding a conversion of a principal amount of HK\$10,000 of the convertible bonds issued in 2008 at the conversion price of HK\$3.61. The conversion was settled by the issuance of 2,770 units of Champion REIT on 6 July 2011. Such new units will be entitled to the distribution for the Period.

As at 30 June 2011, total outstanding borrowings of the Trust amounted to HK\$14,114 million. The total borrowings comprised:

- HK\$2,454 million term loan which is repayable in full in June 2013
- HK\$4,660 million convertible bonds in principal amount which will mature in June 2013
- HK\$7,000 million term loan which is repayable in full in May 2014

The maturity profile of the Trust's borrowings is as follows:

	30 June 2011	
Due in the ...	HK\$ million	% of total
first year	-	-
second year	7,114	50.4
third year	7,000	49.6
<b>Total</b>	<b>14,114</b>	<b>100.0</b>

The outstanding convertible bonds of HK\$4,660 million as at 30 June 2011 have a yield to maturity of 5.25%, coupon rate of 1% per annum, a redemption price of 123.94% and a latest adjusted conversion price of HK\$3.61.

As at 30 June 2011, all bank loans of the Trust, representing 67% of the Trust's total debt, were on floating-rate bases. The REIT Manager will monitor interest rate movements and may, depending on market conditions, consider putting in place interest rate swaps in respect of the loan facilities in place.

Total gross assets of the REIT were HK\$54,907 million as at 30 June 2011. Therefore, the gearing ratio, or total borrowings as a percentage of gross assets was 25.7%. The gross liabilities (excluding net assets attributable to unitholders) as a percentage of gross assets were 33.2%.

### **Net Assets Attributable To Unitholders**

As at 30 June 2011, net assets attributable to unitholders was HK\$36,677 million or HK\$7.42 per unit, a 69.8% premium to the closing unit price of HK\$4.37 as at 30 June 2011.

### **Cash Position**

As at 30 June 2011, Champion REIT had total undrawn bank loan facilities of HK\$500 million and a cash balance of HK\$1,270 million. After the refinancing of the HK\$7,000 million term loan and the redemption of the HK\$763 million convertible bonds in May 2011, certain properties of Champion REIT with a fair value of HK\$5,772 million as at 30 June 2011 previously granted as securities were released and discharged. This will facilitate additional financing if necessary. Taking into consideration the financial resources available

to the REIT, Champion has sufficient liquid assets to satisfy its working capital and operating requirements.

### **Pledge Assets**

As at 30 June 2011, certain properties of Champion REIT with a fair value of HK\$47,750 million, together with assignments of sales proceeds, insurance proceeds, rental income, revenues and all other income generated from the properties, were mortgaged to the bond trustee to secure the obligations of the issuer of the convertible bonds or pledged to secure the banking facilities granted to the REIT.

### **Commitments**

As at 30 June 2011, the Trust did not have any significant commitments.

### **NEW UNITS ISSUED**

As at 30 June 2011, the total number of issued Units of Champion REIT was 4,942,219,499. As compared with the position of 31 December 2010, a total of 11,634,743 new Units were issued during the period. On 8 March 2011, 11,634,743 new Units were issued to the REIT Manager at the price of HK\$4.62 per Unit (being the Market Price ascribed in the trust deed constituting Champion REIT) as payment in full of the manager's fee in respect of Citibank Plaza of approximately HK\$53,753,000 payable by Champion REIT for the six months ended 31 December 2010.

Subsequent to the Period end, 2,770 new Units were issued on 6 July 2011 at the conversion price of HK\$3.61 per Unit pursuant to the conversion of the 1% Coupon Guaranteed Convertible Bonds due 2013 issued in 2008.

As at the date of this announcement, the total number of issued Units of Champion REIT was 4,942,222,269.

### **REAL ESTATE SALE AND PURCHASE**

Champion REIT did not enter into any real estate sales and purchases transactions during the Period.

## MANAGERS AND EMPLOYEES

Champion REIT is managed by the REIT Manager and does not directly employ any staff itself. The properties of the Trust are managed by various operating entities, including the REIT Manager, the Property Manager, and the DMC/Estate Managers etc. The following table summarizes the personnel establishment of the respective operating entities in connection with the operations of the properties of the Trust as of 30 June 2011:

Area of Operation	Locations		
	Citibank Plaza	Langham Place	Others
General management	-	-	13
Leasing	4	11	-
Marketing and promotion	-	9	-
Property management	55	139	-
Contractors/technical staff	127	287	-
<b>Total</b>	<b>186</b>	<b>446</b>	<b>13</b>

## CORPORATE GOVERNANCE

Champion REIT is committed to attaining global best practices and standards for all activities and transactions conducted in relation to the Trust and any matters arising out of its listing or trading on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The current corporate governance framework adopted by the REIT Manager emphasizes accountability to all Unitholders, resolution of conflict of interest issues, transparency in reporting, compliance with relevant regulations and sound operating and investing procedures.

Champion REIT is a collective investment scheme constituted as a unit trust and authorised by the Securities and Futures Commission (the “SFC”) under section 104 of the Securities and Futures Ordinance (“SFO”) and regulated by the SFC pursuant to the provisions of the SFO and the Code on Real Estate Investment Trusts issued by the SFC (the “REIT Code”) and the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The REIT Manager also has in place a comprehensive set of compliance procedures and guidelines which set out the key processes, systems and measures used to implement this corporate governance framework.



During the six months ended 30 June 2011, the REIT Manager and Champion REIT have complied with the provisions of the REIT Code, the Trust Deed of Champion REIT, the relevant provisions and requirements of the SFO and the Listing Rules applicable to Champion REIT.

The REIT Manager and Champion REIT have also complied with the provisions of the Compliance Manual and all code provisions, where applicable, as set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2011.

The REIT Manager has adopted the Code Governing Dealings in Securities by the Management Persons (“Securities Dealings Code”) on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. The Management Persons include directors, executive officers and the company secretary of the REIT Manager.

The REIT Manager has made specific enquiry of the Management Persons who have confirmed that they have complied with the required standard set out in the Securities Dealings Code during the Period.

## **PURCHASE, SALE OR REDEMPTION OF CHAMPION REIT’S SECURITIES**

A general mandate for repurchase of Units in the open market was given by Unitholders at the annual general meeting held on 27 April 2011. During the six months ended 30 June 2011, neither the Manager nor any of Champion REIT’s special purpose vehicles had purchased, sold or redeemed any Units pursuant to this mandate.

On 23 May 2011, Treasure Source Limited, the issuer of the 2% Guaranteed Convertible Bonds due 2011 in the aggregate principal amount of HK\$765,000,000 (the “Bonds”), pursuant to the terms and conditions of the Bonds, fully redeemed the Bonds with an outstanding principal amount of HK\$763,000,000 at 110.328% in an aggregate redemption amount of approximately HK\$841,803,000 on its maturity. The redeemed outstanding Bonds were cancelled.

## **PUBLIC FLOAT**

As far as the REIT Manager is aware, as at the date of this announcement, the Trust has maintained a sufficient public float with more than 25% of the issued and outstanding Units of Champion REIT being held by the public.

## **REVIEW OF INTERIM RESULTS**

The unaudited interim results for the six months ended 30 June 2011 have been reviewed by the Disclosures Committee and the Audit Committee of the REIT Manager, and by the Trust's external auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## **ISSUANCE OF INTERIM REPORT**

The Interim Report of Champion REIT for the six months ended 30 June 2011 will be despatched to Unitholders and published on the websites of the Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and Champion REIT ([www.ChampionReit.com](http://www.ChampionReit.com)) on or before 31 August 2011.

## **BOARD OF DIRECTORS**

As at the date of this announcement, the Board comprises four Non-executive Directors, namely Dr. Lo Ka Shui (Chairman), Mr. Cheng Wai Chee, Christopher, Mr. Ho Shut Kan and Mr. Lo Kai Shui; one Executive Director, Mr. Lee Ching Ming, Adrian (Chief Executive Officer) and three Independent Non-executive Directors, namely Mr. Cha Mou Sing, Payson, Mr. Shek Lai Him, Abraham and Mr. Ip Yuk Keung, Albert.

By Order of the Board  
**Eagle Asset Management (CP) Limited**  
(as manager of Champion Real Estate Investment Trust)  
**Lo Ka Shui**  
*Chairman*

Hong Kong, 11 August 2011

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

	<u>NOTES</u>	<u>2011</u> <b>HK\$'000</b> <b>(unaudited)</b>	<u>2010</u> <b>HK\$'000</b> <b>(unaudited)</b> <b>(restated)</b>
Rental income	4	<b>860,434</b>	872,824
Building management fee income		<b>81,940</b>	79,510
Rental related income		<b>8,060</b>	6,564
<b>Total revenue</b>		<b>950,434</b>	958,898
Property operating expenses	5	<b>(185,552)</b>	(178,756)
<b>Net property income</b>		<b>764,882</b>	780,142
Interest income		<b>4,084</b>	1,431
Manager's fee	6	<b>(91,786)</b>	(93,617)
Trust and other expenses		<b>(8,288)</b>	(7,014)
Increase in fair value of investment properties		<b>3,299,400</b>	947,450
Change in fair value of derivative components of convertible bonds		<b>336,169</b>	(195,503)
Change in fair value of rental stabilisation arrangement		<b>17</b>	233
Gain on settlement of convertible bonds		<b>219</b>	-
Finance costs	7	<b>(347,763)</b>	(374,352)
<b>Profit before tax and distribution to unitholders</b>	8	<b>3,956,934</b>	1,058,770
Income taxes	9	<b>(79,759)</b>	(75,774)
<b>Profit for the period, before distribution to unitholders</b>		<b>3,877,175</b>	982,996
Distribution to unitholders		<b>(517,955)</b>	(530,362)
<b>Profit for the period, after distribution to unitholders</b>		<b>3,359,220</b>	452,634
<b>Basic earnings per unit</b>	12	<b>HK\$0.79</b>	HK\$0.20
<b>Diluted earnings per unit</b>	12	<b>HK\$0.58</b>	HK\$0.20

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2011**

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	<b><u>2011</u></b> <b>HK\$'000</b> <b>(unaudited)</b>	<b><u>2010</u></b> <b>HK\$'000</b> <b>(unaudited)</b> <b>(restated)</b>
Profit for the period, after distribution to unitholders	<b><u>3,359,220</u></b>	<b><u>452,634</u></b>
Cash flow hedges:		
Changes during the period	<b><u>59,353</u></b>	<b><u>35,430</u></b>
Reclassified in profit or loss	<b><u>63,019</u></b>	<b><u>85,629</u></b>
	<b><u>122,372</u></b>	<b><u>121,059</u></b>
<b>Total comprehensive income for the period</b>	<b><u><u>3,481,592</u></u></b>	<b><u><u>573,693</u></u></b>

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2011**

	<u>NOTES</u>	At 30 June <u>2011</u> HK\$'000 (unaudited)	At 31 December <u>2010</u> HK\$'000 (audited) (restated)
<b>Non-current assets</b>			
Investment properties		53,522,000	50,222,600
Rental stabilisation arrangement		-	6,033
Total non-current assets		<u>53,522,000</u>	<u>50,228,633</u>
<b>Current assets</b>			
Loan receivables		-	54,566
Trade and other receivables	13	113,177	107,709
Tax recoverable		1,319	6,561
Bank balances and cash		1,270,368	2,038,090
Total current assets		<u>1,384,864</u>	<u>2,206,926</u>
<b>Total assets</b>		<u>54,906,864</u>	<u>52,435,559</u>
<b>Current liabilities</b>			
Trade and other payables	14	1,138,479	1,153,065
Deposits received		399,216	368,347
Tax liabilities		35,291	11,654
Distribution payable		517,955	536,508
Secured term loans		-	6,997,329
Convertible bonds		-	900,765
Derivative financial instruments		-	59,353
Total current liabilities		<u>2,090,941</u>	<u>10,027,021</u>
<b>Non-current liabilities, excluding net assets attributable to unitholders</b>			
Secured term loans		9,397,106	2,446,147
Convertible bonds		6,468,422	6,597,729
Deferred tax liabilities		273,143	222,755
Total non-current liabilities, excluding net assets attributable to unitholders		<u>16,138,671</u>	<u>9,266,631</u>
<b>Total liabilities, excluding net assets attributable to unitholders</b>		<u>18,229,612</u>	<u>19,293,652</u>
<b>Net assets attributable to unitholders</b>		<u>36,677,252</u>	<u>33,141,907</u>
<b>Number of units in issue ('000)</b>	15	<u>4,942,219</u>	<u>4,930,585</u>
<b>Net asset value per unit</b>	16	<u>HK\$7.42</u>	<u>HK\$6.72</u>

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2011**

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**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 are listed on The Stock Exchange of Hong Kong Limited. Champion REIT is governed by the deed of trust dated 26 April 2006, as amended from time to time (the "Trust Deed"), entered into between Eagle Asset Management (CP) Limited (the "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.

The condensed consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of Champion REIT.

**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 "Interim Financial Reporting" and the Code.

Principal accounting policies

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

The accounting policies used in the condensed consolidated financial statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010 except as described below.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

## 2. PRINCIPAL ACCOUNTING POLICIES - continued

### Amendments to HKAS 12 "Income Taxes" (applied in advance of their effective date)

In addition, the Group has applied amendments to HKAS 12 titled "Deferred Tax: Recovery of Underlying Assets" in advance of their effective date (annual periods beginning on or after 1 January 2012). Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered through sale for the purposes of measuring deferred tax, unless the presumption is rebutted in certain circumstances.

As a result, the Group's investment properties that are measured using the fair value model have been presumed to be recovered through sale for the purpose of measuring deferred tax in respect of such properties. The application of the amendments has resulted in deferred tax liabilities being decreased by HK\$895,235,000 and HK\$1,764,624,000 as at 1 January 2010 and 31 December 2010, respectively, with the corresponding adjustment being recognised in profits less distribution under condensed consolidated statement of changes in net assets attributable to unitholders. In addition, the application has resulted in the Group's income taxes for the six months ended 30 June 2010 being reduced by HK\$124,602,000 and profit before distribution to unitholders for the six months ended 30 June 2010 being increased by the same amount.

In the current period, no deferred tax has been provided for in respect of changes in fair value of such investment properties, whereas previously deferred tax liabilities were provided for in relation to the changes in fair value of such investment properties. The application of the amendments has resulted in the Group's income taxes for the six months ended 30 June 2011 being reduced by HK\$544,401,000 and profit before distribution to unitholders for the six months ended 30 June 2011 being increased by the same amount.

### Summary of the effect of the above change in accounting policy

The effect of the above change in accounting policy described above on the results for the current and prior period by line items presented in the condensed consolidated income statement is as follows:

	<b>1.1.2011 to <u>30.6.2011</u> HK\$'000 (unaudited)</b>	<b>1.1.2010 to <u>30.6.2010</u> HK\$'000 (unaudited)</b>
Decrease in income taxes and corresponding increase in profit for the period, before distribution to unitholders	<b><u>544,401</u></b>	<b><u>124,602</u></b>

2. **PRINCIPAL ACCOUNTING POLICIES - continued**

**Summary of the effect of the above change in accounting policy - continued**

	<b>1.1.2011 to <u>30.6.2011</u> HK\$ (unaudited)</b>	1.1.2010 to <u>30.6.2010</u> HK\$ (unaudited)
<b><i>Impact on basic earnings per unit</i></b>		
Basic earnings per unit before adjustment	<b>0.68</b>	0.18
Adjustment in relation to application of amendments of HKAS 12	<u><b>0.11</b></u>	<u>0.02</u>
Reported basic earnings per unit	<u><u><b>0.79</b></u></u>	<u><u>0.20</u></u>
<b><i>Impact on diluted earnings per unit</i></b>		
Diluted earnings per unit before adjustment	<b>0.49</b>	0.18
Adjustment in relation to application of amendments of HKAS 12	<u><b>0.09</b></u>	<u>0.02</u>
Reported diluted earnings per unit	<u><u><b>0.58</b></u></u>	<u><u>0.20</u></u>

The effect of the change in accounting policy described above on the financial positions of the Group as at 1 January 2010 and 31 December 2010 are as follows:

	<b>As at 31.12.2010 (originally stated) HK\$'000</b>	<b><u>Adjustment</u> HK\$'000</b>	<b>As at 31.12.2010 (restated) HK\$'000</b>
<b>Total effects on net assets attributable to unitholders</b>			
Deferred tax liabilities	<u><b>1,987,379</b></u>	<u><b>(1,764,624)</b></u>	<u><b>222,755</b></u>
	<b>As at 1.1.2010 (originally stated) HK\$'000</b>	<b><u>Adjustment</u> HK\$'000</b>	<b>As at 1.1.2010 (restated) HK\$'000</b>
Total effects on net assets attributable to unitholders			
Deferred tax liabilities	<u>1,006,379</u>	<u>(895,235)</u>	<u>111,144</u>



## 2. PRINCIPAL ACCOUNTING POLICIES - continued

The Group has not early applied new or revised standards that have been issued but not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income <sup>1</sup>
HKAS 19 (Revised 2011)	Employee Benefits <sup>2</sup>
HKAS 27 (Revised 2011)	Separate Financial Statements <sup>2</sup>
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures <sup>2</sup>
HKFRS 10	Consolidated Financial Statements <sup>2</sup>
HKFRS 11	Joint Arrangements <sup>2</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>2</sup>
HKFRS 13	Fair Value Measurement <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2012

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2013

The Manager anticipates that the application of these new and revised standards will have no material impact on the results and the financial position of the Group.

## 3. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker ("CODM"), management of the Manager, for the purpose of resource allocation and performance assessment is more specifically focused on the operating results of the two investment properties, namely Citibank Plaza and Langham Place.

### Segment revenue and results

The following is an analysis of the Group's revenue and results by the two investment properties for the period under review.

### 3. SEGMENT INFORMATION - continued

#### Segment revenue and results - continued

For the six months ended 30 June 2011

	<b>Citibank Plaza HK\$'000 (unaudited)</b>	<b>Langham Place HK\$'000 (unaudited)</b>	<b><u>Consolidated</u> HK\$'000 (unaudited)</b>
<b>Segment revenue</b>	<b>569,873</b>	<b>380,561</b>	<b>950,434</b>
<b>Segment results - Net property income</b>	<b>463,581</b>	<b>301,301</b>	<b>764,882</b>
Interest income			4,084
Manager's fee			(91,786)
Trust and other expenses			(8,288)
Increase in fair value of investment properties			3,299,400
Change in fair value of derivative components of convertible bonds			336,169
Change in fair value of rental stabilisation arrangement			17
Gain on settlement of convertible bonds			219
Finance costs			(347,763)
<b>Profit before tax and distribution to unitholders</b>			<b>3,956,934</b>
Income taxes			(79,759)
<b>Profit for the period, before distribution to unitholders</b>			<b>3,877,175</b>
Distribution to unitholders			(517,955)
<b>Profit for the period, after distribution to unitholders</b>			<b>3,359,220</b>
 <b>Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:</b>			
Manager's fee	(55,630)	(36,156)	(91,786)
Increase in fair value of investment properties	2,527,900	771,500	3,299,400

### 3. SEGMENT INFORMATION - continued

#### Segment revenue and results - continued

For the six months ended 30 June 2010

	Citibank <u>Plaza</u> HK\$'000 (unaudited)	Langham <u>Place</u> HK\$'000 (unaudited)	<u>Consolidated</u> HK\$'000 (unaudited) (restated)
Segment revenue	<u>593,985</u>	<u>364,913</u>	<u>958,898</u>
Segment results - Net property income	<u>494,256</u>	<u>285,886</u>	780,142
Interest income			1,431
Manager's fee			(93,617)
Trust and other expenses			(7,014)
Increase in fair value of investment properties			947,450
Change in fair value of derivative components of convertible bonds			(195,503)
Change in fair value of rental stabilisation arrangement			233
Finance costs			<u>(374,352)</u>
Profit before tax and distribution to unitholders			1,058,770
Income taxes			<u>(75,774)</u>
Profit for the period, before distribution to unitholders			982,996
Distribution to unitholders			<u>(530,362)</u>
Profit for the period, after distribution to unitholders			<u>452,634</u>
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:			
Manager's fee	(59,311)	(34,306)	(93,617)
Increase in fair value of investment properties	<u>551,850</u>	<u>395,600</u>	<u>947,450</u>

### 3. SEGMENT INFORMATION - continued

#### Segment assets and liabilities

For the purpose of performance assessment, the fair values of investment properties are reviewed by the CODM. As at 30 June 2011, the fair value of Citibank Plaza and Langham Place was HK\$36,275,000,000 (31.12.2010: HK\$33,747,100,000) and HK\$17,247,000,000 (31.12.2010: HK\$16,475,500,000), respectively.

Save as abovementioned, no other assets and liabilities are included in the measures of the Group's segment reporting.

### 4. RENTAL INCOME

	<u>2011</u> HK\$'000 (unaudited)	<u>2010</u> HK\$'000 (unaudited)
Rental income	846,280	859,855
Car park income	<u>14,154</u>	<u>12,969</u>
	<u>860,434</u>	<u>872,824</u>

### 5. PROPERTY OPERATING EXPENSES

	<u>2011</u> HK\$'000 (unaudited)	<u>2010</u> HK\$'000 (unaudited)
Building management expenses	89,332	88,243
Car park operating expenses	4,159	3,392
Government rent and rates	30,139	29,492
Legal cost and stamp duty	3,115	2,521
Promotion expenses	4,848	7,734
Property and lease management service fee	25,683	26,193
Property miscellaneous expenses	1,056	1,623
Rental commission	26,393	18,889
Repairs and maintenance	<u>827</u>	<u>669</u>
	<u>185,552</u>	<u>178,756</u>

## 6. MANAGER'S FEE

Pursuant to the Trust Deed, as the net property income of Champion REIT exceeds HK\$200 million for the six months ended 30 June 2011, the Manager is entitled to receive 12% of the net property income for the six months ended 30 June 2011 as remuneration.

	<u>2011</u> HK\$'000 (unaudited)	<u>2010</u> HK\$'000 (unaudited)
Total Manager's fee:		
In the form of units	55,072	59,311
In the form of cash	36,714	34,306
	<u>91,786</u>	<u>93,617</u>

In accordance with the terms of the Trust Deed, manager's fee of HK\$55,072,000 for the six months ended 30 June 2011 (six months ended 30 June 2010: HK\$59,311,000) is to be settled in units subsequent to the end of the reporting period.

## 7. FINANCE COSTS

	<u>2011</u> HK\$'000 (unaudited)	<u>2010</u> HK\$'000 (unaudited)
Finance costs represent:		
Interest expense on bank borrowings wholly repayable within five years	101,087	111,482
Interest expense on convertible bonds wholly repayable within five years	179,586	175,300
Release of cumulative loss on hedging instrument	66,074	86,549
Other borrowing costs	1,016	1,021
	<u>347,763</u>	<u>374,352</u>

## 8. PROFIT BEFORE TAX AND DISTRIBUTION TO UNITHOLDERS

	<u>2011</u> HK\$'000 (unaudited)	<u>2010</u> HK\$'000 (unaudited)
Profit before tax and distribution to unitholders has been arrived at after charging:		
Auditors' remuneration	1,329	1,350
Trustee's fee	4,584	3,985
Principal valuer's fee	120	100
Other professional fee and charges	2,189	1,492
Roadshow and public relations expenses	8	227
Bank charges	55	38
	<u>8,285</u>	<u>7,392</u>

## 9. INCOME TAXES

	<u>2011</u> <b>HK\$'000</b> <b>(unaudited)</b>	<u>2010</u> HK\$'000 (unaudited) (restated)
Hong Kong Profits Tax:		
Current tax		
- Current year	<b>29,371</b>	27,188
Deferred tax		
- Current year	<u><b>50,388</b></u>	<u>48,586</u>
	<u><b>79,759</b></u>	<u>75,774</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

## 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 condensed consolidated income statement for the relevant period. The Adjustments to arrive at total distributable income for the period are set out below:

	<u>2011</u> <b>HK\$'000</b> <b>(unaudited)</b>	<u>2010</u> HK\$'000 (unaudited) (restated)
Profit for the period, before distribution to unitholders	<b>3,877,175</b>	982,996
Adjustments:		
Manager's fees payable in units	<b>55,072</b>	59,311
Increase in fair value of investment properties	<b>(3,299,400)</b>	(947,450)
Change in fair value of derivative components of convertible bonds	<b>(336,169)</b>	195,503
Change in fair value of rental stabilisation arrangement	<b>(17)</b>	(233)
Non-cash gain	<b>(741)</b>	(907)
Non-cash finance costs	<b>222,476</b>	235,997
Deferred tax	<u><b>50,388</b></u>	<u>48,586</u>
<b>Total distributable income</b>	<u><b>568,784</b></u>	<u>573,803</u>

## 11. DISTRIBUTION STATEMENT

	<u>2011</u> <b>HK\$'000</b> (unaudited)	<u>2010</u> HK\$'000 (unaudited)
<b>Total distributable income (note 10)</b>	<b>568,784</b>	573,803
Percentage of distributable income for distribution (note (i))	<b>90%</b>	90%
Distributable income for Interim Distribution Period	<b>511,905</b>	516,423
Additional amount (note (i))	<b>6,050</b>	13,939
<b>Total distributions to be paid</b>	<b>517,955</b>	530,362
<b>Distribution per unit to unitholders (note (ii))</b>	<b>HK\$0.1048</b>	HK\$0.1076

### Notes:

- (i) The Manager has stated that it will distribute 90% (1.1.2010 to 30.6.2010: 90%) of available distributable income as the distributions for the six month period 30 June 2011 (the "Interim Distribution Period"). For the Interim Distribution Period, an additional amount of HK\$6,050,000 (1.1.2010 to 30.6.2010: HK\$13,939,000) were distributed at the discretion of the Manager for the amount received according to the rental stabilisation arrangement.
- (ii) The interim distribution per unit of HK\$0.1048 for the six months ended 30 June 2011 is calculated based on the interim distribution to be paid of HK\$517,955,000 for the period and 4,942,219,499 units in issue as at 30 June 2011. Such interim distribution will be subject to further adjustments upon the issuance of units on or before 14 September 2011, which is the record date set for such period. The interim distribution will be paid to unitholders on or around 3 October 2011.

The interim distribution per unit of HK\$0.1076 for the six months ended 30 June 2010 was calculated based on the interim distribution paid of HK\$530,362,000 for the period and 4,930,584,756 units as of 9 September 2010, which was the record date for the period. The interim distribution was paid to unitholders on 4 October 2010.

## 12. BASIC AND DILUTED EARNINGS PER UNIT

The calculation of basic and diluted earnings per unit before distribution to unitholders is based on the following data:

	<u>2011</u> <b>HK\$'000</b> (unaudited)	<u>2010</u> HK\$'000 (unaudited) (restated)
<b>Earnings</b>		
Profit for the period, before distribution to unitholders for the purpose of basic earnings per unit	3,877,175	982,996
Effect of dilutive potential units:		
Interest on convertible bonds (net of tax effect)	173,930	-
Change in fair value of derivative components of convertible bonds	(336,169)	-
Gain on settlement of convertible bonds	(219)	-
<b>Profit for the period, before distribution to unitholders for the purpose of diluted earnings per unit</b>	<u><u>3,714,717</u></u>	<u><u>982,996</u></u>
	<u>2011</u> (unaudited)	<u>2010</u> (unaudited)
<b>Number of units</b>		
Weighted average number of units for the purpose of basic earnings per unit	4,937,976,996	4,854,091,893
Effect of dilutive potential units:		
Units to be issued in respect of Manager's fee	3,124,650	4,051,186
Convertible bonds	1,432,558,288	-
<b>Weighted average number of units for the purpose of diluted earnings per unit</b>	<u><u>6,373,659,934</u></u>	<u><u>4,858,143,079</u></u>

For the six months ended 30 June 2010, the computation of diluted earnings per unit did not assume the units to be issued in respect of the conversion of outstanding convertible bonds since such conversion would result in an increase in earnings per unit.



### 13. TRADE AND OTHER RECEIVABLES

	At 30 June <u>2011</u> HK\$'000 (unaudited)	At 31 December <u>2010</u> HK\$'000 (audited)
Trade receivables	4,191	10,096
Deferred rent receivables	58,703	50,131
Deposits, prepayments and other receivables	<u>50,283</u>	<u>47,482</u>
	<u>113,177</u>	<u>107,709</u>

Rental receivables from tenants are payable on presentation of invoices. The collection is closely monitored to minimise any credit risk associated with these receivables.

Aging analysis of the Group's trade receivables presented based on the invoice date at the end of the reporting period is as follows:

	At 30 June <u>2011</u> HK\$'000 (unaudited)	At 31 December <u>2010</u> HK\$'000 (audited)
0 - 3 months	<u>4,191</u>	<u>10,096</u>

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK\$4,191,000 (31.12.2010: HK\$10,096,000) which are past due within three months at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

### 14. TRADE AND OTHER PAYABLES

	At 30 June <u>2011</u> HK\$'000 (unaudited)	At 31 December <u>2010</u> HK\$'000 (audited)
Trade payables	42,242	52,602
Rental received in advance	11,222	17,069
Other payables	121,540	119,919
Accrued stamp duty	<u>963,475</u>	<u>963,475</u>
	<u>1,138,479</u>	<u>1,153,065</u>

The accrual of stamp duty is based on the current stamp duty rate of 4.25% (31.12.2010: 4.25%) 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.

#### 14. TRADE AND OTHER PAYABLES - continued

Aging analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	At <b>30 June 2011</b> <b>HK\$'000</b> <b>(unaudited)</b>	At 31 December <u>2010</u> HK\$'000 (audited)
0 - 3 months	<u><b>42,242</b></u>	<u>52,602</u>

#### 15. NUMBER OF UNITS IN ISSUE

	<u>Number of units</u>	HK\$'000 (unaudited)
At 1 January 2011	4,930,584,756	21,033,383
Units issued for settlement of Manager's fee	<u>11,634,743</u>	<u>53,753</u>
<b>At 30 June 2011</b>	<u><b>4,942,219,499</b></u>	<u><b>21,087,136</b></u>

On 8 March 2011, 11,634,743 units at HK\$4.62 per unit were issued to the Manager as settlement of Manager's fee for the period from 1 July 2010 to 31 December 2010.

#### 16. NET ASSET VALUE PER UNIT

The net asset value per unit is calculated by dividing the net assets attributable to unitholders as at 30 June 2011 of HK\$36,677,252,000 (31.12.2010: HK\$33,141,907,000) by the number of units in issue of 4,942,219,499 (31.12.2010: 4,930,584,756 units) as at 30 June 2011.

#### 17. NET CURRENT LIABILITIES

At 30 June 2011, the Group's net current liabilities, calculated as current liabilities less current assets, amounted to HK\$706,077,000 (31.12.2010: HK\$7,820,095,000).

#### 18. TOTAL ASSETS LESS CURRENT LIABILITIES

At 30 June 2011, the Group's total assets less current liabilities amounted to HK\$52,815,923,000 (31.12.2010: HK\$42,408,538,000).