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Champion Real Estate Investment Trust

(a Hong Kong collective investment scheme authorized 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

Fair Vantage Limited

(incorporated in the Cayman islands with limited liability)

**1% Guaranteed Convertible
Bonds of the Issuer due 2013
(Stock Code: 4300)**

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

(1) INVITATION TO ELIGIBLE BONDHOLDERS TO CONVERT THEIR 1% GUARANTEED CONVERTIBLE BONDS DUE 2013

AND

(2) CONNECTED PARTY TRANSACTION RELATING TO THE ACCEPTANCE BY BRIGHT FORM INVESTMENTS LIMITED OF SUCH INVITATION

This announcement is made by Champion REIT to Unitholders (pursuant to chapter 8 and paragraphs 10.3(a) to 10.3(c) of the REIT Code) and by Fair Vantage Limited to Bondholders.

The Issuer has today issued an Invitation Memorandum to all Eligible Bondholders (including the GE Bondholder, a connected person of Champion REIT) inviting them to submit Applications to convert their Bonds during the Invitation Period and to receive the Incentive Payment (being an amount equal to HK\$2,215 for each HK\$10,000 in principal amount of the Bonds so converted) on the Settlement Date.

The Eligible Bondholders exclude any Bondholder to whom the Invitation is not extended on account of legal restrictions under the laws and regulations of the place where such Bondholder is located or resident. In Hong Kong, only Bondholders who are Professional Investors are eligible to participate in the Invitation.

As at the date hereof, the aggregate principal amount of Bonds outstanding is approximately HK\$4,605 million. The Issuer is making the Invitation in respect of up to the Maximum Invitation Amount of HK\$2,750 million in aggregate principal amount of the Bonds, which represents approximately 60% of the outstanding Bonds. The Invitation Memorandum dated 13 August 2012 sets out, among other things, the terms and conditions of the Invitation. In the event the Issuer receives valid Applications that in aggregate

exceed the Maximum Invitation Amount, the Issuer will allocate the Maximum Invitation Amount to those Applications on a *pro rata* basis. Any Application for the conversion of Bonds exceeding the allocated amounts will not be converted into Conversion Units pursuant to the Invitation and no Incentive Payment shall be payable in respect thereof.

Assuming that the Eligible Bondholders accept the Invitation up to the Maximum Invitation Amount, the total number of Conversion Units issuable (based on the Conversion Price of HK\$3.44 per Unit) will be approximately 799,418,605 Units (representing approximately 16.07% of the Units in issue as at the date of this announcement and approximately 13.85% of the Units on an enlarged basis immediately after the issue of Conversion Units under the Invitation) and the total Incentive Payment payable by the Issuer will be approximately HK\$609.1 million.

The Invitation Period for Eligible Bondholders to submit their Applications will commence at 6:00 a.m. (Hong Kong time) on 14 August 2012 and will expire at 11:00 p.m. (Hong Kong time) on 17 August 2012, unless extended, re-opened or earlier terminated, as provided in the Invitation Memorandum.

The REIT Manager intends to fund the Incentive Payment by using funds from Champion REIT's cash balance that are available for such purposes in accordance with the REIT Trust Deed, the REIT Code, the guidelines issued by the Securities and Futures Commission of Hong Kong from time to time and the laws of Hong Kong.

The issue of the Bonds to the GE Bondholder, and the conversion of those Bonds into Conversion Units on the terms and conditions thereof, was approved by independent Unitholders at the extraordinary general meeting of Unitholders held on 6 March 2008.

The Invitation is intended to optimise Champion REIT's capital structure at a time when the global economic outlook is uncertain. The REIT Manager believes that conversion of the Bonds pursuant to the Invitation is a prudent course of action that will reduce overall debt while raising incremental equity for Champion REIT. In the past 18 months, the liquidity in the Hong Kong syndicated lending market has tightened considerably and financing costs have increased. The conversion of the Bonds pursuant to the Invitation, will serve to reduce the quantum required for refinancing debt (including the Bonds) maturing in 2013, placing Champion REIT in a better position to secure more favourable borrowing terms. The REIT Manager therefore believes the Incentive Payment is an optimal use of funds initially earmarked for redemption of the Bonds.

In support of the Invitation, Great Eagle Holdings Limited has confirmed to the REIT Manager that it intends to submit an Application in respect of all or some of the Bonds held by the GE Bondholder. The GE Bondholder is a wholly-owned subsidiary of Great Eagle Holdings Limited, who is a substantial Unitholder interested in approximately 51.85% of all Units in issue as at the date of this announcement. The GE Bondholder is therefore a connected person of Champion REIT within the meaning of the REIT Code, and the: (a) payment of the Incentive Payment by the Issuer to the GE Bondholder; and (b) issuance of Conversion Units to the GE Bondholder, constitute connected party transactions under Chapter 8 of the REIT Code.

The maximum Incentive Payment payable, and the maximum number of Conversion Units issuable, to the GE Bondholder pursuant to the Invitation is approximately HK\$518.3 million and 680 million Conversion Units, respectively, and coincides with all the Bonds held by the GE Bondholder being converted pursuant to the Invitation at the Conversion Price of HK\$3.44 per Unit. As the maximum Incentive Payment receivable by the GE Bondholder is less than 5% of the net assets attributable to Unitholders as at 31 December 2011, the payment of the Incentive Payment is only subject to the reporting and announcement requirements, and exempt from the unitholders' approval requirements, under Chapter 8 of the REIT Code.

This announcement is made by Champion REIT to Unitholders (pursuant to chapter 8 and paragraphs 10.3(a) to 10.3(c) of the REIT Code) and by Fair Vantage Limited to Bondholders.

BACKGROUND

Reference is made to the circular issued by Champion REIT dated 16 February 2008 and the announcements issued by Champion REIT dated 14 February 2008, 6 March 2008, 28 May 2008 and 3 June 2008.

The Issuer issued the Bonds in June 2008. The Bonds are guaranteed by Champion REIT, listed on the Stock Exchange and convertible into Units pursuant to the terms and conditions of the Bonds.

THE INVITATION

The Issuer issued an Invitation Memorandum to all Eligible Bondholders (including the GE Bondholder, a connected person of Champion REIT) today, inviting them to submit Applications to convert their Bonds during the Invitation Period and to receive the Incentive Payment (being an amount equal to HK\$2,215 for each HK\$10,000 in principal amount of the Bonds so converted) on the Settlement Date.

The Eligible Bondholders exclude any Bondholder to whom the Invitation is not extended on account of legal restrictions under the laws and regulations of the place where such Bondholder is located or resident. In Hong Kong, only Bondholders who are Professional Investors are eligible to participate in the Invitation.

As of today, the aggregate principal amount of Bonds outstanding is approximately HK\$4,605 million. The Issuer is making the Invitation in respect of up to the Maximum Invitation Amount of HK\$2,750 million in aggregate principal amount of the Bonds, which represents approximately 60% of the outstanding Bonds. The Invitation Memorandum dated 13 August 2012 sets out, among other things, the terms and conditions of the Invitation. In the event the Issuer receives valid Applications that in aggregate exceed the Maximum Invitation Amount, the Issuer will allocate the Maximum Invitation Amount to those Applications on a *pro rata* basis. Any Application for the conversion of Bonds exceeding the allocated amounts will not be converted into Conversion Units pursuant to the Invitation and no Incentive Payment shall be payable in respect thereof.

The Invitation Period for Eligible Bondholders to submit their Applications will commence at 6:00 a.m. (Hong Kong time) on 14 August 2012 and will expire at 11:00 p.m. (Hong Kong time) on 17 August 2012, unless extended, re-opened or earlier terminated, as provided in the Invitation Memorandum. The indicative timetable of the Invitation is as set out below:

Notice of the Invitation given to Eligible Bondholders	13 August 2012
Invitation Period commences	14 August 2012, 6:00 a.m. (Hong Kong time)
Invitation Period ends	17 August 2012, 11:00 p.m. (Hong Kong time)
Announcement of allocations under the Invitation and delivery of settlement notices to Eligible Bondholders whose Applications have been accepted (in whole or in part)	20 August 2012
Settlement Date	24 August 2012

Applications may only be made by submission of a valid electronic block instruction through the Clearing Systems and submission of a valid Invitation conversion notice to the Tabulation, Principal Paying and Conversion Agent. The electronic block instruction and the Invitation conversion notice must be received by the Tabulation, Principal Paying and Conversion Agent by no later than 11:00 p.m. (Hong Kong time) on 17 August 2012. All Applications will be made on the basis of the terms and conditions set out in the Invitation Memorandum.

The Tabulation, Principal Paying and Conversion Agent will send electronic copies of the Invitation Memorandum to Eligible Bondholders after they have confirmed to the agent that they are, among other things, not subject to any offer restrictions (including, in respect of Bondholders located or resident in Hong Kong, that they are Professional Investors).

Citigroup Global Markets Asia Limited, an independent third party of Champion REIT and a licensed corporation under the SFO to carry out types 1, 4 and 6 regulated activities, has been appointed as Dealer Manager in connection with the Invitation.

Pursuant to the Invitation Memorandum, the Issuer may, in its sole discretion, waive, amend, extend, terminate or withdraw the Invitation (including making any variation to the Maximum Invitation Amount) at any time on or before the date on which the settlement notices are to be delivered (but not after the settlement notices have been delivered). Each Eligible Bondholder who has submitted an Application has a right to rescind its Application if the Issuer varies the amount of Incentive Payment or otherwise varies the terms of the Invitation in a way materially prejudicial to Bondholders.

Eligible Bondholders should read this announcement in conjunction with the Invitation Memorandum. This announcement and the Invitation Memorandum contain important information which should be read carefully before any decision is made with respect to the Invitation. If Eligible Bondholders are in any doubt as to the action they should take, they are recommended to seek their own financial advice from an independent financial adviser. Any individual or company whose Bonds are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if it wishes to participate in the Invitation.

None of the Issuer, Champion REIT, the REIT Manager, the Dealer Manager, the Bond Trustee or the Tabulation, Principal Paying and Conversion Agent makes any recommendation whether Bondholders should participate in the Invitation. The Dealer Manager is acting for the Issuer and no one else in connection with the Invitation and will not be responsible to Bondholders for providing the protections afforded to customers or for giving advice or other investment services in relation to the Invitation. The Dealer Manager and/or its associates may have a holding in or may from time to time provide advice or other investment services in relation to, or engage in transactions involving, the Bonds and/or the Units.

The Invitation is not being made, directly or indirectly, in or into, or by use of the mails, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, internet, email and other forms of electronic transmission) of interstate or foreign commerce, or of any facility of a national securities exchange, of the United States and Applications may not be submitted, and the Bonds may not be tendered in the Invitation by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States.

As stated in the Invitation Memorandum and above, the Invitation is only open to Bondholders who may legally participate. In Hong Kong, only Bondholders who are Professional Investors are eligible to participate in the Invitation. Each Bondholder located or resident in Hong Kong must first confirm to the Tabulation, Principal Paying and Conversion Agent that it is a Professional Investor before it can receive a copy of the Invitation Memorandum, and will represent and warrant, among other things, that it is a Professional Investor in the Application submitted by it.

THE INCENTIVE PAYMENT

The Incentive Payment was determined by the REIT Manager after taking into consideration:

- (a) the sum of the maturity redemption amount and remaining coupon payments in respect of the Bonds, which represents the amount that would otherwise have been payable to the Bondholders for the remaining term of the Bonds had they not been converted (the “**Remaining Bond Payments**”), being HK\$12,494 for each HK\$10,000 principal amount of Bonds;

- (b) the notional value of the Conversion Units issued upon conversion (the “**Notional Conversion Units Value**”) being HK\$10,279 for each HK\$10,000 in principal amount of the Bonds, which has been calculated based on: (i) the Conversion Price of HK\$3.44 per Unit, being the current conversion price of the Bonds into Conversion Units (which is at a 1.2% discount to the closing Unit price of HK\$3.48 on the Last Trading Day); and (ii) the average closing price of the Units of HK\$3.536 for the 5 consecutive trading days prior to and including the Last Trading Day); and
- (c) the sum of the Incentive Payment and the Notional Conversion Units Value, which, assuming the price of the Units on the Settlement Date is equal to HK\$3.536, represents the aggregate value to be received by a Bondholder upon conversion (the “**Conversion Value**”), being approximately HK\$12,494 for each HK\$10,000 in principal amount of the Bonds,

and having regard to the offer price of the Bonds as quoted on Bloomberg at 4:00 p.m. on the Last Trading Day, being HK\$12,426 for each HK\$10,000 in principal amount of the Bonds.

The Conversion Value is equal to the Remaining Bond Payments and is greater than the offer price of the Bonds as quoted on Bloomberg at 4:00 p.m. on the Last Trading Day.

FUNDING FOR THE INCENTIVE PAYMENT

The REIT Manager intends to fund the Incentive Payment by using funds from Champion REIT’s cash balance that are available for such purposes in accordance with the REIT Trust Deed, the REIT Code, the guidelines issued by the Securities and Futures Commission of Hong Kong from time to time and the laws of Hong Kong.

Taking into account the Incentive Payment and financial resources available to Champion REIT, including its internally generated funds and available banking facilities, the REIT Manager confirms that Champion REIT will have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this announcement.

REASONS FOR, AND FINANCIAL IMPACT OF, THE INVITATION

The Invitation is intended to optimise Champion REIT’s capital structure at a time when the global economic outlook is uncertain. The REIT Manager believes that conversion of the Bonds pursuant to the Invitation is a prudent course of action that will reduce overall debt while raising incremental equity for Champion REIT. In the past 18 months, the liquidity in the Hong Kong syndicated lending market has tightened considerably and financing costs have increased. The conversion of the Bonds pursuant to the Invitation, will serve to reduce the quantum required for refinancing debt (including the Bonds) maturing in 2013, placing Champion REIT in a better position to secure more favourable borrowing terms. The REIT Manager therefore believes the Incentive Payment is an optimal use of funds initially earmarked for redemption of the Bonds.

The REIT Manager believes that the Invitation is expected to reduce the interest expenses of Champion REIT. Assuming the Maximum Invitation Amount is converted pursuant to the Invitation and none of the other Bonds are converted before the maturity date:

- (a) the conversion of the Bonds will reduce interest expenses over the next 12 months by approximately HK\$27.5 million, being the amount otherwise payable (in the form of coupon payments) in respect of the Bonds converted pursuant to the Invitation;
- (b) the amount to be refinanced at maturity (being the maturity redemption amount of the Bonds) will be reduced by HK\$3,408 million, and following the maturity date, will result in interest expense savings of approximately HK\$68 million (assuming a refinancing rate of 2%), HK\$102 million (assuming a refinancing rate of 3%) or HK\$136 million (assuming a refinancing rate of 4%) per annum; and

- (c) the reduction in Champion REIT's total refinancing quantum may allow Champion REIT to procure more favourable interest rates. For illustration purposes, Champion REIT's interest expenses may be reduced by approximately HK\$41 million (assuming a 0.5% more favourable interest rate), HK\$82 million (assuming a 1% more favourable interest rate) or HK\$122 million (assuming a 1.5% more favourable interest rate) per annum.

For illustrative purposes, the table below shows the potential interest expense savings per annum that may arise as a result of the Invitation (as expressed in paragraphs (b) and (c) above):

Potential interest expense savings as a result of the Invitation (HK\$ million per annum) ⁽¹⁾		Assumed refinancing rate at Bond maturity ⁽²⁾		
		2%	3%	4%
Potential reduction in interest rates as a result of the reduced refinancing quantum	0.0%	68	102	136
	0.5%	109	143	177
	1.0%	150	184	218
	1.5%	191	225	259

Notes

- (1) Potential interest expense savings represent the aggregate of the savings stated in paragraphs (b) and (c) above, based on the relevant assumed refinancing rate at Bond maturity and the relevant potential reduction in interest rates as a result of the reduced refinancing quantum.
- (2) After taking into account the potential reduction in interest rates as a result of the reduced refinancing quantum.

Based on the aggregate borrowings and total gross asset value of Champion REIT as at 30 June 2012 and assuming the Maximum Invitation Amount is applied for and allocated, the Invitation is expected to improve Champion REIT's gearing ratio from 24.5% to 19.9%.

IMPLICATIONS UNDER THE REIT CODE

The issue of the Bonds to Bondholders (including the GE Bondholder), and the conversion of those Bonds into Conversion Units on the terms and conditions thereof, was approved by independent Unitholders at the 2008 EGM ("**Conversion Units Specific Mandate**").

The settlement of the Incentive Payment is a separate exercise to the conversion of the Bonds, and was not contemplated at the time that the Bonds were issued in 2008 or approved under the Conversion Unit Specific Mandate. Instead, the Incentive Payment is a collateral offer to Eligible Bondholders, agreed between the Issuer and each individual Bondholder pursuant to the terms and conditions of the Invitation Memorandum, which is unrelated to and does not fall within the Conversion Units Specific Mandate. The Incentive Payment payable to the GE Bondholder will be a separate connected party transaction as described below.

CONNECTED PARTY TRANSACTION RELATING TO THE ACCEPTANCE OF THE INVITATION BY THE GE BONDHOLDER

As at the date of this announcement, the GE Bondholder holds approximately HK\$2,340 million aggregate principal amount of the Bonds. In support of the Invitation, Great Eagle Holdings Limited has confirmed to the REIT Manager that it intends to submit an Application in respect of all or some of the Bonds held by the GE Bondholder. The GE Bondholder is a wholly-owned subsidiary of Great Eagle Holdings Limited, who is a substantial Unitholder interested in approximately 51.85% of all Units in issue as at the date of this announcement. The GE Bondholder is therefore a connected person of Champion REIT within the meaning of the REIT Code, and the: (a) payment of the Incentive Payment by the Issuer to the GE Bondholder; and

(b) issuance of Conversion Units to the GE Bondholder, constitute connected party transactions under Chapter 8 of the REIT Code.

The maximum Incentive Payment payable, and maximum number of Conversion Units issuable, to the GE Bondholder pursuant to the Invitation is approximately HK\$518.3 million and 680 million Conversion Units, respectively, and coincides with all the Bonds held by the GE Bondholder being converted pursuant to the Invitation at the Conversion Price of HK\$3.44 per Unit. As the maximum Incentive Payment receivable by the GE Bondholder is less than 5% of the net assets attributable to Unitholders as at 31 December 2011, the payment of the Incentive Payment is only subject to the reporting and announcement requirements, and exempt from the unitholders' approval requirements, under Chapter 8 of the REIT Code.

UNITHOLDING AND BONDHOLDING STRUCTURE

As at the date of this announcement, there are 4,973,275,011 Units in issue and approximately HK\$4,605 million aggregate principal amount of Bonds outstanding. Assuming that the Eligible Bondholders accept the Invitation up to the Maximum Invitation Amount, the total number of Conversion Units issuable (based on the Conversion Price of HK\$3.44 per Unit) will be approximately 799,418,605 Units (representing approximately 16.07% of the Units in issue as at the date of this announcement and approximately 13.85% of the Units on an enlarged basis immediately after the issue of Conversion Units under the Invitation) and the total Incentive Payment payable by the Issuer will be approximately HK\$609.1 million.

The following tables below set out the Unitholding and Bondholding structure of Champion REIT (1) as at the date of this announcement; (2) immediately after the issue of Conversion Units pursuant to the Invitation (assuming all the Bonds held by the GE Bondholder are converted pursuant to the Invitation at the Conversion Price and no other Bonds are converted, and no other changes to the bondholding and unitholding from the date of this announcement; and (3) immediately after the issue of Conversion Units pursuant to the Invitation (assuming all Bondholders (including the GE Bondholder) submit an application for all the Bonds held by them, the Maximum Invitation Amount is applied for and allocated (after scale back), and no other changes to the bondholding and unitholding from the date of this announcement):

(1) Existing Bondholding and Unitholding (as at the date of this announcement)

Unitholder / Bondholder	Aggregate principal amount of Bonds (HK\$ '000)	Approximate %	Number of Units ('000)	Approximate %
Great Eagle Holdings Limited and its subsidiaries (other than the GE Bondholder)	0	0.0%	2,578,702	51.9%
GE Bondholder	2,340,000	50.8%	0	0.0%
Sub-total	2,340,000	50.8%	2,578,702	51.9%
Public Bondholders and Unitholders	2,264,990	49.2%	2,394,573	48.1%
Total	4,604,990	100.0%	4,973,275	100.0%

(2) Bondholding and Unitholding immediately after the issue of Conversion Units to Only GE Bondholder
(Assuming all Bonds held by the GE Bondholder are converted pursuant to the Invitation at the Conversion Price and no other Bonds are converted, and no other changes to the bondholding and unitholding from the date of this announcement.)

Unitholder / Bondholder	Aggregate principal amount of Bonds remaining after conversion (HK\$ '000)	Approximate %	Number of Units ('000)	Approximate %
Great Eagle Holdings Limited and its subsidiaries (other than the GE Bondholder)	0	0.0%	2,578,702	45.6%
GE Bondholder	0	0.0%	680,232	12.0%
Sub-total	0	0.0%	3,258,934	57.6%
Public Bondholders and Unitholders	2,264,990	100.0%	2,394,573	42.4%
Total	2,264,990	100.0%	5,653,507	100.0%

(3) Bondholding and Unitholding immediately after the issue of Conversion Units to all Bondholders
(Assuming all the Bondholders, including the GE Bondholder, submit an application for all the Bonds held by them, the Maximum Invitation Amount is applied for and allocated (after scale back), and no other changes to the bondholding and unitholding from the date of this announcement. In this scenario, it is assumed that after scale back, approximately 60% of the Bonds held by the GE Bondholder are converted.)

Unitholder / Bondholder	Aggregate principal amount of Bonds remaining after conversion (HK\$ '000)	Approximate %	Number of Units ('000)	Approximate %
Great Eagle Holdings Limited and its subsidiaries (other than the GE Bondholder)	0	0.0%	2,578,702	44.7%
GE Bondholder	942,600	50.8%	406,221	7.0%
Sub-total	942,600	50.8%	2,984,923	51.7%
Public Bondholders and Unitholders	912,390	49.2%	2,787,771	48.3%
Total	1,854,990	100%	5,772,694	100.0%

SUBSEQUENT ANNOUNCEMENTS

The REIT Manager and Issuer will make a subsequent announcement on 20 August 2012 (being the allocation date) to provide details of, among other things: (a) the aggregate principal amount of Bonds that has been accepted for conversion pursuant to the terms of the Invitation; (b) the number of Conversion Units to be issued with respect to the accepted Applications; (c) the aggregate Incentive Payment made by or on behalf of the Issuer with respect to the accepted Applications; (d) the outstanding principal amount of Bonds following the conversion of Bonds pursuant to the Invitation; and (e) to the extent required under the REIT Code, details of the Bonds converted by connected persons of Champion REIT.

The REIT Manager and Issuer will also make a further announcement on 24 August 2012 (being the Settlement Date) stating, among other things: (a) that settlement has taken place; (b) the number of Conversion Units issued by Champion REIT; (c) the aggregate Incentive Payment made by or on behalf of

the Issuer; and (d) the aggregate principal amount of Bonds remaining outstanding on the Settlement Date.

The REIT Manager and the Issuer will issue an announcement of any variation or termination or withdrawal of Invitation as and when required under the REIT Code, the Listing Rules and applicable rules and regulations.

COMPLIANCE

The REIT Manager and Issuer will ensure that the Invitation is carried out in compliance with: (i) other than procedural variations to the conversion mechanics necessary for the implementation of the Invitation, the terms and conditions governing the Bonds; (ii) the provisions of the REIT Trust Deed and Champion REIT's compliance manual; (iii) applicable provisions of the REIT Code, the guidelines issued by the SFC from time to time, and any conditions imposed in writing by the SFC from time to time; (iv) applicable provisions of the listing agreement between the Issuer, the REIT Manager and the Stock Exchange dated 29 May 2008; (v) applicable provisions of the listing agreement between the REIT Manager, the REIT Trustee and the Exchange dated 21 April 2006; (vi) applicable provisions of the Listing Rules or any relevant regulations required by the Stock Exchange, in each case, as the same may be in effect from time to time; and (vii) applicable laws and regulations, in all material respects.

In compliance with the above, the directors of the REIT Manager (including the independent non-executive Directors) are of the view that the Invitation does not require the approval of Unitholders and/or Bondholders under the REIT Code, the REIT Trust Deed, the applicable Hong Kong laws and regulations and the terms and conditions governing the Bonds.

OPINION OF THE BOARD OF DIRECTORS OF THE REIT MANAGER

The board of directors of the REIT Manager (including the independent non-executive directors of the REIT Manager) confirms that the Invitation (including the quantum of the Incentive Payment) is fair and reasonable, will be conducted on terms which are normal commercial terms at arm's length, and is in the interests of Champion REIT and the independent Unitholders (in their capacity as Unitholders rather than Bondholders) as a whole.

REIT TRUSTEE'S CONFIRMATION TO UNITHOLDERS

Based on the "Reasons for, and Financial Impact, of the Invitation", "Connected Party Transaction relating to the acceptance of the Invitation by the GE Bondholder" and the other information in this announcement, and having taken into account its duties to Unitholders under the REIT Trust Deed and the REIT Code, the REIT Trustee has no objection to the Invitation being made to Eligible Bondholders and carried out in the manner and on the terms and conditions set out in the Invitation Memorandum, and is of the view that the Invitation does not require the approval of Unitholders under the REIT Code, the REIT Trust Deed or applicable Hong Kong laws and regulations. The REIT Trustee has not made any assessment of the merits or impact of the Invitation, other than for the purposes of fulfilling its duties under the REIT Code and the REIT Trust Deed. Accordingly, Unitholders who are in any doubt as to the merits or impact of the Invitation should seek their own financial or other professional advice.

DEFINITIONS

In this announcement, the following terms have the meanings set forth opposite them:-

“2008 EGM”	means the extraordinary general meeting of the Unitholders held on 6 March 2008
“Application”	the application by Eligible Bondholders to accept the Invitation in respect of the Bonds held by them
“Bonds”	the 1% guaranteed convertible bonds due 2013 issued by the Issuer, convertible into Conversion Units, as referred to in the circular issued by Champion REIT dated 16 February 2008
“Bond Trustee”	Citibank, N.A., London Branch, as trustee under the trust deed constituting the Bonds
“Bondholders”	holders of the Bonds
“Champion REIT”	Champion Real Estate Investment Trust, a collective investment scheme whose Units are listed on the Stock Exchange
“Clearing Systems”	Euroclear Bank S.A./N.V. and/or Clearstream Banking, Société anonyme
“connected person”	has the meaning ascribed to it under the REIT Code
“Conversion Price”	HK\$3.44 per Unit, being the current conversion price of the Bonds into Conversion Units. The conversion price is at a 1.2% discount to the closing Unit price of HK\$3.48 on the Last Trading Day
“Conversion Units”	Units issued pursuant to the conversion of the Bonds
“Conversion Units Specific Mandate”	has the meaning given to this term in the section headed “Implications under the REIT Code”
“Conversion Value”	has the meaning given to this term in the section headed “The Incentive Payment”
“Dealer Manager”	Citigroup Global Markets Asia Limited
“Eligible Bondholders”	the Bondholders excluding those whom the Issuer considers necessary or expedient not to extend the Invitation to, on account of legal restrictions under the laws and regulations of the place where such Bondholder is located or resident as set out in the Invitation Memorandum (including, but not limited to, those Bondholders who are located or resident in the United States). In Hong Kong, only Bondholders who are Professional Investors are eligible to participate in the Invitation
“GE Bondholder”	Bright Form Investments Limited, a wholly-owned subsidiary of Great Eagle Holdings Limited
“Incentive Payment”	the incentive payment of HK\$2,215 for each HK\$10,000 principal amount of Bonds converted in accordance with the Invitation
“Invitation”	the invitation by the Issuer to Bondholders to convert their Bonds as described in this announcement
“Invitation Memorandum”	the Memorandum dated 13 August 2012 issued to Bondholders in respect of the Invitation

“Invitation Period”	the period during which Eligible Bondholders may submit their Applications, commencing at 6:00 a.m. (Hong Kong time) on 14 August 2012 and ending at 11:00 p.m. (Hong Kong time) on 17 August 2012 or such later date or time as the Issuer may determine
“Issuer”	Fair Vantage Limited, the issuer of the Bonds and a company incorporated in the Cayman Islands with limited liability that is indirectly wholly owned and controlled by the REIT Trustee in its capacity as the trustee of Champion REIT
“Last Trading Day”	10 August 2012, being the trading day immediately prior to the date of this announcement
“Maximum Invitation Amount”	HK\$2,750 million, being the maximum aggregate principal amount of Bonds to be converted pursuant to the Invitation
“Notional Conversion Units Value”	has the meaning given to this term in the section headed “The Incentive Payment”
“Professional Investors”	has the meaning ascribed to it under the SFO
“REIT Code”	the Code on Real Estate Investment Trusts published by the Securities and Futures Commission of Hong Kong (as amended from time to time)
“REIT Manager”	Eagle Asset Management (CP) Limited, an indirectly wholly-owned subsidiary of Great Eagle Holdings Limited, in its capacity as manager of Champion REIT
“REIT Trust Deed”	the trust deed constituting Champion REIT dated 26 April 2006, as supplemented by a first supplemental deed dated 5 December 2006, a second supplemental deed dated 4 February 2008, a third supplemental deed dated 9 March 2009, a fourth supplemental deed dated 23 July 2010 and a fifth supplemental deed dated 13 March 2012, entered into between the REIT Trustee and the REIT Manager
“REIT Trustee”	HSBC Institutional Trust Services (Asia) Limited, as trustee of Champion REIT
“Remaining Bond Payments”	has the meaning given to this term in the section headed “The Incentive Payment”
“Settlement Date”	24 August 2012, being the indicative date for delivery of Conversion Units and settlement of Incentive Payment in respect of Applications accepted by the Issuer
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Cap 571) of Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tabulation, Principal Paying and Conversion Agent”	Citibank, N.A., London Branch
“trading day”	has the meaning ascribed thereto under the Listing Rules
“Unitholders”	holders of the Units
“Units”	the units of Champion REIT

By Order of the Board
Eagle Asset Management (CP) Limited
(as manager of Champion Real Estate Investment Trust)

Lo Ka Shui
Chairman

By Order of the Board
Fair Vantage Limited

Lee Ching Ming, Adrian
Director

Hong Kong, 13 August 2012

As at the date of this announcement, the board of directors of the REIT Manager comprises:

Non-executive Directors:

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

Executive Director:

Mr. Lee Ching Ming, Adrian (*Chief Executive Officer*)

Independent Non-executive Directors:

Mr. Cha Mou Sing, Payson, Mr. Shek Lai Him, Abraham and Mr. Ip Yuk Keung, Albert

As at the date of this announcement, the board of directors of the Issuer comprises:

Dr. Lo Ka Shui, Mr. Lo Kai Shui and Mr. Lee Ching Ming, Adrian