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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) ALLOCATION RESULTS OF THE INVITATION TO ELIGIBLE BONDHOLDERS TO CONVERT THEIR 1% GUARANTEED CONVERTIBLE BONDS DUE 2013

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

AND

(3) ADJUSTMENT TO THE INTERIM DISTRIBUTION PER UNIT

The REIT Manager and the Issuer wish to announce: (a) the final allocation results of the Invitation; (b) further details regarding the connected party transaction relating to the acceptance by the GE Bondholder of such Invitation; and (c) the adjustment to the interim distribution announced by the REIT Manager on 13 August 2012.

The Issuer received valid Applications in respect of HK\$2,340.4 million aggregate principal amount of the Bonds, of which HK\$2,340.0 million was in respect of an Application by the GE Bondholder. As the total amount of Bonds in respect of which valid Applications were received did not exceed the Maximum Invitation Amount, the Issuer accepted all the valid Applications in full. On the Settlement Date, the Issuer will issue to the Bondholders, whose Applications have been accepted, a total of approximately 680.3 million Conversion Units and pay an aggregate Incentive Payment of approximately HK\$518.4 million, of which the GE Bondholder will receive approximately 680.2 million Conversion Units and an Incentive Payment of approximately HK\$518.3 million.

According to the Interim Results Announcement (as defined below), the interim distribution per Unit for the six month period ended 30 June 2012 is HK\$0.1161 per Unit, subject to dilution upon issuance of new Units from 1 July 2012 up to the Record Date (as defined below). Taking into account the Conversion Units to be issued pursuant to the Invitation, the expected interim distribution per Unit will be diluted from HK\$0.1161 to HK\$0.1021. The actual interim distribution per Unit for the six month period ended 30 June 2012 will be subject to further adjustment upon the issuance of new Units between 1 July 2012 and the Record Date, as further set out below.

Reference is made to (i) the announcement of the REIT Manager and the Issuer dated 13 August 2012 in relation to: (a) the Invitation to Eligible Bondholders to convert their Bonds; and (b) the connected party transaction relating to the acceptance by the GE Bondholder of the Invitation (the “**Invitation Announcement**”); and (ii) the interim results announcement of the REIT Manager dated 13 August 2012 (the “**Interim Results Announcement**”). Unless the context otherwise requires, capitalised terms used in this announcement shall have the meanings ascribed to them in the Invitation Announcement.

THE INVITATION

The Invitation Period concluded at 11:00 p.m. (Hong Kong time) on 17 August 2012. In relation to the Invitation:

- (a) the Issuer received valid Applications in respect of HK\$2,340.4 million aggregate principal amount of the Bonds, representing approximately 50.8% of the outstanding Bonds (including those in respect of which an Application had been made) as at the date of this announcement;
- (b) the Issuer accepted the valid Applications in full, given that the amount of Bonds in respect of which valid Applications were received did not exceed the Maximum Invitation Amount;
- (c) a total of approximately 680.3 million Conversion Units will be issued on the Settlement Date with respect to the accepted Applications, representing approximately 13.7% of the Units in issue as at the date of this announcement and approximately 12.0% of the Units on an enlarged basis immediately after the issue of Conversion Units under the Invitation; and
- (d) the aggregate Incentive Payment payable with respect to the accepted Applications on the Settlement Date is approximately HK\$518.4 million.

Following the conversion of Bonds pursuant to the Invitation, there will be approximately HK\$2,264.6 million aggregate principal amount of the Bonds outstanding.

Application for the listing of, and permission to deal in, the Conversion Units on the main board of the Stock Exchange was granted on 2 June 2008 by the Stock Exchange, and the Conversion Units are eligible for admission into the Central Clearing and Settlement System (“**CCASS**”) operated by the Hong Kong Securities Clearing Limited. Bondholders should note that Conversion Units delivered pursuant to the Invitation are being delivered in definitive form only. Bondholders who wish to hold their Units in dematerialised form in CCASS and to deal in their Units through the facilities of CCASS should make arrangements for their Unit certificates to be deposited into CCASS. Bondholders in any doubt as to how to do this should contact their brokers.

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

The Issuer received an Application from the GE Bondholder in respect of HK\$2,340.0 million aggregate principal amount of the Bonds, representing all the Bonds held by the GE Bondholder and approximately 50.8% of the outstanding Bonds (including those in respect of which an Application had been made) as at the date of this announcement. As the aggregate principal amount of the Bonds for which valid Applications have been received did not exceed the Maximum Invitation Amount, the Issuer has accepted the GE Bondholder's Application in full in respect of HK\$2,340.0 million aggregate principal amount of the Bonds. Accordingly, on the Settlement Date the GE Bondholder will receive approximately 680.2 million Conversion Units and an Incentive Payment of approximately HK\$518.3 million.

As described in the tables below, immediately following the issue of the Conversion Units and assuming no other changes to the bondholding and unitholding from the date of this announcement, Great Eagle Holdings Limited (together with the GE Bondholder) will cease to hold any Bonds, and its unitholding will increase from approximately 2,581.4 million Units to 3,261.7 million Units (representing approximately 51.9% of the total issued Units as at the date of this announcement and approximately 57.7% of the total issued Units immediately after the issue of the Conversion Units on an enlarged basis).

UNITHOLDING AND BONDHOLDING STRUCTURE

As at the date of this announcement, there are 4,973,275,011 Units in issue. The tables below show the bondholding and unitholding as at the date of this announcement and immediately after the issue of Conversion Units on the Settlement Date, assuming no other changes to the bondholding and unitholding from the date of this announcement:-

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

Unitholder / Bondholder	Aggregate principal amount of Bonds before conversion (HK\$ '000)	Approximate %	Number of Units ('000)	Approximate %
Great Eagle Holdings Limited and its subsidiaries (other than the GE Bondholder)	0	0.0%	2,581,435	51.9%
GE Bondholder	2,340,000	50.8%	0	0.0%
Sub-total	2,340,000	50.8%	2,581,435	51.9%
Public Bondholders and Unitholders	2,264,990	49.2%	2,391,840	48.1%
Total	4,604,990	100%	4,973,275	100%

Bondholding and Unitholding immediately after the issue of Conversion Units

(Assuming all the Bonds in respect of which valid Applications have been accepted by the Issuer 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%	2,581,435	45.7%
GE Bondholder	0	0.0%	680,233	12.0%
Sub-total	0	0.0%	3,261,668	57.7%
Public Bondholders and Unitholders	2,264,590	100%	2,391,956	42.3%
Total	2,264,590	100%	5,653,624	100%

FINANCIAL EFFECTS OF THE INVITATION

Following the issue of the Conversion Units, the REIT Manager expects to reduce interest expenses over the next 12 months by approximately HK\$23.4 million, being the amount of coupon payments otherwise payable on the Bonds which are to be converted pursuant to the Invitation.

Based on the aggregate borrowings and total gross asset value of Champion REIT as at 30 June 2012 and the aggregate principal amount of the Bonds to be converted pursuant to the Invitation, Champion REIT's gearing ratio is expected to improve from 24.5% to 20.6% immediately after the Settlement Date.

ADJUSTMENT TO INTERIM DISTRIBUTION PER UNIT

According to the Interim Results Announcement, the interim distribution per unit for the six month period ended 30 June 2012 is HK\$0.1161 per Unit, subject to dilution upon issuance of new Units from 1 July 2012 up to the record date for such distribution, which is 24 September 2012 (the "**Record Date**").

The Conversion Units will be issued prior to the Record Date, and accordingly, entitle their holders to the interim distribution. Taking into account the Conversion Units to be issued pursuant to the Invitation, the expected interim distribution per Unit will be diluted from HK\$0.1161 to HK\$0.1021. As noted in the Interim Results Announcement, the interim distribution per Unit will be subject to further adjustment upon the issuance of new Units between 1 July 2012 and the Record Date. For example: (1) the REIT Manager has elected to receive 60% of its fees in the form of Units ("**Manager Fee Units**"), and pursuant to the REIT Trust Deed, expects the Manager Fee Units for the first half of 2012 to be issued prior to the Record Date; (2) Bondholders may elect to convert their Bonds otherwise than in accordance with the Invitation and receive Conversion Units upon such conversion. A further announcement will be made to inform Unitholders of the actual interim distribution per Unit for the six month period ended 30 June 2012.

FURTHER ANNOUNCEMENT

As disclosed in the Invitation Announcement, the REIT Manager and the Issuer will 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.

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

By Order of the Board
Fair Vantage Limited

Lo Ka Shui
Chairman

Lee Ching Ming, Adrian
Director

Hong Kong, 20 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