

connected party transactions

Set out below is the information in respect of the connected party transactions involving Champion REIT and its connected persons as defined in paragraph 8.1 of the Code on Real Estate Investment Trusts (the "REIT Code"):

CONNECTED PARTY TRANSACTIONS WITH THE GREAT EAGLE CONNECTED PERSONS GROUP AND THE SFK CONNECTED PERSONS GROUP

The following tables set forth information on the connected party transactions between Champion REIT and Great Eagle Holdings Limited ("Great Eagle") (together with its subsidiaries and associated companies (collectively, the "Great Eagle Connected Persons Group")), being its significant holder (as defined in the REIT Code); and Sun Fook Kong Holdings Limited ("SFK") (together with its subsidiaries and associated companies (collectively, the SFK Connected Persons Group")), being a corporation controlled by certain family members of the late Mr. Lo Ying Shek, the former Chairman of Great Eagle, and their related trusts and companies) during the Relevant Period:

Connected Party Transaction – Leasing/Licensing Transactions

Name of Connected Party	Relationship with Champion REIT	Nature of Connected Transaction	Leasing/licensing income for the Relevant Period	Rental deposit received as at 31/12/2006
			HK\$	HK\$
Strong Dynamic Limited	Subsidiary of Great Eagle	Leasing transaction	3,368,000	Note 1
The Great Eagle Properties Management Company, Limited	Subsidiary of Great Eagle	Leasing transaction	629,000	225,000
The Great Eagle Company, Limited	Subsidiary of Great Eagle	Car parking fee	148,000	N/A
China Mobile Peoples Telephones Company Limited	Associate of a Director ²	Licence fee	68,000	34,000
Eagle Asset Management (CP) Limited	Subsidiary of Great Eagle	Car parking fee	63,000	N/A
Total			4,276,000	259,000

Notes

1 By a bank guarantee of approximately HK\$2,078,000.

2 The Director is Dr. Lo Ka Shui, who is a director (and the Chairman) of both the REIT Manager and Great Eagle. Dr. Lo is also an independent non-executive director of China Mobile Limited, the holding company of China Mobile Peoples Telephones Company Limited.

Connected Party Transactions – Property Management Transactions (Incurred from Building Accounts)

Name of Connected Party	Relationship with Champion REIT	Nature of Connected Transaction	Expenses for the Relevant Period
			HK\$
The Great Eagle Engineering Company Limited	Subsidiary of Great Eagle	Repair and maintenance services	8,317,000
Longworth Management Limited ¹	Subsidiary of Great Eagle	Remuneration of DMC Manager	6,687,000
G E Advertising Agency Limited	Subsidiary of Great Eagle	Advertising expenses	9,000
The Great Eagle Insurance Agency Limited	Subsidiary of Great Eagle	Insurance fee	987,000
Keysen Engineering Company, Limited	Subsidiary of Great Eagle	Repair and maintenance services	46,000
Sun Fook Kong Housing Services Limited	Subsidiary of SFK	Cleaning services	2,504,000
Total			18,550,000

Note

¹ Longworth Management Limited is the DMC Manager for Citibank Plaza under the deed of mutual covenant.

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Connected Party Transactions – Property Management Transactions (Other than incurred from Building Accounts as mentioned above)

Name of Connected Party	Relationship with Champion REIT	Nature of Connected Transaction	Income/	Deposits paid as
			Expenses for the Relevant Period	at 31/12/2006
			HK\$	HK\$
Strong Dynamic Limited	Subsidiary of Great Eagle	Building management fee income	1,950,000	N/A
The Great Eagle Properties Management Company, Limited ¹	Subsidiary of Great Eagle	Building management fee income	81,000	N/A
The Great Eagle Properties Management Company, Limited ¹	Subsidiary of Great Eagle	Building management fee paid	48,945,000	13,954,000
Eagle Property Management (CP) Limited	Subsidiary of Great Eagle	Leasing and marketing services	15,284,000	N/A
Toptech Co. Limited	Subsidiary of Great Eagle	Repair and maintenance services	3,070,000	N/A
The Great Eagle Engineering Company Limited	Subsidiary of Great Eagle	Repair and maintenance services	685,000	N/A
The Great Eagle Properties Management Company, Limited ¹	Subsidiary of Great Eagle	Repair and maintenance services	4,000	N/A
The Great Eagle Insurance Agency Limited	Subsidiary of Great Eagle	Insurance fee paid	404,000	N/A
Sun Fook Kong Housing Services Limited	Subsidiary of SFK	Repair and maintenance services	1,000	N/A
Total			70,424,000	13,954,000

Note

¹ The Great Eagle Properties Management Company, Limited is the DMC Sub-manager for Citibank Plaza appointed by the DMC Manager.

CONNECTED PARTY TRANSACTIONS WITH THE TRUSTEE CONNECTED PERSONS AND THE HSBC GROUP

The following tables set forth information on the connected party transactions between Champion REIT and the Trustee of the Scheme (and companies within the same group or otherwise "associated" with the Trustee (collectively, the "Trustee Connected Persons")) within the meaning given in the REIT Code and the HSBC Group¹ during the Relevant Period:

Connected Party Transactions – Leasing/Licensing Transactions and Ordinary Banking and Financial Services

Name of Connected Party	Relationship with Champion REIT	Nature of Connected Transaction	Income/Expense for the Relevant Period	Rental deposit received as at 31/12/2006
			HK\$	HK\$
The Hongkong and Shanghai Banking Corporation	Trustee Connected Persons	Leasing transaction	9,506,000	3,541,000
The Hongkong and Shanghai Banking Corporation	Trustee Connected Persons	Building management fee income	1,749,000	N/A
HSBC Group ¹	Trustee Connected Persons	Interest income from ordinary banking services	13,107,000	N/A
HSBC Institutional Trust Services (Asia) Limited	Trustee	Trustee fee	2,671,000	N/A
Hang Seng Bank Limited ²	Trustee Connected Persons	Loan interest	207,764,000	N/A
Total			234,797,000	3,541,000

Notes

- 1 HSBC Group means The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries and, unless otherwise expressly stated herein, excludes the Trustee and its proprietary subsidiaries.
- 2 Hang Seng Bank Limited is the facility agent under the term loan and revolving credit facility of HK\$7,200 million which HK\$7,000 million term loan had been drawn down on 24 May 2006.

Connected Party Transactions – Leasing/Licensing Transactions under which the Annual Rent exceeds HK\$ 1 million

Name of Connected Party	Relationship with Champion REIT	Nature of Connected Transaction	Material Terms	Annual Rent ¹
				HK\$
The Hongkong and Shanghai Banking Corporation Limited	Trustee Connected Persons	Lease for the whole of 20th and 21st Floors of Citibank Tower	Term of 5 years and expiry in the first quarter of 2010 Subject to a rent review in the first quarter of 2008 Right by the tenant to terminate the lease with 6 months' notice on or after 01/09/2007	13,400,000
The Hongkong and Shanghai Banking Corporation Limited	Trustee Connected Persons	Lease for Suites 2001-5 on 20th Floor of ICBC Tower	Same as above	2,317,000

Note

- 1 The annual rent refers to the annualized amount of rental income that would have been received for a financial year on a 12-month basis in accordance with the respective lease.

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CONNECTED PARTY TRANSACTION DISCLOSED PURSUANT TO PARAGRAPH 8.14 OF THE REIT CODE

On 11 December 2006, Champion REIT acting through its trustee (as the guarantor) and its wholly owned and controlled entity (as the purchaser) entered into a conditional sale and purchase agreement with Kerry Properties Limited (“KPL”) (as the guarantor) and its wholly owned subsidiary (as the vendor) for the acquisition of the whole of the 34th, 36th and 37th Floors of Citibank Tower and private carparking spaces nos. 39, 40 and 41 on the second basement of Citibank Plaza (the “Transaction”).

The purchase consideration is approximately HK\$994,600,000 (or approximately HK\$14,900 per sq.ft. based on the total floor area of 66,752 sq.ft. (which excludes the carpark)), of which HK\$259,488,000 was satisfied by way of the issue of the new units of Champion REIT to the vendor or its nominated person upon completion, and the balance HK\$735,112,000 of the purchase consideration was satisfied in cash at completion, which was funded by the proceeds from the issue of the convertible bonds.

Mr. Ang Keng Lam was both a director of the REIT Manager and a director of each of KPL and the vendor. Accordingly, KPL and the vendor, being “associates” of Mr. Ang are connected persons of Champion REIT. The Transaction constituted a connected party transaction for Champion REIT under Paragraph 8.11 of the REIT Code. Pursuant to the REIT Code and the Trust Deed, the Transaction required unitholders’ prior approval by way of an ordinary resolution.

An announcement was made on 11 December 2006 followed by a circular dated 15 December 2006 issued to the unitholders. Unitholders’ approval was obtained at the extraordinary general meeting of Champion REIT held on 3 January 2007.

During the Relevant Period, a deposit of HK\$60,000,000 was paid by Champion REIT upon signing of the said agreement as part of the purchase consideration. The Transaction was completed on 5 January 2007.

CONFIRMATION BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE REIT MANAGER

The Independent Non-executive Directors of the REIT Manager confirm that they have reviewed all relevant connected party transactions (including the terms of the transactions with the Trustee Connected Persons and the HSBC Group) during the Relevant Period as disclosed above and they are satisfied that these transactions have been entered into:

- (i) in the ordinary and usual course of business of Champion REIT;
- (ii) on normal commercial terms (to the extent that there are comparable transactions) or, where there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to Champion REIT than terms available to or from (as appropriate) independent third parties; and
- (iii) in accordance with the relevant agreements and the REIT Manager’s internal procedures governing them, if any, on terms that are fair and reasonable and in the interests of the unitholders of Champion REIT as a whole.

CONFIRMATION BY THE REIT MANAGER AND THE TRUSTEE IN RESPECT OF CORPORATE FINANCE TRANSACTION WITH THE HSBC GROUP

Both the REIT Manager and the Trustee confirm that there was no corporate finance transaction with the HSBC Group during the Relevant Period.

CONFIRMATION BY THE AUDITORS OF CHAMPION REIT

Pursuant to the waiver from strict compliance with disclosure requirement under Chapter 8 of the REIT Code, the REIT Manager has engaged the auditors of Champion REIT to perform certain factual finding procedures in respect of the leasing/licensing transactions, property management transactions and ordinary banking and financial services (in particular, the connected party transactions relating to rental income, building management fee income, building management fee paid, leasing and marketing services fee, repair and maintenance services fee and insurance fee of the Group, property management transactions incurred from building accounts, and also ordinary banking and financial services) for the period from 24 May 2006 to 31 December 2006 in accordance with the Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have performed these procedures and reported to the Board of the REIT Manager their factual findings.

HOLDINGS OF CONNECTED PERSONS IN THE UNITS OF CHAMPION REIT

As at 31 December 2006, the following persons, being connected persons (as defined under the REIT Code) of Champion REIT, hold units of Champion REIT:-

Name of Connected Persons	Number of Units Held	Percentage of Unit Holdings
Alfida Limited	1,349,495,877 ¹	49.20
Great Eagle Holdings Limited	1,349,495,877 ¹	49.20
HSBC International Trustee Limited	1,349,495,877 ¹	49.20
Jolly Trend Limited	1,349,495,877 ¹	49.20
The Great Eagle Company, Limited	1,349,495,877 ¹	49.20
Top Domain International Limited	1,349,495,877 ¹	49.20
Lo Ka Shui	1,349,495,877 ¹	49.20
Lo Ying Sui, Archie	1,349,495,877 ¹	49.20
Fortune Mega Investments Limited	165,676,151 ²	6.04
Julian Holdings Limited	165,676,151 ²	6.04
Kerry Group Limited	165,676,151 ²	6.04
Kerry Holdings Limited	165,676,151 ²	6.04
Kerry Properties Limited	165,676,151 ²	6.04
Kerry Properties (Hong Kong) Limited	165,676,151 ²	6.04
Spring Capital Holdings Limited	165,676,151 ²	6.04
Renowned Development Limited	44,198,781 ³	1.61
Wing Tai (Cheng) Holdings Limited	44,198,781 ³	1.61
Wing Tai Corporation Limited	44,198,781 ³	1.61
Cheng Wai Chee, Christopher	44,198,781 ³	1.61
So Yiu Wah, Eric	290,000 ⁴	0.01
Chan Ki Chun	75,000 ⁵	0.003
Lee Ching Ming, Adrian	64,000 ⁶	0.002
Chu Shik Pui	8,000 ⁷	0.0003
Brett Butcher	2,500 ⁸	0.00009
Leung Tat Kai, Henry	2,000 ⁹	0.00007

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Notes

- 1 The 1,349,495,877 units, which were directly held by Top Domain International Limited, and the 1,349,495,877 units in which the other 7 unitholders as named in this Note 1 were deemed to be interested were the same parcel of units. The 7 unitholders as named in this Note 1 were deemed to be interested in the same parcel of units because each of Dr. Lo Ka Shui, Dr. Lo Ying Sui, Archie and HSBC International Trustee Limited ("HITL") was deemed to have controlling interests in Great Eagle Holdings Limited ("Great Eagle"), and Top Domain International Limited, Alfida Limited, The Great Eagle Company, Limited and Jolly Trend Limited were wholly-owned subsidiaries of Great Eagle. HITL was the trustee of a discretionary trust of which Dr. Lo Ka Shui and Dr. Lo Ying Sui, Archie, directors of Great Eagle, were beneficiaries. HITL held approximately 32.6% interest in Great Eagle's shares for the discretionary trust. Together with interests held for other trusts of which it was the trustee, HITL's total interest in Great Eagle's shares was more than 33 $\frac{1}{3}$ %. Mr. Lo Kai Shui held indirectly 1,349,495,877 Units at the Listing Date by virtue of his having a deemed controlling interest in Great Eagle. As he ceased to have such deemed controlling interest in Great Eagle since 5 October 2006, he also ceased to have indirect interest in the 1,349,495,877 Units from that date.
- 2 The 165,676,151 units, which were directly held by Fortune Mega Investments Limited ("Fortune Mega"), and the 165,676,151 units in which Kerry Group Limited ("KGL"), Kerry Holdings Limited ("KHL"), Kerry Properties Limited ("KPL"), Kerry Properties (Hong Kong) Limited ("KP(HK)"), Julian Holdings Limited ("JHL") and Spring Capital Holdings Limited ("SCHL") were deemed to be interested, were the same parcel of units. KGL, KHL, KPL, KP(HK), JHL and SCHL were deemed to be interested in the same parcel of units by virtue of their controlling interests in Fortune Mega. As at the Listing Date, Fortune Mega was interested in 114,796,151 units. As at 31 December 2006, Fortune Mega was deemed to be interested in 165,676,151 units out of which 114,796,151 units were issued units and 50,880,000 units were to be issued to Fortune Mega (as a nominee of KPL) upon completion of a conditional sale and purchase agreement dated 11 December 2006 as part of the consideration payable by Champion REIT to KPL for acquisition of the properties under the said agreement.
- 3 The 44,198,781 units, which were directly held by Wing Tai Corporation Limited, and the 44,198,781 units held by Mr. Cheng Wai Chee, Christopher, Wing Tai (Cheng) Holdings Limited and Renowned Development Limited were the same parcel of units. Mr. Cheng Wai Chee, Christopher, a Director of the REIT Manager, had a direct controlling interest in Wing Tai (Cheng) Holdings Limited which was the direct holding company and ultimate holding company of Renowned Development Limited and Wing Tai Corporation Limited respectively.
- 4 Mr. So Yiu Wah, Eric, who did not hold units at the Listing Date and held 290,000 units as at 31 December 2006, was a connected person by virtue of his being a senior executive of Great Eagle, a significant holder.
- 5 Mr. Chan Ki Chun (formerly known as Chan Kin Chung), who did not hold units at the Listing Date and held 75,000 units as at 31 December 2006, was a connected person by virtue of his being a director of Sun Fook Kong Holdings Limited, a corporation controlled by certain family members of the late Mr. Lo Ying Shek, the former Chairman of Great Eagle, and their related trusts and companies.
- 6 Mr. Lee Ching Ming, Adrian, who held 4,000 units at the Listing Date and his unitholding was increased to 64,000 units as at 31 December 2006, was a connected person by virtue of his being a senior executive of Great Eagle.
- 7 Mr. Chu Shik Pui, who held 8,000 units at the Listing Date and as at 31 December 2006, was a connected person by virtue of his being a senior executive of Great Eagle.
- 8 Mr. Brett Butcher, who held 2,500 units at the Listing Date and as at 31 December 2006, was a connected person by virtue of his being a senior executive of Great Eagle.
- 9 Mr. Leung Tat Kai, Henry, who held 2,000 units at the Listing Date and as at 31 December 2006, was a connected person by virtue of his being a senior executive of Great Eagle.

So far as the REIT Manager is aware there was no change in the number of units held by the connected persons named in Notes 1 and 3 above during the period from the Listing Date to 31 December 2006.

Save as disclosed above, none of the REIT Manager, the Directors and the chief executive of the REIT Manager was interested (or deemed to be interested) in units or held any short position in units and the REIT Manager is not aware of any connected persons of Champion REIT who are interested (or were deemed to be interested) in units as at 31 December 2006.