

# consolidated income statement

For the period from 26 April 2006 (the date of establishment) to 31 December 2006  
(operations since 24 May 2006, the listing date)

|   | Notes | HK\$'000        |
|---|-------|-----------------|
| Rental income   | 6     | 291,404         |
| Building management fee income                                    |       | 47,828          |
| Rental related income   | 7     | 283             |
| <b>Total revenue</b>  |       | <b>339,515</b>  |
| Property operating expenses                                       | 8     | (78,648)        |
| <b>Net property income</b>  |       | <b>260,867</b>  |
| Interest income   |       | 13,196          |
| Manager's fee   | 9     | –               |
| Listing expenses  |       | (16,249)        |
| Trust and other expenses  | 10    | (5,437)         |
| Increase in fair value of investment properties                   |       | 827,368         |
| Change in fair value of derivative component of convertible bonds |       | (740)           |
| Finance costs   | 11    | (197,083)       |
| <b>Profit before tax and distribution to unitholders</b>          |       | <b>881,922</b>  |
| Income taxes  | 12    | (156,223)       |
| <b>Profit for the period, before distribution to unitholders</b>  |       | <b>725,699</b>  |
| Distribution to unitholders, accrued                              |       | (257,039)       |
| <b>Profit for the period, after distribution to unitholders</b>   |       | <b>468,660</b>  |
| <b>Basic earnings per unit</b>                                    | 13    | <b>HK\$0.26</b> |
| <b>Diluted earnings per unit</b>                                  | 13    | <b>HK\$0.26</b> |

# consolidated balance sheet

As at 31 December 2006

|  | Notes | HK\$'000          |
|--|-------|-------------------|
| <b>Non-current assets</b>  |       |                   |
| Investment properties  | 15    | 23,500,000        |
| Derivative financial instruments   | 16    | 1,042,052         |
| Deposit for acquisition of investment properties                                 | 17    | 60,000            |
| Total non-current assets   |       | 24,602,052        |
| <b>Current assets</b>  |       |                   |
| Trade and other receivables  | 18    | 30,157            |
| Bank balances and cash   | 19    | 1,241,860         |
| Total current assets   |       | 1,272,017         |
| <b>Total assets</b>  |       | <b>25,874,069</b> |
| <b>Current liabilities</b>   |       |                   |
| Trade and other payables   | 20    | 922,372           |
| Deposits received  |       | 92,121            |
| Tax liabilities  |       | 154,890           |
| Distribution payable   |       | 257,039           |
| Total current liabilities  |       | 1,426,422         |
| <b>Non-current liabilities, excluding net assets attributable to unitholders</b> |       |                   |
| Secured term loan  | 21    | 6,968,587         |
| Convertible bonds  | 22    | 760,328           |
| Deferred tax liabilities   | 23    | 155,888           |
| Total non-current liabilities, excluding net assets attributable to unitholders  |       | 7,884,803         |
| <b>Total liabilities, excluding net assets attributable to unitholders</b>       |       | <b>9,311,225</b>  |
| <b>Net assets attributable to unitholders</b>                                    |       | <b>16,562,844</b> |
| Number of units in issue ('000)  | 24    | 2,742,711         |
| Net asset value per unit   | 25    | HK\$6.04          |

The consolidated financial statements on pages 60 to 85 were approved and authorised for issue by Eagle Asset Management (CP) Limited, as the Manager of Champion REIT on 15 March 2007 and were signed on its behalf by:

LO Ka Shui

Jeremy Bellinger STEWARDSON

# consolidated statement of changes in net assets attributable to unitholders

For the period from 26 April 2006 (the date of establishment) to 31 December 2006  
(operations since 24 May 2006, the listing date)

|   | Issued<br>units<br>HK\$'000 | Hedging<br>reserve<br>HK\$'000 | Others<br>HK\$'000 | Profit less<br>distribution<br>HK\$'000 | Total<br>HK\$'000 |
|---|-----------------------------|--------------------------------|--------------------|---|-------------------|
| Issued units on 24 May 2006 (note 24)   | 13,987,824                  | –                              | –                  | –                                       | 13,987,824        |
| Unit issue costs  | (193,965)                   | –                              | –                  | –                                       | (193,965)         |
| Net adjustment to hedging reserve   | –                           | (225,818)                      | –                  | –                                       | (225,818)         |
| Excess of fair value of Property Interests<br>(as defined in note 28) acquired over<br>acquisition cost | –                           | –                              | 2,526,143          | –                                       | 2,526,143         |
| Profit for the period, before distribution<br>to unitholders  | –                           | –                              | –                  | 725,699                                 | 725,699           |
| Distribution payable  | –                           | –                              | –                  | (257,039)                               | (257,039)         |
| <b>Net assets attributable to<br/>unitholders as at 31 December 2006</b>                                | <b>13,793,859</b>           | <b>(225,818)</b>               | <b>2,526,143</b>   | <b>468,660</b>                          | <b>16,562,844</b> |

# distribution statement

For the period from 26 April 2006 (the date of establishment) to 31 December 2006  
(operations since 24 May 2006, the listing date)

|   | Note | HK\$'000       |
|---|------|----------------|
| Total distributable income  | 14   | 257,039        |
| <b>Distributable amount to be paid to unitholders for the period</b>              |      | <b>257,039</b> |
| As a percentage of total distributable income                                     |      | 100%           |
| <b>Distribution per unit</b>  |      |                |
| – Before taking into account the effect of the Distribution Waiver <sup>(c)</sup> |      | HK\$0.0920     |
| – After taking into account the effect of the Distribution Waiver <sup>(d)</sup>  |      | HK\$0.2000     |

## Notes

- (a) Pursuant to the Trust Deed, Champion REIT's distribution after the listing date relates to the period from 24 May 2006 (the "Listing Date") to 31 December 2006 ("FY06 Distribution Period") and is the only distribution to be made for the financial period of 2006.
- (b) It is the policy of the Manager to distribute 100% of total distributable income as the distributable amount for the FY06 Distribution Period. The distribution is expected to be paid out to unitholders on 29 May 2007.
- (c) Distribution per unit, before taking into account the effect of the Distribution Waiver (as defined in note (d) below), is calculated by dividing the distributable amount of HK\$257,039,000 by the number of units in issue at the close of business on the record date for the purpose of determining the Unitholders of record entitled to receive distribution in respect of the FY06 Distribution Period ("Record Date"). The number of units in issue at the close of business on the Record Date is determined as follows (but is subject to any increase as a result of the conversion of the HK\$765,000,000 2% Guaranteed Convertible Bonds due 2011 (the "Bonds") as mentioned in note (e) below):
- |  |                      |
|--|----------------------|
| Number of units in issue as at 31 December 2006    | 2,742,710,561        |
| Number of units issued on 5 January 2007 (note 31) | 50,880,000           |
|  | <u>2,793,590,561</u> |
- (d) Pursuant to the Distribution Entitlement Waiver Deed dated 26 April 2006, each of Top Domain International Limited, a wholly-owned subsidiary of Great Eagle Holdings Limited ("Great Eagle"), Fortune Mega Investments Limited, a wholly-owned subsidiary of Kerry Properties Limited and Wing Tai Corporation Limited has agreed to waive 100% of its entitlement to receive distributions for FY06 Distribution Period with respect to all of the units it holds as of the Listing Date (the "Distribution Waiver"). After taking into account of the 1,349,495,877 units held by Great Eagle, 114,796,151 units held by Kerry Properties Limited and 44,198,781 units held by Wing Tai Corporation Limited on Listing Date, the number of units entitled for the distribution for FY06 Distribution Period should be 1,285,099,752 (but subject to any increase as a result of the conversion of the Bonds as mentioned in note (e) below).
- (e) As it is the Manager's stated policy to distribute 100% of the total distributable income for FY06 Distribution Period, if all the Bonds are fully converted before the Record Date this will result in the creation of an additional 166,134,602 units at an initial conversion price of HK\$4.6047 per unit entitled to the distribution for the FY06 Distribution Period. The distribution per unit will accordingly be adjusted to HK\$0.0868 (before taking into account the effect for the Distribution Waiver) and HK\$0.1771 (after taking into account the effect for the Distribution Waiver).

# consolidated cash flow statement

For the period from 26 April 2006 (the date of establishment) to 31 December 2006  
(operations since 24 May 2006, the listing date)

|   | Note | HK\$'000     |
|---|------|--------------|
| <b>Operating activities</b>   |      |              |
| Profit before tax and distribution to unitholders   |      | 881,922      |
| Adjustments for:  |      |              |
| Increase in fair value of investment properties   |      | (827,368)    |
| Change in fair value of derivative component of convertible bonds                           |      | 740          |
| Listing expenses  |      | 16,249       |
| Interest income   |      | (13,196)     |
| Finance costs   |      | 197,083      |
| Operating cash flow before movements in working capital                                     |      | 255,430      |
| Increase in trade and other receivables   |      | (10,115)     |
| Increase in trade and other payables  |      | 14,697       |
| Increase in deposits received   |      | 16,801       |
| <b>Cash generated from operations</b>   |      | 276,813      |
| Interest paid   |      | (9,005)      |
| Hong Kong Profits Tax paid  |      | (21,919)     |
| <b>Net cash from operating activities</b>   |      | 245,889      |
| <b>Investing activities</b>   |      |              |
| Interest received   |      | 12,268       |
| Additions to investment properties  |      | (2,632)      |
| Deposit paid for acquisition of investment properties                                       |      | (60,000)     |
| Acquisition of Property Interests   | 28   | (11,350,205) |
| <b>Net cash used in investing activities</b>  |      | (11,400,569) |
| <b>Financing activities</b>   |      |              |
| Proceeds from issue of new units  |      | 6,294,521    |
| Proceeds from borrowings, net of transaction costs  |      | 6,964,000    |
| Proceeds from issuance of convertible bonds, net of transaction costs                       |      | 758,900      |
| Derivative financial instruments  |      | (1,417,000)  |
| Issue costs and listing expenses paid   |      | (203,881)    |
| <b>Net cash from financing activities</b>   |      | 12,396,540   |
| <b>Cash and cash equivalents at end of period,</b><br>represented by bank balances and cash |      | 1,241,860    |