



Champion REIT
冠君產業信託

Interim Report 中期報告 2008



A TALE OF
TWO
LANDMARKS
a new chapter begins

**LANGHAM
PLACE**

Manager
Eagle Asset Management
Eagle Asset Management (CP) Limited

(Stock Code: 2778)

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))

TRUST PROFILE

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, Citibank Plaza and Langham Place, one on each side of the Victoria Harbour.

TRUST OBJECTIVES

Champion REIT's key objectives are to provide investors with stable and sustainable distributions and to achieve long-term capital growth. This aim of providing attractive total returns will be achieved by, among other things, proactive management of the properties in the Trust's portfolio and the selective acquisition of properties that enhance existing yields.

GLOBAL BEST PRACTICES AND STANDARDS

Champion REIT is committed to attaining global best practices and standards. Champion REIT's interpretation of 'global best practices and standards' is based upon six key principles:

- Ensuring the Basis for an Efficient Corporate Governance Framework
- The Rights of Unitholders and Key Ownership Functions
- The Equitable Treatment of Unitholders
- The Role of Stakeholders in Corporate Governance
- Disclosure and Transparency
- The Responsibilities of the Board

The REIT Manager has adopted compliance procedures and applies them to ensure the sound management and operation of Champion REIT. The current corporate governance framework emphasizes accountability to all Unitholders, resolution of conflict of interest issues, transparency in reporting, compliance with relevant regulations and sound operating and investing procedures.



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CORPORATE INFORMATION

REIT Manager

Eagle Asset Management (CP) Limited

Board of Directors of the REIT Manager

Non-executive Directors

LO Ka Shui (*Chairman*)

CHENG Wai Chee, Christopher

HO Shut Kan

LO Kai Shui

Executive Director and Chief Executive Officer

LEE Ching Ming, Adrian

Independent Non-executive Directors

CHA Mou Sing, Payson

ELDON, David Gordon

SHEK Lai Him, Abraham

Company Secretary of the REIT Manager

G. E. Secretaries Limited

Property Manager

Eagle Property Management (CP) Limited

Trustee

HSBC Institutional Trust Services (Asia) Limited

Principal Banker

Hang Seng Bank Limited

Legal Advisor

Baker & McKenzie

Auditor

Deloitte Touche Tohmatsu

Principal Valuer

Savills Valuation and
Professional Services Limited

Unit Registrar and Transfer Office

Computershare Hong Kong

Investor Services Limited

Shops 1712-1716

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183 Queen's Road East

Wanchai

Hong Kong

Tel (852) 2862 8628

Fax (852) 2529 6087

Email hkinfo@computershare.com.hk

Registered Office

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Hong Kong

Tel (852) 2879 1288

Fax (852) 2827 1338

Website

www.ChampionReit.com

Stock Code

2778

HIGHLIGHTS

For the six months ended 30 June 2008

| | 1st Half of FY2008 | 1st Half of FY2007 | % Change |
|------------------------------|--------------------|--------------------|----------|
| Key Financial Figures | HK\$'000 | HK\$'000 | |
| Total Revenue | 613,832 | 334,434 | +83.5% |
| Property Operating Expenses | (97,358) | (72,903) | +33.5% |
| Net Property Income | 516,474 | 261,531 | +97.5% |
| Profit After Tax | 3,071,856 | 1,003,950 | +206.0% |
| Distributable Amount | 787,280 | 269,441 | +192.2% |
| Value of Portfolio | 47,077,000 | 25,847,000 | +82.1% |

| | 1st Half of FY2008 | 1st Half of FY2007 | % Change |
|-------------------------------|--------------------|--------------------|----------|
| Other Relevant Figures | | | |
| Period-end Unit price | HK\$3.61 | HK\$4.48 | -19.4% |
| Distribution per Unit | HK\$0.1795 | HK\$0.1366 | +31.4% |
| Net Asset Value per Unit | HK\$6.93 | HK\$6.44 | +7.6% |
| Gearing Ratio | 30.5% | 28.1% | n/a |
| Expense Ratio | 15.9% | 21.8% | n/a |

| | Citibank Plaza | Langham Place | Sub-total |
|---------------------------------|-------------------|-------------------|-------------------|
| Valuation of Properties* | HK\$'000 | HK\$'000 | HK\$'000 |
| Office | 30,722,000 | 6,040,000 | 36,762,000 |
| Retail | 338,000 | 8,980,000 | 9,318,000 |
| Carpark | 271,000 | 200,000 | 471,000 |
| Miscellaneous | 346,000 | 180,000 | 526,000 |
| Total | 31,677,000 | 15,400,000 | 47,077,000 |

* As of 30 June 2008 according to the Property Valuation Report issued by Savills Valuation and Professional Services Limited on 4 August 2008.

OVERVIEW

For the first half of 2008, there was across-the-board improvement in the operating parameters of Champion REIT. Total Revenue was HK\$613.8 million, an 84% increase over the same period last year. The expense ratio saw a further improvement from 21.8% to 15.9%. Correspondingly, Net Property Income saw a 98% increase to HK\$516.5 million.

Champion REIT completed the acquisition of the Langham Place Mall and Office Tower at an agreed value of HK\$12.5 billion at the beginning of June 2008. As a testament to the bluechip standard of Champion REIT and the future potential of the acquired assets, the US\$1 billion funding exercise for the acquisition was successfully completed on 29 May even in the face of challenging market conditions.

With the addition of the Langham Place assets to the portfolio, the floor area controlled by Champion REIT has almost doubled to 2.85 million sq. ft. and the Trust now owns two landmark properties, one on each side of the Victoria Harbour. The new property, which caters mainly to non-financial tenants and includes a sizable retail component, will have a positive diversifying effect on the existing income stream at Citibank Plaza. Following this substantial increase in size, Champion REIT is now one of the five biggest real estate investment trusts in Asia (ex-Japan) in terms of market capitalization.

In the second quarter of 2008, all material financial engineering arrangements were expunged. In May, the Trust re-set its below-market interest rate swap to market levels while the distribution waiver arrangement with the Great Eagle Group was also

terminated as planned in June. Hereafter, Champion REIT will be offering a yield directly related to its property income, meeting the demands of investors for greater financial transparency. As part of the process for unwinding financial engineering, the Trust is entitled to payments totaling HK\$370.9 million, equivalent to the potential yield enhancement payments that would otherwise have been receivable in the future. This sum of money will be paid out to Unitholders in the form of a discretionary distribution of HK\$0.0839 per Unit.

The Total Distribution Amount for the period was HK\$787.3 million. Total Distribution per Unit (DPU) for the first half of 2008 increased by 31% to HK\$0.1795, of which HK\$0.0805 was derived from Rental and Other Income. Rental and Other Income increased by 71% over the prior period. The components of this year's and last year's interim distributions are deconstructed in the table below for comparison purposes.

Net Asset Value (NAV) per Unit amounted to HK\$6.93 per Unit, up from HK\$6.09 per Unit immediately following the acquisition of Langham Place. While there was some NAV dilution from the acquisition, that has been compensated by an increase in value of the Trust's properties. Champion REIT's property portfolio was valued at HK\$47,077 million as of 30 June 2008. Gains from the revaluation of assets are the predominant reason profit after tax has risen dramatically. These accounting profits however do not affect the cashflow of the Trust, which explains why the period's net profit is not commensurate with the period's Total Distributable Amount.

| Source of Distributions | 1st Half of 2008 | 1st Half of 2007 |
|--|------------------|------------------|
| (HK\$ per Unit) | | |
| Interest savings from interest rate swap | 0.0151 | 0.0548 |
| Impact of GE Distribution Waiver | n/a | 0.0346 |
| Unwinding of financial engineering | 0.0839 | n/a |
| Rental and other income sources | 0.0805 | 0.0472 |
| Total | 0.1795 | 0.1366 |

OPERATIONAL REVIEW

Citibank Plaza

The improving revenue performance at Champion REIT has been supported by the continued strength of office rents in Central. Nine months into the sub-prime mortgage crisis in the United States, rentals at Citibank Plaza have shown no signs of weakness. Both spot rentals (the rental rate applicable to new leases) and passing rentals (the average rental rate of existing contracted tenancies) have seen a dramatic improvement over the past six months. In the first half of 2008, the spot rental rate at Citibank Plaza increased by 25% to HK\$125 per lettable sq. ft..

As shown in the table below, the rental reversion pattern in Citibank Plaza has been strongly positive through the year to date. Average passing rents progressively rose from HK\$67.06 per sq. ft. in December 2007 to HK\$75.42 per sq. ft. in June 2008 as leases were rolled over.

The expansion requirements of existing tenants and strong demand from the financial and legal segments has allowed us to replace tenant departures relatively swiftly as attested to by the reduction in the vacancy rate throughout the first half. The vacancy rate at Citibank Plaza currently stands at 1.5%. It was 3% at the end of 2007.

Average Monthly Passing Rents at Citibank Plaza

(HK\$ per sq. ft. of lettable area)

| FY2008 | Dec 07 | Jan 08 | Feb 08 | Mar 08 | Apr 08 | May 08 | Jun 08 |
|---------------|--------|--------|--------|--------|--------|--------|--------|
| Office leases | 67.06 | 68.50 | 68.95 | 70.69 | 72.71 | 72.95 | 75.42 |

Langham Place

Langham Place is a unique asset that has considerable potential for further growth. The Trust has bought into a property that enjoyed very high occupancy rates of 97.5% for the Mall and 99.0% for the Office Tower as of 30 June 2008. For comparison, the occupancy rates of the Mall and the Office Tower in Dec 2007 were 96.6% and 99.6% respectively.

Business at the Langham Place Mall in particular has been brisk. The Mall completed its tenant-mix realignment initiative in late 2007. With two popular new anchor tenants in place, together with a creative and well executed promotion programme, footfall (the number of visitors) at the Mall for the first six months of 2008 saw a 29% year on year increase. This has resulted in good growth in the sales achieved by our retail tenants. Compared to the first half of last year, the average monthly gross sales per square foot at the Mall rose 18%. Average passing rent rate of the Mall was HK\$85.58 per lettable sq. ft. as of 30 June 2008.

Operating conditions at the Office Tower have been stable and improving moderately. The convenient subway location of Langham Place has allowed the Office Tower to compete effectively for tenants. Average passing rent rate of the office portion was HK\$26.47 per gross sq. ft. as of 30 June 2008.

OUTLOOK

Continuing strong demand and very limited supply of Grade A office space has led to unprecedented low vacancy levels in Central. The situation is contrary to the earlier dire predictions of some market participants, who had expected higher vacancies in Central because of headcount reductions within the financial sector. The latest market data indicate that the subprime mortgage fallout has so far not resulted in any discernable reduction in the overall premises requirements of financial institutions in Hong Kong, conceivably in view of the long-term potential of the China market. In fact spot rents in Central have generally increased during the first half of 2008.

Nevertheless, with the slowdown in the Hong Kong equity market and further signs of weakness in the US banking sector, an element of uncertainty shrouds the demand dynamics for office space in Central. The medium-term prospects of Central properties, including Citibank Plaza, however will be supported by the shortage of new supply. No significant Grade-A office developments are scheduled for completion in Central until 2012 at the earliest. We therefore believe that the Central rental market should remain relatively stable with vacancy remaining at low levels, though it is probable that the pace of growth in rents might moderate.

Across the harbour, the Kowloon West and Kowloon East areas had been a source of concern because of the completion or imminent completion of several new office projects this year and next year. Rental rates had weakened slightly on the Kowloon Peninsula during 2007 but the situation has since reversed itself as market participants realized that the new supply in Kowloon West has mainly been taken up by tenants from Central rather than Kowloon. The new properties in Kowloon East have yet to start competing aggressively for tenants. Even when they do, their impact on rental levels are expected to be relatively localized to that particular sub-market. The tenancy expiry profile of Langham Place Office Tower has been well planned with the majority of leases expiring in 2010 and beyond, so as to avoid direct competition with the new supply. At the same time, the superior location of Langham Place should continue to attract

location-sensitive tenants to the building, thereby lending support to rental levels.

A key source of growth within the Champion portfolio is the newly acquired Langham Place Mall, which is located within the key transport hub of Mongkok. This shopping centre has been going from strength to strength on the back of general retail sales growth in Hong Kong, the enhancement of merchandise offerings and well executed marketing and promotion activities. Improving sales of tenants in turn are translating into higher rents with recent tenancy renewals on average being signed at rental rates well in excess of 20% above expiring levels during the period under review. The Mall has now entrenched its position as one of the most popular retail properties in Kowloon among locals and tourists alike. This should bode well for its continuing quality income growth.

In terms of distributions, the DPU for the second half of 2008 is expected to see a significant increase over the interim DPU (not including the effect of distributions from unwinding of financial engineering). This is because Langham Place will be making a full contribution to the income stream of the Trust in the July to December period, as compared to less than one month's income in the first half. In addition, this year's scheduled mark-to-market exercise for leases at Citibank Plaza is back-ended. In the first half of 2008, roughly 11% of the floor area had their rents increased, while in the second half of the year roughly 23% of the floor area should have their rents increased because of expiries or rent reviews. In general, rental reversion activity will continue to translate into higher distributions, because of the sizable gap between existing passing rents and the corresponding spot rents.

LO Ka Shui

Chairman

EAGLE ASSET MANAGEMENT (CP) LIMITED

(as Manager of Champion Real Estate Investment Trust)

Hong Kong, 12 August 2008

FINANCIAL REVIEW

Financial Structure

For the purpose of acquiring the property interests in Langham Place in June 2008 from Great Eagle Holdings Limited ("Great Eagle"), a total number of 1,604,554,000 Units were issued by Champion REIT at HK\$3.60 per Unit, out of which 823,333,000 Units were placed to independent third parties and 781,221,000 Units were used as partial settlement of the total consideration payable to Great Eagle. In addition to the issuance of new Units, Champion REIT also (i) entered into a syndicated bank loan facility of HK\$2,954 million and drew down an amount of HK\$2,454 million on 3 June 2008 ("Completion Date"); and (ii) issued a principal amount of HK\$4,680 million of convertible bonds, to finance the total required completion amount of approximately HK\$12,600 million (as set out in the announcement published by Champion REIT on 28 May 2008) and the estimated ancillary costs for the acquisition of approximately HK\$410 million. The total required completion amount included the total consideration payable to Great Eagle under the sale and purchase agreements of approximately HK\$8,299 million and the repayment of the Existing LP Facility (as defined in the sale and purchase agreement in relation to the acquisition of Renaissance City Development Company Limited (the "Renaissance Purchase Agreement")) of approximately HK\$4,301 million. Pursuant to the Renaissance Purchase Agreement, an audit of the accounts and a review of the Pro Forma Completion Balance Sheet of Renaissance City Development

Company Limited ("Renaissance") will be conducted by the auditors of Champion REIT within 90 days after the Completion Date. An announcement will be made in respect of the final consideration for the acquisition in respect of Renaissance as soon as practicable following the determination of post completion adjustment together with the quantum of the adjustment amounts which is expected to be on or before 2 September 2008. The remaining cash shortfall of approximately HK\$100 million was satisfied by acquired cash.

In order to hedge against fluctuations in interest rate under a term loan of HK\$7,000 million, the Trust entered into interest rate swap agreements for an equivalent notional amount as at 24 May 2006. On 15 May 2008, such interest rate swap agreements were amended so that the interest rate under the term loan of HK\$7,000 million was fixed at 2.865% until its maturity in May 2011. Upon the amendment of the interest rate swap agreements, the swap counterparty agreed to pay to the Trust an amount of approximately HK\$290 million.

As at 30 June 2008, outstanding bank loans and undrawn loan facilities amounted to a total of HK\$9,454 million and HK\$700 million respectively. The HK\$7,000 million term loan is repayable in one lump sum on 24 May 2011 whereas the HK\$2,454 million term loan is repayable in one lump sum on 3 June 2013.

As at 30 June 2008, Champion REIT had issued two convertible bonds with the features in the table below:

| Convertible bonds issued in | Year 2006 | Year 2008 |
|------------------------------------|-----------------|-------------------|
| Principal amount: | HK\$765 million | HK\$4,680 million |
| Yield to maturity: | 4.15% | 5.25% |
| Coupon rate: | 2% per annum | 1% per annum |
| Maturity date: | 23 May 2011 | 3 June 2013 |
| Redemption price: | 110.328% | 123.940% |
| Adjusted/Initial conversion price: | HK\$4.32 | HK\$4.50 |

FINANCIAL REVIEW

As at 30 June 2008, total borrowings of the REIT as a percentage of its gross assets was 30.5%. The gross liabilities (excluding net assets attributable to Unitholders) as a percentage of gross assets was 37.2%.

Net Assets attributable to Unitholders

As at 30 June 2008, net assets attributable to Unitholders was HK\$30,625.6 million or HK\$6.93 per Unit, a 92% premium to the closing Unit price of HK\$3.61 as at 30 June 2008.

Cash Position

As at 30 June 2008, Champion REIT had a HK\$1,258.3 million cash balance. Taking into consideration the financial resources available to the REIT, Champion REIT has sufficient liquid assets to satisfy its working capital and operating requirements.

Pledge of Assets

As at 30 June 2008, properties of Champion REIT with a fair value of HK\$47,077 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 trustees to secure the obligations of the issuer of the convertible bonds and/or pledged to secure the banking facilities granted to the REIT.

Rental Stabilization Arrangement

A variance had arisen under a rental stabilization arrangement ("Arrangement") pursuant to a sale and purchase agreement dated 11 December 2006 ("Agreement") for the acquisition of 3 floors and certain carparking spaces in Citibank Plaza.

In respect of the period from 1 January 2008 to 30 June 2008, the actual New Property Income (as defined in the Agreement) was equivalent to approximately HK\$25,782,000, which was less than the stabilization amount for such period of HK\$30,992,000 by approximately HK\$5,210,000. Accordingly, pursuant to the Arrangement, a sum of approximately HK\$5,210,000 was paid to Champion REIT out of the designated escrow account on 30 June 2008.

DISTRIBUTION

Distributable Amount

The total distributable amount of Champion REIT for the six months ended 30 June 2008 ("FY08 Interim Distribution Period") is HK\$787,280,000. This amount has been adjusted to eliminate the effects of non-cash finance cost in relation to interest rate swaps of HK\$66,868,000, equivalent to HK\$0.0151 and HK\$0.0152 per Unit before and after the Distribution Waiver Amendment (as defined below) respectively, which have been taken into account in the consolidated income statement.

It is the current policy of the REIT Manager to distribute 100% of Champion REIT's total distributable income plus any additional amounts, at the discretion of the REIT Manager, to its Unitholders.

Interim Distribution

The Distribution Entitlement Waiver Deed dated 26 April 2006 stipulated that each of Top Domain International Limited ("Top Domain"), Fortune Mega Investments Limited and Wing Tai Corporation Limited (collectively "Distribution Entitlement Waiver Parties") agrees to waive 20% of its entitlement to receive distributions for the FY08 Interim Distribution Period with respect to all of the Units it holds as at the Listing Date ("Distribution Waiver"). By a Deed of Amendment of Distribution Entitlement Waiver Deed dated 14 February 2008 ("Amendment Deed"), the undertakings made by Top Domain under the Distribution Waiver ceased to become effective in consideration of an amount of HK\$80.9 million (being the Initial Termination Amount as defined in the Amendment Deed) being received from Top Domain on 23 June 2008. The rights and obligations of the other Distribution Entitlement Waiver Parties will not be affected by the Amendment Deed. Approval from the independent Unitholders of the Trust in relation to the Amendment Deed was obtained at the EGM.

After taking into account the Amendment Deed, the distribution per Unit for FY08 Interim Distribution Period is HK\$0.1795, subject to dilution upon issuance of Units to the REIT Manager for the settlement of manager's fee in respect of the first half of year 2008 and upon receipt of conversion notice, if any, in respect of the two convertible bonds before the Record Date. The distribution per Unit of HK\$0.1795 represents an annualized distribution yield of 9.94% based on the closing Unit price of HK\$3.61 as at 30 June 2008. Further announcement will be made to inform Unitholders of the final distribution per unit for the FY08 Interim Distribution Period.

Closure of Register of Unitholders

The register of Unitholders will be closed from Monday, 8 September 2008 ("Record Date") to Thursday, 11 September 2008, both days inclusive, during which period no transfer of Units will be effected.

In order to become registered Unitholders on the Record Date and qualify for the distribution, all completed transfers (accompanied by the relevant Unit certificates) must be lodged with Champion REIT's Unit registrar, Computershare Hong Kong Investor Services Limited, of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 5 September 2008.

The interim distribution will be paid to persons who are registered Unitholders as at the Record Date. The payment date will be on Friday, 3 October 2008.

CORPORATE GOVERNANCE

Principles of 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.

The REIT Manager 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.

Authorisation Structure and Governance Structure

Champion REIT is a collective investment scheme constituted as a unit trust and authorised by the Securities and Futures Commission (“SFC”) under section 104 of the Securities and Futures Ordinance (Cap. 571) (“SFO”) and regulated by SFC pursuant to the provisions of SFO and the Code on Real Estate Investment Trusts (“REIT Code”) and the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”).

The REIT Manager has been authorised by the SFC under section 116 of the SFO to conduct the regulated activity of asset management. Mr. Lee Ching Ming, Adrian, the Executive Director and Chief Executive Officer, Mr. Choo Chong Yao, Patrick, the Chief Investment Officer and Mr. Kwong Chi Kwong, the Chief Operating Officer are the responsible officers of the REIT Manager pursuant to the requirements of section 125 of the SFO and paragraph 5.4 of the REIT Code.

HSBC Institutional Trust Services (Asia) Limited (“Trustee”) is registered as a trust company under section 77 of the Trustee Ordinance (Chapter 29) and is qualified to act as a trustee for collective investment schemes authorised under the SFO pursuant to the REIT Code.

The Trustee and the REIT Manager are independent of each other. The Trustee is responsible for the safe custody of the assets of Champion REIT on behalf of Unitholders, whereas the REIT Manager is responsible to manage Champion REIT and to ensure that the financial and economic aspects of Champion REIT’s assets are professionally managed in the sole interests of Unitholders.

The relationship between the Trustee, the REIT Manager and the Unitholders is set out in the Deed of Trust constituting Champion REIT (“Trust Deed”) entered into between the REIT Manager and the Trustee on 26 April 2006 as amended by a First Supplemental Deed dated 5 December 2006 and a Second Supplemental Deed dated 4 February 2008 respectively.

Board of Directors of the REIT Manager

The Board of the REIT Manager principally oversees the day-to-day management of the REIT Manager's affairs and the conduct of its business and is responsible for the overall governance of the REIT Manager. The Board will also review major financial decisions and the performance of the REIT Manager.

The Board presently comprises eight members, three of whom are Independent Non-executive Directors. On 16 April 2008, Mr. Lee Ching Ming, Adrian was appointed as the Executive Director, Chief Executive Officer and Chairman of the Disclosures Committee of the REIT Manager in place of Mr. Stewardson, Jeremy Bellinger.

The Board of the REIT Manager may establish board committees with clear terms of reference to review specific issues or items. The two standing Board Committees established are the Audit Committee and the Disclosures Committee.

The role of the Audit Committee is to monitor and evaluate the effectiveness of the REIT Manager's internal controls. The Audit Committee also reviews the quality and reliability of information prepared for inclusion in financial reports issued by the REIT Manager.

The role of the Disclosures Committee is to review matters relating to the disclosure of information to Unitholders and public announcements. The Disclosures Committee also works with the management of the REIT Manager to ensure the disclosure of information is accurate and complete.

Compliance

Applicable Rules and Regulations

During the six months ended 30 June 2008, the REIT Manager has managed the Trust in accordance with the REIT Code, the Trust Deed, the relevant provisions and requirements of the SFO and the Listing Rules applicable to Champion REIT.

Code Governing Dealing in Securities of Champion REIT

The REIT Manager has adopted a Code Governing Dealings in Securities of Champion REIT ("Securities Dealings Code") by the Directors, the REIT Manager and the executive officers of the REIT Manager ("Management Persons"). The REIT Manager has made specific enquiry of the Management Persons who have confirmed that they have complied with the required standards set out in the Securities Dealings Code during the six months ended 30 June 2008.

Review of Interim Results

The unaudited interim results of Champion REIT for the six months ended 30 June 2008 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.

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 REIT Code:-

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

The following tables set forth information on the connected party transactions between Champion REIT and the Great Eagle Connected Persons Group and/or the SFK Connected Persons Group ²⁰ for the six months ended 30 June 2008 ("Period").

The Great Eagle Connected Persons Group means any person who is a connected person of Champion REIT by virtue of its relationship with Top Domain International Limited (a significant holder of Champion REIT) and Eagle Asset Management (CP) Limited (the REIT Manager), which are wholly owned subsidiaries of Great Eagle Holdings Limited ("Great Eagle").

The SFK Connected Persons Group means any person who is a connected person of Champion REIT by virtue of its relationship with SFK Construction Holdings Limited ("SFK"), which is an associate of Mr. Lo Kai Shui, a director of the REIT Manager, who is entitled to exercise control of 33% or more of the voting power at the general meetings of SFK.

Connected Party Transactions – Rental income (Revenue)

| Name of Connected Party | Relationship with Champion REIT | Nature of Connected Transaction | Incomes for the Period |
|--|---------------------------------------|--|------------------------|
| | | | HK\$ |
| Eagle Asset Management (CP) Limited | Subsidiary of Great Eagle | Car parking fee | 73,000 |
| Langham Hotel International Limited | Subsidiary of Great Eagle | Leasing transaction ¹ | 749,000 ² |
| Langham Place Hotel (HK) Limited | Subsidiary of Great Eagle | Leasing transaction ³ | 311,000 ⁴ |
| Main St. Cafe Hong Kong Company Limited | Subsidiary of Great Eagle | Leasing transaction ⁵ | 487,000 ⁶ |
| Strong Dynamic Limited | Subsidiary of Great Eagle | Leasing transaction ⁷ | 3,315,000 |
| The Great Eagle Properties Management Company, Limited | Subsidiary of Great Eagle | Leasing transaction ⁸ and car parking fee | 1,123,000 ⁹ |
| Toptech Co. Limited | Subsidiary of Great Eagle | Leasing transaction ¹⁰ | 221,000 ¹¹ |
| China Mobile Peoples Telephone Company Limited | Associate of a Director ¹² | Licence fee ¹³ | 101,000 |
| Total | | | 6,380,000 |

Connected Party Transactions – Building management fee income (Revenue)

| Name of Connected Party | Relationship with Champion REIT | Nature of Connected Transaction | Incomes for the Period |
|--|---------------------------------|--|------------------------|
| | | | HK\$ |
| Langham Hotel International Limited | Subsidiary of Great Eagle | Building management fee income ¹ | 109,000 ¹⁴ |
| Langham Place Hotel (HK) Limited | Subsidiary of Great Eagle | Building management fee income ³ | 42,000 ¹⁵ |
| Main St. Cafe Hong Kong Company Limited | Subsidiary of Great Eagle | Building management fee income ⁵ | 68,000 ¹⁶ |
| Strong Dynamic Limited | Subsidiary of Great Eagle | Building management fee income ⁷ | 1,722,000 |
| The Great Eagle Properties Management Company, Limited | Subsidiary of Great Eagle | Building management fee income ⁸ | 94,000 ¹⁷ |
| Toptech Co. Limited | Subsidiary of Great Eagle | Building management fee income ¹⁰ | 39,000 ¹⁸ |
| Total | | | 2,074,000 |

Connected Party Transactions – Estate management transactions (Expenditures)

| Name of Connected Party | Relationship with Champion REIT | Nature of Connected Transaction | Expenses for the Period |
|--|---------------------------------|---------------------------------|-------------------------|
| | | | HK\$ |
| The Great Eagle Engineering Company Limited | Subsidiary of Great Eagle | Repair and maintenance services | 332,000 |
| The Great Eagle Properties Management Company, Limited | Subsidiary of Great Eagle | Building management fee expense | 4,047,000 ¹⁹ |
| The Great Eagle Properties Management Company, Limited | Subsidiary of Great Eagle | Repair and maintenance services | 8,000 |
| Total | | | 4,387,000 |

CONNECTED PARTY TRANSACTIONS

Connected Party Transactions – Insurance agency arrangement (Expenditures)

| Name of Connected Party | Relationship with Champion REIT | Nature of Connected Transaction | Expenses for the Period |
|--|---------------------------------|---------------------------------|-------------------------|
| The Great Eagle Insurance Agency Limited | Subsidiary of Great Eagle | Insurance agency services | HK\$ 680,000 |
| Total | | | 680,000 |

Notes

- 1 Security deposits by way of bank guarantees in an aggregate amount of approximately HK\$1,998,000 provided by Langham Hotel International Limited were held by the Trust as at the Period end date.
- 2 These rental incomes were derived from Pre-Existing Agreements with Langham Hotel International Limited. "Pre-Existing Agreements" means the agreements entered into with the Great Eagle Connected Persons Group and/or the SFK Connected Persons Group prior to completion and continue to subsist after completion of the acquisition of the retail, carpark and certain office portions of Langham Place.
- 3 A security deposit by way of a bank guarantee of approximately HK\$1,160,000 and a damage deposit of HK\$15,000 provided by Langham Place Hotel (HK) Limited were held by the Trust as at the Period end date.
- 4 These rental incomes were derived from a Pre-Existing Agreement with Langham Place Hotel (HK) Limited.
- 5 A security deposit by way of a bank guarantee of approximately HK\$511,000 and a damage deposit of HK\$10,000 provided by Main St. Cafe Hong Kong Company Limited were held by the Trust as at the Period end date.
- 6 Out of this HK\$487,000, an amount of approximately HK\$135,000 was rental income derived from a Pre-Existing Agreement with Main St. Cafe Hong Kong Company Limited.
- 7 A security deposit by way of a bank guarantee of approximately HK\$2,593,000 provided by Strong Dynamic Limited was held by the Trust as at the Period end date.
- 8 Security deposits in an aggregate amount of approximately HK\$879,000 provided by The Great Eagle Properties Management Company, Limited were held by the Trust as at the Period end date.
- 9 Out of this HK\$1,123,000, an amount of approximately HK\$128,000 was rental income derived from a Pre-Existing Agreement with The Great Eagle Properties Management Company, Limited.
- 10 A security deposit of approximately HK\$869,000 provided by Toptech Co. Limited was held by the Trust as at the Period end date.
- 11 These rental incomes were from a Pre-Existing Agreement with Toptech Co. Limited.
- 12 The Director is Dr. Lo Ka Shui, who is a director (and the Chairman) of both the REIT Manager and Great Eagle. Dr. Lo Ka Shui is also an independent non-executive director of China Mobile Limited, the holding company of China Mobile Peoples Telephone Company Limited.
- 13 A security deposit of approximately HK\$34,000 provided by China Mobile Peoples Telephone Company Limited was held by the Trust as at the Period end date.
- 14 These building management fee incomes were derived from Pre-Existing Agreements with Langham Hotel International Limited.
- 15 These building management fee incomes were derived from a Pre-Existing Agreement with Langham Place Hotel (HK) Limited.
- 16 Out of this HK\$68,000, an amount of approximately HK\$14,000 was building management fee derived from a Pre-Existing Agreement with Main St. Cafe Hong Kong Company Limited.
- 17 Out of this HK\$94,000, an amount of approximately HK\$23,000 was building management fee derived from a Pre-Existing Agreement with The Great Eagle Properties Management Company, Limited.
- 18 These building management fee incomes were derived from a Pre-Existing Agreement with Toptech Co. Limited.
- 19 Out of this HK\$4,047,000, approximately HK\$3,917,000 represented the amount of reimbursement paid under the Langham Place Mall Estate Management Agreement and remaining amount of approximately HK\$130,000 represented the amount of reimbursement paid under the CAF Management Agreement (in relation to the common areas/facilities of Langham Place). Both Langham Place Mall Estate Management Agreement and CAF Management Agreement are Pre-Existing Agreements with The Great Eagle Properties Management Company, Limited.
- 20 During the Period, no connected party transactions were entered into between Champion REIT and the SFK Connected Persons Group.

PRE-EXISTING AGREEMENTS

Following the acquisition of the retail, carpark and certain office portions of Langham Place, certain agreements (previously entered into with the Great Eagle Connected Persons Group and/or the SFK Connected Persons Group) in relation to the Langham Place continue to subsist.

Pre-Existing Agreements subject to Waiver

The following Pre-Existing agreements are dealt with as if they were connected party transactions, which are subject to annual limits of the waiver from strict compliance with the requirements under Chapter 8 of the REIT Code:–

| Name/Description of Agreement | Name of Party | Relationship with Champion REIT | Nature of Transaction | Incomes/Expenses for the Period |
|---|---|---------------------------------|--|---------------------------------|
| | | | | HK\$ |
| Tenancy Agreements | Langham Hotel International Limited | Subsidiary of Great Eagle | Leasing transaction and building management fee income | 857,000 |
| Tenancy Agreement | Langham Place Hotel (HK) Limited | Subsidiary of Great Eagle | Leasing transaction and building management fee income | 353,000 |
| Tenancy Agreement | Main St. Cafe Hong Kong Company Limited | Subsidiary of Great Eagle | Leasing transaction and building management fee income | 149,000 |
| Tenancy Agreement | The Great Eagle Properties Management Company, Limited | Subsidiary of Great Eagle | Leasing transaction and building management fee income | 151,000 |
| Tenancy Agreement | Toptech Co. Limited | Subsidiary of Great Eagle | Leasing transaction and building management fee income | 260,000 |
| Langham Place Mall Estate Management Agreement | The Great Eagle Properties Management Company, Limited (as the Langham Place Mall Estate Manager) | Subsidiary of Great Eagle | Reimbursement of estate management expense | 3,917,000 |
| CAF Management Agreement (in relation to the common areas/ facilities of Langham Place) | The Great Eagle Properties Management Company, Limited (as the CAF Estate Manager of Langham Place) | Subsidiary of Great Eagle | Reimbursement of estate management expense | 130,000 |

CONNECTED PARTY TRANSACTIONS

Other Pre-Existing Agreements and other transactions subject to reporting requirements under paragraph 8.14 of the REIT Code

| Name/Description of Agreement | Name of Party | Relationship with Champion REIT | Nature of Transaction | Incomes/Expenses for the Period |
|--|--|---------------------------------|---|---------------------------------|
| | | | | HK\$ |
| DMC (deed of mutual covenant) for Langham Place | The Great Eagle Properties Management Company, Limited (as DMC Manager of Langham Place) | Subsidiary of Great Eagle | Building management fee expense ¹ | 143,000 |
| Office Sub-DMC (sub-deed of mutual covenant) for the Langham Place Office Tower | Longworth Management Limited (as Office Sub-DMC Manager of the Langham Place Office Tower) | Subsidiary of Great Eagle | Building management fee expense ² | 2,382,000 |
| SFK Contracts (various contracts in relation to the construction of Langham Place) | Members of the SFK Connected Persons Group | Subsidiary of SFK | Contract sums paid | – |
| Deed of Delegation | The Great Eagle Properties Management Company, Limited (as DMC Manager of Langham Place) | Subsidiary of Great Eagle | Delegation of management functions of common areas/facilities | N/A |
| Naming Right Licence Agreement in relation to the use of Langham Place | The Great Eagle Company, Limited | Subsidiary of Great Eagle | Licence fee income | 2,022,000 |
| Property Management Agreement for Langham Place | Eagle Property Management (CP) Limited (as Property Manager of Champion REIT) | Subsidiary of Great Eagle | Leasing and marketing services expenses | 23,584,000 |
| DMC (deed of mutual covenant) for Citibank Plaza | The Great Eagle Properties Management Company, Limited (as DMC Sub-manager appointed by the DMC Manager of Citibank Plaza) | Subsidiary of Great Eagle | Building management fee expense ³ | 46,110,000 |

Notes

- 1 A management fee deposit and sinking fund of approximately HK\$716,000 was also paid to The Great Eagle Properties Management Company, Limited in its capacity as DMC Manager of Langham Place as at the Period end date.
- 2 A management fee deposit and sinking fund of approximately HK\$12,759,000 was also paid to Longworth Management Limited in its capacity as Office Sub-DMC Manager of Langham Place Office Tower as at the Period end date.
- 3 A management fee deposit of approximately HK\$15,566,000 was also paid to The Great Eagle Properties Management Company, Limited in its capacity as DMC Sub-manager of Citibank Plaza as at the Period end date.

OTHER CONNECTED PARTY TRANSACTIONS WITH THE GREAT EAGLE CONNECTED PERSONS GROUP

Acquisition fee and REIT Manager's fee

During the Period, an acquisition fee of HK\$125,000,000 and the REIT Manager's fee of approximately HK\$61,977,000 were incurred for services rendered by Eagle Asset Management (CP) Limited (a subsidiary of Great Eagle) in its capacity as the manager of Champion REIT.

Assets Acquisition

On 14 February 2008, Champion REIT acting through its trustee entered into sale and purchase agreements with certain wholly owned subsidiaries of Great Eagle (all being connected persons of Champion REIT within the meaning of the REIT Code) to acquire the retail, carpark and certain office portions of Langham Place ("Acquisition"). Champion REIT had agreed to acquire all the issued shares and/or shareholder's loan of the respective property companies holding the property interests, subject to, among other things, the satisfaction or waiver of conditions precedent as set out therein and the passing of the ordinary resolution at the extraordinary general meeting.

The Acquisition constituted a very substantial acquisition and a connected party transaction for Champion REIT. Independent Unitholders' approval was obtained at an extraordinary general meeting of Champion REIT held on 6 March 2008.

The Acquisition was completed on 3 June 2008. The total consideration payable for the Acquisition was approximately HK\$8,299 million which was satisfied by the issue of new Units (as Consideration Units to a wholly owned subsidiary of Great Eagle) and cash. The repayment of all amounts under the loan facilities of approximately HK\$4,301 million and the ancillary costs of approximately HK\$410 million and the cash portion of the total consideration were financed by the issue of new Units (as Placement Units) and the convertible bonds due 2013 and the proceeds from the bank facilities drawdown upon completion (as the case may be). An aggregate principal amount of HK\$2,340 million of the convertible bonds due 2013 were subscribed by a wholly owned subsidiary of Great Eagle, representing 50% of the aggregate principal amount of HK\$4,680 million of the said convertible bonds.

CONNECTED PARTY TRANSACTIONS WITH THE TRUSTEE AND/OR THE TRUSTEE CONNECTED PERSONS GROUP

The following tables set forth information on the connected party transactions between Champion REIT and the Trustee and/or the Trustee Connected Persons during the Period.

Trustee Connected Persons mean the Trustee and companies within the same group or otherwise "associated" with the Trustee within the meaning given in the REIT Code. The Trustee Connected Persons include a director, a senior executive or an officer of any of the Trustee, and a controlling entity, holding company, subsidiary or associated company of the Trustee.

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 (being the subsidiaries of the Trustee but excluding those subsidiaries formed in its capacity as the trustee of Champion REIT).

CONNECTED PARTY TRANSACTIONS

Connected Party Transactions – Ordinary Banking and Financial Services

| Name of Connected Party | Relationship with Champion REIT | Nature of Connected Transaction | Incomes/Expenses for the Period |
|-------------------------------------|---------------------------------|--|---------------------------------|
| HSBC Group | Trustee Connected Persons | Interest income from ordinary banking services | HK\$ 6,467,000 |
| Hang Seng Bank Limited ¹ | Trustee Connected Persons | Loan interest/expense | 131,792,000 |

Connected Party Transactions – Leasing/Licensing Transactions

| Name of Connected Party | Relationship with Champion REIT | Nature of Connected Transaction | Incomes for the Period |
|---|---------------------------------|---|---------------------------|
| The Hongkong and Shanghai Banking Corporation Limited | Trustee Connected Persons | Leasing transaction ² | HK\$ 16,957,000 |
| The Hongkong and Shanghai Banking Corporation Limited | Trustee Connected Persons | Building management fee income ² | 1,617,000 |
| Hang Seng Bank Limited | Trustee Connected Persons | Leasing transaction ² | 20,000 |
| Hang Seng Bank Limited | Trustee Connected Persons | Building management fee income ² | 4,000 |
| Total | | | 18,598,000 |

Notes

- 1 Hang Seng Bank Limited is a subsidiary of The Hongkong and Shanghai Banking Corporation Limited. It acts as the facility agent for each of the term loan and revolving credit facilities in the aggregate amount of (i) HK\$7,200 million (of which HK\$7,000 million term loan was outstanding as at 30 June 2008); and (ii) HK\$2,954 million (of which HK\$2,454 million term loan was drawn down on 3 June 2008 to repay a portion of the loan of HK\$4,301 million). Syndicates of lenders of both facilities include Hang Seng Bank Limited and The Hongkong and Shanghai Banking Corporation Limited.
- 2 Security and damage deposits in an aggregate amount of approximately HK\$10,396,000 provided by the HSBC Group were held by the Trust as at the Period end date.

Connected Party Transactions – Others

During the Period, the trustee fee of approximately HK\$4,314,000 had been incurred for services rendered by HSBC Institutional Trust Services (Asia) Limited in its capacity as the trustee of Champion REIT.

CONNECTED PARTY TRANSACTIONS WITH OTHER CONNECTED PERSON

During the Period, the valuation fee of approximately HK\$669,000 had been incurred for services rendered by Savills Valuation and Professional Services Limited as the principal valuer of Champion REIT.

DISCLOSURE OF INTERESTS

UNITHOLDINGS OF CONNECTED PERSONS

As at 30 June 2008, so far as the REIT Manager is aware, the following persons, being connected persons (as defined under the REIT Code) of Champion REIT, hold units of Champion REIT:–

| Name | Number of Units Held | Percentage of Unitholdings |
|-------------------------------------|----------------------------|----------------------------|
| Top Domain International Limited | 1,349,495,877 ¹ | 30.54 |
| Keen Flow Investments Limited | 781,221,000 ¹ | 17.68 |
| Bright Form Investments Limited | 520,000,000 ^{1,5} | 11.77 |
| Eagle Asset Management (CP) Limited | 20,438,569 ¹ | 0.46 |
| Great Eagle Nichemusic Limited | 1,000,000 ¹ | 0.02 |
| Lee Ching Ming, Adrian | 64,000 ² | 0.001 |
| Fortune Mega Investments Limited | 163,936,151 ³ | 3.71 |
| Wing Tai Corporation Limited | 71,198,781 ⁴ | 1.61 |

Notes

- These companies are ultimately wholly-owned by Great Eagle Holdings Limited ("Great Eagle"). Jolly Trend Limited, Alfida Limited, The Great Eagle Company, Limited, Eagle Asset Management Holdings Limited and Great Eagle Net Limited are their intermediate holding companies. All of them are connected persons of Champion REIT under the REIT Code.
HSBC International Trustee Limited ("HITL") is the trustee of a discretionary trust, of which Dr. Lo Ka Shui, Mr. Lo Kai Shui, Madam Law Wai Duen and Dr. Lo Ying Sui, Archie are beneficiaries. The trust held 32.87% interest in Great Eagle.
Eagle Asset Management (CP) Limited is a connected person by virtue of its being the management company (as defined under the REIT Code) of Champion REIT.
- Mr. Lee Ching Ming, Adrian is a connected person by virtue of his being a director of the REIT Manager.
- These Units are directly held by Fortune Mega Investments Limited. Julian Holdings Limited, Kerry Properties Limited, Kerry Properties (Hong Kong) Limited and Spring Capital Holdings Limited were deemed to be interested in the same parcel of Units. Each of them was a connected person by virtue of being an associate of Mr. Ho Shut Kan (a director of the REIT Manager). Their Unitholdings were decreased by 1,740,000 Units as compared with the position as at 31 December 2007 (as specified in the respective disclosure of interests form).
- These Units are held by Mr. Cheng Wai Chee, Christopher (a director of the REIT Manager) via his associates and controlled corporations, being Renowned Development Limited, Wing Tai (Cheng) Holdings Limited and Wing Tai Corporation Limited. Their Unitholdings were increased by 27,000,000 Units as compared with the position as at 31 December 2007 (as specified in the respective disclosure of interests form).
- The 520,000,000 Units held by Bright Form Investments Limited are underlying Units and were derivative interests derived from the bonds (the "Bonds") in the amount of HK\$2,340,000,000 directly held by Bright Form Investments Limited. The Bonds in the aggregate principal amount of HK\$4,680,000,000 of convertible bonds due 2013 were issued by Fair Vantage Limited (a wholly owned and controlled entity by Champion REIT) convertible into Units. As the Bonds were issued on 3 June 2008, no comparison in the amount of the bonds was made with the position as at 31 December 2007.

Save as disclosed in the notes above, there was no change in the number of Units held by the connected persons during the period from 31 December 2007 to 30 June 2008.

DISCLOSURE OF INTERESTS

Interests in Units of Champion REIT

By virtue of the trust deed constituting Champion REIT, certain provisions of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”) are deemed to apply (subject to certain exceptions) to the directors and chief executive of the REIT Manager, the REIT Manager and each Unitholder.

As at 30 June 2008, the following persons had interests or short positions in the Units which were required to be disclosed to the REIT Manager and the Hong Kong Stock Exchange pursuant to the applicable Part XV of the SFO :

| Name | Number of Units Held | Percentage of Unitholdings |
|---|----------------------------|----------------------------|
| Interests of Directors and Chief Executive of the REIT Manager | | |
| Lo Ka Shui | 2,672,155,446 ¹ | 60.48 |
| Cheng Wai Chee, Christopher | 71,198,781 ² | 1.61 |
| Lee Ching Ming, Adrian | 64,000 | 0.002 |
| Interests of the REIT Manager | | |
| Eagle Asset Management (CP) Limited | 20,438,569 ¹ | 0.46 |
| Interests of Unitholders with 5% or more interests | | |
| Great Eagle Holdings Limited | 2,672,155,446 ¹ | 60.48 |
| HSBC International Trustee Limited | 2,671,307,946 ¹ | 60.45 |
| Citigroup Inc. | 226,328,146 ³ | 8.04 |
| Capital Research and Management Company | 293,761,000 ⁴ | 6.65 |
| Government of Singapore Investment Corporation Pte Ltd. | 252,878,000 ⁵ | 5.72 |

Notes

1 Great Eagle was deemed to be interested in a total of 2,672,155,446 Units held by its controlled corporations comprising:

- 1,349,495,877 Units held by Top Domain International Limited directly;
- 781,221,000 Units held by Keen Flow Investments Limited directly;
- 520,000,000 Units being underlying Units of the convertible bonds due 2013 held by Bright Form Investments Limited;
- 20,438,569 Units held by Eagle Asset Management (CP) Limited directly; and
- 1,000,000 Units held by Great Eagle Nichemusic Limited directly.

HSBC International Trustee Limited (“HITL”) was deemed to be interested in these Units in its capacity as trustee. HITL is the trustee of a discretionary trust, of which Dr. Lo Ka Shui is one of the beneficiaries. Dr Lo Ka Shui, being a director of the REIT Manager has notifiable interests in the same parcel of Units held by Great Eagle by virtue of his interests as one of the beneficiaries of discretionary trust which is a controlling shareholder of Great Eagle. HITL held interests in Great Eagle for the discretionary trust. Together with the interests of other trusts of which HITL was the trustee, HITL held approximately 39.93% interest in Great Eagle.

2 These Units of which Mr. Cheng Wai Chee, Christopher were deemed to be interested were directly held by Wing Tai Corporation Limited, via his controlled corporations.

| | | | |
|---|--|--------------|----------------|
| 3 | These Units held by Citigroup Inc. were held in the following capacities: | | |
| | Capacity | No. of Units | Short position |
| | Controlled corporation | 30,521,643 | 502,000 |
| | Custodian corporation/lending agent | 195,806,503 | – |
| | These interests include 24,540,143 Units derived from physically settled unlisted derivatives. | | |
| 4 | Capital Research and Management Company was interested in these Units in the capacity as investment manager. | | |
| 5 | Government of Singapore Investment Corporation Pte Ltd. was interested in these Units in the capacity as investment manager. | | |
| 6 | Unless otherwise stated, the interests in Units disclosed above represent long positions in Units. | | |
| 7 | The percentage set out in the table refers to the percentage as specified in the respective disclosure of interests forms. | | |

Interests in Debentures of Associated Corporation

| Name | Amount of debentures |
|--|--------------------------------|
| Interests of Director in Debentures ¹ of an Associated Corporation | |
| Lo Ka Shui | HK\$2,340,000,000 ² |

Notes

- 1 The debentures means the aggregate principal amount of HK\$4,680,000,000 of convertible bonds due 2013 issued by Fair Vantage Limited (a wholly owned and controlled entity by Champion REIT).
- 2 These interests in debentures were held by Great Eagle as mentioned in note 1 under the section headed "Interests in Units of Champion REIT".

Save as disclosed above, as at 30 June 2008, so far as is known to the Directors or chief executive of the REIT Manager:

- no person (other than a Director) is interested (or deemed to be interested) in Units, or holds any short position in Units which were required to be disclosed to the REIT Manager and the Hong Kong Stock Exchange pursuant to Divisions 2, 3 and 4 of Part XV of the SFO;
- none of the Directors or chief executive of the REIT Manager had any interests (or deemed to be interested in) or short positions in the Units of Champion REIT or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the REIT Manager and the Hong Kong Stock Exchange pursuant to Divisions 7, 8 and 9 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or pursuant to the "Code Governing Dealings in Units by Director, or the Manager" as adopted by the REIT Manager.

OTHER INFORMATION

Summary of Real Estate Sales and Purchases

Pursuant to the sale and purchase agreements all dated 14 February 2008 entered into among the Trust and certain wholly-owned subsidiaries of Great Eagle (all being connected persons of Champion REIT within the meaning of the Code on Real Estate Investment Trusts), the Trust has agreed to, among other things, acquire (“Acquisition”) the retail mall, carpark and office portions of Langham Place (“Langham Place Properties”) at a total completion amount of approximately HK\$12.6 billion (as set out in the announcement published by Champion REIT on 28 May 2008) which was satisfied partly by cash and partly by consideration Units. The financing structure of the Acquisition is set out in “Financial Review” under the Section headed “Financial Structure”.

The Acquisition constituted a very substantial acquisition and a connected party transaction for Champion REIT. Approval from the independent Unitholders of the Trust was obtained at an extraordinary general meeting of Champion REIT held on 6 March 2008 (“EGM”). Details of the allotment of the Consideration Units and the placing of the Placement Units and the 2008 Convertible Bonds are set out in the announcement published by Champion REIT on 28 May 2008.

The Langham Place Properties acquired by the Trust have a total floor area of approximately 1,292,755 sq. ft. and a total of 250 car parking spaces. Langham Place is an integrated complex with office, retail and hospitality components, located in Mongkok, a prime retail and commercial district and an important transportation hub in Hong Kong.

New Units Issued

During the Period, a total of 1,617,146,639 new Units were issued in the following manner:

- On 25 March 2008, 12,592,639 new Units were issued to the REIT Manager at a price of HK\$3.992 per Unit (being the Market Price ascribed in the trust deed constituting Champion REIT) as payment in full of the manager’s fee of approximately HK\$50,270,000 payable by Champion REIT for the six months ended 31 December 2007.
- On 3 June 2008, an aggregate of 1,604,554,000 new Units were issued to finance the completion of the Acquisition, of which (i) 823,333,000 new Units were issued as Placement Units to independent placees at the placing price of HK\$3.60 per Unit pursuant to a placing and underwriting agreement dated 28 May 2008 (as supplemented); and (ii) 781,221,000 new Units were issued as Consideration Units to a wholly-owned subsidiary of Great Eagle at the issue price of HK\$3.60 per Unit pursuant to a conditional sale and purchase agreement dated 14 February 2008. Please refer to the Section headed “Summary of Real Estate Sales and Purchases” above for details of the Acquisition.

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, Property Manager, DMC/Estate Managers etc. The following table summarized the personnel establishment of the respective operating entities in connection with the operations of the properties of the Trust as of 30 June 2008:

| Category | Positions |
|-------------------------------|------------|
| General management | 12 |
| Leasing | 18 |
| Marketing and promotion | 9 |
| Property management | 187 |
| Contract or technical workers | 336 |
| Total | 562 |

Repurchase, Sale or Redemption of Units

With the authorisation of the SFC in January 2008 and subject to the fulfillments of certain requirements, Champion REIT may purchase its own Units on the Stock Exchange. During the Period, there was no purchase, sale or redemption of Units by Champion REIT or its wholly owned and controlled entities.

Public Float

As far as the REIT Manager is aware, as at 30 June 2008 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.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



TO THE BOARD OF DIRECTORS OF EAGLE ASSET MANAGEMENT (CP) LIMITED (as Manager of Champion Real Estate Investment Trust)

Introduction

We have reviewed the interim financial information set out on pages 25 to 43, which comprises the condensed consolidated balance sheet of Champion Real Estate Investment Trust (“Champion REIT”) as of 30 June 2008 and the related condensed consolidated income statement, statement of changes in net assets attributable to unitholders and cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants
Hong Kong

12 August 2008

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

| | Notes | 2008 HK\$'000 | 2007 HK\$'000 |
|---|-------|------------------|------------------|
| | | (unaudited) | (unaudited) |
| Rental income | 4 | 560,714 | 290,899 |
| Building management fee income | | 51,695 | 43,352 |
| Rental related income | | 1,423 | 183 |
| Total revenue | | 613,832 | 334,434 |
| Property operating expenses | 5 | (97,358) | (72,903) |
| Net property income | | 516,474 | 261,531 |
| Interest income | | 6,467 | 12,442 |
| Manager's fee | 6 | (61,977) | (31,384) |
| Overprovision of listing expenses in prior period | | – | 1,975 |
| Trust and other expenses | | (11,064) | (5,303) |
| Increase in fair value of investment properties | | 3,153,241 | 1,224,941 |
| Change in fair value of derivative component of convertible bonds | | 274,718 | (47,965) |
| Change in fair value of rental stabilisation arrangement | | (17,228) | (931) |
| Fair value loss upon amendment of interest rate swaps | | (23,962) | – |
| Finance costs | 7 | (249,268) | (188,101) |
| Profit before tax and distribution to unitholders | 8 | 3,587,401 | 1,227,205 |
| Income taxes | 9 | (515,545) | (223,255) |
| Profit for the period, before distribution to unitholders | | 3,071,856 | 1,003,950 |
| Distribution to unitholders, accrued | 11 | (787,280) | (269,441) |
| Profit for the period, after distribution to unitholders | | 2,284,576 | 734,509 |
| Basic earnings per unit | 12 | HK\$1.01 | HK\$0.36 |
| Diluted earnings per unit | 12 | HK\$0.84 | HK\$0.36 |

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008

| | Notes | At 30 June 2008 HK\$'000 | At 31 December 2007 HK\$'000 |
|--|-------|-----------------------------------|---------------------------------------|
| | | (unaudited) | (audited) |
| Non-current assets | | | |
| Investment properties | 13 | 47,077,000 | 28,343,000 |
| Derivative financial instruments | 14 | 277,883 | 646,828 |
| Rental stabilisation arrangement | 15 | 39,006 | 61,956 |
| Loan receivable | 16 | 50,107 | – |
| Total non-current assets | | 47,443,996 | 29,051,784 |
| Current assets | | | |
| Trade and other receivables | 17 | 97,895 | 43,455 |
| Bank balances and cash | | 1,258,300 | 604,943 |
| Total current assets | | 1,356,195 | 648,398 |
| Total assets | | 48,800,191 | 29,700,182 |
| Current liabilities | | | |
| Trade and other payables | 18 | 1,046,809 | 960,701 |
| Deposits received | | 324,840 | 150,042 |
| Tax liabilities | | 14,658 | 10,977 |
| Distribution payable | | 787,280 | 400,381 |
| Total current liabilities | | 2,173,587 | 1,522,101 |
| Non-current liabilities, excluding net assets attributable to unitholders | | | |
| Secured term loans | 19 | 9,417,235 | 6,976,296 |
| Convertible bonds | 20 | 5,223,262 | 808,819 |
| Deferred tax liabilities | 21 | 1,360,465 | 848,685 |
| Total non-current liabilities, excluding net assets attributable to unitholders | | 16,000,962 | 8,633,800 |
| Total liabilities, excluding net assets attributable to unitholders | | 18,174,549 | 10,155,901 |
| Net assets attributable to unitholders | | 30,625,642 | 19,544,281 |
| Number of units in issue ('000) | 22 | 4,418,583 | 2,801,436 |
| Net asset value per unit | 23 | HK\$6.93 | HK\$6.98 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the six months ended 30 June 2008

| | Issued units HK\$'000 | Hedging reserve HK\$'000 | Others HK\$'000 | Accumulated profit less distribution HK\$'000 | Total HK\$'000 |
|--|-----------------------------|--------------------------------|--------------------|--|-------------------|
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| At 1 January 2007 | 13,793,859 | (225,818) | 2,526,143 | 468,660 | 16,562,844 |
| Units issued | 187,747 | – | – | – | 187,747 |
| Net adjustment to hedging reserve | – | 225,051 | – | – | 225,051 |
| Excess of fair value of investment properties acquired over acquisition cost | – | – | 279,781 | – | 279,781 |
| Profit for the period, before distribution to unitholders | – | – | – | 1,003,950 | 1,003,950 |
| Distribution | – | – | – | (269,441) | (269,441) |
| Net assets attributable to unitholders as at 30 June 2007 | 13,981,606 | (767) | 2,805,924 | 1,203,169 | 17,989,932 |
| At 1 January 2008 | 14,012,990 | (311,109) | 2,805,924 | 3,036,476 | 19,544,281 |
| Units issued (note 22) | 5,826,664 | – | – | – | 5,826,664 |
| Issue cost (note 22) | (141,880) | – | – | – | (141,880) |
| Net adjustment to hedging reserve | – | 90,065 | – | – | 90,065 |
| Excess of property interests acquired over acquisition cost (note 26) | – | – | 2,941,036 | – | 2,941,036 |
| Profit for the period, before distribution to unitholders | – | – | – | 3,071,856 | 3,071,856 |
| Amount received pursuant to Distribution Waiver Amendment (note 11) | – | – | – | 80,900 | 80,900 |
| Distribution | – | – | – | (787,280) | (787,280) |
| Net assets attributable to unitholders as at 30 June 2008 | 19,697,774 | (221,044) | 5,746,960 | 5,401,952 | 30,625,642 |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2008

| Notes | 2008 HK\$'000 | 2007 HK\$'000 |
|--|------------------|------------------|
| | (unaudited) | (unaudited) |
| Operating activities | | |
| Profit before tax and distribution to unitholders | 3,587,401 | 1,227,205 |
| Adjustments for: | | |
| Increase in fair value of investment properties | (3,153,241) | (1,224,941) |
| Change in fair value of derivative component of convertible bonds | (274,718) | 47,965 |
| Change in fair value of rental stabilisation arrangement | 17,228 | 931 |
| Fair value loss upon amendment of interest rate swaps | 23,962 | – |
| Overprovision of listing expenses in prior period | – | (1,975) |
| Interest income | (6,467) | (12,442) |
| Finance costs | 249,268 | 188,101 |
| Operating cash flow before movements in working capital | 443,433 | 224,844 |
| Increase in trade and other receivables | (2,405) | (3,728) |
| Increase in trade and other payables | 162,514 | 22,866 |
| Increase in deposits received | 35,094 | 36,192 |
| Cash generated from operations | 638,636 | 280,174 |
| Interest paid | (66,986) | (15,142) |
| Hong Kong Profits Tax paid | (84) | (6,026) |
| Net cash from operating activities | 571,566 | 259,006 |
| Investing activities | | |
| Interest received | 6,407 | 11,565 |
| Cash received under rental stabilisation arrangement | 5,722 | 1,822 |
| Addition of investment properties | (190,759) | (690,171) |
| Acquisition of property interests | (2,849,115) | – |
| Net cash used in investing activities | (3,027,745) | (676,784) |
| Financing activities | | |
| Distribution paid | (400,466) | (257,020) |
| Proceeds from issue of new units | 2,963,999 | – |
| Proceeds received from amendment of interest rate swaps | 234,730 | – |
| Secured term loan raised | 2,454,000 | – |
| Transaction costs of secured term loan | (16,247) | – |
| Proceeds from issuance of bonds | 2,340,000 | – |
| Transaction costs of bonds | (23,400) | – |
| Repayment of a bank loan including accrued interest | (4,301,200) | – |
| Issue costs paid | (141,880) | – |
| Net cash from (used in) financing activities | 3,109,536 | (257,020) |
| Net increase (decrease) in cash and cash equivalents | 653,357 | (674,798) |
| Cash and cash equivalents at beginning of the period | 604,943 | 1,241,860 |
| Cash and cash equivalents at end of period, represented by bank balances and cash | 1,258,300 | 567,062 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2008

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 have been listed on The Stock Exchange of Hong Kong Limited. Champion REIT is governed by the deed of trust dated 26 April 2006, as amended by a first supplemental deed dated 5 December 2006 and a second supplemental deed dated 4 February 2008 (“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.

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 (HKAS 34) Interim Financial Reporting issued by Hong Kong Institute of Certified Public Accountants, and the Code.

Principal accounting policies

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2007.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. Principal Accounting Policies (continued)

In the current interim period, the Group has applied, for the first time, the following new interpretations issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Group's financial year beginning 1 January 2008.

| | |
|--------------------|---|
| HK(IFRIC) – INT 11 | HKFRS 2 – Group and Treasury Share Transactions |
| HK(IFRIC) – INT 12 | Service Concession Arrangements |
| HK(IFRIC) – INT 14 | HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |

The Group has not early applied the following the new and revised standards, amendments or interpretations that have been issued but are not yet effective.

| | |
|--------------------------|--|
| HKAS 1 (Revised) | Presentation of Financial Statements ¹ |
| HKAS 23 (Revised) | Borrowing Costs ¹ |
| HKAS 27 (Revised) | Consolidated and Separate Financial Statements ² |
| HKAS 32 & 1 (Amendments) | Puttable Financial Instruments and Obligations Arising on Liquidation ¹ |
| HKFRS 2 (Amendment) | Vesting Conditions and Cancellations ¹ |
| HKFRS 3 (Revised) | Business Combinations ² |
| HKFRS 8 | Operating Segments ¹ |
| HK(IFRIC) – INT 13 | Customer Loyalty Programmes ³ |

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 July 2008

The Manager is in the process of assessing the potential impact of the above new and revised standards, amendments or interpretations on the results and the financial position of the Group.

3. Segment Information

All of the Group's operations are located and carried out in Hong Kong, and the sole principal activity of the Group is investing in commercial properties. Accordingly, no segment information by business and geographical segment is presented.

4. Rental Income

| | 2008 HK\$'000 | 2007 HK\$'000 |
|-----------------|------------------|------------------|
| | (unaudited) | (unaudited) |
| Rental income | 552,879 | 284,867 |
| Car park income | 7,835 | 6,032 |
| | 560,714 | 290,899 |

5. Property Operating Expenses

| | 2008 HK\$'000 | 2007 HK\$'000 |
|---|------------------|------------------|
| | (unaudited) | (unaudited) |
| Building management fees | 52,675 | 44,150 |
| Car park operating expenses | 1,267 | 810 |
| Government rent and rates | 13,814 | 9,570 |
| Legal cost and stamp duty | 1,195 | 1,182 |
| Promotion expenses | 437 | – |
| Property and lease management service fee | 16,722 | 8,651 |
| Property miscellaneous expenses | 917 | 655 |
| Rental commission | 9,412 | 7,198 |
| Repairs and maintenance | 919 | 687 |
| | 97,358 | 72,903 |

6. Manager's Fee

Pursuant to the Trust Deed, the Manager is entitled for a manager's fee of HK\$61,977,000 (2007: HK\$31,384,000) which equivalent to 12% of the net property income of Champion REIT as Champion REIT achieved the required threshold of net property income of HK\$200 million for each semi-annual financial year. The manager's fee will be settled in the form of units in Champion REIT.

7. Finance Costs

| | 2008 HK\$'000 | 2007 HK\$'000 |
|--|--------------------|------------------|
| | (unaudited) | (unaudited) |
| Finance costs represent: | | |
| Interest expense on bank borrowings wholly repayable within five years | 149,884 | 167,881 |
| Interest expense on convertible bonds wholly repayable within five years | 43,851 | 19,871 |
| Release of hedging reserve | 49,684 | – |
| Imputed interest on loan receivable | 5,200 | – |
| Other borrowing costs | 649 | 349 |
| | 249,268 | 188,101 |

8. Profit Before Tax And Distribution To Unitholders

| | 2008 HK\$'000 | 2007 HK\$'000 |
|---|--------------------|------------------|
| | (unaudited) | (unaudited) |
| Profit before tax and distribution to unitholders has been arrived at after charging: | | |
| Auditors' remuneration | 750 | 640 |
| Trustee's fee | 4,214 | 2,410 |
| Principal valuer's fee | 100 | 35 |
| Other professional fee and charges | 760 | 809 |

9. Income Taxes

| | 2008 HK\$'000 | 2007 HK\$'000 |
|--------------------------------|--------------------|------------------|
| | (unaudited) | (unaudited) |
| Hong Kong Profits Tax: | | |
| Current tax | | |
| – Current year | 3,388 | 239 |
| – Underprovision in prior year | 377 | – |
| | 3,765 | 239 |
| Deferred tax | | |
| – Current year | 560,276 | 223,016 |
| – Change in Profits Tax rate | (48,496) | – |
| | 511,780 | 223,016 |
| | 515,545 | 223,255 |

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for current period.

On 26 June 2008, the Hong Kong Legislative Council passed the revenue bill 2008 which included the proposed reduction in corporate Profits Tax rate by 1% from 17.5% to 16.5% effective for the current period.

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

| | 2008 HK\$'000 | 2007 HK\$'000 |
|--|--------------------|------------------|
| | (unaudited) | (unaudited) |
| Profit for the period, before distribution to unitholders | 3,071,856 | 1,003,950 |
| Adjustments: | | |
| Manager's fees paid in units | 61,977 | 31,384 |
| Overprovision of listing expenses in prior period | – | (1,975) |
| Increase in fair value of investment properties | (3,153,241) | (1,224,941) |
| Change in fair value of derivative component of convertible bonds | (274,718) | 47,965 |
| Change in fair value of rental stabilisation arrangement | 17,228 | 931 |
| Fair value loss upon amendment of interest rate swaps | 23,962 | – |
| Finance costs | 157,499 | 169,737 |
| Deferred tax | 511,780 | 223,016 |
| Total distributable income | 416,343 | 250,067 |

11. Distribution Statement

| | 2008 HK\$'000 | 2007 HK\$'000 |
|--|---------------------------|---------------------------|
| | (unaudited) | (unaudited) |
| Distribution amount to be paid to unitholders for the interim period ^(a) | | |
| – 100% of total distributable income (Note 10) | 416,343 | 250,067 |
| – Additional amounts at the discretion of Manager ^(a) | | |
| (a) Amount received from rental stabilisation arrangement | – | 19,374 |
| (b) Amount entitled from amendment of interest rate swaps | 290,037 | – |
| (c) Amount received from Distribution Waiver Amendment ^(e) | 80,900 | – |
| Total additional amounts at the discretion of Manager | 370,937 | 19,374 |
| Total distribution amount for the period | 787,280 | 269,441 |
| Distribution per unit | | |
| – Before taking into account the effect of the Distribution Waiver ^(d) and Distribution Waiver Amendment ^(e) | HK\$0.1599 ^(c) | HK\$0.0962 ^(b) |
| – After taking into account the effect of the Distribution Waiver | N/A | HK\$0.1366 ^(b) |
| – After taking into account the effect of the Distribution Waiver Amendment ^(e) | HK\$0.1795 ^(c) | N/A |

Notes

- (a) It is the policy of the Manager to distribute 100% of total distributable income as the distribution amount for the period from 1 January 2007 to 30 June 2007 ("FY07 Interim Distribution Period") and 1 January 2008 to 30 June 2008 ("FY08 Interim Distribution Period"). In addition, the Manager decided to distribute an additional amount of HK\$19,374,000 out of the amount received according to the Rental Stabilisation Arrangement (see note 15) as an additional distribution amount for FY07 Interim Distribution Period and additional amounts of HK\$290,037,000 according to the amendment of interest rate swaps (see note 14) and HK\$80,900,000 out of the amount received under the Distribution Waiver Amendment (see note (e) below) as additional distribution amounts for FY08 Interim Distribution Period.
- (b) Distribution per unit for FY07 Interim Distribution Period is calculated as follows. The distribution was paid to unitholders on 3 October 2007.

| | Before taking into the effect of the Distribution Waiver HK\$'000 | After taking into the effect of the Distribution Waiver HK\$'000 |
|---|--|---|
| 100% of distributable income | 250,067 | 250,067 |
| Additional amounts at the discretion of the Manager | 19,374 | 19,374 |
| Total distribution amount | 269,441 | 269,441 |
| <u>Number of units</u> | | |
| Units in issue as at 7 September 2007, being the record date for FY07 Interim Distribution Period | 2,801,436,491 | 2,801,436,491 |
| Less: Number of units subject to the Distribution Waiver ^(d) | – | (829,669,944) |
| Total number of units for the purpose of calculating distribution per unit | 2,801,436,491 | 1,971,766,547 |
| Distribution per unit | HK\$0.0962 | HK\$0.1366 |

11. Distribution Statement (continued)

Notes (continued)

- (c) Distribution per unit for FY08 Interim Distribution Period is calculated as follows. The distribution is expected to be paid to unitholders on 3 October 2008.

| | Before taking into the effect of the Distribution Waiver Amendment HK\$'000 | After taking into the effect of the Distribution Waiver Amendment HK\$'000 |
|---|---|--|
| 100% of distributable income | 416,343 | 416,343 |
| Additional amounts at the discretion of the Manager | 290,037 | 370,937 |
| Total distribution amount | 706,380 | 787,280 |
| <u>Number of units</u> | | |
| Units in issue as at 30 June 2008 | 4,418,583,130 | 4,418,583,130 |
| Less: Number of units subject to the Distribution Waiver Amendment ^(e) | – | (31,798,986) |
| Total number of units for the purpose of calculating distribution per unit | 4,418,583,130 | 4,386,784,144 |
| Distribution per unit | HK\$0.1599 | HK\$0.1795 |

The record date for the purpose of determining the unitholders of record entitled to receive distribution in respect of FY08 Interim Distribution Period is 8 September 2008. Further announcement will be made to inform unitholders of the final distribution per unit for FY08 Interim Distribution Period as total units in issue will or may increase due to the issuance of units for settlement of manager's fee in respect for the first half of 2008 and conversion of convertible bonds before the record date.

- (d) Pursuant to the Distribution Entitlement Waiver Deed dated 26 April 2006, each of Top Domain International Limited ("Top Domain"), a wholly-owned subsidiary of Great Eagle Holdings Limited, Fortune Mega Investments Limited, a wholly-owned subsidiary of Kerry Properties Limited ("Kerry") and Wing Tai Corporation Limited ("Wing Tai") has agreed to waive 20% and 55% of their entitlement to receive distributions for FY08 Interim Distribution Period and FY07 Interim Distribution Period respectively with respect to all of the units they hold as of 24 May 2006 ("Listing Date") (the "Distribution Waiver"). As of Listing Date, Great Eagle held 1,349,495,877 units, Kerry held 114,796,151 units and Wing Tai held 44,198,781 units.
- (e) Pursuant to the Deed of Amendment of Distribution Entitlement Waiver Deed dated 14 February 2008 ("Distribution Waiver Amendment"), the undertakings made by Top Domain under the Distribution Waiver in respect of FY08 Interim Distribution Period (as mentioned in note (d) above) ceased to be effective in consideration of an amount of HK\$80,900,000 (being the Initial Termination Amount as defined in the Distribution Waiver Amendment) being received from Top Domain on 23 June 2008. The rights and obligations of Kerry and Wing Tai will not be affected by the Distribution Waiver Amendment. Accordingly, the distribution per unit in respect of FY08 Interim Distribution Period represented the undertakings made by Kerry which held 114,796,151 units and Wing Tai which held 44,198,781 units as of Listing Date.

12. Basic and Diluted Earnings per Unit

| | 2008 HK\$'000 | 2007 HK\$'000 |
|---|------------------|------------------|
| | (unaudited) | (unaudited) |
| Earnings | | |
| Profit for the period, before distribution to unitholders for the purpose of basic earnings per unit | 3,071,856 | 1,003,950 |
| Effect of dilutive potential units: | | |
| Interest in convertible bonds | 43,851 | – |
| Change in fair value of derivative component of convertible bonds | (274,718) | – |
| Profit for the period, before distribution to unitholders for the purpose of diluted earnings per unit | 2,840,989 | 1,003,950 |
| Number of units | | |
| Weighted average number of units for the purpose of basic earnings per unit | 3,055,071,605 | 2,792,192,759 |
| Effect of dilutive potential units: | | |
| Units to be issued in respect of manager's fee | 2,892,794 | 3,607,356 |
| Convertible bonds | 337,083,333 | – |
| Weighted average number of units for the purpose of diluted earnings per unit | 3,395,047,732 | 2,795,800,115 |
| Basic earnings per unit | HK\$1.01 | HK\$0.36 |
| Diluted earnings per unit | HK\$0.84 | HK\$0.36 |

The computation of diluted earnings per unit did not assume the conversion of outstanding convertible bonds for the comparative period since their exercise would result in increase in earnings per unit.

13. Investment Properties

| | At 30 June 2008 HK\$'000 | At 31 December 2007 HK\$'000 |
|---|-----------------------------------|---------------------------------------|
| | (unaudited) | (audited) |
| Fair value | | |
| At the beginning of the period/year | 28,343,000 | 23,500,000 |
| Acquisition of property interests (note 26) | 15,390,000 | – |
| Additions during the period/year | 190,759 | 1,122,060 |
| Increase in fair value during the period/year | 3,153,241 | 3,720,940 |
| At the end of the period/year | 47,077,000 | 28,343,000 |

On 3 June 2008 (the "Completion Date"), the Group completed the acquisition of the retail, carpark and certain office portions of Langham Place from the vendors, each of which are indirectly wholly-owned subsidiaries of Great Eagle Holdings Limited ("Great Eagle"), a connected person within the meaning of the Code. Details of the acquisition are set out in note 26.

13. Investment Properties (continued)

The fair value of the investment properties acquired as at Completion Date, based on independent valuation performed by Savills Valuation and Professional Services Limited, an independent qualified professional valuer not connected to the Group, was HK\$15,390,000,000. Transaction costs for the acquisition of the investment properties, including an amount of HK\$125,000,000 paid to the Manager as acquisition fee, amounted to HK\$190,759,000. The valuation was arrived by using the Income Capitalisation Approach based on the net rental income. In arriving at the valuation, the market rentals of all lettable units of the property are assessed and capitalised at market yield expected by investors for this type of property.

At the balance sheet date, Savills Valuation and Professional Services Limited undertook an independent valuation. This firm is an independent qualified professional valuer not connected to the Group. The valuation was arrived by using the Income Capitalisation Approach based on the net rental income. In arriving at the valuation, the market rentals of all lettable units of the property are assessed and capitalised at market yield expected by investors for this type of property.

The Group's property interests held under operating leases which are located in Hong Kong under medium-term leases are measured using the fair value model and are classified and accounted for as investment properties.

Investment properties of the Group with a fair value of HK\$47,077,000,000 (31.12.2007: HK\$28,343,000,000) together with assignments of sales proceeds, insurance proceeds, rental income, revenues and all other income generated from these properties have been pledged to secure banking facilities granted to the Group or mortgaged to bond trustees to secure the obligations of the CB Issuers (as defined in note 20) under the convertible bonds.

14. Derivative Financial Instruments

| | At 30 June 2008 HK\$'000 | At 31 December 2007 HK\$'000 |
|---------------------------------------|-----------------------------------|---------------------------------------|
| | (unaudited) | (audited) |
| Cash flow hedge – interest rate swaps | 277,883 | 646,828 |

The Group uses interest rate swaps to minimise the exposure to movements in interest rates in relation to its floating rate term loan by swapping from floating rate to fixed rate. The interest rate swaps and the corresponding term loan have the same terms and the Manager considers that the interest rate swaps are highly effective hedging instruments. On 19 March 2008, the interest rate swaps with a total notional fair value of HK\$314,000,000 were amended by fixing the swap rate from a step up structure to a fixed rate of 2.865% per annum with effect from the full coupon period commencing 24 February 2008 until maturity on 24 May 2011. In consideration of the amendment, the counterparty agreed to pay to the Group a total amount of HK\$290,037,000, of which HK\$234,730,000 was paid on 15 May 2008 and the remaining balance of HK\$55,307,000 will be paid on 24 May 2011. As at the date of amendment, a fair value loss of HK\$23,962,000 was recognized in the income statement.

14. Derivative Financial Instruments (continued)

Subsequent to the amendment of the terms of the interest rate swaps, the hedging reserve, representing the portion of the cumulative gains or losses on the interest rate swaps from inception of the hedge until the amendment of the terms of the interest rate swaps is released to condensed consolidated income statement over the periods during which the variability of interest payment in relation to the secured terms loan affects the condensed consolidated income statement. During the period, release of hedging reserve amounted to HK\$49,684,000.

Major terms of the interest rate swaps are set out below:

At 31 December 2007

| Notional amount | Maturity | Swaps |
|-------------------|-------------|---|
| HK\$7,000,000,000 | 24 May 2011 | From 3 months Hong Kong Interbank Offered Rate ("HIBOR") plus 0.53% to step up rate of 0.25% in the first year, 0.5% in the second year, 1% in the third year, 1.5% in the fourth year and 2% in the fifth year |

At 30 June 2008

| Notional amount | Maturity | Swaps |
|-------------------|-------------|--|
| HK\$7,000,000,000 | 24 May 2011 | From 3 months HIBOR plus 0.53% to a fixed rate of 2.865% |

The above derivatives are measured at fair value at the balance sheet date. Their fair values are determined based on the discounted cash flow model.

15. Rental Stabilisation Arrangement

Pursuant to the rental stabilization arrangement (the "Arrangement") in relation to the acquisition of 3 floors and 3 carparking spaces in Citibank Plaza, the vendor, Kerry, had undertaken that during the five years commencing from 5 January 2007 (the "Full Rental Stabilisation Period"), the New Property Income (as defined in the Arrangement) for each 6-month period ending 30 June and 31 December during the Full Rental Stabilisation Period shall be no less than HK\$30,992,000. The total amount of shortfall receivable from Kerry under the Arrangement is subject to a maximum of HK\$95,223,000 for the Full Rental Stabilisation Period ("Maximum Rental Stabilisation Amount"). On 5 January 2007, Kerry had paid an amount equal to the Maximum Rental Stabilisation Amount into designated escrow account.

During the period, the Group received an aggregate amount of HK\$5,722,000 (year ended 31 December 2007: HK\$32,040,000), which represents the shortfall of New Property Rental of HK\$5,210,000 (year ended 31 December 2007: HK\$28,622,000) and interest on escrow account of HK\$512,000 (year ended 31 December 2007: HK\$3,418,000). On 3 October 2007, HK\$19,374,000 was paid to unitholders at the discretion of the Manager (see note 11).

The arrangement is accounted for as financial derivative and measured at fair value at the balance sheet date. The fair value is determined based on the Black-Scholes model using the assumptions of current market rents at 30 June 2008, expected volatility based on past three year historical rent index volatility of grade A central office and the duration of the Arrangement.

16. Loan Receivable

| | At 30 June 2008 HK\$'000 | At 31 December 2007 HK\$'000 |
|------------------------|-----------------------------------|---------------------------------------|
| | (unaudited) | (audited) |
| Loan receivable | 55,307 | – |
| Less: imputed interest | (5,200) | – |
| | 50,107 | – |

The amount of HK\$55,307,000 represents the receivable due from the counterparty upon the amendment of interest rate swaps as mentioned in note 14 above. The amount is unsecured and repayable in one lump sum on 24 May 2011.

17. Trade and Other Receivables

| | At 30 June 2008 HK\$'000 | At 31 December 2007 HK\$'000 |
|---|-----------------------------------|---------------------------------------|
| | (unaudited) | (audited) |
| Rental receivables | 3,779 | 304 |
| Deferred rent receivables | 25,667 | 21,471 |
| Deposits, prepayments and other receivables | 68,449 | 21,680 |
| | 97,895 | 43,455 |

Rental receivable from tenants are payable on presentation of invoices. The age analysis of trade receivables is as follows:

| | At 30 June 2008 HK\$'000 | At 31 December 2007 HK\$'000 |
|--------------|-----------------------------------|---------------------------------------|
| | (unaudited) | (audited) |
| 0 – 3 months | 3,779 | 304 |

18. Trade and Other Payables

| | At 30 June 2008 HK\$'000 | At 31 December 2007 HK\$'000 |
|----------------------------|-----------------------------------|---------------------------------------|
| | (unaudited) | (audited) |
| Trade payables | 39,330 | 9,148 |
| Rental received in advance | 7,245 | 13,288 |
| Other payables | 150,109 | 88,140 |
| Accrued stamp duty | 850,125 | 850,125 |
| | 1,046,809 | 960,701 |

Stamp duty has been accrued based on the current stamp duty rate of 3.75% 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.

The aged analysis of trade payables is as follows:

| | At 30 June 2008 HK\$'000 | At 31 December 2007 HK\$'000 |
|--------------|-----------------------------------|---------------------------------------|
| | (unaudited) | (audited) |
| 0 – 3 months | 39,330 | 9,148 |

19. Secured Term Loans

| | At 30 June 2008 HK\$'000 | At 31 December 2007 HK\$'000 |
|--------------------|-----------------------------------|---------------------------------------|
| | (unaudited) | (audited) |
| Secured term loans | 9,454,000 | 7,000,000 |
| Loan front-end fee | (36,765) | (23,704) |
| | 9,417,235 | 6,976,296 |

Under the banking facility agreement dated 24 May 2006, the Group has been granted a facility of HK\$7,200,000,000 before origination fee, comprising a HK\$7,000,000,000 term loan and a HK\$200,000,000 revolving credit facility. The HK\$7,000,000,000 term loan drawn as at 30 June 2008 bears interest at floating interest rate of 3 months HIBOR plus 0.53% and is repayable in full in May 2011. The effective interest rate of the remaining term of five-year term loan, after hedging, is approximately 2.865% per annum.

19. Secured Term Loans (continued)

During the period, in connection with the acquisition of property interests as described in note 26, the Group has been granted a bank facility of HK\$2,954,000,000 before origination fee, comprising a HK\$2,454,000,000 term loan and a HK\$500,000,000 revolving credit facility. The term loan of HK\$2,454,000,000 had been fully drawn as at 30 June 2008 and bears interest at floating interest rate of HIBOR plus 0.59% per annum and is repayable in full in June 2013.

20. Convertible Bonds

On 22 December 2006, Treasure Source Limited, an entity indirectly wholly-owned and controlled by Champion REIT, issued 2% guaranteed convertible bonds due 2011 ("2006 Bonds") in the aggregate principal amount of HK\$765,000,000.

The 2006 Bonds entitle the holders to convert them into units of Champion REIT at any time on and after 1 February 2007 up to and including 13 May 2011 at an adjusted conversion price of HK\$4.32 per unit which came into effect since 3 June 2008. If the holder has elected to convert the 2006 Bonds, the issuer shall have an option to pay to the holders in whole or in part an amount of cash equal to the market values of the number of units deliverable. If the 2006 Bonds have not been converted, redeemed by the issuer or the holders or purchased and cancelled, they will be redeemed on 23 May 2011 at 110.328%. Interest of 2% will be paid semi-annually in arrears on 23 May and 23 November each year, commencing on 23 May 2007.

The 2006 Bonds contain two components with the liability component stated at amortised cost and derivative component stated at fair value. The effective interest rate of the liability component is 5.55%.

On 3 June 2008, Fair Vantage Limited, an entity indirectly wholly-owned and controlled by Champion REIT, issued 1% guaranteed convertible bonds due 2013 ("2008 Bonds") in the aggregate principal amount of HK\$4,680,000,000 at par (Fair Vantage Limited together with Treasure Source Limited, the "CB Issuers"). As at 30 June 2008, Great Eagle, through its indirectly wholly-owned subsidiary, Bright Form Investments Limited, held an aggregate principal amount of HK\$2,340,000,000 of 2008 Bonds.

The 2008 Bonds entitle the holders to convert them into units of Champion REIT at any time on and after 3 June 2009 up to the date which is seven business days prior to 3 June 2013 at an initial conversion price of HK\$4.50 per unit. If the holder has elected to convert the 2008 Bonds, the issuer shall have an option to pay to the holders in whole or in part an amount of cash equal to the market values of the number of units deliverable. If the 2008 Bonds have not been converted, redeemed by the issuer or the holders or purchased and cancelled, they will be redeemed on 3 June 2013 at 123.94%. Interest of 1% will be paid semi-annually in arrears on 3 June and 3 December each year, commencing on 3 December 2008.

The 2008 Bonds contain two components with the liability component stated at amortised cost and derivative component stated at fair value. The effective interest rate of the liability component is 6.375%.

The fair value of the derivative component is based on valuation provided to the Group by an independent valuer. The inputs into the valuation model include the quoted market price of the 2006 Bonds and 2008 Bonds at the valuation date and fair value of straight bond which is estimated based on the applicable yield curve for the duration of the 2006 Bonds and 2008 Bonds.

20. Convertible Bonds (continued)

The movement of the liability and derivative components of convertible bonds for the period is set out as below:

| | At 30 June 2008 HK\$'000 | At 31 December 2007 HK\$'000 |
|-------------------------------------|-----------------------------------|---------------------------------------|
| | (unaudited) | (audited) |
| Liability component | | |
| At the beginning of the period/year | 747,619 | 722,613 |
| Issuance of 2008 Bonds | 4,434,768 | – |
| Interest charged | 43,851 | 40,264 |
| Interest paid | (11,290) | (15,258) |
| At the end of the period/year | 5,214,948 | 747,619 |
| Derivative component | | |
| At the beginning of the period/year | 61,200 | 37,715 |
| Issuance of 2008 Bonds | 221,832 | – |
| Change in fair value | (274,718) | 23,485 |
| At the end of the period/year | 8,314 | 61,200 |
| Total convertible bonds | 5,223,262 | 808,819 |

21. Deferred Tax Liabilities

The followings are the major component of deferred tax liabilities and assets recognised and the movements thereon during the period:

| | Accelerated tax depreciation HK\$'000 | Investment properties HK\$'000 | Tax losses HK\$'000 | Total HK\$'000 |
|---|--|--------------------------------------|---------------------------|-------------------|
| Balance as at the beginning of the period | 90,721 | 795,954 | (37,990) | 848,685 |
| Charge to condensed consolidated income statement during the period | 17,864 | 520,285 | 22,127 | 560,276 |
| Effect of change in tax rate | (5,184) | (45,483) | 2,171 | (48,496) |
| Balance at the end of the period | 103,401 | 1,270,756 | (13,692) | 1,360,465 |

22. Number of Units in Issue

| | Number of units | HK\$'000 |
|---|-----------------|-------------|
| | | (unaudited) |
| Balance at 1 January 2008 | 2,801,436,491 | 14,012,990 |
| Payment of manager's fee through issuance of new units during the period | 12,592,639 | 50,270 |
| Units issued as part of consideration for the acquisition of property interests | 781,221,000 | 2,812,395 |
| Units issued for financing the acquisition of property interests | 823,333,000 | 2,963,999 |
| Unit issue costs | – | (141,880) |
| Balance at 30 June 2008 | 4,418,583,130 | 19,697,774 |

On 20 March 2008, 12,592,639 units at HK\$3.992 per unit were issued to the Manager as settlement of manager's fee for the period from 30 June 2007 to 31 December 2007.

On 3 June 2008, a total of 1,604,554,000 units at HK\$3.60 per unit were issued for financing the acquisition of property interests from the vendors, each of which is indirectly wholly-owned subsidiaries of Great Eagle, out of which 781,221,000 units were issued as partial settlement of the total consideration payable to Great Eagle. Further details of the acquisition are set out in note 26 below.

23. Net Asset Value Per Unit

The net asset value per unit is calculated by dividing the net asset attributable to unitholders as at 30 June 2008 of HK\$30,625,642,000 (31.12.2007: HK\$19,544,281,000) by the number of units in issue of 4,418,583,130 (31.12.2007: 2,801,436,491 units) as at 30 June 2008.

24. Net Current Liabilities

At 30 June 2008, the Group's net current liabilities, defined as current assets less current liabilities, amounted to HK\$817,392,000 (31.12.2007: HK\$873,703,000).

25. Total Assets Less Current Liabilities

At 30 June 2008, the Group's total assets less current liabilities amounted to HK\$46,626,604,000 (31.12.2007: HK\$28,178,081,000).

26. Acquisition of Property Interests

On 14 February 2008, Champion REIT entered into sale and purchase agreements (the "Agreements") with The Great Eagle Company Limited, Acefield Investments Limited and Truefaith Developments Limited (all being connected persons of Champion REIT within the meaning of the Code) (hereinafter collectively referred to as the "Vendor Companies") whereby Champion REIT has agreed to acquire the commercial property interests in Langham Place and its related assets and liabilities (the "Property Interests") held by Renaissance City Development Company Limited, Ernest Limited and Best Noble Enterprises Limited subject to, among other things, the satisfaction or waiver of conditions precedent as set out in the Agreements and the ordinary resolution of the extraordinary general meeting (the "EGM Resolution"). The EGM Resolution was passed on 6 March 2008.

The above transaction was completed on 3 June 2008. The consideration of HK\$8,302,279,000 and the Property Interests acquired of HK\$11,243,315,000, resulted in an excess of Property Interests acquired over the acquisition cost. The difference of HK\$2,941,036,000 between the Property Interests acquired from the Vendor Companies over the acquisition cost has been included in the consolidated statement of changes in net assets attributable to unitholders.

Property Interests acquired are as follows:

| | HK\$'000 | HK\$'000 |
|---|-------------|-------------|
| | (unaudited) | (unaudited) |
| Investment properties | | 15,390,000 |
| Trade and other receivables | | 51,975 |
| Bank balances and cash | | 297,517 |
| Trade and other payables | | (55,273) |
| Deposits received | | (139,704) |
| Bank loan (including accrued interest up to 2 June 2008) | | (4,301,200) |
| Net assets acquired | | 11,243,315 |
| Total consideration satisfied by: | | |
| Cash paid to the Vendor Companies | (3,146,632) | |
| Cash payable to the Vendor Companies | (3,252) | |
| Fair value of convertible bonds subscribed | (2,340,000) | |
| Fair value of units issued | (2,812,395) | (8,302,279) |
| Excess of fair value of identifiable assets and liabilities acquired over the cost of acquisition | | 2,941,036 |
| Net cash outflow arising on acquisition: | | |
| Cash consideration to the Vendor Companies | | (3,146,632) |
| Bank balances and cash acquired | | 297,517 |
| | | (2,849,115) |

PERFORMANCE TABLE

As at 30 June 2008

| | 1.1.2008 – 30.6.2008 | 1.1.2007 – 30.6.2007 | 26.4.2006 – 30.6.2006 |
|---|-------------------------|-------------------------|--------------------------|
| Net asset value (HK\$'000) | 30,625,642 | 17,989,932 | 16,365,139 |
| Net asset value per unit (HK\$) | 6.93 | 6.44 | 5.97 |
| The highest traded price during the period (HK\$) | 4.850 | 4.690 | 4.375 |
| The highest premium of the traded price to net asset value ¹ | N/A | N/A | N/A |
| The lowest traded price during the period (HK\$) | 3.500 | 3.690 | 3.775 |
| The highest discount of the traded price to net asset value | 49.49% | 42.70% | 36.77% |
| Distribution yield per unit ² | 4.97% | 3.05% | N/A |
| Annualized distribution yield per unit | 9.94% | 6.10% | N/A |
| Net profit yield per unit ³ | 19.26% | 8.02% | 0.17% |
| Annualized net profit yield per unit | 38.52% | 16.04% | 1.63% |

Notes

- 1 The highest traded price is lower than the net asset value. Accordingly, no premium of the traded price to net asset value is presented.
- 2 Distribution yield per unit is calculated based on the distribution per unit of HK\$0.1795 (2007: HK\$0.1366; 2006: HK\$nil) for the six months ended 30 June 2008 over the traded price of HK\$3.61 (2007: HK\$4.48) as at 30 June 2008.
- 3 Net profit yield per unit is calculated based on the profit for the period before distribution to unitholders per unit for the six months ended 30 June 2008 over the traded price of HK\$3.61 (2007: HK\$4.48; 2006: HK\$3.85) as at 30 June 2008.



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