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ChampionREIT

冠君產業信託

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))

(Stock Code: 2778)

Managed by

Eagle Asset Management
Eagle Asset Management (CP) Limited

2022 INTERIM RESULTS ANNOUNCEMENT

Champion Real Estate Investment Trust is a trust formed to own and invest in income-producing office and retail properties. The Trust's focus is on Grade-A commercial properties in prime locations. It currently offers investors direct exposure to nearly 3 million sq. ft. of prime office and retail floor area. These include two Hong Kong landmark properties, Three Garden Road and Langham Place, as well as joint venture stake in 66 Shoe Lane in Central London.

INTERIM RESULTS

The board of directors (“**Board**”) of Eagle Asset Management (CP) Limited (“**REIT Manager**”) as manager of Champion Real Estate Investment Trust (“**Champion REIT**” or “**Trust**”) is pleased to announce financial results of the Trust for the six months ended 30 June 2022 (“**Period**”).

FINANCIAL HIGHLIGHTS

	6 Months Ended 30 Jun 2022	6 Months Ended 30 Jun 2021	Change
	HK\$' million	HK\$' million	
Total Rental Income ¹	1,196	1,260	- 5.0%
Net Property Operating Expenses ¹	(152)	(122)	+ 24.1%
Net Property Income	1,044	1,137	- 8.2%
Distributable Income	704	790	- 10.9%
Distribution Amount	634	711	- 10.9%
Distribution per Unit (HK\$)	0.1064	0.1197	- 11.1%

	As at 30 Jun 2022	As at 31 Dec 2021	Change
	HK\$' million	HK\$' million	
Gross Value of Portfolio	64,761	65,296	- 0.8%
Net Asset Value per Unit (HK\$)	8.15	8.25	- 1.2%
Gearing Ratio	22.3%	22.9%	- 0.6pp

¹ Building Management Fee Income is directly offset against Building Management Fee Expenses instead of being classified as an income item.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

As Hong Kong saw an overwhelming surge of the highly transmissible Omicron variant in early 2022, tenants under the Trust also experienced substantial disruptions in their operations in the first half of the year. Amid the fifth wave of the COVID-19 pandemic, the already subdued office and retail leasing activities were further dampened due to prolonged and tightened social distancing measures imposed by the government since early January. While we observed signs of recovery in tenants' sales and footfall after the relaxation of social distancing measures in the middle of the second quarter, the income of the Trust in the interim period was inevitably affected. Distributable income fell 10.9% to HK\$704 million (2021: HK\$790 million) and distribution per unit ("**DPU**") dropped by 11.1% to HK\$0.1064 (2021: HK\$0.1197).

Market rents of the Trust's properties portfolio decreased as a result of the severe fifth wave of COVID-19 locally. Negative rental reversion was recorded for both office and retail properties. The ongoing border control measures and home isolation requirements made leasing activities extremely challenging. Total rental income of the Trust decreased by 5.0% to HK\$1,196 million (2021: HK\$1,260 million). Net property operating expenses increased to HK\$152 million (2021: HK\$122 million) mainly due to operating expenses incurred for Langham Beauty in Langham Place Mall, resulting in an increase in net property operating expenses ratio to 12.7% (2021: 9.7%) for the Trust. Net property income declined 8.2% to HK\$1,044 million (2021: HK\$1,137 million). The Trust's share of results of a joint venture amounted to HK\$38 million (2021: HK\$26 million) and share of net property income was HK\$12 million (2021: HK\$6 million), contributed by the 27%-owned 66 Shoe Lane in London. The property is considered a Non-qualified Minority-owned Property under the Code on Real Estate Investment Trusts ("**REIT Code**").

The lower average outstanding debt in the first half helped reduce the interest expense of the Trust. Cash finance cost decreased by 14.5% to HK\$183 million (2021: HK\$214 million). The fixed rate debt portion of the Trust was 67.6% as at 30 June 2022 (31 December 2021: 64.6%). During the reporting period, medium term notes of HK\$643 million were repaid by internal resources. Other income decreased to HK\$10 million (2021: HK\$46 million), mainly due to maturities of some bond investments.

The appraised value of the Trust's properties decreased slightly to HK\$64.8 billion as at 30 June 2022, compared with HK\$65.3 billion as at 31 December 2021. The decline was mainly driven by lower rental rate assumptions. Net asset value per unit decreased to HK\$8.15 compared with HK\$8.25 as at 31 December 2021. Gearing ratio dropped mildly to 22.3% as at 30 June 2022 from 22.9% as at 31 December 2021.

OPERATIONAL REVIEW

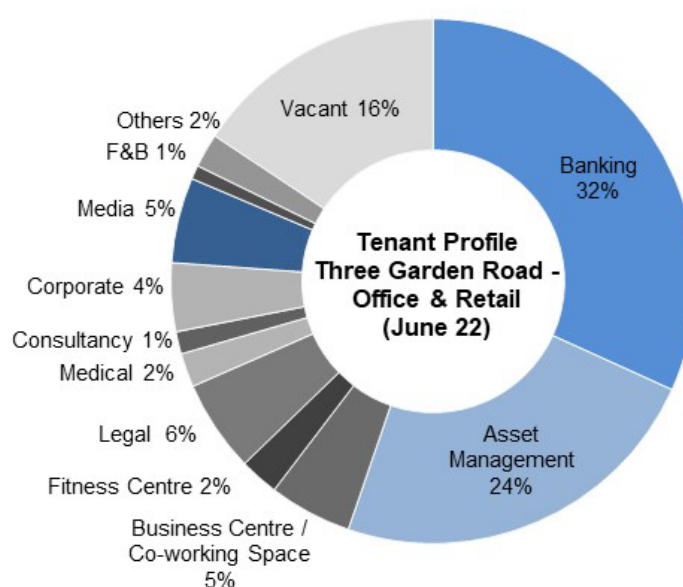
Three Garden Road

	6 Months Ended 30 Jun 2022	6 Months Ended 30 Jun 2021	Change
	HK\$'000	HK\$'000	
Rental Income	689,148	734,568	- 6.2%
Net Property Operating Expenses	68,816	69,644	- 1.2%
Net Property Income	620,332	664,924	- 6.7%

Responding to the more contagious Omicron variant, tenants in Three Garden Road reversed to adopting the work-from-home arrangement more widely. Leasing momentum was stalled and on-site inspections from potential tenants were scant. While tenants began to return to their workplace as the pandemic was receding, they generally took a wait-and-see approach under the gloomy economic environment.

Occupancy of the property was affected by relocation and downsizing of tenants, falling to 83.8% as at 30 June 2022 (31 December 2021: 89.0%). Demand from the financial industry weakened considerably amid market turbulence during the period. Negative rental reversion trend continued given the abundant existing and upcoming supplies in the market. Passing rents of the property decreased to HK\$103.4 per sq. ft. (based on lettable area) (31 December 2021: HK\$108.3 per sq. ft.). The lower average occupancy and lower passing rents drove down total rental income of the property to HK\$689 million (2021: HK\$735 million).

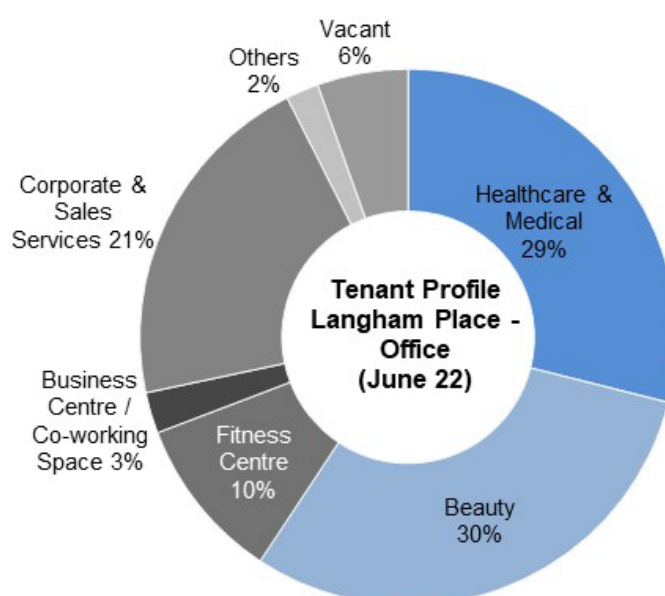
Net property operating expenses decreased slightly by 1.2% to HK\$69 million (2021: HK\$70 million). The increase in rental commission was compensated by lower government rent and rates as a result of lower assessable value as well as lower repair and maintenance expenses. Net property income decreased by 6.7% to HK\$620 million (2021: HK\$665 million).



Langham Place Office Tower

	6 Months Ended 30 Jun 2022	6 Months Ended 30 Jun 2021	Change
	HK\$'000	HK\$'000	
Rental Income	180,998	178,157	+ 1.6%
Net Property Operating Expenses	16,654	16,387	+ 1.6%
Net Property Income	164,344	161,770	+ 1.6%

Despite that over a half of the tenants by floor area were required to suspend operations since early January under the tightened social distancing restrictions, rental income of Langham Place Office demonstrated greater resilience than other properties of the Trust. The higher average occupancy in the first half of 2022 compared with last year offset the impact of negative rental reversion, resulting in a growth of 1.6% in rental income to HK\$181 million (2021: HK\$178 million). Occupancy stood at 94.5% as at 30 June 2022 compared with 91.0% as at 30 June 2021 but was lower than 96.3% as at 31 December 2021.



The mandatory closure for fitness centres and beauty parlours dealt a blow to the recovery of lifestyle segments further. Site visits by potential tenants almost came to a complete halt amid the Omicron wave. Beauty occupiers put their expansion and new setup decisions on hold during the uncertain time. Under the Temporary Protection Measures for Business Tenants (COVID-19 Pandemic) Ordinance which came into effect on 1 May 2022, tenants under specified categories are permitted to defer their rents. While the rental collection rate of Langham Place Office was concern for a brief time, the situation gradually improved as business operations of scheduled premises resumed in April. We were also able to reach new rental settlement arrangements with most tenants. Enquiries and site inspection requests from beauty and medical segments also improved gradually.

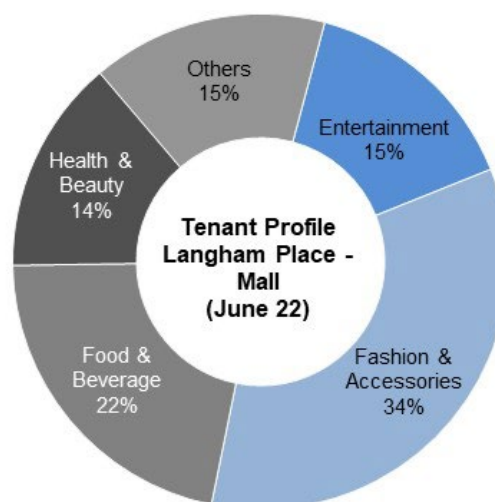
Market rentals trended down amid the market standstill. Passing rents of the property lowered to HK\$46.3 per sq. ft. (based on gross floor area) as at 30 June 2022 compared with HK\$47.1 per sq. ft. as at 31 December 2021. Net property operating expenses went up slightly to HK\$17 million (2021: HK\$16 million), mainly due to allowance for credit loss of HK\$2 million. Net property income increased by 1.6% to HK\$164 million (2021: HK\$162 million).

Langham Place Mall

	6 Months Ended 30 Jun 2022	6 Months Ended 30 Jun 2021	Change
	HK\$'000	HK\$'000	
Rental Income	326,211	346,856	- 6.0%
Net Property Operating Expenses	66,499	36,420	+ 82.6%
Net Property Income	259,712	310,436	- 16.3%

The emergence of the fifth wave of COVID-19 put the recovery of Hong Kong retail market on pause. The prohibition of dining-in after 6 p.m. and suspension of cinema operation seriously impacted the footfall of Langham Place Mall. The operation capacity of the retailers was also affected severely in March as a number of tenants' staff members were subject to home quarantine because of COVID-19 infection. Some food and beverage tenants suspended their operations temporarily to reduce costs. While traffic of the mall regained strength after hitting a bottom in March, the overall footfall for the first half of the year was still 18.8% below that of last year.

Retail sales rebounded across the board in April following the relaxation of social distancing measures together with a fresh round of the government's Consumption Voucher Scheme. Sales driven campaigns, "100% rebate for shoppers" and "Langham Beauty Fest" launched to capitalise on the scheme generated a positive response. However, the sluggish first quarter brought an overall decline in tenants' sales in the first six months markedly, underperforming the 2.6% drop in Hong Kong retail sales, due to the lack of tourists' spending at Langham Place Mall.



The mall remained fully occupied as at 30 June 2022 notwithstanding the difficult operating environment of the retail market. But retailers by and large stayed cost cautious with their plans to renew leases or open new stores. Average passing rents dropped to HK\$154.5 per sq. ft. (based on lettable floor area) as at 30 June 2022 (HK\$165.9 per sq. ft. as at 31 December 2021). Total rental income decreased by 6.0% to HK\$326 million (2021: HK\$347 million). Negative rental reversion combined with the nominal base rent structure of Langham Beauty suppressed the base rent portion by 17.4% to HK\$253 million (2021: HK\$306 million). This rental structure also contributed to the growth in turnover rent portion to HK\$51 million (2021: HK\$15 million). The proportion of tenants paying turnover rent only was 9.9% as at 30 June 2022. As the overall rental level became more affordable this year compared with the beginning of the pandemic in 2020, rent to sales level was more reasonable. As such, the amount of rental concessions and support was immaterial to the overall rental income of the mall.

Net property operating expenses increased to HK\$66 million (2021: HK\$36 million) mainly due to operating expenses incurred for Langham Beauty. Net promotion expenses earmarked to boost sales and footfall of the mall increased by HK\$2 million. Net property income declined 16.3% to HK\$260 million (2021: HK\$310 million).

OUTLOOK

The progressive easing of social distancing measures and the new round of the Consumption Voucher Scheme are expected to provide support to the retail sector in the second half of the year. However, the overall recovery path of the economy remains uncertain in view of geopolitical tensions and global inflation as well as the ongoing cross-border travel controls and quarantine requirements.

Concerns are rife over whether Hong Kong can retain its role as a global financial hub with the stringent COVID-19 policy in place. It may prompt multinational companies to reconsider whether to keep their headquarters in the city. While the shortened mandatory hotel quarantine period announced by the government in early August was a welcomed move, the available space from existing buildings and upcoming supplies in Central would continue to impose downside pressure on occupancy and market rent for Three Garden Road. We will continue to adopt a flexible leasing strategy to accommodate the everchanging market dynamics and growing popularity of flexible and hybrid work-space.

While interest from beauty and healthcare segments for Langham Place Office has improved after the loosening of social distancing restrictions, traditional office tenants that are cost cautious and not location-sensitive might opt for lower cost alternatives. The property also faces challenges in occupancy and market rent, but the outlook of overall rental income is likely to be less vulnerable than that of Three Garden Road.

A fresh round of promotion campaigns was launched at Langham Place Mall to leverage the recent phase of the Consumption Voucher Scheme. Ongoing marketing events and promotions are in the pipeline to stimulate domestic consumption and footfall. In the absence of tourists, sales of tenants would still be lagging the pre-pandemic level. After experiencing the severe Omicron variant outbreaks early this year, most retailers have taken a conservative approach in their new set-up and lease renewals. The turnover rent portion is expected to account for a larger contribution due to the full year impact of Langham Beauty operation. However, overall rental income of the mall should remain in a downward trend.

In summary, the business performance of the Trust remains challenging against the backdrop of high inflation, interest rate hike and potential global economic recession. Downside risks in rental income and DPU for 2022 remain despite improvement in the retail market. The Trust will continue to take a prudent approach towards acquisition opportunities arising in the slowing economy and the turbulent periods ahead. We will also continue to collaborate closely with tenants and stakeholders in the unprecedented times.

Valuation of Properties

According to the Property Valuation Reports issued by Cushman & Wakefield Limited on 29 July 2022, the valuation of the properties of Champion REIT, broken down by usage as at 30 June 2022 was:

	Three Garden Road	Langham Place	Sub-total
Jun 2022 Valuation	HK\$ mil	HK\$ mil	HK\$ mil
Office	38,050	8,936	46,986
Retail	597	15,705	16,302
Car Park	592	350	942
Miscellaneous	402	129	531
Total	39,641	25,120	64,761

As at 30 June 2022, the appraised value of the Trust's property portfolio was HK\$64.8 billion, declining slightly by 0.8% from HK\$65.3 billion as at 31 December 2021. The decrease was mainly due to lower rental assumptions for all the properties. The capitalisation rates used to value Three Garden Road, Langham Place Office and Langham Place Mall remained unchanged at 3.7%, 4.1% and 4.0% respectively.

SUSTAINABILITY

With the post-COVID-19 new normal unfolding, the first half of 2022 served as a renewed reminder of the necessity to build resilience and strength amid disruptive events. To safeguard the Trust as well as its stakeholder's well-being amid the challenging times, we responded nimbly with a series of initiatives. We also offered timely assistance to our valuable partners, including tenants, customers and the community. We are delighted to report that we are making progress weaving sustainability into the fabric of the Trust's operation in our efforts to achieve our 2030 Environmental, Social and Governance ("ESG") targets.

In order to contribute to climate resilience, we have developed various mitigating strategies so as to adapt to the anticipated impacts of climate change. In the first half of the year, we continued to devote efforts to optimise the efficiency of the hardware infrastructure of the properties through amenity upgrades, and wider use of sustainable resources and technologies. We also expanded the use of Internet of Things technology during the period so as to equip our properties against the physical risks of climate change.

We firmly believe that our commitment to creating shared value meets the aspiration of our employees. In this vein, we conducted comprehensive ESG and climate resilience training for all our staff with the aim to raise their awareness and competency in these areas.

Under our approach of multilateral collaboration, the "Champion Our Wellness" initiative enables the Trust to stay on top of stakeholders' needs. Striving to serve a close-knit and inclusive community, we provided anti-pandemic gift packs to Champion Mothers, a non-profit group founded by the Trust to focus on mothers of children with special educational needs. Additionally, we collaborated with tenants and non-government organisations to

support the well-being of our employees and value-chain partners. Among the highlights were a chocolate workshop with Fair Trade Hong Kong to celebrate Mother's Day and the immersive, soothing singing bowl sessions organised for our colleagues and tenants. Our flagship "Musica del Cuore" live concert series returned for participants to once again indulge themselves in the holistic and restorative power of music.

Looking forward, we will continue to remain upbeat yet relentless in embracing changes with agility. On the one hand, we will press on to perfect the existing policies and framework robustly. On the other hand, we will leverage stakeholder collaboration to cement our unwavering commitment to sustainable development as well as to harness their influences so as to amplify the impact.

FINANCIAL REVIEW

DISTRIBUTIONS

The Distribution Amount of Champion REIT for the six months ended 30 June 2022 was HK\$634 million (2021: HK\$711 million), calculated as 90% of Champion REIT's total available distributable income of HK\$704 million (2021: HK\$790 million).

The distribution per unit for the six months ended 30 June 2022 ("Interim Distribution per Unit") was HK\$0.1064. This represents an annualised distribution yield of 6.1% based on the closing price of HK\$3.49 as at 30 June 2022. Such distribution per unit, however, is subject to adjustment that may result from the issuance of any new units between 1 July 2022 and the record date. A further announcement will be made to unitholders informing them of any adjustment to the Interim Distribution per Unit.

CLOSURE OF REGISTER OF UNITHOLDERS

The Register of Unitholders will be closed from Tuesday, 20 September 2022 to Friday, 23 September 2022 ("**Record Date**"), both days inclusive, during which period no transfer of Units will be effected. The payment of the distribution for the six months ended 30 June 2022 will be made on Friday, 7 October 2022 to Unitholders whose names appear on the Register of Unitholders on the Record Date.

In order to qualify for the distribution for the six months ended 30 June 2022, all properly completed transfer forms (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 4:30pm on Monday, 19 September 2022.

PROACTIVE LIABILITY MANAGEMENT

Committed Debt Facilities ⁽¹⁾

As at 30 June 2022

(HK\$ million)

	Fixed rate debts	Floating rate debts	Utilised facilities
Unsecured bank loans ⁽³⁾	2,900	4,769	7,669
Medium Term Notes ⁽⁴⁾	7,045	-	7,045
Total	9,945	4,769	14,714
%	67.6%	32.4%	100%

(1) All amounts are stated at face value

(2) All debt facilities were denominated in Hong Kong Dollars except (3) and (4) below

(3) (i) The Trust entered interest rate swaps contracts of notional amount of HK\$2,900 million to manage interest rate exposure;

(ii) Equivalence of HK\$276 million were originally denominated in Pound Sterling

(4) (i) The Trust entered into cross currency swaps contracts of notional amount of US\$476.4 million at an average rate of HK\$7.7605 to US\$1.00 to mitigate exposure to fluctuations in exchange rate and interest rate of US dollars;

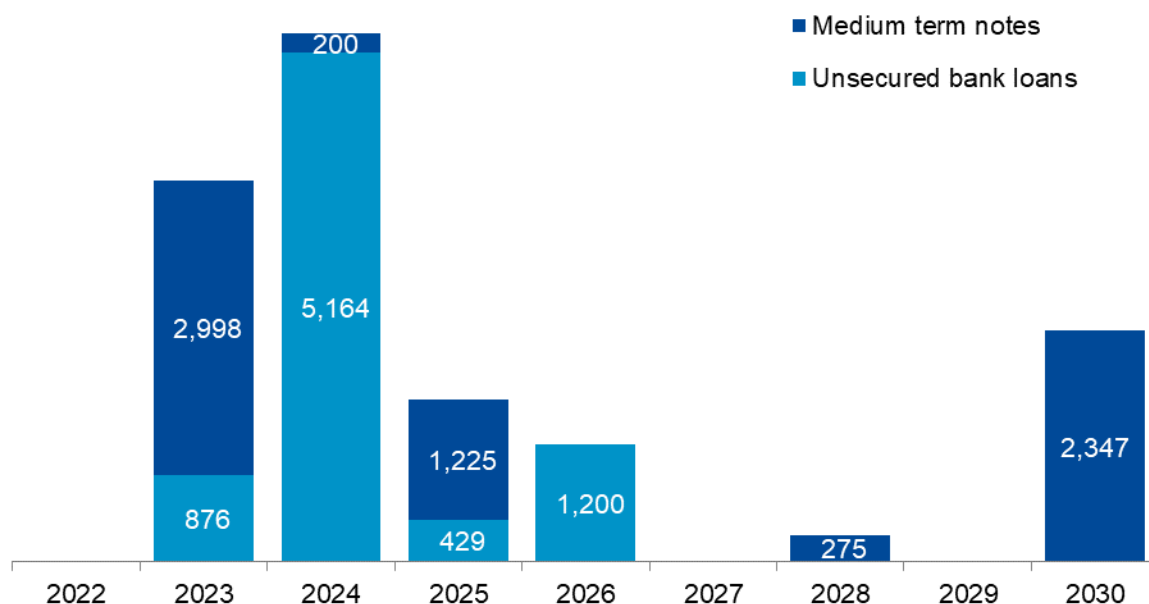
(ii) Equivalence of HK\$5,345 million (after accounting for cross currency swaps) were US dollars notes

With the redemption of the medium term notes in March 2022 using internal financial resources, the total debt outstanding of the Trust down from HK\$15.4 billion as at 31 December 2021 to HK\$14.7 billion as at 30 June 2022. Approximately 67.6% of the Trust's borrowings were fixed-rate debts and the remaining 32.4% were floating-rate debts. The average effective interest rate - after accounting for interest rate swaps and cross currency swaps dropped slightly to 2.4% during the first half of 2022 when comparing to last corresponding period of 2.5%. The average life of the Trust's outstanding debt was 2.9 years as at 30 June 2022 (31 December 2021: 3.3 years).

Outstanding debt maturity profile⁽¹⁾

As at 30 June 2022

(HK\$ million)



The Trust's investment properties as at 30 June 2022 were appraised at a total value of HK\$64.8 billion, representing a 0.8% decrease from HK\$65.3 billion as at 31 December 2021. The Trust's gearing ratio (or total borrowings as a percentage of gross assets) as at 30 June 2022 was 22.3% (31 December 2021: 22.9%). The gross liabilities (excluding net assets attributable to unitholders) as a percentage of gross assets were 27.3% (31 December 2021: 27.9%).

STRENGTHENED LIQUIDITY POSITION

As at 30 June 2022, the Trust had committed debt facilities of HK\$3,731 million undrawn. Together with cash and deposits of HK\$498 million and the aggregate carrying amount of currency-linked deposits of HK\$267 million, the Trust has sufficient liquid assets to satisfy its working capital and operating requirements.

NET ASSET VALUE PER UNIT

The Net Asset Value per Unit as at 30 June 2022 was HK\$8.15 (31 December 2021: HK\$8.25). It represented a 133.5% premium to the closing unit price of HK\$3.49 as at 30 June 2022.

COMMITMENTS

As at 30 June 2022, the Trust had authorised capital expenditure for improvement works of investment properties which was contracted for but not provided in the condensed consolidated financial statements amounting to HK\$45 million.

Save as aforementioned, the Trust did not have any other significant commitments at the end of the reporting period.

NEW UNITS ISSUED

On 8 March 2022, 17,976,943 new Units were issued to the REIT Manager at the price of HK\$3.582 per Unit (being the Market Price ascribed in the Trust Deed) as payment of 50% of the Manager's Fee of approximately HK\$64 million for the second half of 2021.

Except for the above, no new Units were issued during the Period. As at 30 June 2022, the total number of issued Units of Champion REIT was 5,955,056,541.

REAL ESTATE SALE AND PURCHASE

Champion REIT did not enter into any (i) real estate sales and purchases; and (ii) investments in Property Development and Related Activities (as defined in the Trust Deed) during the Period.

RELEVANT INVESTMENTS

The full investment portfolio of the Relevant Investments (as defined in the Trust Deed) of Champion REIT as at 31 July 2022 is set out below:

As at 31 July 2022	Type	Primary Listing	Country of Issuer	Currency	Total Cost (HK\$ '000)	Mark-to-market Value (HK\$ '000)	Weighting of GAV (%)	Credit Rating (S&P's/Moody's/Fitch's)
NANFUN 4 ½ 09/20/22 EMTN	Bond	Singapore Exchange	BVI	USD	9,797	9,428	0.0140%	BBB- / Baa3 / -
NANFUN 4 ½ 05/29/24 EMTN	Bond	Singapore Exchange	BVI	USD	56,602	57,050	0.0804%	BBB- / Baa3 / -
HKTGHD 3 ¾ 03/08/23	Bond	Singapore Exchange	BVI	USD	49,641	49,519	0.0737%	BBB / Baa2 / -
CAPG 6.35 02/08/24	Bond	Singapore Exchange	Cayman Islands	USD	38,747	5,906	0.0088%	- / - / -
MOLAND 11 ½ 11/13/22	Bond	Singapore Exchange	Cayman Islands	USD	3,809	1,218	0.0018%	- / - / -
CIFIHG 5.95 10/20/25	Bond	Hong Kong Exchange	Cayman Islands	USD	46,493	17,891	0.0266%	BB- / - / BB
SHUION 5 ¾ 11/12/23	Bond	Singapore Exchange	Cayman Islands	USD	27,630	27,493	0.0409%	- / - / -
HKE 2 ½ 05/03/26	Bond	Hong Kong Exchange	BVI	USD	7,758	7,676	0.0114%	A- / - / -
CKHH 1.5 26 04/15/26	Bond	Singapore Exchange	Cayman Islands	USD	14,530	14,656	0.0218%	A / A2 / A-
SWIPRO 3.625 01/13/26	Bond	Hong Kong Exchange	Hong Kong	USD	23,526	23,598	0.0351%	- / A2 / A
EC Healthcare (Stock Code: 2138.HK)	Equity	Hong Kong Exchange	Cayman Islands	HKD	51,810	82,776	0.1231%	N/A
AIA (Stock Code: 1299.HK)	Equity	Hong Kong Exchange	Hong Kong	HKD	11,413	11,455	0.0170%	N/A
CCB (Stock Code: 939.HK)	Equity	Hong Kong Exchange	People's Republic of China	HKD	11,468	10,271	0.0153%	N/A
ICBC (Stock Code: 1398.HK)	Equity	Hong Kong Exchange	People's Republic of China	HKD	11,831	10,790	0.0160%	N/A
HKEX (Stock Code: 388.HK)	Equity	Hong Kong Exchange	Hong Kong	HKD	11,390	11,129	0.0166%	N/A
HSBC Holdings (Stock Code: 5.HK)	Equity	Hong Kong Exchange	England	HKD	19,928	19,859	0.0295%	N/A
Total					396,375	357,716	0.5320%	

Notes: (1) The weighting of GAV is by reference to the latest published accounts as adjusted for any distribution declared and any published valuation.

(2) All figures presented above have been rounded to the nearest thousand.

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 emphasises 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 (“**Compliance Manual**”) which set out the key processes, systems and measures used to implement this corporate governance framework.

During the Period, the REIT Manager and Champion REIT have complied with the REIT Code, the Trust Deed of Champion REIT, the relevant provisions and requirements of the Securities and Futures Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) applicable to Champion REIT.

The REIT Manager and Champion REIT have also complied with the provisions of the Compliance Manual and all code provisions, where applicable, as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the Period. Key components of the governance framework and the corporate governance report for the Period will be set out in the forthcoming Interim Report.

BUY-BACK, SALE OR REDEMPTION OF UNITS

A general mandate for buy-back of Units in the open market was given by Unitholders at the annual general meeting held on 19 May 2022. During the Period, neither the REIT Manager nor any of Champion REIT’s special purpose vehicles had bought back, sold or redeemed any Units pursuant to this mandate.

PUBLIC FLOAT

As far as the REIT Manager is aware, as at the date of this announcement, 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.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the Period were prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), and 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 HKICPA.

ISSUANCE OF INTERIM REPORT

The Interim Report of Champion REIT for the Period will be despatched to Unitholders and published on the websites of HKEXnews (www.hkexnews.hk) and Champion REIT (www.ChampionReit.com) in the mid of September 2022.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises two Non-executive Directors, namely Dr Lo Ka Shui (*Chairman*) and Ms Wong Mei Ling, Marina; two Executive Directors, Ms Hau Shun, Christina (*Chief Executive Officer*) and Mr. Kwong Chi Kwong and four Independent Non-executive Directors, namely Mr Cheng Wai Chee, Christopher, Mr Ho Shut Kan, Mr Ip Yuk Keung, Albert and Mr Shek Lai Him, Abraham.

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

Hong Kong, 19 August 2022

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

	<u>NOTES</u>	<u>2022</u> HK\$'000 (unaudited)	<u>2021</u> HK\$'000 (unaudited)
Rental income	5	1,183,543	1,245,920
Building management fee income		134,409	137,739
Rental related income		12,814	13,661
Total revenue		1,330,766	1,397,320
Property operating expenses	6	(286,378)	(260,190)
Net property income		1,044,388	1,137,130
Other income	7	10,472	45,940
Manager's fee	8	(126,721)	(137,213)
Trust and other expenses		(17,251)	(16,020)
Decrease in fair value of investment properties		(535,000)	(1,809,000)
Fair value changes on financial assets at fair value through profit or loss		(15,967)	-
Allowance for credit losses on notes receivables		(18,441)	-
Finance costs	9	(198,058)	(229,873)
Share of results of a joint venture		38,326	25,790
Profit (loss) before tax and distribution to unitholders	10	181,748	(983,246)
Income taxes	11	(125,701)	(131,918)
Profit (loss) for the period, before distribution to unitholders		56,047	(1,115,164)
Distribution to unitholders	13	(633,561)	(710,821)
Loss for the period, after distribution to unitholders		(577,514)	(1,825,985)
Basic profit (loss) per unit	14	HK\$0.01	HK\$(0.19)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	<u>2022</u> HK\$'000 (unaudited)	<u>2021</u> HK\$'000 (unaudited)
Loss for the period, after distribution to unitholders	<u>(577,514)</u>	<u>(1,825,985)</u>
Other comprehensive income (expense):		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value (loss) gain on equity instruments at fair value through other comprehensive income	(37,595)	102,173
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(3,140)	(212)
Cash flow hedges:		
Fair value adjustments on cross currency swaps and interest rate swaps designated as cash flow hedges	117,648	6,122
Reclassification of fair value adjustments to profit or loss	<u>(8,236)</u>	<u>36,509</u>
	<u>68,677</u>	<u>144,592</u>
Total comprehensive expense for the period	<u><u>(508,837)</u></u>	<u><u>(1,681,393)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	<u>NOTES</u>	At 30 June <u>2022</u> HK\$'000 (unaudited)	At 31 December <u>2021</u> HK\$'000 (audited)
Non-current assets			
Investment properties		64,761,000	65,296,000
Notes receivables		156,573	164,483
Interests in a joint venture	15	318,722	312,753
Equity instruments at fair value through other comprehensive income		165,249	136,814
Derivative financial instruments		91,794	15,732
Total non-current assets		65,493,338	65,925,782
Current assets			
Trade and other receivables	16	375,540	285,869
Notes receivables		58,952	9,411
Tax recoverable		741	23,217
Financial assets at fair value through profit and loss		266,615	-
Derivative financial instruments		25,161	-
Time deposits with original maturity over three months		39,238	-
Bank balances and cash		458,989	1,628,725
Total current assets		1,225,236	1,947,222
Total assets		66,718,574	67,873,004
Current liabilities			
Trade and other payables	17	1,392,218	1,505,049
Deposits received		692,930	728,155
Tax liabilities		81,014	16,429
Distribution payable		633,561	642,161
Bank borrowings		1,357,426	1,383,286
Medium term notes		3,029,794	643,000
Total current liabilities		7,186,943	4,918,080
Non-current liabilities, excluding net assets attributable to unitholders			
Derivative financial instruments		-	32,584
Bank borrowings		6,262,205	6,255,820
Medium term notes		4,015,269	7,006,560
Deferred tax liabilities		735,981	697,341
Total non-current liabilities, excluding net assets attributable to unitholders		11,013,455	13,992,305
Total liabilities, excluding net assets attributable to unitholders		18,200,398	18,910,385
Net assets attributable to unitholders		48,518,176	48,962,619
Number of units in issue ('000)	18	5,955,057	5,937,080
Net asset value per unit	19	HK\$8.15	HK\$8.25

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 are listed on The Stock Exchange of Hong Kong Limited. Champion REIT is governed by the deed of trust dated 26 April 2006, the First Amending and Restating Deed dated 21 April 2021 and the Supplemental Deed as amended from time to time (the "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 "REIT Code") issued by the Securities and Futures Commission of Hong Kong.

The principal activity of Champion REIT and its subsidiaries (the "Group") is to own and invest in income-producing commercial properties with the objective of producing stable and sustainable distributions to unitholders and to achieve long term growth in the net asset value per unit.

The condensed consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of Champion REIT.

2. 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 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants and the relevant disclosure requirements set out in Appendix C of the REIT Code.

At 30 June 2022, the Group's net current liabilities amounted to HK\$5,961,707,000. The Manager is of the opinion that, taking into account the internal financial resources and availability of undrawn loan facilities of the Group, the Group has sufficient working capital for its present requirement at least one year from the end of the reporting period. Hence, the condensed consolidated financial statements have been prepared on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and application of certain accounting policies which become relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed and presented in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

3. PRINCIPAL ACCOUNTING POLICIES - continued

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Accounting policies newly applied by the Group

In addition, the Group has applied the following accounting policies which became relevant to the Group in the current interim period.

Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income or designated as fair value through other comprehensive income are measured at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "fair value changes on financial assets at fair value through profit or loss" line item.

4. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker ("CODM"), management of the Manager, for the purpose of resource allocation and performance assessment are more specifically focused on the operating results of the three investment properties, namely Three Garden Road, Langham Place Office Tower and Langham Place Mall.

Segment revenue and results

The following is an analysis of the Group's revenue and results by the three investment properties for the period under review.

For the six months ended 30 June 2022

	Three Garden Road HK\$'000 (unaudited)	Langham Place Office Tower HK\$'000 (unaudited)	Langham Place Mall HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Segment revenue	762,543	206,019	362,204	1,330,766
Segment results - Net property income	620,332	164,344	259,712	1,044,388
Other income				10,472
Manager's fee				(126,721)
Trust and other expenses				(17,251)
Decrease in fair value of investment properties				(535,000)
Fair value changes on financial assets at fair value through profit or loss				(15,967)
Allowance for credit losses on note receivables				(18,441)
Finance costs				(198,058)
Share of results of a joint venture				38,326
Profit before tax and distribution to unitholders				181,748
Income taxes				(125,701)
Profit for the period, before distribution to unitholders				56,047
Distribution to unitholders				(633,561)
Loss for the period, after distribution to unitholders				(577,514)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:				
Decrease in fair value of investment properties	(227,000)	(11,000)	(297,000)	(535,000)

4. SEGMENT INFORMATION - continued

Segment revenue and results - continued

For the six months ended 30 June 2021

	Three Garden Road HK\$'000 (unaudited)	Langham Place Office Tower HK\$'000 (unaudited)	Langham Place Mall HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Segment revenue	808,739	202,333	386,248	1,397,320
Segment results - Net property income	664,924	161,770	310,436	1,137,130
Other income				45,940
Manager's fee				(137,213)
Trust and other expenses				(16,020)
Decrease in fair value of investment properties				(1,809,000)
Finance costs				(229,873)
Share of results of a joint venture				25,790
Loss before tax and distribution to unitholders				(983,246)
Income taxes				(131,918)
Loss for the period, before distribution to unitholders				(1,115,164)
Distribution to unitholders				(710,821)
Loss for the period, after distribution to unitholders				(1,825,985)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:				
Decrease in fair value of investment properties	(1,138,000)	(101,000)	(570,000)	(1,809,000)

Other segment information

Segment assets and liabilities

For the purpose of performance assessment, the fair values of investment properties are reviewed by the CODM. As at 30 June 2022, the fair values of Three Garden Road, Langham Place Office Tower and Langham Place Mall were HK\$39,641,000,000 (31 December 2021: HK\$39,868,000,000), HK\$8,936,000,000 (31 December 2021: HK\$8,947,000,000) and HK\$16,184,000,000 (31 December 2021: HK\$16,481,000,000), respectively.

Save as abovementioned, no other assets and liabilities are regularly reviewed by the CODM.

Information about major tenants

There was a tenant whose revenue contributed over 10% of the total revenue of the Group for the six months ended 30 June 2022 (30 June 2021: one).

5. RENTAL INCOME

	<u>2022</u> HK\$'000 (unaudited)	<u>2021</u> HK\$'000 (unaudited)
Property rental income	1,164,072	1,223,719
Car park income	19,471	22,201
Rental income	<u>1,183,543</u>	<u>1,245,920</u>

6. PROPERTY OPERATING EXPENSES

	<u>2022</u> HK\$'000 (unaudited)	<u>2021</u> HK\$'000 (unaudited)
Allowance for credit losses on trade receivables	5,514	-
Building management expenses	163,843	151,635
Car park operating expenses	5,341	5,278
Government rent and rates	46,155	47,749
Legal cost and stamp duty	1,744	609
Promotion expenses	7,874	5,225
Property and lease management service fee	36,305	37,793
Property miscellaneous expenses	6,116	2,012
Rental commission	11,828	7,278
Repairs and maintenance	1,658	2,611
	<u>286,378</u>	<u>260,190</u>

7. OTHER INCOME

	<u>2022</u> HK\$'000 (unaudited)	<u>2021</u> HK\$'000 (unaudited)
Bank interest income	3,431	1,067
Bond interest income	5,632	44,486
Dividend income	1,409	387
	<u>10,472</u>	<u>45,940</u>

8. MANAGER'S FEE

Pursuant to the Trust Deed, as the net property income of Champion REIT exceeds HK\$200 million for the six months ended 30 June 2022 and 2021, the Manager is entitled to receive 12% of the net property income for each of the six months ended 30 June 2022 and 2021 as remuneration.

	<u>2022</u> HK\$'000 (unaudited)	<u>2021</u> HK\$'000 (unaudited)
Manager's fee:		
In the form of units	63,360	68,606
In the form of cash	<u>63,361</u>	<u>68,607</u>
	<u>126,721</u>	<u>137,213</u>

Based on the election results on 30 November 2012, the Manager continued to receive 50% of the Manager's fee for each of the six months ended 30 June 2022 and 2021 arising from the properties currently owned by Champion REIT (including the property held by a joint venture) in the form of units calculated based on the issue price per unit as determined in accordance with the Trust Deed, and the balance of 50% in the form of cash.

9. FINANCE COSTS

	<u>2022</u> HK\$'000 (unaudited)	<u>2021</u> HK\$'000 (unaudited)
Finance costs represent:		
Interest expense on bank borrowings	69,187	98,975
Interest expense on medium term notes	125,028	127,746
Other borrowing costs	<u>3,843</u>	<u>3,152</u>
	<u>198,058</u>	<u>229,873</u>

10. PROFIT (LOSS) BEFORE TAX AND DISTRIBUTION TO UNITHOLDERS

	<u>2022</u> HK\$'000 (unaudited)	<u>2021</u> HK\$'000 (unaudited)
Profit (loss) before tax and distribution to unitholders has been arrived at after charging (crediting):		
Auditor's remuneration	1,346	1,269
Trustee's fee	4,225	5,810
Principal valuer's fee	125	120
Other professional fee and charges	2,957	7,815
Roadshow and public relations expenses	343	542
Bank charges	747	306
Exchange difference	8,104	(91)
Share of tax of a joint venture (included in the share of results of a joint venture)	<u>(831)</u>	<u>-</u>

11. INCOME TAXES

	<u>2022</u> HK\$'000 (unaudited)	<u>2021</u> HK\$'000 (unaudited)
Hong Kong Profits Tax:		
Current tax		
- Current period	87,061	94,288
Deferred tax		
- Current period	<u>38,640</u>	<u>37,630</u>
	<u>125,701</u>	<u>131,918</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

12. TOTAL DISTRIBUTABLE INCOME

Total distributable income is the profit (loss) for the period, before distribution to unitholders as adjusted to eliminate the effects of Adjustments (as defined and set out in the Trust Deed) which have been recorded in the condensed consolidated income statement for the relevant period. The Adjustments to arrive at total distributable income for the period are set out below:

	<u>2022</u> HK\$'000 (unaudited)	<u>2021</u> HK\$'000 (unaudited)
Profit (loss) for the period, before distribution to unitholders	56,047	(1,115,164)
Adjustments:		
Fair value changes on financial assets at fair value through profit or loss	15,967	-
Allowance for credit losses on notes receivables	18,441	-
Manager's fees payable in units	63,360	68,606
Decrease in fair value of investment properties	535,000	1,809,000
Share of results of a joint venture	(38,326)	(25,790)
Non-cash finance costs	14,828	15,519
Deferred tax	<u>38,640</u>	<u>37,630</u>
Total distributable income	<u>703,957</u>	<u>789,801</u>

13. DISTRIBUTION STATEMENT

	<u>2022</u> HK\$'000 (unaudited)	<u>2021</u> HK\$'000 (unaudited)
Total distributable income (note 12)	703,957	789,801
Percentage of distributable income for distribution (note (i))	90%	90%
Total distribution amount to be paid	<u>633,561</u>	<u>710,821</u>
Distribution per unit to unitholders (note (ii))	<u>HK\$0.1064</u>	<u>HK\$0.1197</u>

Notes:

- (i) It is the policy of the Manager to distribute 90% (six months ended 30 June 2021: 90%) of available distributable income as the distributions for the six months ended 30 June 2022 (the "Interim Distribution Period").
- (ii) The interim distribution per unit of HK\$0.1064 for the six months ended 30 June 2022 is calculated based on the interim distribution to be paid of HK\$633,561,000 for the period and 5,955,056,541 units in issue as at 30 June 2022. Such interim distribution will be subject to further adjustments upon the issuance of units on or before 23 September 2022, which is the record date set for such period. The interim distribution will be paid to unitholders on 7 October 2022.

The interim distribution per unit of HK\$0.1197 for the six months ended 30 June 2021 was calculated based on the interim distribution paid of HK\$710,821,000 for the period and 5,937,079,598 units as of 17 September 2021, which was the record date for the period. The interim distribution was paid to unitholders on 5 October 2021.

14. BASIC PROFIT (LOSS) PER UNIT

The basic profit (loss) per unit during the six months ended 30 June 2022 is calculated by dividing the profit for the period before distribution to unitholders of HK\$56,047,000 (2021: loss for the period before distribution to unitholders of HK\$1,115,164,000) by the weighted average number of units of 5,957,578,866 (2021: 5,923,972,867) in issue during the period, taking into account the units issuable as manager's fee for its service for each of the six months ended 30 June 2022 and 2021.

There were no diluted potential units in issue during the six months ended 30 June 2022 and 2021, therefore the diluted loss per unit has not been presented.

15. INTERESTS IN A JOINT VENTURE

	At 30 June <u>2022</u> HK\$'000 (unaudited)	At 31 December <u>2021</u> HK\$'000 (audited)
Cost of investments in a joint venture	211,364	233,733
Share of post-acquisition results and other comprehensive income	<u>55,770</u>	<u>21,973</u>
	267,134	255,706
Amount due from a joint venture	<u>51,588</u>	<u>57,047</u>
	<u>318,722</u>	<u>312,753</u>

On 9 April 2021, the Group entered into a shareholders' agreement in relation to Athene Investment (BVI) Limited ("Athene Investment") with Wing Tai Properties Limited (being a connected person of the Group under 8.1(f) of the REIT Code) and other independent third parties. Athene Investment was established as a joint venture for the purpose of acquiring 100% of the entire share capital of HPREF Athene Investment S.à r.l., a company incorporated and existing under the laws of Luxembourg and directly holds the leasehold interests in the property situated at 66 Shoe Lane, London EC4A 3BQ (formerly known as Athene Place). The Group owns 27% shareholding interest in Athene Investment.

Material information regarding the joint venture are as follows:

	For the six months ended 30 June	
	<u>2022</u> HK\$'000 (unaudited)	<u>2021</u> HK\$'000 (unaudited)
The Group's share of net property income	<u>11,623</u>	<u>6,310</u>
	At 30 June <u>2022</u> HK\$'000 (unaudited)	At 31 December <u>2021</u> HK\$'000 (audited)
The Group's share of investment properties carried at fair value	<u>627,178</u>	<u>693,552</u>

16. TRADE AND OTHER RECEIVABLES

	At 30 June <u>2022</u> HK\$'000 (unaudited)	At 31 December <u>2021</u> HK\$'000 (audited)
Trade receivables	147,764	59,734
Less: Allowance for credit losses	<u>(6,407)</u>	<u>(2,987)</u>
	<u>141,357</u>	<u>56,747</u>
 Deferred lease receivables	 <u>123,654</u>	 <u>142,369</u>
 Deposits, prepayments and other receivables	 112,319	 88,532
Less: Allowance for credit losses	<u>(1,790)</u>	<u>(1,779)</u>
	<u>110,529</u>	<u>86,753</u>
	<u>375,540</u>	<u>285,869</u>

Aging analysis of the Group's trade receivables net of allowance for credit loss presented based on the invoice date at the end of the reporting period is as follows:

	At 30 June <u>2022</u> HK\$'000 (unaudited)	At 31 December <u>2021</u> HK\$'000 (audited)
0 - 3 months	85,817	17,754
3 - 6 months	27,468	2,308
Over 6 months	<u>28,072</u>	<u>36,685</u>
	<u>141,357</u>	<u>56,747</u>

17. TRADE AND OTHER PAYABLES

	At 30 June <u>2022</u> HK\$'000 (unaudited)	At 31 December <u>2021</u> HK\$'000 (audited)
Trade payables	99,300	187,771
Rental received in advance	29,941	49,014
Other payables and accruals	299,502	304,789
Accrued stamp duty	963,475	963,475
	<u>1,392,218</u>	<u>1,505,049</u>

Aging analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	At 30 June <u>2022</u> HK\$'000 (unaudited)	At 31 December <u>2021</u> HK\$'000 (audited)
0 - 3 months	<u>99,300</u>	<u>187,771</u>

18. NUMBER OF UNITS IN ISSUE

	<u>Number of units</u>	<u>Amount HK\$'000</u>
As at 1 January 2021 (audited)	5,906,142,701	24,709,151
Units issued for settlement of Manager's fee	30,936,897	137,773
As at 31 December 2021 (audited)	5,937,079,598	24,846,924
Units issued for settlement of Manager's fee	17,976,943	64,394
As at 30 June 2022 (unaudited)	<u>5,955,056,541</u>	<u>24,911,318</u>

On 8 March 2022, 17,976,943 units at HK\$3.582 per unit were issued to the Manager as settlement of Manager's fee for the period from 1 July 2021 to 31 December 2021.

19. NET ASSET VALUE PER UNIT

The net asset value per unit is calculated by dividing the net assets attributable to unitholders as at 30 June 2022 of HK\$48,518,176,000 (31 December 2021: HK\$48,962,619,000) by the number of units in issue of 5,955,056,541 units as at 30 June 2022 (31 December 2021: 5,937,079,598 units).

20. NET CURRENT LIABILITIES

At 30 June 2022, the Group's net current liabilities, calculated as current liabilities less current assets, amounted to HK\$5,961,707,000 (31 December 2021: HK\$2,970,858,000).

21. TOTAL ASSETS LESS CURRENT LIABILITIES

At 30 June 2022, the Group's total assets less current liabilities amounted to HK\$59,531,631,000 (31 December 2021: HK\$62,954,924,000).

22. CAPITAL COMMITMENT

	At 30 June <u>2022</u> HK\$'000 (unaudited)	At 31 December <u>2021</u> HK\$'000 (audited)
Capital expenditure in respect of the improvement works of investment properties contracted for but not provided in the condensed consolidated financial statements	<u>45,083</u>	<u>45,083</u>